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### *Role of International Labour Migration in Russian Economic Development*

**Vladimir Iontsev  
Irina Ivakhnyuk**

CARIM-East Research Report 2012/04



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**CARIM-East**  
**Creating an Observatory of Migration East of Europe**

**Research Report**  
**CARIM-East RR 2012/04**

**Role of International Labour Migration  
in Russian Economic Development**

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## **CARIM-East – Creating an Observatory East of Europe**

This project which is co-financed by the European Union is the first migration observatory focused on the Eastern Neighbourhood of the European Union and covers all countries of the Eastern Partnership initiative (Belarus, Ukraine, the Republic of Moldova, Georgia, Armenia and Azerbaijan) and Russian Federation.

The project's two main themes are:

- (1) migration from the region to the European Union (EU) focusing in particular on countries of emigration and transit on the EU's eastern border; and
- (2) intraregional migration in the post-Soviet space.

The project started on 1 April 2011 as a joint initiative of the European University Institute (EUI), Florence, Italy (the lead institution), and the Centre of Migration Research (CMR) at the University of Warsaw, Poland (the partner institution).

CARIM researchers undertake comprehensive and policy-oriented analyses of very diverse aspects of human mobility and related labour market developments east of the EU and discuss their likely impacts on the fast evolving socio-economic fabric of the six Eastern Partners and Russia, as well as that of the European Union.

In particular, CARIM-East:

- builds a broad network of national experts from the region representing all principal disciplines focused on human migration, labour mobility and national development issues (e.g. demography, law, economics, sociology, political science).
- develops a comprehensive database to monitor migration stocks and flows in the region, relevant legislative developments and national policy initiatives;
- undertakes, jointly with researchers from the region, systematic and *ad hoc* studies of emerging migration issues at regional and national levels.
- provides opportunities for scholars from the region to participate in workshops organized by the EUI and CMR, including academic exchange opportunities for PhD candidates;
- provides forums for national and international experts to interact with policymakers and other stakeholders in the countries concerned.

Results of the above activities are made available for public consultation through the website of the project: <http://www.carim-east.eu/>

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## 1. INTRODUCTION

In the two post-Soviet decades Russia has become actively involved in international labour flows. Today Russia acts as an exporter and an importer of labour in the global labour market: Russian citizens work all over the world, from Europe to New Zealand; while labor migrants in the Russian Federation are predominantly citizens from the former Soviet republics. Russia annually attracts around 1.5 million labour migrants, three quarters of whom come from the CIS countries. In fact, the Russian labour market is a regional one, employing millions of citizens of the post-Soviet countries, a fact which, in the end, provides relative social stability in the region.

The present executive summary will examine both sides of Russian participation in the global labour market. However, the main focus will be on labour migration *to* Russia, as the import of labour resources is larger and more significant for the country's economic development.

The role of migrants in the Russian economy is predetermined primarily by demographic factors. At present Russia has a declining and ageing population (especially in the working age groups). Moreover, Russian professional education does not correspond to labour market needs in terms either of qualifications or professional structure; this has resulted in a lack of skilled personnel in certain professions and occupations. A labour-intensive economy, inherited from the Soviet Union, is characterized by manual labour and contributes to the preservation of numerous low-qualified jobs that do not correspond to the labour requirements of the local population. In other words, there is a serious supply and demand imbalance in the national labour market. "Personnel hunger" is determined by an absolute and relative deficit of labour resources and the structural deformation of the labour market. In this context Russian economic development depends, to a large extent, on foreign workers.

Over the last decade migrants have become firmly integrated into various sectors of the Russian economy; the labour market is clearly segmented. This process is, in great part, spontaneous, in two respects. First, up to 80% of migrants working in Russia do not enter into contracts with their employers, meaning that migrants are in the country illegally. Then, second, Russian state policy in the field of labour migration fails to offer clear and transparent employment schemes for foreign workers that would provide foreign labour for those economic sectors and regions where it is truly needed. The second point is particularly associated with the fact that labour migration to Russia is plagued by myths. There are persistent myths, for example, among the general population and among decision-makers that migrants take away jobs from Russians, reduce the general salary level, bring money out of Russia, slow down Russian modernization, criminalize Russian society etc. There are no well-reasoned studies refuting these stereotypes. Indeed, these myths, sustained in part by the state, become the cause of anti-migrant feelings, xenophobia and ethnic clashes. As a result labour migration turns from a critical source for Russian development into a "problem that needs to be resolved". This approach prevents Russia's migration policy from becoming systematic and consistent, deprives it of strategic perspective, and, most importantly, it detaches migration policy from state employment policy, education policy etc.

**Research objectives and tasks.** The aim of the present research is to objectively evaluate the role of labour migration for the Russian economy, and the pros and cons of the existing model of migrant recruitment. Such an evaluation would make space for rational theories and decisions in the field of labour migration regulation. The following specific tasks were set: (i) analyze the demographic dynamic in Russia and forecast the size of employable population for the next 20 years; (ii) evaluate the composition of supply and demand in the Russian labour market and existing schemes to compensate for the deficit of labour resources; (iii) trace the dynamic of labour migration in Russia (1994-2011), as well as the sectoral composition of the foreign workforce and its geographic distribution across federal districts; (iv) consider the reasons and consequences of large-scale illegal migration and the unregistered employment of foreign citizens; (v) evaluate the efficiency of the last 20 years of labour migration regulation; (vi) debunk the myths surrounding international labour

migration in Russia; (vii) underline migration's role in the development of the country; and (viii) develop recommendations for migration policy improvement, including intergovernmental cooperation measures.

**The paper structure** corresponds to the research tasks. The methodology sections, where the existing literature is analyzed, are followed by research hypotheses and the description of methodology and statistics. The authors carefully examine: (1) those objective demographic and economic factors that are important for international labour migration and characterize contemporary Russian development; (2) the specific features of labour migration to Russia, its sectoral and geographic composition and its impact upon regional labour markets; (3) illegal labour migration and its controversial role for the Russian economy; (4) the migration of Russian citizens overseas for employment and its role for Russian economic development; and (5) Russian migration policy with regards to international labour migration as it has been pursued in the last decade. The paper concludes with recommendations based on our analysis. The authors believe that these recommendations are fundamental for the further development of Russian migration policy and more specifically for unlocking labour migration potential with minimum costs.

## 2. LITERATURE REVIEW

Numerous papers by Russian and by foreign authors are devoted to how international migration to Russia has developed in the post-Soviet years; its impact on demographic dynamics and the economic development of the country and the evolution of Russian migration policy (see, for instance: *Mukomel 2006; Topilin and Parfentseva 2008; Aleshkovsky 2011; Iontsev 1999, 2005; Zayonchkovskaya and Tyuryukanova 2010; Tyuryukanova 2011; Ivakhnyuk 2005, 2011; Metelev 2006; Ryazantsev 2007; Ryazantsev and Horie 2011* etc.). Some of these papers are overviews; others focus on specific aspects of international migration or on the role of migration policy in migration flows. It seems that there is consensus that ***for contemporary Russia international migration has a role it has never had before***. This conclusion relies on the demographic crisis Russia is experiencing at the moment, rather than on the liberalized regime of departure and entry that opened up Russia to the rest of the world and made it part of global migration flows. This demographic crisis demands that migration, at least partially, compensates for the population decline and that it alleviates associated problems in the labour market.

Research interest in labour migration in Russia began around 2000, when it became evident that the ethnically-determined, mostly forced migration, typical of the early post-Soviet phase, was being replaced by economic and primarily labour migration. Researchers were above all drawn to those forms and manifestations of labour migration that presented the most acute problems for Russia, namely illegal migration, brain drain, and “shuttle migration”.

Here one should note that the Russian state agencies regulating migration processes – primarily the Federal Migration Service and the Federal Service of Labour and Employment – do not show much interest in international labour migration or in obtaining objective expert assessment; though this might constitute a credible scientific foundation for decision-making. The universities and research institutions of the Russian Academy of Sciences have little funding for independent research projects: state requests for research are minimal. Hence international organizations and foreign foundations have led the way in migration research in the last two decades. This fact predetermined the research topics. The authors primarily analyze migration trends in Russia and other CIS states that have (or that might have) a direct or indirect impact on other countries, above all European Union member-states.

This is why, for instance, illegal migration in Russia became a priority in the early 2000s (see, for instance, *Illegal migration... 2004*). And by the late 2000s it was the impact of the global economic crisis on the migration situation in Russia and in the post-Soviet region as a whole that proved of special interest (*IOM 2009*). Now, in the early 2010s, the feminization of migration flows, including flows of unregistered labour migrants, has become an independent area of research (*UNIFEM-IOM 2009; Tyuryukanova 2011*). Specific requests coming from international organizations are behind most of these studies.

Another limiting factor in the research of international labour migration is a scarcity of statistical data. This is particularly the case with regards to registered migration and, it should be remembered that a considerable part of migration flows remains outside the scope of statistics (for a detailed description see section “Methodology and Data”). Scholars have to rely on the limited amount of aggregated data, often insufficient for in depth research. Thus, in Russia there are practically no studies of labour migration from Russia (some fragments of such studies can only be found in *Ryazanysev 2007; Ivakhnyuk 2005; Topilin and Parfentseva 2008*). Available statistical data are based solely on information collected by companies that have licenses to offer job placement services for Russian citizens abroad. But this amounts to only a small fraction of labour migration flow directed from Russia, as many migrants find jobs overseas via other channels or through their own exertions. When these studies took place, they largely focused on the employment of Russian labour migrants in destination countries (*Ryazantsev 2007*). They did not typically look at the consequences of this outflow of labour resources for the Russian economy.

Sociological surveys are a crucial source of information on international labour migration, especially in the context of dominant unregistered migration. But until recently these have been fragmented and were unrepresentative in terms of the sample, which limits their applicability in any analysis of national trends. A worthy exception was a research project that was led by Elena Tyuryukanova and carried out in 2008-2009 by the Center for Migration Studies, the Institute for Economic Forecasting and the Russian Academy of Sciences. The project comprised a survey of 1,575 foreign workers from CIS countries in six regions of European Russia<sup>1</sup>, focus groups with those who employ migrant labour, and expert interviews. This provided the project team with abundant material for scientific conclusions about: the characteristics of contemporary labour migration in Russia; the types of migrant employment; the models of migrant behavior in the Russian labour market; their level of income and expenses; as well as the practices of Russian employers using foreign workers (*Tyuryukova 2011*).

Another interesting attempt to develop a model of the Russian “regional labour market with extensive use of labour migrants from Central Asian countries” (based on the Moscow Region) was made in *Ryazantsev and Horie 2011*. This study was founded on quantitative and qualitative sociological studies carried out by authors in migrant environment. This paper continues the serious study of labour migration in the CIS and Baltic countries published by Sergey Ryazantsev in 2007 (*Ryazantsev 2007*). It shifts the research focus though to post-Soviet states in Central Asia, key migration donors for Russia.

However, these two studies do not identify such issues of fundamental importance as the impact of labour migrants in Russia on general trends such as unemployment, productivity, salary and social security. Attempts to analyze the Russian labour market in its interrelation with labour markets and the labour potential of other CIS countries were made by Anatoly Topilin. The author brings up a question about whether the emergence of a single labour market can bring sustainable development to the countries of the region (*Topilin 2004*). The key merit of Topilin’s work is the shift of focus to the regional level in the analysis of the role of labour migration for labour market development. This is strengthened by the author’s classification of Russian regions in terms of the importance of migration for regional labour markets (*Topilin and Parfentseva 2008*).

Obviously, the demand for foreign workers on the part of small, medium and large businesses is different. So is the scale, professional qualification and educational composition of foreign workers, attracted by these three sectors, as well as the geographical preferences of employers in terms of migrants’ countries of origin. The first and, to date, the only attempt to assess the impact of labour migration on the development of small and medium businesses in Russia was made in a study launched by the Russian Organization of Small and Medium Business “Opora Rossii” (*Lunkin et al.*

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<sup>1</sup> (1) Moscow and the Moscow Region, (2) the Saint Petersburg and Leningrad Region, (3) the Voronezh Region, (4) the Astrakhan Region, (5) the Krasnodar Region and (6) the Tatarstan Republic.



2010). The study relied on the large-scale survey of Russian employers carried out for this purpose by the Russian Center for the Study of Public Opinion (VTSIOM) and this study covered 1500 enterprises in 47 Russian regions. The Lunkin et al. study is unique, in obtaining an objective image of the role of international labour migration in the development of entrepreneurship in Russia from insiders, and particularly from entrepreneurs.

The authors of the present study also contributed to an analysis of the role of migration on Russian development (Iontsev 1999, 2005; Ivakhnyuk 2005, 2008, 2011 etc.). They represent the Department of Population, at the Faculty of Economics of Lomonosov Moscow State University. In the course of the last 50 years this department has taken a complex approach in demographic and migration studies. It was here that the idea of “migratology” as an independent scientific discipline was conceived. In 1998 the department began to publish a scientific series “International Migration of Population: Russia and the Contemporary World”, that serves as a theoretical platform for the exchange of scholarly ideas on international migration, from Russia and abroad. The empirical and theoretical studies of migration carried out in Russia and other countries are published in the pages of this series. The department also holds scientific conferences, to find answers to the most pressing questions associated with migration and development in Russia and the post-Soviet region as a whole; these conferences also see the formulation of conceptual approaches to migration-policy formation.

Yet, notwithstanding this work, it can be argued that there has still not been any systematic, complex studies of international labour migration that would give a comprehensive answer to the question of its role in the economic development of Russia. Obviously the main obstacle here is the lack of relevant empirical information about migration flows, as well as a lack of information on the detailed characteristics of the Russian labour market.

In the meantime, an impartial assessment of the role of international labour migration in Russian economic development is absent. It is then possible for myths – many of them negative and politicized – to develop in the vacuum. These myths provoke anti-migrant feelings in Russian society, thus creating an extremely unfavorable context for migration policy formulation.

### 3. OBJECTIVE AND RESEARCH HYPOTHESES

This project aims to evaluate the role of international labour migration in Russian economic development now and over the mid-term. To do so it will employ available statistical data and generalized sociological research. The focus of the paper is on labour migration directed *into* Russia, in as much as the inflow of labour migrants exceeds the outflow of labour migrants *from* Russia and this inflow is very important for the Russian economy.

### 4. METHODOLOGY AND DATA

The terms associated with international migration, which are used in the present paper, correspond to the Russian migration-related scientific literature. Russian authors mostly give the same sense to these terms as scholars from elsewhere. However, the sense can sometimes differ from the definitions accepted in other countries. Therefore, we offer here, for the sake of clarity, a series of definitions.

*International migration*: the movement of people over state borders related to a change of residence, permanently or temporarily.

*International labour migration*: temporary (return) migration aimed at employment in a different country: long-term, short-term or seasonal. A special form of international labour migration is illegal migration, mostly motivated by the desire to find work.

*International labour migrants*: persons, temporarily and voluntarily leaving their own country to seek employment in another country. This notion does not include those who took up permanent

residence (immigrants) in the country and who then found employment in the national labour market as citizens of the destination country.

*Illegal labour migration*: the legal or illegal entry of citizens from one country into another country for reasons of illegal employment. The employment of foreign citizens in violation of migration and labour legislation turns them into illegal migrants.

*Immigration*: the entry of foreign citizens into the country for permanent residence and, as a rule, for new citizenship.

*Foreign workforce*: foreign citizens, who enter another country for legal employment over the course of several years with a mandatory return to the country of permanent residence.

*Marginal employment*: employment in economic sectors, weakly covered by social and labour standards, implying a high level of professional risk.

*Migration infrastructure*: a complex of state and non-state institutions, ensuring legitimacy, awareness and the safety of migrants at different stages of migration (information and consultation centers, employment services, legal services etc.)

*Brain drain*: losses incurred by the state due to the departure of highly-skilled professionals for permanent (as a rule, accompanied by the change of citizenship) or temporary residence with labour contracts.

This paper relies on empirical data and statistical information provided by the Russian Federal Service of State Statistics (Rosstat), the Russian Federal Service for Labour and Employment (Rostrud) and the Russian Federal Migration Service (FMS), as well as summaries of the few sociological studies carried out in Russia in recent years. Forecasts of the size and composition of the Russian population until 2025 made by Rosstat will be used to analyze the country's demographics.

It is noteworthy that the existing statistics for international labour migration to Russia do not adequately reflect the scale of this phenomenon. According to estimates accepted by researchers, practitioners and politicians, 70-80% of labour migrants in Russia reside and work in Russia illegally, i.e. they do not get registered and they do not enter into official contracts with employers. This means that labour migration statistics based on the number of work permits issued every year does not fully reflect the real inflow of foreign citizens coming to Russia to work. After all, there are many illegal migrants who are not captured in this data. Furthermore, there is an evident flaw in work permit statistics. Over the course of a year the same person can obtain several work permits, hence the legal labour migrants in Russia are, according to experts, overestimated by 30-40% (Chudinovskikh 2010).

The situation is even worse in the case of statistics dealing with labour migration from Russia. Official statistics rely only on information collected by companies that have licenses to offer employment services for Russian citizens abroad. These statistics thus include only those Russian citizens who found employment in other countries relying on the assistance of such intermediaries. Those who found jobs overseas through their own efforts remain outside the scope of statistical reports. Besides, official statistics do not cover activities of oil, metallurgical, nuclear and other industrial companies that build facilities abroad both on commercial terms and within bilateral intergovernmental agreements. These companies offer jobs to Russians, even though they do not have licenses for external economic activities. Finally, illegal labour migrants who enter on a tourist visa and who then violate the terms of stay by working illegally also remain unaccounted for.

These flaws in statistical data on international labour migration into/out of Russia are taken into consideration in the present study and they are specifically dealt with in the relevant sections.

## 5. RESULTS AND DISCUSSION

The role of international labour migration in Russian economic development is defined by a number of objective demographic and economic factors and the situation in the national labour market, as well as Russian migration policies.

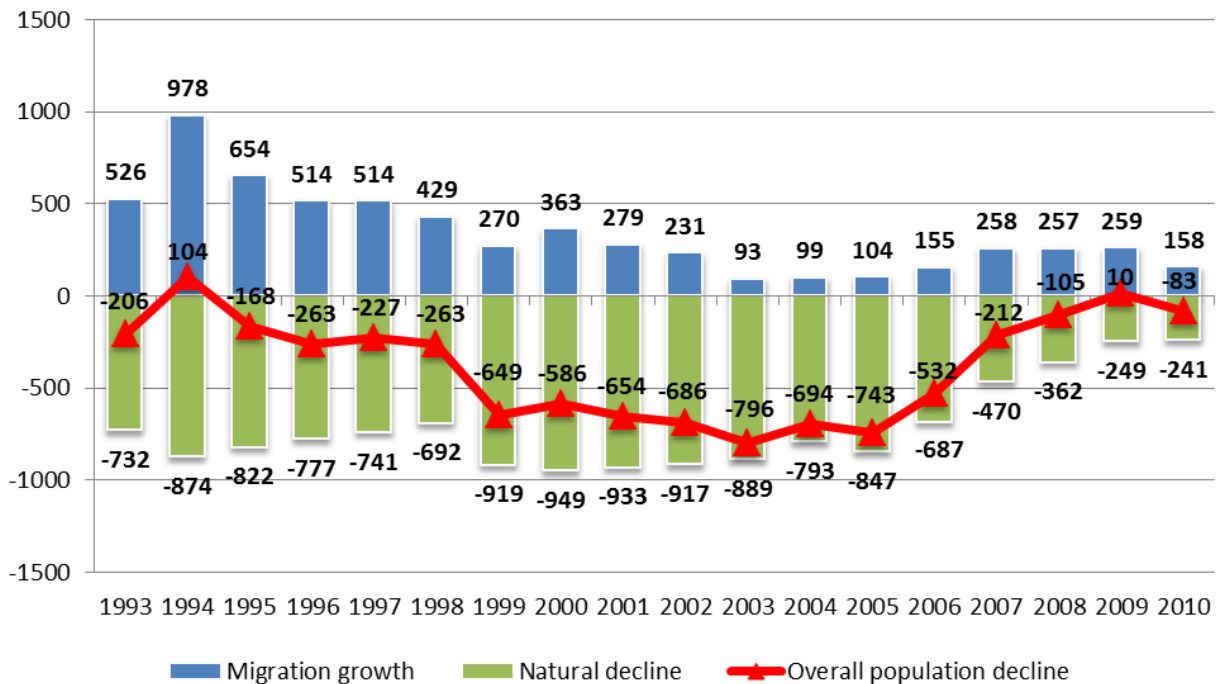
### 5.1. Demographic context

Existing trends in Russian demographic development are characterized by declining population. The number of deaths exceeds the number of births, which results in an annual natural decline in population, ageing the population causing a decline in employable-age population. Russia has never faced such a large-scale population decline in peace-time.

From 1992 to 2011 the natural decline in the Russian population was over 13 million. A positive migration balance somewhat alleviated this process, otherwise the Russian population would have been fewer than 130 million instead of the present 142.8 million.

Fig. 1 demonstrates that natural decline slowed down in the second half of the 2000s. In 2011 it was -131,000 people compared to -241,000 in 2010, primarily due to an increase in the number of births. However, in the coming years the number of births will inevitably go down again as a result of the “demographic wave”: a generation born in the 1990s, whose numbers are relatively small, will enter their reproductive years.

**Fig. 1. Natural decline and migration growth of the Russian population, 1993-2010, thousand people**

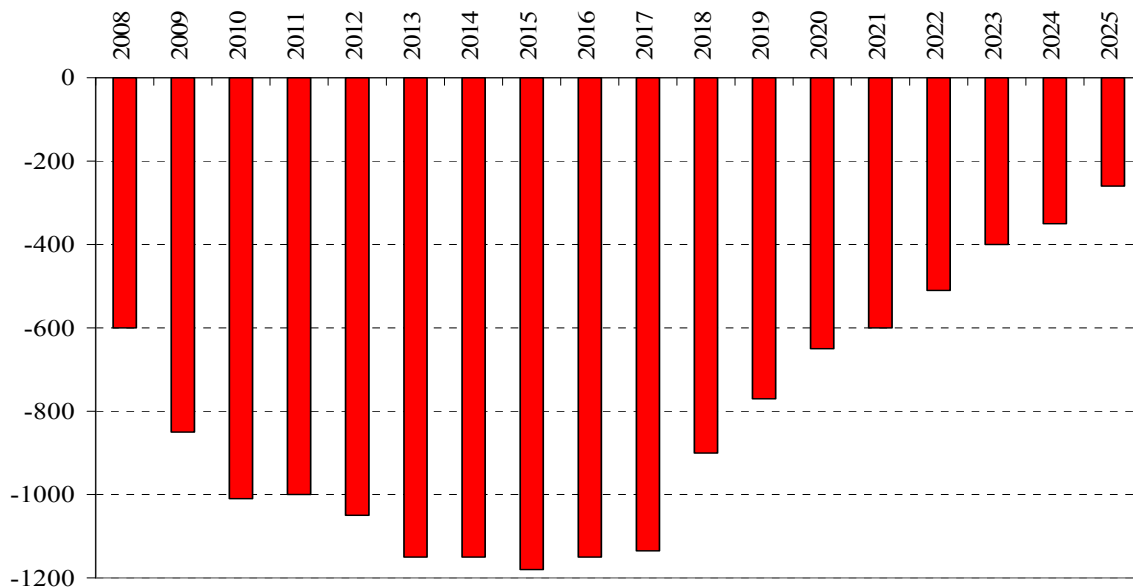


Source: based on Rosstat data

Demographic dynamics gave Russia a unique chance. Before 2007 the employable-age population had been increasing against the background of overall population decline. From 1995 to 2006 the employable population increased by more than six million. The so-called “demographic window” opened. This was a favorable situation in economic terms, when the demographic weight of children and the elderly on those in employment is relatively low. This creates a “window of opportunity”.

Instead, Russia failed to use this “window” to accelerate its economic growth<sup>2</sup>, unlike China, for instance, that made the most of its “demographic dividend” in the 2000s. After the “demographic window” a country inevitably faces a rapid growth in the elderly population and a decline in employable population. This is the challenge that Russia is facing now. The existing age and gender composition of the Russian population predetermines the inevitable decline of employable populations within the coming decades. After all, the number of persons leaving employable age will exceed the numbers entering it. This process started in Russia in 2007 and remains sustainable. An annual decline in employable populations, according to Rosstat forecasts, will be over 1 million a year in 2012-2017 and 0.5 million on average 2018-2025 (fig. 2). Altogether in the course of 2012-2025 the employable-age population will drop by 12 million. On the other hand, the number of persons older than 60 will increase by 8 million over the same period (*Vishnevsky 2010*).

**Fig. 2. Decline of employable-age population in Russia, 2008-2025, thousands**



Source: Rosstat Forecast, medium scenario.

This kind of a demographic forecast is a challenge for the social and economic policies of the state. An increase in retirement age is an inevitable, but politically dangerous and rather inefficient measure from the standpoint of the labour markets. Persons older than 60, even if forced to work, are unlikely to be full-fledged labour market players, especially given health levels in the Russian Federation. Their experience is often not called for in the context of fast developing technologies, and their low susceptibility to innovations, easy to explain in age terms, makes them outsiders for the modernization demanded by the government.

<sup>2</sup>The fast growth of Russian GDP between 2002 and 2008 was only due to favourable prices for energy sources on the world market that provided for the growth of the federal budget and led to an increase in investments in the Russian economy. A steep fall in Russian GDP (-7%) in 2009 confirms the conjunctural character of the previous growth and the overall volatile character of the Russian economy which so clearly depends on the export of oil and gas. A decrease in the dependency ratio did not become a growth factor for the Russian economy, whereas the predicted steep increase in the number of the retired in 2010s will become a challenge.

## 5.2. Situation in the labour market

Demography is not the only thing creating problems in the Russian labour market.

A workforce deficit is, to a large extent, associated with a professional and qualification imbalance in workforce supply and demand. Russia has experienced a lack of skilled personnel in certain professions and occupations. This is primarily due to mismatch in the structure of professional education and in the existing and future needs of a labour market in terms of qualifications and professional structures. The country needs engineers, planners, bridge-builders, power engineers. While Russian higher education trains economists, lawyers, political scientists and psychologists, who have unreasonable salary demands, but who are not ready for practical work. As a result graduates with law degrees work as sales persons, while 30% of industrial enterprises (according to a 2005 survey among enterprise managers) lack workers. Moreover, more than half of the missing jobs are skilled (*Gimpelson et al. 2007*).

And another – new! – factor in the Russian labour market is the loss of motivation to work, disdain for physical work, and often a chronic unwillingness to work at all. That is why an “office job” (in whatever position) or the job of a salesperson or security guard turns out to be more prestigious than that of a construction worker, crane-man, driver, tailor, or cook, regardless of the salary. A manager is a hero in today’s Russia, while around 30 years ago the hero was a construction worker or a geologist. This can be partially explained by objective changes in labour market structure in a post-industrial economy with a new emphasis on the service sector.

There is also the unwillingness of Russian citizens to work in a number of low-skilled professions with low salaries, harmful and dangerous working conditions, a high risk of occupational diseases, hard physical, and unskilled labour. However scientists, researchers, or university faculty members – extremely important for the knowledge-based economy – are not favored by Russians.

Thus, a number of objective and market factors form a deficit in the Russian labour market and have led to structural deformations. Estimates of the Institute of Regional Policy demonstrate that the accumulated deficit in human resources in Russia will exceed 14 million by 2020. This deficit “threatens to become the most serious obstacle on the path of planned investment projects in the country” (*Kolesnikova and Sokolova 2008*). The number of vacant positions registered in employment services in Russia as a whole was sustainable over the past decade at more than 1 million vacancies (*Rosstat 2011*), and even the crisis of 2008-2009 failed to significantly reduce this figure.

The problem can be resolved not only by recruiting foreign workers. Well thought-out state policies in education and employment would significantly improve the situation through both the secondary and higher education system: more rational placement of available labour resources; professional retraining programs; the involvement of the economically-inactive population; the recovery of labour incentives; and the creation of an attractive image of the working man etc. At the same time, policies for recruiting labour migrants is a crucial *additional* instrument in correcting the situation in the labour market.

## 5.3. The Foreign workforce in the Russian labour market

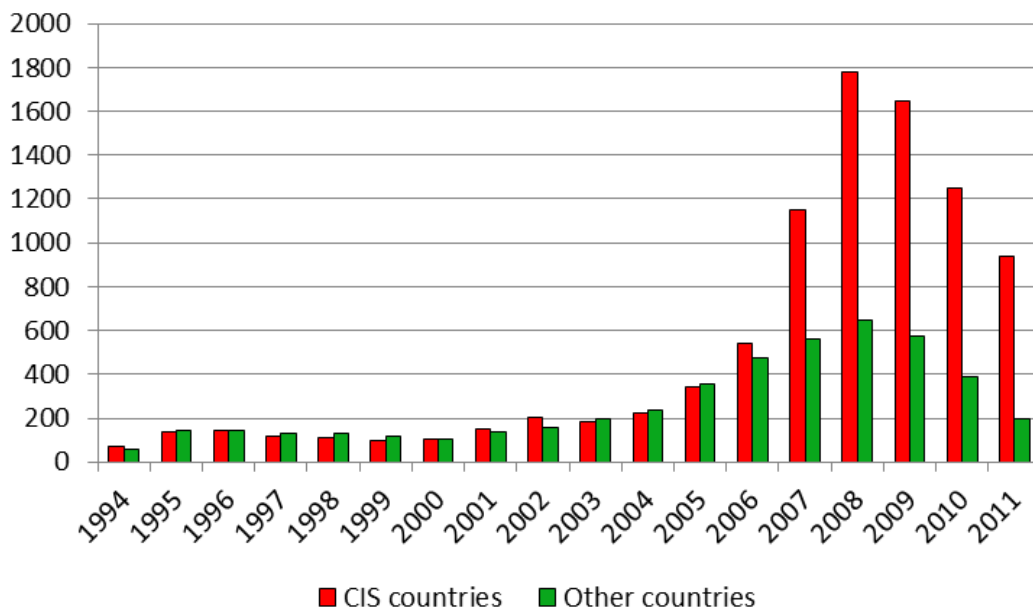
### 5.3.1. Scale

Foreign workers arrived in Russia in the mid-1990s. In 1994 around 130,000 foreign nationals officially entered Russia for employment and obtained work permits there. Then, in 1996, the number of labour migrants increased to almost 300,000. The visa-free regime for citizens of most post-Soviet countries created favorable conditions for them in terms of job-seeking. A common language also played a crucial role in the emergence of a Russian migration vector in the CIS space.

It is surprising, that labour migration flows from Russia were formed in a profound economic crisis that accompanied reforms in the Russian economy. However, the economic situation in some post-Soviet republics was even worse. Some, indeed, experienced the disruption of economic and production ties with Russia and other former Soviet countries; a mass outflow of population, including professionals and the fascination of national elites with political self-assertion to the detriment of economic development. All this resulted in a drastic fall in production, high unemployment and a catastrophic decline in the living standards of most citizens in the new sovereign states. It turns out that the main reason for migration was not so much Russian economic attractiveness in the 1990s, but rather the fact that economic opportunities for the population in other former Soviet republics were reduced to a bare minimum. In the meantime, the Russian economic system was decentralized through reforms: significant economic freedoms were granted to the regions and enterprises were given greater autonomy, private entrepreneurship expanded, and the economy became more commerce-oriented. This created demand for additional workforces in certain regions and production sectors. All this triggered labour migration in Russia. The total number of foreign workers, *officially* recruited to work in Russia, from 1994 to 2011, was over 13 million.

In fig. 3 attention is drawn to the fact that up until mid-2000s the number of foreign workers attracted from CIS and from other countries was practically the same, and in some years “other country” were more numerous than CIS workers. This can be explained by the fact that until 2007 the procedures according to which residence and work permits were issued to citizens of the “new” and “old” abroad were the same for employers and for migrants. Visa-free entry to the Russian territory for CIS citizens “crashed” against complex, multistage, over-bureaucratic procedures for issuing work permits. Cue labour migrants from the former Soviet republics in Russia being forced into illegal employment.

**Fig. 3. Size of the foreign workforce in Russia, 1994-2011, thousand people (based on work permits issued)**



\* Data for 2011 include only work permits issued within the quota.

Source: Data of the Russian Federal Migration Service

It is important to keep in mind that the plot in figure 3 reflects only the officially recruited foreign workforce. Illegal migration is not there in the statistics. However, by the early 2000s illegal migration and unregistered employment from CIS countries grew. According to estimates, 70-80% of labour

migrants in Russia worked illegally, without entering into official labour relations with employers (*Problems of illegal migration... 2004*). The visa-free entry regime combined with extremely complicated procedures for processing permits and weak immigration control pushed labour migrants into the “gray” sector.

Reform of Russian migration legislation in 2006-2007 simplified procedures for obtaining work permits for citizens of those CIS countries with which Russia has a visa-free entry regime. It also expanded the legal channels of temporary employment for these citizens. This meant a radical change in migration policy principles with regards to labour migrants from CIS countries. Thus Russia demonstrated that these states were the ones it considered to be its main migration partners. Fig. 3 shows that immediately after the new laws had entered into force there was a significant increase in the number of CIS citizens coming to and working in Russia legally. In the course of 2007 alone – the first year after the new laws entered into force – around 7 million CIS citizens registered as migrants in Russia. In the same year, the Russian migration services issued over 1.7 million work permits to foreign citizens, 70% more than in 2006 and 2.5 times more than in 2005. The make-up of the foreign workforce in Russia legally also changed: now more than three quarters of registered migrant workers are citizens of CIS countries. This, of course, better reflects the situation on the ground than the numbers recorded in 2006.

Data for 2007 and 2008 reflect the process of active foreign workforce legalization in response to facilitated procedures for obtaining official work and residence permits in Russia. However, this process was interrupted by the global financial crisis.

Obviously after 2008 there was a decline in the number of work permits issued for labour migrants from both “new” and “old” abroad<sup>3</sup>. This is explained, on the one hand, by the impact of the global economic crisis that objectively reduced demand for foreign workers and, on the other hand, by the reform of Russian migration legislation. The deliberate restriction in the number of work permits issued for foreign labour migrants combined with the emergence of new employment channels in Russia. These new channels do not require work permits (highly-skilled professionals; migrants employed by physical persons), and led to a reduction of plot indicators in 2012-2011: For detailed information on Russian migration policy with regards to foreign workers see section 5.3.6.

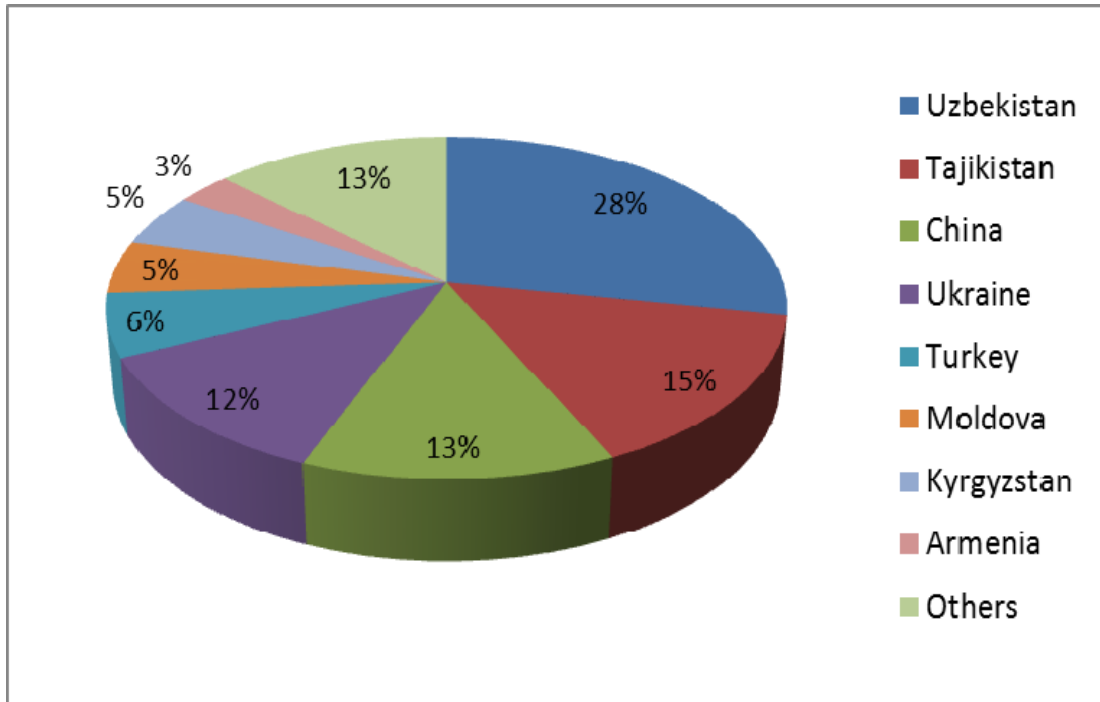
### 5.3.2. Composition

There were also changes in the composition of foreign workers attracted to Russia by countries of origin. In the mid-2000s the list of workforce suppliers to the Russian labour market was headed by Ukraine, Turkey and China. But, by the end of the decade, the share of labour migrants from Central Asia, especially from Uzbekistan, increased notably. Uzbekistan is considered as a key migration donor for Russia due to its significant demographic potential: the population of Uzbekistan is almost 30 million, with 17.5 million of employable age. In 2011, 28% of foreign citizens working legally in Russia were represented by immigrants from Uzbekistan. The citizens of Central Asian countries (Uzbekistan, Tajikistan, Kyrgyzstan) account for almost two thirds of work permits issued in Russia every year (see fig. 4).

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<sup>3</sup> Such terminology as the “new” (“near”) and “old” (“far”) abroad have been in use in Russian since the breakup of the USSR. The “new” abroad covers the 15 NIS that emerged on the territory of the former USSR. The “old” abroad covers the rest of the world. This artificial distinction is meant to underline some sort of uniqueness of the post-soviet space, the remaining ties between the former Soviet republics, a facilitated travel regime (visa-free, the use of “internal” national passports, and even the USSR passport before 2000). Russian migration policy differentiates between the citizens of the “new” and “old” abroad, more precisely between citizens of the post-soviet states that enjoy a visa-free regime with Russia and the rest of the world. This differentiation is important with regards to the migration registration procedures, employment and the provision of a legal status or citizenship in Russia.

**Fig. 4. Composition of foreign workforce attracted to Russia, by countries of origin, 2011, % (based on work permits issued)**



Source: Data of the Russian Federal Migration Service

The sectoral composition of migrant employment is characterized by the migrants' domination of construction – around 40%, which conforms to the trends typical for most recipient countries (*IOM 2008*). Table 1 gives an idea about the composition of foreign labour migrants' employment in Russia in 2006-2010 by main types of economic activity, as they are classified by Rosstat. It is noteworthy that before the global crisis – which began in 2008 and became more pronounced in 2009 – the number of foreign workers employed in construction increased by more than a third annually. While the number of people employed in social and personal services and utilities increased six times in 2006-2008 alone.

The second economic activity in terms of foreign workers was wholesale and retail trade and maintenance: 16.6% of the overall number of recruited foreign workers in 2010. Construction and trade saw the biggest reduction in foreign workforce recruitment in 2010: construction by 42%, trade and maintenance by 34% compared to 2008.



**Table 1. Distribution of foreign workers employed in Russia, by main types of economic activity, 2006-2010, thousand people**

Main types of economic activity	2006		2007		2008		2009		2010	
	thousand people	%	thousand people	%	thousand people	%	thousand people	%	thousand people	%
Foreign workforce – total	1014.0	100.0	1717.1	100.0	2425.9	100.0	2223.9	100.0	1640.8	100.0
Construction	414.1	40.8	691.0	40.2	1020.8	42.1	876.5	39.5	595.1	36.2
Wholesale and retail trade, repair of motor vehicles, household goods etc.	270.9	26.7	330.0	19.2	411.1	16.9	408.0	18.3	272.1	16.6
Processing industry	72.2	7.1	122.2	7.1	240.1	9.9	264.9	11.9	221.5	13.5
Utilities, social and personal services	28.9	2.8	120.9	7.0	206.8	8.5	245.4	11.0	221.2	13.5
Agriculture and forestry	72.6	7.2	111.0	6.5	158.3	6.5	174.7	7.9	148.6	9.1
Transport and communication	47.0	4.6	75.6	4.4	93.8	3.8	94.1	4.2	70.6	4.3
Extraction of mineral resources	20.0	2.0	36.1	2.1	54.3	2.2	45.2	2.0	33.2	2.0
Other types of economic activity	88.3	8.7	230.4	13.4	240.7	9.9	114.8	5.2	78.5	4.8

Source: data of the Russian Federal Migration Service

Geographically labour migrants gravitate towards certain Russian regions. They are primarily concentrated in: the Central Federal District (39% of all issued quota work permits for employment in Russia in 2011, 418,000 of 1,070,000 ); the North-West Federal District (20%); the Ural Federal District (11%); the Siberian Federal District (9%); and the Far-East Federal District (8.5%). Labour migrant concentrations can be better presented in their regional dimension. Moscow and the Moscow Region attract 18% of foreign workers in Russia. the Saint Petersburg and Leningrad Region attract 17% and the Krasnodar Region, 5%. Regions with high economic growth and investment potential actively attract foreign workers: the Kaluga Region, the Sverdlovsk Region, the Khanty-Mansi Autonomous District and the Novosibirsk Region.

Thus, the overall Russian share of foreign workers against the number of employed persons – 2.4% (2010) – glosses over significant regional differences. In Moscow, for instance, 6% of all employed persons are foreign. In the Chukotka Autonomous District the number is 12%, in the Sakhalin Region 6%, and in the Jewish Autonomous Region 8%. It should be noted that we are talking here about the officially recruited legal foreign workforce alone.

Russia is a large and varied country with diverse regional labour markets. A.V. Topilin and O.A. Parfentseva classify the Russian regions based on the impact of migration on regional labour markets. In doing so they have identified five types of regions, with different degrees of labour market completion, participation in the flows of internal labour migration, models of recruitment of external

labour migrants and degree of impact of foreign workforce upon local markets (based on trends formed by 2006)<sup>4</sup> (Topilin and O.A. Parfentseva 2008: 51-60):

Type 1: *migration-attractive subjects of the Russian Federation with minimum or reduced tension in the labour market.* These include Moscow, the Moscow Region, Saint Petersburg, the Leningrad Region, the Kaliningrad Region, the Tatarstan Republic etc. Here there are 21 regions, where the industrial and labour potential of the country is concentrated; 43.5% of the economically-active Russian population. These regions have 51% of vacancies announced by the employment services. Enhanced demand for workers attracts foreign migrants here and 65% of foreign workers in Russia are concentrated in these regions.

Type 2: *migration-attractive subjects of the Russian Federation with enhanced and maximum tension in the labour market.* These include the Republic of Ingooshetia, the Republic of Adygea, the Krasnodar Territory and the Belgorod Region. Taken together there are 11 subjects of the Russian Federation, concentrating 13.4% of economically active Russians, mainly regions of the South and Center of Russia, specialized in industrial production and agriculture. Regions of this type are characterized by a low demand for workers. Therefore, they are not attractive for foreign workers. 5% of external labour migrants are employed here, and they do not exert significant pressure on regional labour markets.

Type 3: *subjects of the Russian Federation with migration outflow among the employable-age population with low and moderate tension in the labour market.* These include the Chukotka Autonomous District, the Murmansk Region, the Sakhalin Region, the Astrakhan Region, the Republic of Sakha-Yakutia and the Kamchatka Region. Taken together these are 17 regions where 15.3% of the economically active population is concentrated. These are mostly regions of the Far East and the Russian North. Demand for workers is relatively low; 16% of Russian vacancies are concentrated here. 7% of foreign workers in Russia are employed in these regions. But in certain sectors the share of foreign labour is high. For example, in the Chukotka Autonomous District the share of foreign workforce in construction, for instance, exceeds 57% of all employed persons.

Type 4: *subjects of the Russian Federation with migration outflow of employable-age population with enhanced tension in the labour market.* These include the Krasnoyarsk Territory, the Republic of Khakassia, the Perm territory, the Republic of Bashkortostan, and the Smolensk Region. These amount to 11 regions, where 14% of the economically active population is concentrated. Here 7% of external labour migrants are employed; their share among employed persons is 2.5 times lower than the Russian average.

Type 5: *subjects of the Russian Federation with high intensity of migration outflow of employable-age population and with maximum and enhanced tension in the labour market.* These include the Magadan Region, the Komi Republic, the Kurgan Region, the Kabardino-Balkarian Republic, the Republic of Kalmykia, the Dagestan Republic, the Primorski Territory and the Amur Region. Taken together here there are 19 Russian regions, with 12.7% of the economically active population. These are primarily regions of the Far East and the Russian South. Critical tension is observed in the labour markets of these regions. Unemployment here is higher than the Russian average. But foreign workers are also attracted to these regions (11% of the workforce). And the number of foreign workers among employed persons is sometimes significantly higher than the Russian average (for instance, in the Amur Region, the Chita Region and the Jewish Autonomous Region).

The classification presented here proves yet again that Russia's migration policy is in dire need of a regional dimension. It makes sense, from the economic standpoint, to grant greater independence to the regions in implementing foreign workforce recruitment models, models that would be more

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<sup>4</sup> The cited classification was built with the data on the geographic distribution of foreign labour force across Russian regions in 2006. The same data for 2011 is relatively similar to that of 2006. Therefore, we believe that the classification of Topilin and Parfentseva is valid for the current situation and we use it without adjustments.

appropriate for the local labour markets. This measure would help optimize the participation of foreign workforces in Russian economic development.

### 5.3.3. Foreign workforce and Russian business

In 2010 the Russian Center for the Study of Public Opinion and Russian Public Organization for Small and Medium Business “Opora Rossii” (“Backbone of Russia”) carried out a survey of employers. This survey covered 1500 enterprises in 47 Russian regions and aimed to identify the scale of the “migration segment” in the Russian labour market. According to this survey, large enterprises are the most active recruiters of foreign workers (table 2). Large Russian enterprises were the first to recruit foreign workforce in the mid-1990s, primarily oil industry workers. Today the role of small and medium business in the use of migration resource is becoming increasingly pronounced. Among small businesses the “grey” practices of foreign workforce recruitment are more widespread than among large companies. Hence it may be that the number of small companies recruiting foreign workers is significantly higher than the share identified by the survey.

**Table 2. The share of Russian enterprises using foreign workers, 2009**

Size of enterprise	Share of enterprises recruiting foreign workforce
<u>Large enterprises</u> (personnel of more than 250 people, turnover more than 1 bln. roubles)	21.2%
<u>Medium enterprises</u> (personnel from 100 to 250 people, turnover from 400 mln. to 1 bln. roubles)	17.9%,
<u>Small enterprises</u> (personnel of fewer than 100 people, turnover of less than 400 mln. roubles)	8.8%

**Source:** Study of the Russian Center for Study of Public Opinion (VTSIOM) and Russian Public Organization for Small and Medium Business “Opora Rossii” (Lunkin et al. 2010: 67)

The above-mentioned research revealed that only 52% of small and medium enterprises hiring foreign workers did so officially, within the quota (Lunkin et al. 2010: 68). Others used “grey” recruitment schemes without obtaining the necessary permits, without the labour contracts, without paying taxes etc.

The reasons for foreign recruitment are primarily structural: the unbalanced supply and demand structure of the Russian labour market. Structural motivation (“*Russian workers do not want to do hard, dirty work*”, “*There is a lack of Russian personnel with the necessary qualifications*”) was indicated by over 90% of respondents in the above-mentioned survey of employers (table 3). This indicates that the structure of the Russian labour market *forces* employers to recruit foreign workers and this is more important than production costs and profits. One of the structural reasons is a desire to find workers for jobs in the so-called flexible labour market associated with seasonality (“*Migrants can be hired for a while*”), indicated by almost a quarter of respondents.

Reasons associated with savings on salary and taxes, according to this survey, are far less important: they were voiced by 40% of companies.

**Table 3. Reasons for foreign recruitment by Russian companies, 2009**  
(based on the survey of employers, in % of enterprises recruiting foreign workforce)

	<b>% of the number of respondents*</b>
Russian workers do not want to do hard, dirty work	46.1
There is a lack of Russian personnel with the necessary qualifications	34.7
Russian workers do not work well, are not disciplined	14.3
Migrants can be hired for a while, regardless of season and fluctuations	23.2
Migrants agree to lower salaries	24.6
Lower expenses on social and pension payments (taxes, vacations, sick leaves etc.)	8.9
Foreign workers can work overtime without extra pay	6.7

\* The sum is more than 100%, as respondents can indicate several reasons.

Source: Study of the Russian Center for the Study of Public Opinion (VTSIOM) and Russian Public Organization for Small and Medium Business "Opora Rossii", April-May 2010 (Vishnevsky 2011: 276).

As in other migrant-accepting countries, companies in the Russian construction sector are the ones recruiting the highest number of foreign workers. The data for this sector allow us to trace a number of important characteristics in terms of the impact of the foreign presence for the Russian economy.

From 2003 to 2008 the Russian economy experienced active growth. This depended to a large extent on high world prices for energy products, which stimulated the growth of the production and construction industries. The highest growth rates were observed in the construction sector: the average annual growth rate in this industry was 11% in 2003-2006 and 18% in 2007-2008. In order to fulfill the need for workers in this situation, contractors actively rely on the labour of migrants: around 40% of work permits for foreign nationals are issued in the construction sector. As a result the share of foreign workers in the Russian construction industry proved significantly higher than in the economy on average, and it was shooting up until the global economic crisis (table 4). In 2008 it was 18.3% of all persons employed in construction. In the course of 2005-2008 the size of foreign workforce officially recruited by the Russian construction industry increased almost 3.5 times.

**Table 4. Number of employed and share of foreign workers in the Russian construction industry, 2000-2008**

	<b>2000</b>	<b>2001</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Number of employed in the sector (thousand people)	4325	4385	4916	5073	5268	5560
Number of foreign workers in the sector (thousand people)	84	111	272	414	691	1020
Share of foreign workforce in the sector (%)	<b>1.9</b>	<b>2.5</b>	<b>5.5</b>	<b>8.2</b>	<b>13.1</b>	<b>18.3</b>

Sources: Size and migration of the Russian population. Annual statistical collection. Moscow. Rosstat. Foreign workforce – FMS data.

One should also keep in mind that the highest share of violations *a propos* of the foreign workforce is in the construction industry (*Krasinets et al. 2000; Problem of illegal migration... 2004; Human Rights Watch 2009*). In other words, it is here that the illegally-recruited migrants are concentrated, while the overall number in Russia is estimated at 4-5 million people. Thus, in fact, the share of foreign workers in construction turns out to be almost twice as high.

In 2008 every third construction organization in Russia indicated a lack of personnel as a factor restricting its business activity (*Rosstat 2011b*). In 2009-2010 the global economic crisis, as in most other countries, resulted in a slowing rate of construction sector growth and reduced “personnel hunger”. However, this problem will inevitably manifest itself in the course of the economic recovery.

It is interesting to note that in the pre-crisis years labour productivity in construction demonstrated the highest growth rate compared to other Russian industries: with an average annual growth of 10-12% (2006-2008)<sup>5</sup>. These data do not confirm the claim that the recruitment of a low-qualified foreign workforce slows down the growth of labour productivity in sectors with many foreign workers.

It is also important to note that, though the highest share of increase in foreign workers 2001-2008 was observed in construction, rapid salary growth was also observed in this sector. Over the same period average monthly nominal salary in construction increased seven times, which was no less than the growth of salary in the economy as a whole<sup>6</sup>. Thus, the myth about migrants reducing overall salary levels is refuted by Russian economic statistics.

#### 5.3.4. Foreign workers and unemployment

Foreign workers in Russia are recruited in the context of local employment. According to the data of the Russian Federal Service for Labour and Employment, the number of the unemployed registered in the employment services varied between 1.2 and 1.5 million in 2000-2010 with 2 million in 2009, the year of crisis.<sup>7</sup> According to the data provided by selective population surveys on employment issues carried out by Rosstat, there were around 5.5 million unemployed or 7.5% of the economically active population<sup>8</sup>.

In the meantime the number of vacancies reported by enterprises to the employment services was sustainable at the level of 1.1 – 1.3 million with a reduction of 15% in the crisis year of 2009. Significant numbers of unfilled vacant positions indicates that unemployment in Russia is structural in nature. Put in other terms, it is generated by structural transformations in the labour market, in as much as the qualifications of Russian labour resources cannot transform the Russian economy. This raises the question of the need to reform the personnel training and retraining system. Meanwhile, the presence of migrants ready to occupy the lowest segments of the qualification staircase in the labour market “pushes” Russian citizens into the areas where higher qualifications are required and motivates them to train for those professions not satisfied by migrants.

Many studies, including those carried out in the regions of migrant concentration, proved that the presence of foreign workforce in certain sectors of economy did not lead to increased unemployment among the locals (*Metelev 2006; Ryazantsev 2007; Problem of illegal migration... 2004; Tyuryukanova 2004b, 2004b, etc.*). A comparison of unemployment figures and the size of the foreign workforce across Federal Districts and the Russian Federation does not show a direct correlation. This suggests that labour migrants predominantly occupy those niches of the Russian labour market that, for one reason or another, cannot be filled by Russian workers.

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<sup>5</sup> <http://www.gks.ru/wps/wcm/connect/rosstat/rosstatsite/main/account/#>

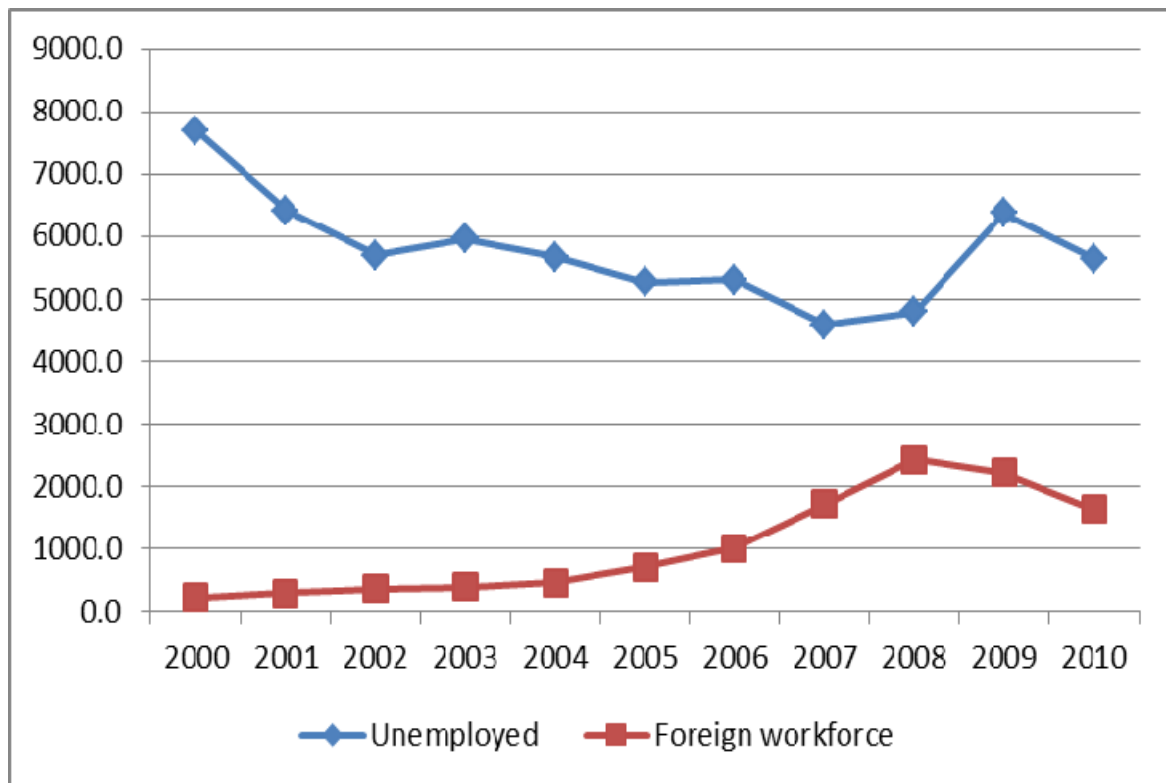
<sup>6</sup> [http://www.gks.ru/bgd/regl/b11\\_11/IssWWW.exe/Stg/d1/07-07.htm](http://www.gks.ru/bgd/regl/b11_11/IssWWW.exe/Stg/d1/07-07.htm)

<sup>7</sup> [http://www.gks.ru/bgd/regl/b11\\_11/IssWWW.exe/Stg/d1/06-08.htm](http://www.gks.ru/bgd/regl/b11_11/IssWWW.exe/Stg/d1/06-08.htm)

<sup>8</sup> [http://www.gks.ru/bgd/regl/b11\\_11/IssWWW.exe/Stg/d1/06-01.htm](http://www.gks.ru/bgd/regl/b11_11/IssWWW.exe/Stg/d1/06-01.htm)

Fig. 5 sets out that curves of unemployment indicators among the local population and shows how the size of the recruited foreign workforce mirror these curves. This was true at least before the crisis year of 2009: unemployment rises – recruitment of workers from abroad goes up. As a result of the crisis migration policies are tightened and channels of legal foreign workforce recruitment narrowed, primarily due to populist considerations. In fact, as experts have noted, the flow of labour migration directed to Russia was restructured in favor of its unregistered component (*Zayonchkovskaya and Tyuryukanova 2010: 21*).

**Fig. 5. Unemployed population and foreign workforce recruitment, 2000-2010, thousand people**



#### Notes

- (1) The unemployment level is defined on the basis of data from selective surveys of population about employment issues.
- (2) Data on the size of foreign workforce are determined on the basis of the number of work permits issued a year.

Sources: data of Rosstat and Russian Federal Migration Service

It is well known that migrants are a “buffer” in the labour market: they are the first to be fired when the economic situation deteriorates and demand for workers goes down. This was demonstrated by the Russian financial crisis of 1998 and the global crisis of 2008-2009. For instance, in 1995 the gas-producing enterprise “Yamburggasdobycha” (Novy Urengoy) employed around 600 foreign workers and in 1999 the company forewent their services (*Labour migration in Russia 2001: 87*). In response to the global crisis of 2008-2009 many Russian employers not only laid off employees including foreign workers. They also changed their tactics in the labour market, expanding unregistered employment. “Grey” recruitment schemes, including the recruitment of foreign workers (preferably foreign, as they are less inclined to defend their rights and are less protected), were used by Russian employers striving to retain competitiveness in the face of shrinking demand, despite sizeable fines (*IOM 2009: 35*).

Moreover, in a crisis labour migration continues (and illegal migration may even go up), as a number of economic sectors still need workers, never mind rising unemployment. This demand is explained by the fact that national workers either do not have the necessary qualifications or do not

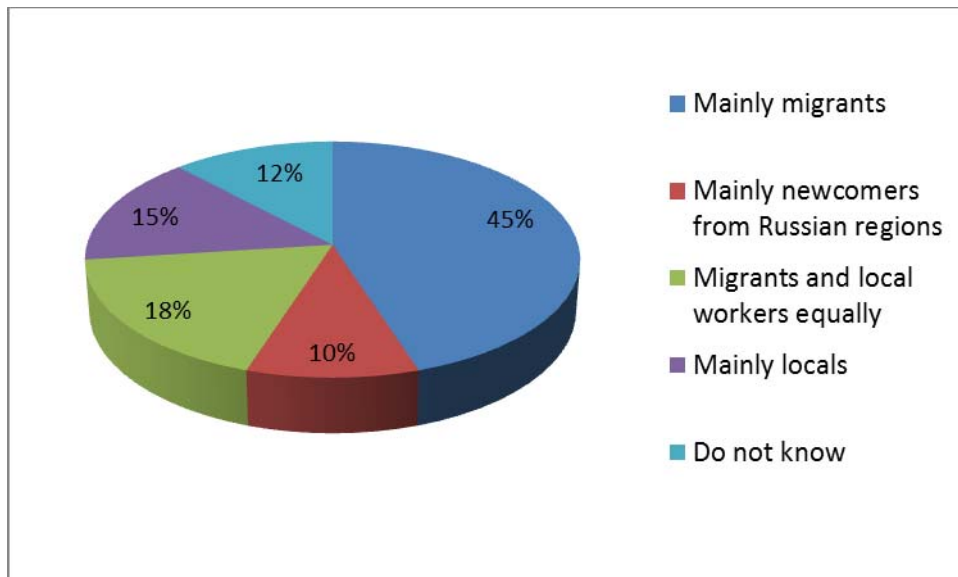
want to do certain jobs, where unskilled workers or workers with low qualification are needed (*IOM 2009*). For instance, in Russia in 2008-2009 there were, of course, sectors where the number of jobs went down: construction, production and the financial sector. However, there were also sectors where demand for workforce remained high: housing and utilities, municipal public transport, and the service sector. A significant share of vacancies in these sectors was filled by the redistribution of migrants, who were more flexible in employment strategies than local Russian workers who preferred temporary unemployment and social benefits to reduced social status (*IOM 2009*).

### 5.3.5. Labour market segmentation and “migrant niches”

Despite the fact that the foreign workers constitutes fewer than 2.5% of those employed in the Russian economy, a number of industries and regions have a greater dependence on foreign workers. For instance, as was mentioned above, the share of officially employed foreign workers in the construction industry was 18.3% in 2008, and if we take into account illegally employed migrants that number goes up to at least a quarter. As a matter of fact auxiliary low-qualified work in construction turned into a “migrant niche” in the labour market, together with the cleaning of houses and offices; the repair of cars, motorcycles, and household appliances; auxiliary work in wholesale and retail. Russian citizens reject these types of work as hard, dirty and “beneath them”.

There was a survey of foreign workers from CIS countries in a number of Russian regions in 2008-2009 carried out by the Center of Migration Research, the Institute for Economic Forecasting and the Russian Academy of Sciences. This survey demonstrates that most migrants are employed in jobs filled in almost exclusively by migrants (fig. 6). Only 15% of migrants noted that they worked among local people, and 18% that they were surrounded by migrants and local workers. This confirms that migrants already occupied certain economic niches that, apparently, will only expand in the future. In many Russian regions, especially in the large cities and megacities, foreign workers have become a structural factor in economies that can no longer efficiently function without migrants.

**Fig. 6. Selective survey of foreign workers from CIS countries working in Russia (2008-2009): responses of migrants to the question “Who works with you at your enterprise or workplace?” (%)\***



\* The survey was led by E.V. Tyuryukanova and carried out by the Center of Migration Research, Institute for Economic Forecasting, Russian Academy of Sciences. Sample: 1575 foreign workers from CIS countries in six regions of the European part of Russia: Moscow and the Moscow Region, the Saint Petersburg and Leningrad Region, the Voronezh Region, the Astrakhan Region, the Krasnodar Territory and the Tatarstan Republic.

Source: Zayochkovskaya and Tyuryukanova 2010: 41.

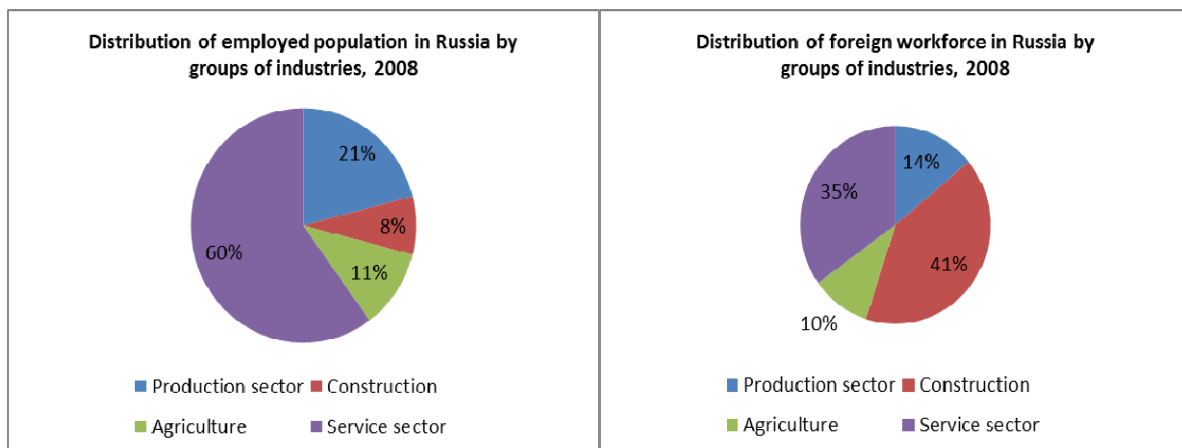
28% of migrants feel that they compete with local workers for their jobs and significantly more – 37% – feel that they compete with other migrants (*Zayonchkovskaya and Tyuryukanova 2010: 41*). The Economic crisis of 2008-2009 demonstrated that even under conditions of increased unemployment Russian citizens did not rush to fill those jobs that would bring about significant reduction in their professional and social status. Rather they preferred to turn to unemployment benefits (*IOM 2009*). One can suggest that, as the economic niches of migrant employment become deeper, competition between migrants and locals will go down, while competition between migrants will go up. This refutes the myth, widespread in Russian society, that migrants take away jobs from Russians.

A survey among labour migrants from CIS countries employed in the informal labour market of Moscow, carried out in 2002, had interesting results here. It revealed that over 50% of migrants working in this sector of the Moscow economy did not feel that they competed with the locals for jobs (*Tyuryukanova 2004a*). Apparently this is explained by the higher living standards of the Moscow population, as well as by a clearer division of labour between locals and migrants than is found in other Russian regions. This clear division is a result of intensive migration into the Moscow Region over the last twenty years.

There is a significant share of jobs in the Russian labour market occupied by migrants – from 50% in Moscow to 35% in the regions – that are effectively “reserved” for migrants. The remaining jobs are “won” by migrants in competition with the locals. Migrants have the following advantages: dumping labour prices; willingness to work longer hours and higher labour intensity than in case of local workers; not to mention the absence of claims to social benefits. Migrants are especially attractive in the eyes of employers because they are more disciplined: they do not abuse alcohol, and they do not get distracted by family issues.

Fig. 7 indicates those employed in Russia by main economic sectors and shows how this differs from the foreign workforce. The sectoral composition of the Russian population is gradually transforming itself in favor of service and sector domination. In the present graph the service sector comprises transport, communication, trade, catering, healthcare, education, public administration, culture and science. At the same time the share of industry and agriculture goes down. This trend is typical for all post-industrial states. Those economic sectors that require a significant volume of hard unskilled labour use foreign workers to fill vacant positions that local workers do not agree to fill in the context of a labour deficit and innovation-based economic development.

Fig. 7.



Sources: Rosstat; Russian Federal Migration Service

At the same time there are labour market segments where, as international experience demonstrates, it is apparently impossible to recruit national human resources. This is, in Russia, due to forthcoming structural changes in the labour market, inevitably associated with population ageing and the corresponding growth of demand for services associated with care for the elderly. By 2025 there will be 8 million people aged 60 years plus, and the number of the most senior groups of population



demanding special care will increase rapidly. This sector has not yet become widespread in Russia, and the range of gerontological services on offer is limited, but it will inevitably expand. Judging by trends in other countries, which have already faced the problem of ageing population, nursing home staff, nurses, and social workers will often be migrants, most likely women. This will thus feminize the labour flow and render gender aspects of international labour migration more significant.

Another factor of migrant labour growth in the service sector will be associated with the increased prosperity of the Russian population and the active recruitment of personnel by households: household assistants, cooks, gardeners, nannies, tutors, private teachers etc. For Russian women actively participating in the labour market and entrepreneurship, nannies are, in fact, the single most important condition for participation. According to estimates, three million Russian families use nannies, and 2 million nannies are foreign.

Growing demand for female migrant labour is reflected by the work permit statistics issued, as well as by sociological research data. More and more women come to Russia to earn money by themselves or with husbands or other family members. The male-female ratio among foreign workers obtaining permits for work in Russia has remained the same for many years in Russia: 85% of labour migrants are men and 15% are women. However, given the growth of the officially recruited foreign workforce, one can see that in absolute terms 15% of the migrant flow equaled 81,000 in 2004 and 322,000 in 2009. Thus, *one third of a million* women come to Russia as independent labour migrants and participate in the Russian labour market. Besides this, taking into account illegal migration and unregistered migrant employment in Russia, one can assume that the number of female foreign nationals working in the Russian labour market is, in fact, much higher. Sociological survey data carried out in 2009-2010 show that women now constitute 25-30% of the labour migrant flow from CIS countries (*UNIFEM-ILO 2009:23*), 1.5 – 2 million. The share of female migrants varies from country to country: one third of labour migrants from Kyrgyzstan are women, and more than half of those from Ukraine.

The feminization of migration flows is acknowledged by migration experts as a characteristic feature of the contemporary world (*OSCE 2009*). It is a response of the international labour market to growth in demand for services that are predominantly in the female employment sphere: housework, houses and office cleaning, childcare, care for elderly people, as well as sexual services. Russian data confirm this trend: three quarters of female migrants working in Russia are employed in the service sector; and almost half are employed by physical persons (*Tyuryukanova 2011*). The problem here is that female migrant employment is predominantly “grey” and marginal. Put in other terms, this is part of the labour market that has only weak social and labour standards with high levels of professional risk. A growing inflow of female migrants, often ready to work without a labour contract, means migrant enclaves with “grey” labour relations and the risk of deceit, physical violence, psychological pressure, and exploitation. A high degree of “enclavization” in the main sectors of female migrant employment is confirmed by the fact that in surveys around 40% of female respondents claim that they do not feel competition in their working places from local workers, believing that locals do not want the work that they perform, and only 16% indicate that there is competition (*Tyuryukanova 2011: 39*).

The segmentation of the Russian labour market is also a result of “ethnic business” emerging in a number of Russian cities: enterprises belonging to immigrants who hire, predominantly, their own compatriots. Sometimes these compatriots are illegal and there is also an ethnically determined infrastructure that serves these ethnic enterprises. Ethnic business stimulates a constant inflow of migrants and often forms “grey” networks of intermediary services acting as an alternative to the official migration infrastructure (*Dyatlov 2003*).

### 5.3.6. Evaluation of the labour migrants' contribution to the Russian economy

In Russia migration is very politicized and surrounded with myths, which hinders impartial assessments of labour migrants' contribution to the economy. Politicians and citizens regard the presence of foreign workers in the Russian labour market and their role in Russian economic development as a controversial issue. "The ideology of anti-migrationism" (Tishkov 2011) is neither supported nor suppressed at the official level and becomes an unpleasant backdrop to the formation of public opinion and the formulation of migration policies. Thus, the question "Does Russia need migrants?", widely discussed in the mass media, by politicians, migration officials and even experts, has not yet been answered unequivocally. This can be explained, to a large extent, by the absence of complex credible studies on the role played by international labour migration in Russian economic development.

The global economic crisis of 2008-2009 aggravated the issue of foreign recruitment in the Russian labour market. Some government officials, representatives of trade unions and journalists suggest introducing a visa regime for CIS countries, banning the employment of foreign nationals, deporting all migrants who find themselves without work, and banning the recruitment of a foreign workforce. These suggestions demonstrate that there is a strong force in society refusing to acknowledge the positive role of migration in the strategic development of contemporary Russia. According to opinion polls, regularly carried out by the Analytical Center of Yury Levada (Levada-Center), in 2008, practically half of Russian citizens were convinced that "Russia needs neither immigrants, nor labour migrants" (*Public opinion – 2008: 124*). And since then the dominant attitude to migration and migrants in the country has become steadily more negative (*Public opinion - 2011: 132-133*).

It was at the height of anti-migrant feelings, in autumn 2008, that the Russian Federal Migration Service (FMS) for the first time voiced its assessment of the economic contribution that migrants make. FMS director Konstantin Romodanovsky acknowledged that labour migrants from CIS countries working in Russia created 6-8% of GDP (*Romodanovsky 2008*). Scholars have pushed an even higher figure, namely, 8-9% of GDP.<sup>9</sup>

Another assessment, voiced by the FMS director in 2010, was supposed to puncture the myth that migrants take money out of Russia. "For each dollar earned by a guest worker, the Russian budget gets up to 6 dollars". These words of Konstantin Romodanovsky reflect the opinion of experts that foreign workers in Russia add value over and above their salary and the savings sent or taken home. Besides, migrants are not only producers, but also consumers, and they spend part of their earnings in Russia. Therefore, indicators of an increase in the remittances from Russia to the other CIS countries (table 5) reflect not only the real scale of the money drain from Russia, but also a number of other changes: apart from those mentioned above, this includes the general growth of salary in the country, as well as the more frequent use of official money transferring channels by migrants.

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<sup>9</sup> Estimated by E.V. Tyuryukanova: *Russia Today*, July 11, 2007, <http://www.russiatoday.ru/guests/detail/239>

**Table 5. Migrants' remittances from Russia to the other CIS countries, made via official money transferring systems, 2006-2011, million dollars**

	2006*	2007	2008	2009	2010	2011
<b>CIS countries</b>	<b>4674</b>	<b>8575</b>	<b>12609</b>	<b>8919</b>	<b>11080</b>	<b>15143</b>
Azerbaijan	378	653	887	661	794	1049
Armenia	531	943	1249	848	1018	1284
Belarus	37	71	100	96	165	151
Georgia**	300	558	683	517	566	669
Kazakhstan	73	124	187	159	247	363
Kyrgyzstan	384	715	1157	894	1106	1547
Moldova	457	806	1114	746	845	1076
Tajikistan	835	1632	2516	1725	2216	3015
Uzbekistan	866	1666	2978	2052	2845	4262
Ukraine	800	1377	1690	1339	1809	2360

\* Data on II-IV quarters of 2006.

\*\* In 2009 Georgia stopped being a CIS Member State, but we include the data on Georgia in order to keep intact the dynamic time series.

Source : Russian Central Bank.

[http://www.cbr.ru/statistics/print.aspx?file=CrossBorder/Rem\\_countries\\_11.htm&pid=svs&sid=TGO\\_sp\\_post](http://www.cbr.ru/statistics/print.aspx?file=CrossBorder/Rem_countries_11.htm&pid=svs&sid=TGO_sp_post)

At the same time the dominance of unregistered employment excludes a significant part of labour migrants from the taxation system, which leads to direct financial losses in Russia (see section 5.4).

In public discussions on migration there is the persistent claim that migrants do not positively contribute to the Russian economy while their contribution to criminality is taken as a given. In order to confirm this claim, references are made to the data from the Russian Ministry of Interior, according to which more than half of crimes in Russia are allegedly committed by migrants. Indeed, in 2005 the head of Moscow Main Department of Internal Affairs said in his interview that 60% of crimes in Moscow were committed by *non-residents*. This phrase was incorrectly interpreted and disseminated by the mass media in such a way that foreigners become the key criminals in the capital (and hence in the country). In fact “non-residents” are mostly *internal* migrants coming to Moscow from other Russian regions. *Foreign citizens* are responsible for 3–3.5% of all solved crimes in Russia, and the most widespread type of offence among foreign nationals is the use of false documents. Table 6 constructed on the basis of the official website of the Russian Ministry of Interior unequivocally indicates that migrants’ association with crime is a myth disseminated by xenophobes.

**Table 6. Number and share of crimes committed by foreign citizens in the Russian Federation, 2003-2009**

Year	Total number of crimes registered (thousand people)	Crimes solved (thousand people)	Crimes committed by foreign citizens and stateless persons		
			Thousand people	% of registered crimes	% of solved crimes
2011	2404.8	1311.8	45.0	1.9	<b>3.4</b>
2010	2628.8	1431.0	48.9	1.9	<b>3.4</b>
2009	2994.8	1651.0	58.0	1.9	<b>3.5</b>
2008	3209.9	1713.0	53.9	1.7	<b>3.1</b>
2007	3582.5	1775.2	50.1	1.4	<b>2.8</b>
2006	3855.4	1794.5	53.0	1.4	<b>3.0</b>
2005	3554.7	1698.7	51.2	1.4	<b>3.0</b>
2004	2893.8	1569.3	48.9	1.7	<b>3.1</b>
2003	2756.4	1518.7	40.6	1.5	<b>2.7</b>

Source: Calculated on the basis of data of official criminal statistics: <http://www.mvd.ru/presscenter/statistics/reports/>

#### 5.4. Illegal labour migration in Russia

The scale of illegal labour migration and unregistered migrant employment is the most acute migration problem in Russia. Estimates of the number of illegal migrants in Russia vary from 1.5 to 20 million. Even if we put aside extreme assessments, dictated by political and economic considerations, justified estimates of the number of illegal migrants are extremely difficult to come by. This is due to weak immigration control, the unavailability of unified data on migrants, and the weak coordination of actions by border and migration services. In most cases even the methodology of estimates is not disclosed.

Our own estimates rely on: migration flow classification; data on the number of persons detained at the border and on the numbers deported; estimates of the “grey” sector of the labour market; data on migrants’ money transfers; surveys of labour migrants in different Russian regions; as well as information from migrants’ countries of origin. As a result, according to our estimates, there are **3-4 million** residents illegally present in Russia. This number goes up to **5-7 million** in spring and summer, when seasonal workers arrive. The distribution of illegal migrants across regions and employment spheres generally corresponds to the distribution of legal migrants. Approximately one third are based in the Moscow Region; other locations include large cities like Saint Petersburg, Novosibirsk, Yekaterinburg, the Krasnodar Territory, as well as quickly developing oil and gas producing regions e.g. the Khanty-Mansi Autonomous District and the Yamal-Nenets Autonomous District. Like legal migrants, illegal migrants are predominantly employed in construction, trade and the service sector. One can meet them in the open markets and construction sites. They are often involved in the construction of private houses.

Illegal migration in Russia has special features. It depends in part on the visa-free regime with most post-Soviet countries. However, to a much larger extent, it is a result of poor migration legislation in the 1990s, when migrant registration procedures and work permits proved so difficult to get that they, in fact, pushed migrants and employers recruiting foreign workers into illegality (*Krasinets et al. 2000*). For Russian employers the procedure for getting and confirming permits for foreign workers is time consuming and, very often, involves bribes to public officials. Meanwhile, thousands of job applicants from CIS countries were already present in Russian territory and were ready to start

working, practically on any terms. This stimulated *the sustainable illegal recruitment of foreign citizens*, whereas control over employment was weak and fines for violations were insignificant.

In the 2000s illegal migration was declared an issue of national security in Russia and all aspects of migration policy regulation were transferred to the Ministry of Interior. In these circumstances the authorities expected a serious and efficient offensive against illegal migration with a consequent reduction in its scale. At the same time, it was “forgotten” that illegal migration to Russia was only a special form of labour migration and that those who came to Russia legally under a visa-free regime were almost always seeking employment (*Iontsev 2005*). Even some experts equate illegal migration and criminal migration and make unsubstantiated statements: e.g. “illegal migrants make a significant contribution towards financing “grey” and criminal organizations” (*Meteliev 2006: 80*).

As a matter of fact, an offensive against migration in the 2000s was counterproductive. Police raids against illegal migrants, detentions and deportations, checks on enterprises for illegally working foreigners etc. all resulted in an increase, rather than a reduction in the scale of illegal migration.

The migrant registration procedure stipulated by the law turned, deliberately or unintentionally, into a powerful weapon against legal migration. Bureaucratic obstacles became, for most migrants, an insurmountable barrier on the path towards legal employment: delays with registration, numerous visits to public officials, long queues, absence of clear information about procedures etc. Legal migration channels are narrowed down, and this has provoked migration-related corruption: the emergence of “grey” services, the issuing of false registration documents and work permits, bribery of migration service employees etc.. As a result, a powerful “grey” infrastructure has formed for the illegal employment of migrants. It consisted, for the most part, of intermediaries representing the countries of origin and “supplying” the labour for their compatriots to the Russian labour market.

The negative consequences of the protracted and inefficient fight against illegal migration are as follows. Russian employers until recently did not face the threat of significant fines for the illegal recruiting of foreign workers and now they have the “habit” of illegally hiring foreign workers. The excessive exploitation of illegal migrants creates additional competitive advantages for employers, while widespread corruption in the migration sphere makes unscrupulous employers “untouchable” before the law. An obvious benefit of using illegal foreign workforce, despite government countermeasures, is the preservation of a sustainable “grey” sector in the labour market. Even a fine of up to 800,000 roubles (!) for the illegal recruitment of one foreign worker is inefficient: after all, in practice one can bribe one’s way out of trouble with a much smaller sum of money.

The joint survey of employers carried out in 2010 by the Russian Center for the Study of Public Opinion and the Russian Public Organization of Small and Medium Business “Opora Rossii” came to several interesting conclusions. It identified the main reasons that Russian employers hire foreign workers unofficially, with an oral agreement and so with no signed contract (table 7). Most employers taking part in the survey indicated that the procedures for migrant registration were too difficult, too time-consuming and too expensive. This is primarily true in applying for the quota, reporting the vacant positions to the employment service, rules of taxation of foreign citizens etc. The answers given by representatives of small and medium businesses were practically identical (*Lunkin et al. 2010: 69*). The *de facto* lack of rights of illegally working migrants is also an important incentive: one can pay them less, it is easier to fire them and they are easier to manage.

**Table 7. Reasons for the illegal recruitment of foreign workers (based on a survey of employers representing small and medium businesses, in % of the overall number of answers)**

	Small business	Medium business
One can pay less to illegal migrants	23	26
One can save on deductions and taxes	22	22
Illegal migrant is easier to fire, punish and manage	21	20
Official registration is complicated – it is too time- and cost-consuming	36	36
Other	2	5

Source: Survey of the Russian Center for the Study of Public Opinion (VTSIOM) and Russian Public Organization of Small and Medium Business “Opora Rossii”, April-May 2010 (Lunkin et al. 2010: 68)

Widespread illegal migration and the illegal employment of foreign citizens is associated with considerable financial losses for Russia in the form of unpaid taxes. One and a half million foreign workers employed legally in Russia paid no less than 70 billion roubles in taxes in 2011, if one relies on average salary figures. Illegally working migrants do not, of course, pay income tax. Let us assume that in Russia between four and five million migrants work without official contracts and that they are paid without reference to the taxation system. In that case 150-200 billion roubles are lost to the Russian exchequer annually.

However, this is not necessarily a choice on the part of migrants, but rather they are forced to act in this way by circumstances. The reason for the dissemination of informal forms of employment is associated with the scale of the “grey” sector in the Russian labour market. Hence the problem of tax shortfalls from foreign workers (something that is also true of Russian citizens) is an “internal” Russian problem that has been worsened, not created by the inflow of labour migrants.

### 5.5. Labour migration from Russia

It should be noted here that the real scale of legal migration from Russia is not fully reflected in Russian statistics. Official figures published by Rosstat (*Rosstat 2009*) include persons legally employed abroad relying on intermediary companies who have special licenses for their services. Those who found jobs abroad by themselves are left out of statistical reports, likewise those who went abroad to earn money without a work visa, for instance, via the mediation of tourist agencies. This is true, for example, of those who look for a job in the entertainment industry: dancers or administrators of hotels in resort areas where a lot of tourists from Russia and other CIS countries spend their vacations. What is more, official statistics do not include the activities of large oil, metallurgic, nuclear and other industrial companies that build facilities abroad both on commercial terms and within bilateral intergovernmental agreements. These companies then offer jobs to Russian specialists, without licenses for foreign economic activity. Finally, illegal labour migrants who leave on tourist visas and who then violate the terms of stay by working illegally are also absent from the statistics.

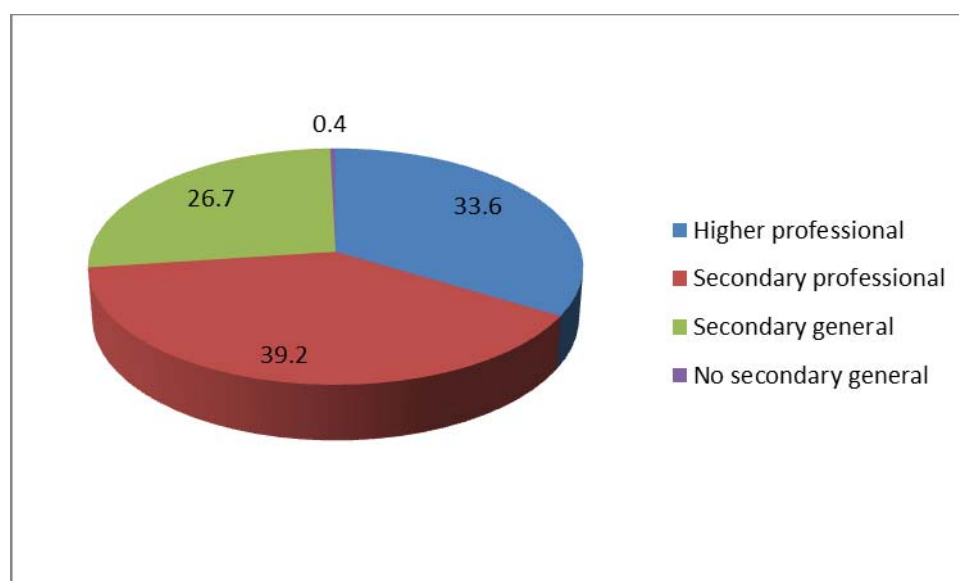
Thus, the available employment statistics for Russians abroad is based on activities of companies with licenses and covers only those who found employment with the help of intermediaries. In 2008, 73,000 in 2010 a little more than 70,000 Russian citizens got jobs abroad this way, and this number is constantly growing: in 1994 this figure was only 8,000. Table 8 demonstrates that Russian labour migrants find jobs in all parts of the world, though the US is the most attractive country for them: every sixth labour migrant from Russia finds a job in the United States (*Rosstat 2009*).

**Table 8. Distribution of Russian citizens departing for employment abroad, by regions of the world, 2000-2010, thousand people**

	2000	2003	2004	2005	2006	2007	2008	2009	2010
<b>Total (persons)</b>	<b>45.760</b>	<b>47.637</b>	<b>56.290</b>	<b>60.926</b>	<b>65.747</b>	<b>69.866</b>	<b>73.130</b>	<b>66.285</b>	<b>70.236</b>
including (%):									
In countries of Europe	48,3	34,2	30,1	36,0	30,1	30,2	28,5	29,5	28,3
In countries of Asia	37,9	44,8	37,6	31,4	25,9	24,0	24,3	25,1	22,1
In countries of America	10,4	14,5	20,6	23,5	35,1	33,9	35,9	33,1	34,6
In countries of Africa	3,3	5,5	10,4	7,3	6,8	6,7	6,6	7,8	9,2
In Australia and Oceania	0,1	1,0	1,4	1,8	2,1	5,2	4,7	4,6	5,8

Source: Rosstat data: Labour and employment in Russia - 2011. [http://www.gks.ru/bgd/regl/b11\\_36/IssWWW.exe/Stg/d1/05-19.htm](http://www.gks.ru/bgd/regl/b11_36/IssWWW.exe/Stg/d1/05-19.htm)

The distribution of Russian citizens who left to work abroad by education level demonstrates the high “quality” of the departing workforce (fig. 8). 72.8% of labour migrants from Russia have a professional education, and almost half of them have university degrees. This does not mean, of course, that all of them find jobs suitable to their degrees in other countries. However, neither can there be any doubt that is a loss for the Russian economy suffering as that economy does from a lack of professional personnel. The educational level of labour migrants departing from Russia is significantly higher than the Russian average. According to the Russian census of 2010, the share of Russian citizens with higher and secondary professional education is 58%, which is almost a quarter lower than among those labour migrants leaving Russia for employment abroad (*Rosstat 2010*).

**Fig. 8. The distribution of Russian citizens working abroad, by level of education, 2008, %**

[http://www.gks.ru/bgd/regl/b09\\_36/Main.htm](http://www.gks.ru/bgd/regl/b09_36/Main.htm)

Unfortunately, we cannot compare the educational level of labour migrants leaving Russia and those labour migrants entering Russia, as data for the second group are not collected. However, we know the distribution by education level of immigrants entering Russia for permanent residence. Among immigrants aged 14 and above the share of persons having higher and secondary professional education is 42% (*Rosstat 2011a*). Despite the arbitrary nature of this comparison, we can conclude that the educational level of those who consider Russia a migration-attractive country is significantly lower than the level of those who wish to leave Russia to work in other countries.

As one can see from table 9, one third of Russian citizens leaving to work abroad represent professional groups of executives (directors, sea and river vessel captains, foremen, and managers) and specialists. The share of professionals in engineering and technology is especially high: engineers, technicians, mechanics, urban planners etc.. The maritime professions represent half of working occupations: sailors, skippers, boatswains, which, is associated with the drastic reduction in the Russian commercial sea fleet. It is also though testimony to the reputation of Russian sailors on the global labour market.

**Table 9. Distribution of Russian citizens departing to work abroad, by professional groups, 2000-2010, thousand people**

	2000	2003	2004	2005	2006	2007	2008	2009	2010
<b>Total</b>	<b>45,8</b>	<b>47,6</b>	<b>56,3</b>	<b>60,9</b>	<b>65,7</b>	<b>69,9</b>	<b>73,1</b>	<b>66,3</b>	<b>70,2</b>
including:									
Executives	8,3	8,0	9,8	10,7	11,1	12,4	12,5	11,8	13,1
Specialists	13,7	13,8	16,1	16,8	17,0	19,4	19,7	18,5	20,0
Workers	23,7	21,6	23,9	24,0	22,9	24,7	26,3	25,6	23,6
Other	0,1	4,2	6,5	9,4	14,7	13,4	14,6	10,3	13,5

Note: Professional groups is recorded at the time of departure in accordance with the Russian classifier of working professions, clerk positions and wage categories.

Source: Data of Rosstat: Labour and employment in Russia – 2009. [http://www.gks.ru/bgd/regl/b09\\_36/Main.htm](http://www.gks.ru/bgd/regl/b09_36/Main.htm)

Two thirds of Russian labour migrants leaving Russia to work abroad leave for up to 6 months, 23% for six months to one year and only 8% for longer than one year. It is interesting that in 2004, 31% got employed for more than one year. The reduced duration of professional activity among Russian labour migrants abroad is partially due to the increased flow of students working during vacations (*Topilin and Parfentseva 2008: 42*).

The total number of labour migrants annually departing from Russia is at least 120,000-160,000. Though to arrive at this number we need to expand the official statistical definition of foreign employment and, at least approximately, estimate the number of those who work abroad without resorting to official Russian intermediaries. Among them, no doubt, there are a lot of people employed in various sectors: construction and seasonal agricultural jobs, hospitality in various countries, especially resort areas, in the so-called female types of work including household assistance, child care, care for the elderly etc. Then too there are a good many highly-qualified professionals invited by foreign companies that “headhunt” in Russia as well as the rest of the world. Estimates of the overall number of Russians working abroad vary from 1.5 million (*IOM 2002: 119*) to 10 million (*Ryazantsev 2007: 241*). At the same time S.V. Ryazantsev points to important socio-economic functions performed by the Russian “labour diaspora”. In addition to money transfers and investments in the Russian economy, the diaspora brings development and promotes projects with Russian partners in business, trade, science and technology, education etc. (*Ryazantsev 2007: 274*).



According to the data of the Russian Central Bank, money transfers from Russian migrants from overseas amounted to 4,788,000 USD in 2010<sup>10</sup>. Returning migrants bring new professional skills and production experience. However the Russian economy also bears the costs associated with the labour migration of Russian citizens abroad. First of all, as there is a decline in employment-age population and a deficit in skilled workers in Russia, any drain on Russian workers can be considered as reducing Russia's labour potential: particularly when many have good professional characteristics and important qualifications (*Topilin and Parfentseva 2008:45*). Second, brain drain has a painful impact upon the state of the Russian economy. The drain in intellectual resources weakens Russia's technological prowess: a decline in research and development, loss of research areas and Russian scientific schools, many of which at the moment hold the leading positions in world science (for instance, in mathematics and biology). American economists have calculated the added value created by intellectual labour. Based on these calculations, the minimum Russian losses from brain drain were estimated at 45-50 billion USD annually in the 1990s (*Ushkalov 1998*). Third, the departure of young researchers and postgraduate students aggravates the problem of research personnel reproduction.

### 5.6. Migration policy with regards to international labour migration

A brief analysis of Russian migration policy is needed here. After all, the specific features of migration legislation and the implementation thereof help determine trends in international labour migration to Russia. They affect its structure, the dominance of unregistered forms of employment and, in the end, the impact of labour migration on the Russian labour market and economic development.

Russian legislation regulating international labour migration started in the early 1990s, following the establishment of the new entry and departure regime to the Russian Federation. These opened Russia up to the rest of the world and provided Russian citizens with real freedom of movement after decades behind the "iron curtain".

In order to implement the right of employment abroad given to Russian citizens in 1993, licenses started to be issued for assistance in job seeking and for the employment of Russian citizens in other countries.

In the mid-1990s the Russian President signed decrees regulating recruitment and the use of foreign workers in the Russian Federation. Procedures for issuing permits to employers for the recruitment of a foreign workforce were developed. Bilateral agreements on labour migration were signed with most former Soviet countries.

However, migration regulation was not yet then an active policy. Adopted laws were *ad hoc*, i.e. they were not aimed at forming migration flows for Russian interests. Instead, they reacted to the migration situation emerging spontaneously. To a large extent, norms and procedures set by the law bore the impress of the Soviet past and administrative mechanisms were used to the detriment of economic incentives. This explains, for instance, why foreign workforce recruitment procedures were so complicated. They were so bureaucratic and time-consuming that they forced Russian employers to hire foreign workers to get around these laws. This results in the growth of illegal migration and the unregistered employment of migrants. Harsh measures directed against illegal migration in early 2000s after the transfer of the Federal Migration Service to the Russian Ministry of Interior did not give results.

Only in the second half of 2000s did Russian migration policy for labour migration become proactive. By the mid 2000s it became obvious that migration was out of control and that illegal migration was on the rise, despite police raids against illegal migrants. This deformed the labour

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<sup>10</sup> [http://www.cbr.ru/statistics/CrossBorder/print.asp?file=Personal\\_Remittances\\_CIS.htm&pid=svs&sid=ITM\\_10234](http://www.cbr.ru/statistics/CrossBorder/print.asp?file=Personal_Remittances_CIS.htm&pid=svs&sid=ITM_10234)

market and led to ethnic tension. The January 2007 migration laws radically changed procedures. At least, they did so with work permits and permits for temporary stay/residence and migration registration for the citizens of CIS countries, with which Russia had a visa-free regime: Azerbaijan, Armenia, Moldova, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Ukraine<sup>11</sup> (i.e. all CIS countries, except for Georgia and Turkmenistan).

In accordance with the new legislation, the recruitment of workers from CIS countries became easier both for migrants and for employers. Migrant residence registration was significantly simplified (registration via the post office was made possible). The terms for the temporary stay of foreign citizens was increased from 90 to 180 days. Migrants could independently obtain a work permit without the need for a labour contract from an employer, by submitting the minimum package of documents: a passport, migration card, and a tear-off card as evidence of migration registration, and the receipt proving that the fee had been paid. Having a work permit, migrants from CIS countries can now shop around for employment and they can also change the job within the region where the work permit was issued.

International labour migration statistics immediately recorded the growth in the number of foreign citizens from CIS countries officially working in Russia (see fig. 3 in section 5.3.1). There was a notable reduction in illegal stay overs and unregistered employment of migrants in the first year. There was also, a reduction in “grey” migration business, due to a reduced demand for “grey” services for registration and the processing of permission documents. The 2007 foreign workforce quota was set at 6 million, probably in accordance with the estimates of migrants illegally working in Russia. And it, in fact, “opened” the Russian labour market for the citizens of those countries that had been acknowledged as the main migration partners of Russia.

However, in 2008, even before the first signs of the global crisis, it had become evident that the new order had significant flaws. First, there were no well thought-out norms ensuring that migrants who obtained work permits by themselves would occupy those vacant positions; something which had been announced by employers participating in the application campaign. Second, an arbitrary setting of a high quota of 6 million for 2007 led employers to relax. As a result most of them did not take part in application campaign for 2008, expecting the quota to remain high. As a result, the quota was set at 1.8 million for 2008, i.e. it was *de facto* lower than the number of persons legally employed in 2007. Thus, already in May 2008 the quota was taken up, and the right to recruit foreign workers became an object of sale. The “Grey” migration business quickly recovered its positions. The main losers in this situation were Russian employers who, having accepted new rules, intending to rely on the lawful employment of foreign workers, were again pushed into illegality.

In late 2008, the consequences of the global crisis became clear in the labour market and reduced the demand for labour, leading to a decline in employment in Russia. The migration policy responded to this through tightened rules of labour migrant recruitment. The foreign workforce quota for 2009, that had initially been increased to 4 million, was reduced twofold. Furthermore, the main principle set forth in the law of 2007, the principle of free employment, was reconsidered. Migrants from “visa-free” countries again found themselves in strict dependence on employers. Now the work permit is initially issued to a migrant for 3 months, in the course of which he or she can find a job, and then – if there is a labour contract – it is extended by 9 more months. But, in that case, it must already indicate a specific employer and there is no possibility of changing jobs. If a job is not found within three months and if there is no labour contract, then the “short” work permit becomes void, and the migrant must leave the country. The procedure for checking employers signing labour contracts with foreign workers was introduced. Employers are, in fact, checked for participation in the application campaign and also for their inclusion in the quota for the corresponding year.

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<sup>11</sup> Belarus is not included in this list because under the Treaty on the Creation of Union State citizens of both countries have equal employment rights in the territory of both states. Belarusian citizens coming to work in Russia do not then need work permits.

The mechanism is logical, especially in times of crisis, provided it is actually implemented. However, complicated procedures without proper transparency strengthened “grey” intermediaries and solidified corruption. Violations when hiring foreign workers again became routine in the Russian labour market. Even fines established for employers guilty of illegal foreign workforce recruitment (up to 800,000 roubles for each employee!) turned out to be a weak barrier on the path of illegal migration. After all, the employer can always resolve the problem by paying a small bribe to migration controllers.

2010 was the beginning of a new stage in Russian migration policy. On the one hand, chronic problems in illegal migration stimulated the search for new instruments for the legalization of labour migrants coming to Russia. “Patents” for employment by physical persons became an instrument of this kind. On the other hand, the innovation-based development demanded by Russia raises the question of the necessary human resources for this kind of development. Russia needs to be attractive to highly-skilled migrants.

The introduction of new employment rules for these two categories of labour migrants marks a new, differentiated approach to managing labour migration flows. Until 2010 international labour migration was considered as a practically uniform, unstructured flow. The Russian economy’s need for migrants with certain qualifications was confirmed only by the list of professions (occupations, positions) of foreign citizens annually adopted by the Russian Ministry of Healthcare and Social Development, indicating professions that are not covered by quotas. However, if one takes into account that, for instance, in 2009 fewer than 6,000 foreign workers were recruited for the quota-free professions, occupations, and positions then the limits of this list in providing the Russian economy with highly-qualified foreign specialists should become evident; to put the six thousand in perspective it should be remembered that 1.5 million work permits are issued annually. Experts do not know how this list is compiled. Meanwhile, according to the estimates of the Russian Ministry of Economic Development, “it is necessary to invite around 40,000-60,000 foreign professionals annually for the implementation of a modernizing leap in the economy”<sup>12</sup>.

Preferences stimulating the inflow of highly-qualified professionals cover both migrants and their employers. The preference for highly-qualified professionals consists in the following: (1) a work permit is issued once for the term of contract (up to a maximum of three years); (2) in case of work in several regions of the Russian Federation a work permit is issued which is valid for all those regions; (3) the residence permit is processed for highly-skilled professionals and members of their families for the term of their contract; (4) a multiple-entry work visa is issued for the term of the labour contract; (5) income tax for highly-qualified professionals working in Russia is 13% from the first day of work in Russia; unlike other categories of migrants working in Russia, for whom the income tax rate during the first half year in the country is 30% and only 13%, the standard national level, after 183 days. Employers recruiting highly-qualified professionals are free from the need to obtain permits and do not have to participate in application campaigns. In 2011, 10,000 highly-qualified professionals were recruited for work in Russia on these terms.

This regulation of the recruitment of highly-qualified professionals will, it is hoped, increase Russian investment attractiveness. Certainly, it is no secret that an investment decision often directly depends on how easy it is to transfer personnel to one country or another (top managers, specialists, financial directors etc.).

“Patents” for migrants coming to Russia to get employed by physical persons were another novelty in migration policy and these were introduced in 2010. Migrants planning to work for Russian citizens as domestic servants, medical attendants, nannies, cooks, gardeners or on short-term jobs in repair,

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<sup>12</sup> Statement of the Deputy Minister of Economic Development A.Y. Levitskaya “On the recruitment of highly-qualified professionals necessary for modernization of the Russian economy” at the expanded board meeting of the Federal Migration Service, 29 January 2010 (FMS 2010: 44).

development etc., were legalized. They were legalised not by obtaining a work permit, but by obtaining a “patent” for the right to work that cost 1000 roubles a month. The patent term is extended automatically after the bank receipt is submitted by post. According to the official data of the Russian Federal Migration Service, within one and a half years after this practice had been introduced (December 2011), 1 million “patents” were sold. However, it remains unclear to what extent this measure, in fact, reduced the illegal employment of foreign citizens that stands, it is estimated, at 4-5 million. There is, after all, no system for monitoring and controlling workers employed by physical persons, and physical persons do not have to notify the authorities about the recruitment of foreign workers.

The main advantage of the patent system is, perhaps, that it is a simple and easy to understand as a mechanism for legal employment. However FMS statistics for 2011 indirectly demonstrates that this mechanism is used not only by migrants employed by physical persons. Patents are also employed by those who, in fact, work for legal persons: at construction sites, in the open markets etc. In certain territories of the Russian Federation the number of patents sold exceeds the quota of work permits set for this region, while the quota is not fully taken up. For instance, in the Tomsk Region only 30% of the quota was taken, while the number of patents sold exceeded by eight times the number of work permits issued. In the Rostov Region the respective figures were 33% and 3 times, in Republic of Karelia, 40% and 2.5 times and in the Kurgan Region 50% and 7 times. This problem was especially pronounced in the labour-excessive regions of the North Caucasus, where the quota was on average 56% filled, and the number of issued patents in the Chechen Republic, for instance, exceeded 5 times the number of issued work permits. In the Republic of Dagestan the figures were seven times higher, in the Karachay–Cherkess Republic, 22 times and in the Republic of Ingooshtetia 63 times.

Table 10 systematizes ways to enter the Russian labour market today for international labour migrants. This kind of entry is possible within the annual quota for foreign workers that is reduced every year. In fact, it has been turned into an instrument of political manipulation and corruption, even outside the quota and even without obtaining work permits. Numerous channels of legal employment for foreign citizens are a prerequisite for a flexible migration policy, which meets the interests of recipient countries. However, the formation of this system of employment channels ought to rely on the evaluation for real demand for a foreign workforce. The toolkit for this evaluation is well-known: it is a forward-looking calculation of the labour balance across regions and sectors, including an analysis of the sectoral and professional/qualification composition of employed and the unemployed population, not to mention an analysis of unfilled vacancies reported to employment services etc.

**Table 10. Existing ways to enter the Russian labour market for international labour migrants**

Within the annual foreign workforce quota		
Outside the annual foreign workforce quota	With a work permit	As a highly qualified professional (Federal law FZ-86, 2010)
		Based on the list of quota-free professions (occupations, positions), annually adopted by the Russian Ministry of Healthcare and Social Development
	Without a work permit	Based on a patent for employment by a physical person (Federal law FZ-86, 2010)
		Based on the list adopted by Federal law FZ-115, 2002*
Illegal employment		

\* Staff of diplomatic missions and consular offices of foreign states in the Russian Federation, staff of international organizations, as well as the private household staff of those persons.

At present in Russia the need for foreign workers is determined *de facto* on the basis of a single source: the applications of employers for inclusion in the quota for the next year. However, from the economic standpoint, these applications do not necessarily correspond to a real workforce deficit. First, individual companies and, indeed, whole industries have very uneven capabilities in forecasting a recruitment strategy over the long term. Industrial sectors with a high workforce turnover and small businesses can have difficulties planning recruitment and layoff programs for the next year. Second, even if we take the data for industries and individual companies for granted, employers' applications with regards to recruitment might hide certain entrepreneurial strategies. There may be, for instance, the desire to maintain the presence of a certain volume of cheap workforce to increase the competitiveness of individual enterprises with large indicators of labour input or even the desire to legalize foreign workers illegally present in a given territory (*ILO 2009*).

Thus, the most pressing issue in the management of labour migration in Russia is the need to assess the real demand for foreign workforce across regions and sectors. This must be done on the basis of refined employment statistics, selective surveys of enterprises to identify their provision with human resources, and the evaluation of internal migration potential for the population. As a matter of fact, these tasks go beyond the scope of policy in the field of international labour migration, which yet again confirming that migration policies are derived from general economic policy, employment policy, education policy etc.

In taking active steps to improve the regulation of labour migration flows directed towards Russia, the authorities avoid formulating a policy with regards to labour migration from Russia. No legislative measures were taken for these migration flows, except for issuing licenses to companies dealing with the employment of Russian citizens abroad. In the meantime over 100,000 Russian citizens depart for other countries every year in search of jobs. Many of them become illegal migrants, and their rights are not observed. Others, on the contrary, succeed; and temporary labour migration may become permanent, if they do not feel connected to their motherland. To “not notice” these people means to increase the risk of their permanent loss to Russia. The Director of the Russian Federal Migration Service K.O. Romodanovsky indicated that in 2011 around 100,000 people left Russia and that 70,000 were labour migrants. He said that “even if we assume that there are three times more of them [those who left] – this is not a loss”.<sup>13</sup> Such a position is, in fact, against Russian interests. Not only does it fail to respond to the demographic and economic interests of Russia. It also means not even attempting to prove to Russian citizens that they are valuable to their own country.

## 6. CONCLUSIONS AND RECOMMENDATIONS

### 6.1. Conclusions from analysis

The present report has attempted to evaluate the role of international labour migration for Russian economic development over the short- and long-term, relying on the very dispersed empirical information that has been gathered in: the official statistics bulletins of the Russian Statistical Agency (Rosstat); the Federal Migration Service; the Russian Central Bank; in publications of Russian researchers; as well as in the published results of various sociological surveys. With regards to labour migration into Russia, the analysis gives grounds for the following conclusions.

(1) The demographic factor has proved formative in the emergence of the labour deficit, and over the mid-term the decline of employable-age population and an ageing workforce could easily become serious obstacles to economic development. The question then of restructuring the available workforce, increasing its qualification potential, reforming the system of professional training and retraining in accordance with contemporary production requirements is a matter of the very greatest

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<sup>13</sup> Interview with Interfax agency, 22 February 2012: <http://www.interfax.ru/business/txt.asp?id=232265>

importance. In this process foreign workers are a crucial resource, compensating, in part, for the labour deficit.

(2) In Russia as a whole the share of foreign workers in the workforce is around 2.5%. However, this averaged indicator cloaks considerable variations across regions and economic sectors. In many Russian regions, especially in large cities and megacities, foreign workers are now a structural factor that cannot efficiently function without recruiting migrants. “Migrant niches” represent a sustainable segment of the labour market in a number of sectors, primarily construction, transport, trade and services. A significant share of jobs (from 50% in Moscow to 35% in the regions) are already firmly “reserved” for migrants.

Meanwhile, labour migrants primarily fill those niches of the Russian labour market that cannot be filled by Russian workers for one reason or another. These are predominantly unskilled jobs that are rejected by the locals, as well as some medium- and highly-qualified jobs in groups with high qualifications. Here the Russian education system does not train enough human resources of the right sort. The structural shortage in the Russian market is in many cases a more important incentive for employers to recruit foreign workers than the low cost of migrant labour.

There are reasons to believe that the need for labour migrants in Russia will increase, at least over the short- and mid-term. There are the following factors in favor of this claim: the expected decline of the national workforce due to the age composition of the population; the imbalance of supply and demand in the national labour market; the segmentation of the Russian labour market; the emergence of “ethnic business” in a number of cities; rising demand for those types of work that are currently performed primarily by migrants, for instance, increase in demand for services mostly provided by female migrants (within the care industry, hospitality and the entertainment industry).

(3) The most acute problem in terms of a foreign presence in the Russian labour market is the unacceptable scale of illegal labour migration and the unregistered employment of foreign workers. Over the last fifteen years the illegal recruitment of foreign citizens turned into a sustainable practice among numerous Russian employers, providing them with a crucial competitive advantage. Russia pays the price for this advantage in the form of labour market deformation, the degradation of labour relations, growing corruption, and significant financial losses in the form of unpaid taxes. At the same time, weak Russian businesses could, in many cases, not exist without illegal migrants.

(4) Labour migration from Russia, according to the available statistics, is distinguished by the high quality of migrants. Three quarters of Russian citizens departing for employment in other countries have higher or secondary education, which is significantly higher than the Russian average. It is also significantly higher than the labour migrants coming to work in Russia. In the context of a shrinking employable population and the deficit of a skilled workforce in Russia, the departure of Russian workers, is a serious blow. This is particularly so because most are highly-skilled with impressive qualifications something that reduces Russian labour potential. Brain drain is especially painful for Russian economic development, in as much as the outflow of intellectual human resources contributes to the growing technological inferiority of Russia.

(5) Existing model of Russian participation in the world labour market is not rational. It does not correspond to the country’s economic development interests. Russia loses skilled personnel due to an outflow of its labour potential, while the foreign workforce attracted to the Russian economy mostly finds itself in the “grey” sector of the labour market. To some extent the reason for these costs is associated with the inefficient migration policies pursued in the course of the last fifteen years. The state failed to formulate a clear position with regards to current and future labour migration trends and it failed too to develop a corresponding migration strategy. Just to give some sense of this, the draft concept on state migration policy has been discussed for ten years (!). The absence of conceptual clarity leads to: inconsistencies in adopted measures; internal contradictions in migration legislation; and sees the rules changing far too often, confusing Russians and migrants alike..

Russian migration policies turn out to be incapable of reducing the scale of illegal migration, estimated at 3-5 million people, and incapable too of reducing the “grey” market of migrant labour. The “decisive” step taken in 2007 to expand the legal employment channels for migrants from CIS countries turned out to be a short-term “experiment”, and in 2009 procedures for foreign workers became complicated again. Procedures were not transparent enough, and this strengthened positions of “grey” intermediaries and solidified a culture of corruption in this area.

Quotas for foreign workers are considered the main instrument of national labour market protection from foreign competition, but this mechanism is highly debated. The annual quota is set exclusively on the basis of employers’ applications without taking into account the real situation in the regional labour markets. This cannot then be seen as an objective mechanism for Russia’s economic needs in terms of foreign workers. It only *symbolizes* state control over the labour market.

The migration reform undertaken in 2010 differentiated the labour migration flows directed to Russia on the basis of qualifications and on the basis of forms of employment. This is, no doubt, a step towards an improved migration policy and its greater correspondence to the economic interests of the country. However, the way the new legislation has been implemented (for instance, in the case of “patents” sold to migrants employed by physical persons), leads to doubts. In fact, this innovation threatens to introduce even greater uncertainty into the understanding of the real scale of labour inflow. And hence its regulation, instead of reducing unregistered employment in this segment of the migrant labour market, risks increasing the same.

Policies with regards to labour migration from Russia that could, for instance, ensure state support for returning migrants and thus stimulate the return migration of Russian citizens working abroad, are not carried out.

All this leads to the conclusion that Russian state policies in the field of international labour migration needs to be reformed and improved.

## 6.2. Recommendations on migration policy improvement

### a) State policy with regards to foreign workforce recruitment

1. Reliable and objective information on migration and its trends is a fundamental prerequisite for efficient migration policy. Current *migration statistics* in Russia adequately reflects neither the scale of migration flows, nor their structure. The unsatisfactory state of international migration statistics is a serious problem. It prevents policy-makers from forming an objective view of the scale and the structure of migration flows, and thus, from making well-justified migration policy decisions.
2. It is necessary to develop *legal employment mechanisms* as an alternative to spontaneous, illegal migration. These could take in programs of seasonal, short-term and long-term labour migration, programs of the organized recruitment of foreign workers in the countries of origin, special programs for household employees etc. They ought to be implemented via a well-developed official *migration infrastructure*, including the network of state and private employment agencies and information and consulting services for migrants.
3. Foreign workforce quotas ought to rest on the real deficit in the labour market across regions and sectors and hence the *real need* for foreign workers across professional and qualification groups and across the Russian regions. For such calculations one needs to refine the employment statistics, carry out selective surveys of enterprises to identify their human resources, and evaluate internal migration potential.
4. *Transparency and clarity* for migrants and for recipient societies ought to be the most important principles of policy in the field of international labour migration. Migration ought to be accompanied with information and an outreach campaign in Russia and in the countries of

origin for migration. The role played by migrants in Russian economic development should be explained to the Russian population, whereas the rules of entry, stay, employment and behavior in the countries of destination should be explained to potential migrants about to arrive. This would hopefully reduce many potential migration risks for both parties.

5. It is necessary to strengthen the *flexibility* of migration policy. For that there ought to be in-built mechanisms that would avoid situations where an objective worsening in the economic context demands a radical review of migration legislation.
6. Migration policy ought to rely on real knowledge about demographic, economic, and migration trends and prospects, rather than on existing myths that give rise to the “philosophy of anti-migrationism”. This knowledge can be provided by experts dealing in migration issues. The governmental request for migration studies and the involvement of the *expert community* in the development of normative documents ought to become a well-established migration policy practice.
7. The implementation of the principle of *equal pay for equal labour* for migrants and national workers will turn migrants from the source of *cheap* workforce into an instrument compensating for an objective *deficit* in the labour market. This approach would overcome the problem of salary dumping in industries where migrants are concentrated, as well as the problem of migrant exploitation and human trafficking. An important condition here is control over employers recruiting foreign workers.
8. Taking into account the size of Russia and the diversity of local labour markets in the Russian regions, it is necessary to provide Russian migration policy with a *regional dimension*. It makes sense from the economic standpoint to grant greater independence to the regions in their implementation of the foreign workforce recruitment models which are most appropriate for the local labour markets. This measure would help optimize the participation of foreign workers in Russian economic development.
9. The state ought to involve public and private organizations in the implementation of migration policies. At the same time, in order for a *public-private partnership* to be successful, the government as the main actor of migration policy ought to clearly articulate: what migration policy objectives it intends to pursue; what potential it sees in international labour migration; and what functions it is ready to delegate to local authorities, civil society institutions and business structures.

#### *b) State policy with regards to labour migration from Russia*

1. It is important to acknowledge that Russia is not only the recipient of labour migrants, but also a donor. Hundreds of thousands of Russian migrants work abroad and the annual outflow of labour migrants from Russia is constantly rising. The absence of significant public support for those Russians who leave to get a job means that temporary labour migration often turns into something more permanent. This is especially true for highly-qualified professionals who, having stayed abroad for many years become part of the Russian brain drain.
2. The state policy of workforce export would make sense in the context of a demographic crisis and decline of labour resources. After all, the government could guarantee the employment of temporary labour migrants upon their return home, and hence, would prevent the transformation of temporary migration into permanent migration. Otherwise, the outflow of workers from the country (that would take place anyway) will only aggravate the situation in the labour market and will force Russians to search for alternative, not always safe ways to leave, in order to work in other countries (*Iontsev 2005*).
3. Such policy measures could be: bilateral agreements with recipient countries guaranteeing the social and legal rights of Russian labour migrants; improved Russian migration legislation regulating external labour migration from Russia; the stimulation of migrants’ money transfers



home; increased responsibility of private agencies for overseas employment and their involvement in the implementation of bilateral agreements; outreach campaigns informing migrants about employment terms and labour legislation in other countries; and the creation of conditions for reversible labour migration etc.

*c) The fight against illegal migration*

1. The reduction of illegal migration remains a priority for Russia. It is now understood at the national and intergovernmental levels that this task needs more than force to be applied to it. There are certain measures that could help reduce illegal migration. These are measures of an *administrative and legal nature*: improvement of migration legislation with its present mismatch with labour, tax and social legislation; efficient immigration control; raising awareness among migrants of legal employment opportunities; simple and transparent procedures for migrant registration, obtaining residence and work permits; extending the terms of work permits and bringing these in line with the term of permitted stay in the country and labour contract terms; multiple programs to attract temporary labour migrants for different categories of workers and different economic industries; clear mechanisms of recruitment for foreign workers and efficient control over these rules etc.
2. The most efficient measures in fighting illegal migration and illegal employment are measures of an *economic nature*: establishing order in the labour market, pushing “grey” practices out of labour relations, enhancing employers’ liability for the illegal recruitment of foreign workers, including criminal liability for identified cases of slavery and human trafficking. On the other hand, clear and transparent channels of legal employment for foreign citizens are needed. These would compensate for the deficit in the Russian labour market with legally employed migrants having equal rights with local workers.
3. *Intergovernmental cooperation* ought to be a crucial component in the fight against illegal migration. This would range from cooperation in strengthening border controls, to information exchange, to the harmonization of national legislation regulating the liability of persons assisting illegal migrants to cooperation in professional training of personnel in demand as legal labour migrants.

*d) Strengthening regional intergovernmental cooperation in migration*

1. Over the two post-Soviet decades sustainable migration ties have formed between the majority of CIS countries. Most migration flows represent labour migration, a crucial condition of economic development for Russia; Russia is the main center of gravity for labour migrants in the region, and for Central Asian states, Transcaucasia, Ukraine, and Moldova, acting as countries “delegating” migrants. Labour migration for both groups of countries became firmly built into their national economies, providing recipient countries with the necessary workforce and simultaneously offering an employment opportunity to citizens from other countries. Risks of regional imbalances are reduced through the mechanism migration interaction and, thus, sustainable development and *growth of the economic potential of the region* as a whole is ensured. This situation creates very special conditions for the development of intergovernmental regional cooperation in migration.
2. Nevertheless, the potential for intergovernmental cooperation in migration management remains to a large extent unfulfilled. Most agreements signed within the Commonwealth of Independent States, the Eurasian Economic Community or on a bilateral basis are mere declarations not implemented in practice. Only in recent years have real steps towards a common economic space been outlined, including the cancellation of restrictions for workforce movement. On 1 January, 2012 the following agreements between member states of the Customs Union – Belarus, Kazakhstan and

Russia – entered into force. There was agreement on the legal status of working migrants and members of their families and agreement too on countering illegal labour migration from third countries. There was also an expansion of this alliance by including the countries of migrants' origin. This meant primarily Kyrgyzstan and Tajikistan, which have already demonstrated their interest towards joining a common economic space, and all these countries will form a single regional market in a significant part of the post-Soviet space.

3. It makes sense to initiate the *regional consultation process* in the post-Soviet space as an unofficial forum of interested countries that would meet on a regular basis and which would include the representatives of governments, civil-society institutions and experts. This process would achieve consensus in the understanding of migration processes linking post-Soviet states, rendering assistance to governments to improve the mechanisms of migration management and developing migration cooperation, as well as exchanging information, ideas and positive experiences in international migration. Common interests and problems ought to be identified in such areas as: the contribution of migration to the economic development of participating countries; the formation of the common labour market; the protection of migrants' rights; the establishment of a migration infrastructure; and the fight against the illegal transfer of migrants and human trafficking.

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