

CARIM East – Consortium for Applied Research on International Migration

Co-financed by the European Union

Response paper to the research report
"The Effects of Labour Migration on the Demo-Economic Development of Georgia in the Post-Soviet Period"

Mariam Chumburidze

CARIM-East Analytic and Synthetic Notes 2013/02





CARIM-East Creating an Observatory of Migration East of Europe

Analytical and Synthetic Note CARIM-East AS 2013/02

Response paper to the research report "The Effects of Labour Migration on the Demo-Economic Development of Georgia in the Post-Soviet Period" (CARIM-East RR 2012/29)

Mariam Chumburidze

© 2013, European University Institute Robert Schuman Centre for Advanced Studies

This text may be downloaded only for personal research purposes. Any additional reproduction for other purposes, whether in hard copies or electronically, requires the consent of the Robert Schuman Centre for Advanced Studies.

Requests should be addressed to carim.east@eui.eu If cited or quoted, reference should be made as follows:

Mariam Chumburidze, Response paper to the research report "The Effects of Labour Migration on the Demo-Economic Development of Georgia in the Post-Soviet Period" (CARIM-East RR 2012/29), CARIM-East AS 2013/02, Robert Schuman Centre for Advanced Studies, San Domenico di Fiesole (FI): European University Institute, 2013.

THE VIEWS EXPRESSED IN THIS PUBLICATION CANNOT IN ANY CIRCUMSTANCES BE REGARDED AS THE OFFICIAL POSITION OF THE EUROPEAN UNION

European University Institute Badia Fiesolana I – 50014 San Domenico di Fiesole (FI) Italy

http://www.eui.eu/RSCAS/Publications/ http://www.carim-east.eu/publications/ http://cadmus.eui.eu

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/

For more information:

CARIM-East

Robert Schuman Centre for Advanced Studies (EUI)

Convento

Via delle Fontanelle 19

50014 San Domenico di Fiesole

Italy

Tel: +39 055 46 85 817 Fax: +39 055 46 85 770 Email: carim.east@eui.eu

Robert Schuman Centre for Advanced Studies

http://www.eui.eu/RSCAS/

Introduction

The Georgian population has been active in migration terms for the past twenty years, yet comprehensive research is rather scarce. Changing trends in migration have already flagged up the need for effective management; therefore, understanding the long-term impact of these changes is of vital importance to policymakers and of interest to academics.

After the collapse of the Soviet Union, migration followed the expected pattern. There was massive initial emigration. This was followed by a reduced intensity outflow and an increased inflow in terms of foreign nationals, and returned migrants as the situation stabilised in terms of overall safety and improved employment opportunities as compared to the 1990s. However, it is worth noting that if the 1990s are believed to be characterised mostly by labour emigration to a limited number of countries, purpose of emigration as well as countries of destination became rather diverse around 2000. Understanding the causes and impacts of these changing trends could provide useful insights to policymakers in shaping migration management process.

This paper examines the findings of Tukhashvili and Shelia (2012),² which is largely an overview of emigration processes in post-Soviet Georgia presented from a demographic and economic perspective. In their paper, the authors attempt to outline the impact of labour emigration in recent times. However, it seems to generalise trends over the last two decades in a questionable way. Therefore, this paper will discuss findings made by Tukhashvili and Shelia (2012), as well as identifying a few questions for further research.

The paper focuses on the following issues:

- The effects of labour migration on demographics
- Labour emigration and its effects on skill development and the Georgian labour market
- The impact of emigration and remittances on the economy

Effects of Labour Migration on Demographics

Tukhashvili and Shelia (2012) identify three distinct tendencies in the demographics of post-Soviet Georgia: de-population, the ageing of the population, and extensive emigration. These three tendencies are discussed below in more detail.

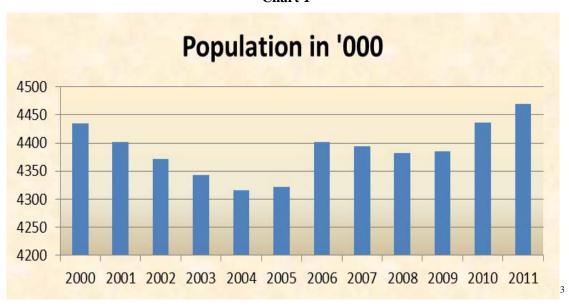
First, while Georgia has experienced *de-population* over the past two decades, this trend has not been uniform. In the 1990s and the early 2000s Georgia suffered a loss of population. However, according to the data provided by National Statistics of Georgia, the second half of 2000s has shown a slight change in this pattern, resulting in growth of less than 1% over this decade (see Chart 1).

-

¹World Bank (2007) in International Organization for Migration (2008) "Migration in Georgia: A country Profile 2008". Geneva, Switzerland. Available at: http://publications.iom.int/bookstore/free/Georgia_Profile2008.pdf (accessed: 12/11/2012)

² M. Tukhashvili and M. Shelia (2012) "The Impact of Labour Migration on Demo-Economic Development of Georgia in the Post-Soviet Period", p. 2. CARIM-East Project

Chart 1



Second, the Georgian *population is ageing* and emigration has been one of the contributory factors, as a substantial part of emigrants represents young people in active reproductive age.⁴ However, emigration cannot be considered as the sole contributor to the population ageing process, as other factors linked to this phenomenon have also been present. Since the 1990s reduction in fertility rates can be observed⁵; this is frequently attributed to varying factors. These range from economic hardship in the 1990s to persisting economic difficulties and changing preferences, career development among others, in the 2000s. A slight upward trend in the fertility rates can be observed since 2008,⁶ mainly thanks to the initiative of the Georgian Orthodox Church, when the Patriarch promised to baptize every third child born to a family in Georgia.⁷ Besides reduced fertility rates, meaning marriage age as well as the age at which couples have their first child has increased; this, yet again, can partly be explained by the preference for career development at a younger age and creating family in a later stage. All these factors reviewed in their entirety can explain why population ageing has been persistent in Georgia.

Third, the extent of emigration discussed by Tukhashvili and Shelia (2012) has also varied over the last two decades, as well as the type of emigration that has been taking place. A long emigration decade beginning in the early 1990s was characterised by the outflow of people, resulting in negative net migration. Two main causes of emigration were believed to have been present in the immediate aftermath of the collapse of the Soviet Union: (1) relocation of Soviet army personnel previously dislocated on Georgian territory and their families and (2) emigration for labour purposes due to

2

³ Georgia. National Statistics Office of Georgia. Available at: http://geostat.ge/index.php?action=page&p_id=152&lang=eng [accessed: 15/06/2012]

⁴ Caucasus Research Resource Center Data Initiative 2007, National Statistics Office of Georgia Migration Survey 2008, Development on the Move: Measuring and Optimizing Migration's Economic and Social Impacts in Georgia, 2008, in Hoffmann, Erin Trouth (2011), "Measuring Migration from Georgia: A Comparison of Three National Surveys", the Aannual Convention of the Population Association of America, April 2011, Washington DC, USA

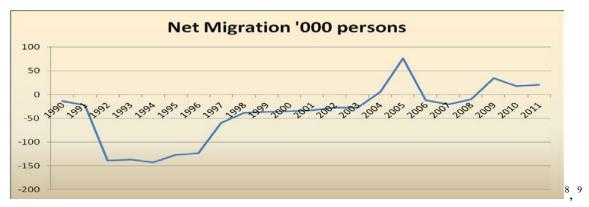
⁵ Georgia. National Statistics Office of Georgia. Available at: http://geostat.ge/index.php?action=page&p_id=152&lang=eng [accessed: 15/06/2012]

⁶ ibid.

⁷ Georgia. Civil Registry Agency, Ministry of Justice of Georgia (2009) "According to Data Provided by the CRA, Fertility Rate Has Noticeably Increased in Georgia". Available at: http://www.cra.gov.ge/index.php?lang_id=ENG&sec_id=44&info_id=504 (accessed: 20/12/2012)

uncertainties and difficult socio-economic conditions domestically. The 2000s, however, have shown changing migratory patterns (see Chart 2); that is, while migratory trends in the 1990s were mostly outward, with people leaving Georgia, trends have been shifting during the past few years with more emigrants returning and foreign nationals coming to Georgia for long-term residence.

Chart 2



It is notable, that with changing migratory patterns in general, emigrants have diversified the choice of country of destination; if throughout the 1990s their choice was limited to Georgia's close neighbourhood and the US, western and central European countries became rather attractive in the 2000s. With regards to the purpose of emigration, if the 1990s were characterized, above all, by labour emigration, education has also evolved as one of the reasons for moving abroad in the 2000s. ¹⁰

Some of the contributors to the changing migratory patterns might include a stabilised environment and better opportunities, as compared to the times when emigrants left the country, as well as expectations created through economic growth. This was complemented by the external factors, including the turbulent state of the international labour market in the past few years. That being said more could be learnt through the further study of returned migrants and existing, as well as potential emigrants in understanding the purpose, as well as the triggers behind their decisions.

Labour emigration effects on skills development and Georgian labour market

Tukhashvili and Shelia (2012) observe that the majority of Georgians employed abroad are employed as manual labour regardless of their education background. In their survey they also observe that there are no persons emigrating solely for educational purposes. As noted previously, in the 1990s most emigrants were labour migrants. Given their lack of knowledge of labour market opportunities as well as the limited basis for legal employment, a large proportion were irregular labour migrants, destined for low- and unskilled employment. This naturally affected skills development during emigration and employability upon return. Given their rather precarious legal status in destination countries, upgrading skills and obtaining new ones was not possible: even worse, part of emigrants experienced de-qualification, resulting in brain and skill waste. However it is also worth remarking that emigration in the 1990s helped to mitigate massive unemployment in the domestic market, where skills waste still occurred.

_

⁸ Georgia. National Statistics Office of Georgia. Available at: http://geostat.ge/index.php?action=page&p_id=152&lang=eng [accessed: 15/06/2012]

⁹ Georgia. National Statistics Office of Georgia, *Data Prior to 1990-2000 obtained upon written request*

Anne Louise Lee (2012), "The effects of international emigration and return of Georgian migrants upon the spread of infectious diseases in the republic of Georgia", *Report for the EC Migration and Asylum Thematic Program funded project: The effects of migration in Moldova and Georgia on children and elderly left behind*, March, 2012, pp. 50-51. Available at: http://mgsog.merit.unu.edu/research/docs/moldova_georgia_infectious_diseases_georgia.pdf (accessed: 16/10/2012)

However, to generalise this picture as one describing the past twenty years could be misleading. In the 2000s, trends have been rather different when compared to the 1990s as the purpose for emigration, as well as skills development has shifted. If in the 1990s only a small fraction of emigrants thought about working and studying together, education was the second most important reason for emigration after employment according to the migration survey carried out by National Statistics Office of Georgia (2008). Similar findings were observed in the preliminary results of the 2012 ETF's survey, which show that even though employment remains one of the most important reasons for moving abroad, almost five percent of those surveyed declared education as the sole purpose for emigration. In addition, it is worth noting, that among surveyed returned labour migrants (those who worked abroad), 45.5 percent declared that their work was in keeping with their educational background. 47.7 percent declared that it was, instead, below their qualifications.

This is particularly interesting when compared with the survey data provided by Tukhashvili and Shelia (2012) contrasting emigrants' professional background with the actual jobs they performed abroad. The proportion of persons performing work aligned with their skills was substantially lower in Tukhashvili and Shelia (2012) estimate than that reported by the 2012 EFT survey. These differences could be the result of differences in sets of respondents surveyed as well as questions posed to them. In the ETF 2012 survey 70 percent of those interviewed indicated that their education prior to emigrating was no higher than post secondary vocational, which may explain why respondents indicated that their skills and occupation while emigrating matched. That said, further research studying what different qualification groups experience abroad would be helpful to policymakers in understanding the extent of efforts required for effective labour migration management.

Despite the differences between the two surveys and changing trends, one of the problems associated with labour migration and outlined in both surveys persists. This is the brain-waste and lack of new skills acquisition while working abroad; transferable skills which could be used back home for gaining employment and filling domestic skills demand is missing; technical skills are at the bottom of surveyed priorities. This in itself poses a serious challenge to policymakers and emigrants. If in the 1990s, due to a turbulent labour market, employment problems occurred, with a more stabilised economy in the 2000s shortages of qualified labour in certain areas and massive surplus in other skill areas persist. Therefore, efforts need to be directed towards bringing supply and demand of skills in line, directing emigration processes towards opportunities for brain gain and developing skills in demand.

Further forward-looking comprehensive analysis could help policymakers, as well as migrants mitigate these inefficiencies. Understanding what skills are required over the medium to long term could help policymakers in identifying direction for their efforts. These might include bilateral agreements on skills exchange or public awareness about skills in demand towards which existing and potential emigrants can develop.

National Statistics Office of Georgia (2008) "Migration Survey", in Anne Louise Lee (2012), "The effects of international emigration and return of Georgian migrants upon the spread of infectious diseases in the republic of Georgia", Report for the EC Migration and Asylum Thematic Program funded project: The effects of migration in Moldova and Georgia on children and elderly left behind, March, 2012, pp. 52. Available at:

http://mgsog.merit.unu.edu/research/docs/moldova_georgia_infectious_diseases_georgia.pdf (accessed: 16/10/2012)

Outi Karkkainen and Michael Collyer (2012) "Preliminary Results of the Armenian and Georgian surveys in a cross-country perspective", ETF Migration and Skills Seminar. European Training Foundation, March 2012. Turin, Italy. Available at: http://www.etf.europa.eu/web.nsf/pages/EV_2012_ETF_Migration_and_Skills_seminar?opendocument (accessed: 13/06/2012)

¹³ ibid.

The Impact of Emigration and Remittances on the Economy

The value of remittances sent to Georgia by migrants has been growing and according to a report produced by the National Bank of Georgia these exceeded one billion US dollars in 2011. ¹⁴ Tukhashvili and Shelia (2012) report that 54 percent of remittances are spent on daily consumption needs of households, while the balance is used to fund education, debt servicing, business start-ups, property acquisition and savings. ¹⁵

The positive effects of remittances are evident in the families of emigrants in mitigating financial difficulties and improving living conditions back home. However, remittances may result in negative effects if not approached with caution by governments through appropriate policies and incentives for the effective use of these resources. One negative impact is the lack of interest shown towards taking up employment as people may become dependent on remittances and through this extend the length of emigration of the remittance sender. According to the report provided by the Institute for Public Policy Research, in certain cases remittance recipients tend to be "picky" towards job opportunities, as compared to those, who do not receive remittances: further research is needed to confirm this interesting finding.¹⁶

Remittances have played an important role in the Georgian economy in general. They have helped to mitigate the crisis by covering domestic unemployment and they have brought in a substantial volume of foreign currency. If we look at figures comparing CPI, the unemployment rate and remittances we can see that despite relatively high unemployment, CPI has been growing, balanced out by remittances. However, this pattern has changed since 2008, probably influenced by the fear of the effects the global financial crisis could have had: remittance recipients preferred to invest and save, rather than use remittances for consumption needs.

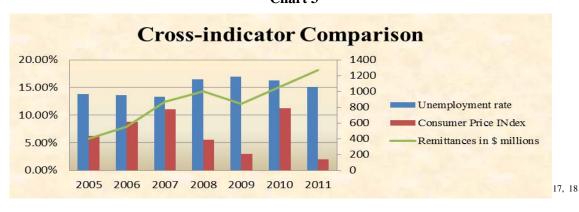


Chart 3

¹⁴ Georgia. National Bank of Georgia (2012). Available at: http://nbg.gov.ge/index.php?m=306 (accessed 15/06/2012)

¹⁵ Tukhashvili, Shelia, *op.cit*,. p.17

Laura Chappell, Danny Sriskandarajah, Ramona Angelescu-Naqvi, George Mavrotas, "Development on the move: Measuring and Optimising Migration's Economic and Social Impact in Georgia", a report by the Institute for Public Policy Research, 21 May 2010, pp. 26, 50, available at: http://www.ippr.org/uploadedFiles/_research_teams_2009/Projects/Global_Change/Georgia%20FINAL%20%28April%2

http://www.ippr.org/uploadedFiles/_research_teams_2009/Projects/Global_Change/Georgia%20FINAL%20%28April%202010%29.pdf (accessed: 23/01/2013)

¹⁷ Georgia. National Bank of Georgia (2012). Available at: http://nbg.gov.ge/index.php?m=306 (accessed 15/06/2012)

Georgia. National Statistics Office of Georgia. Available at: http://geostat.ge/index.php?action=page&p_id=152&lang=eng [accessed: 15/06/2012]

Today in Georgia the safest instruments for investment are considered to be bank deposits and buy to let properties; however, none of these instruments yield enough to suffice for a family, unless initial large funds are available. Thus the need for investment vehicles which can generate higher income and which would be easily understandable, as well as accessible to the wider population among them emigrants, as well as remittance recipients is evident. Succeeding in this could help remittance recipients in more effective investment decisions and while also benefitting the economy.

In their paper Tukhashvili and Shelia (2012) suggest that involving returned migrants in business activities is not easy and is largely hindered by bureaucracy and the lack of market competition. Levels of bureaucracy, particularly when it comes to the legal formalities necessary for starting up a business, have been reduced to minimum. Indeed, to support business start-ups, simple guidelines are available in electronic form in Georgian and in several foreign languages, for foreign nationals as well as returned migrants who better understand a foreign language upon return¹⁹. However, only easing legal formalities related to starting businesses is not sufficient in spurring migrants or remittance recipients to start entrepreneurial activities; lack of skills and knowledge is frequently outlined as one of the obstacles to successful start-ups. Currently several donor-funded projects work in that direction targeting this specific segment and providing them with free training in developing entrepreneurial skills.²⁰

With regard to competition, Georgia has declared its full support for open and competitive markets, and to further ease entry into the market has removed licensing and permit requirements for most types of businesses. That said no comprehensive research on the competitive environment, not only the legal framework but actual market practices has been conducted for Georgia. However, the need for such a study is obvious, as it could help entrepreneurs and policymakers in decision-making.

There is also substantial work needed on the ground with migrants and their families. Certainly, many employment and aid organisations dealing with returned migrants indicate unrealistic expectations, as well as overestimation of skills as one of the main issues hindering involvement in the business start-ups.

Conclusion

This paper examined the findings by Tukhashvili and Shelia (2012), as well as outlining the need for systematic research in all aspects of migration. The nature and intensity of migration have been evolving in Georgia at a fast pace meaning that adapting management strategies is essential. However, knowledge about these developments, which could help in designing effective actions, is lagging behind.

As this review suggests, generalization about the period since the collapse of the Soviet Union can be rather misleading: the political situation has stabilised and economic conditions have improved in comparison with the 1990s and the scale and forms of migration are also changing. Therefore, a comparative study of migration causes and patterns in the 1990s and the following decade would provide an interesting insight for scholars and a factual baseline for policy makers to tailor new policies.

This paper also suggests, in the light of the changing demographic structure of Georgia, further systematic research to better understand the exact nature of these changes as well as the challenges they will present in the future. While migration trends have evolved, brain waste seems to persist as one of the key side effects of these processes and it is necessary to increase efforts to reduce brain waste through measures such as brain circulation. Some efforts to help brain circulation through professional exchange programs are in place, mainly organized by the private employment companies, however this needs to be more systematic. There have been some efforts by the government to

_

Georgia. Georgian National Investment Agency "How to Start a Business in Georgia". Available at: http://www.investingeorgia.org/upload/file/How_to_Start_a_Business_in_Georgia.pdf (accessed: 20/12/2012)

The International Organisation for Migration "Job Counseling and Placement Project" funded by USAID, available at: http://www.jcp.ge/index.php?a=main&mid=4&sid=4&lang=en (accessed: 20/12/2012)

commence with certain projects supporting circular migration which will help skills development as well as mitigating existing market inefficiencies. However, for efforts to be effective, reaching out to population and increasing awareness is of vital importance. To add even more value to these efforts, conducting a comprehensive domestic labour market research could provide forecasts on skills currently in demand and perspective skills in the domestic markets, so that potential emigrants make informed decisions about future prospects.

The economics of emigration is another significant issue, which affects not only migration management, but the economy as a whole. Because of the volume of remittances coming annually into the country, the potential impact cannot be underestimated, be it positive or negative. What Tukhashvili and Shelia (2012) provide in their paper is an outline of the economics of labour emigration; however, there is a substantial deficit of research carried out by different stakeholder groups. Therefore, a further in depth study carried out by different stakeholder groups is essential to tailor actions towards making a more positive impact effective to emigrants, their families and the economy.

Bibliography

- Caucasus Research Resource Center Data Initiative 2007, National Statistics Office of Georgia Migration Survey 2008, Development on the Move: Measuring and Optimizing Migration's Economic and Social Impacts in Georgia, 2008, in Hoffmann, Erin Trouth (2011), "Measuring Migration from Georgia: A Comparison of Three National Surveys", the Aannual Convention of the Population Association of America, April 2011, Washington DC, USA
- Chappell Laura, Sriskandarajah Danny, Angelescu-Naqvi Ramona, Mavrotas George, "Development on the move: Measuring and Optimising Migration's Economic and Social Impact in Georgia", *a report by the Institute for Public Policy Research*, 21 May 2010, pp. 26, 50, available at: http://www.ippr.org/uploadedFiles/_research_teams_2009/Projects/Global_Change/Georgia%20FI NAL%20%28April%202010%29.pdf Accessed on: 23/01/2013
- Georgia. Civil Registry Agency, Ministry of Justice of Georgia (2009) "According to Data Provided by the CRA, Fertility Rate Has Noticeably Increased in Georgia". Available at: http://www.cra.gov.ge/index.php?lang_id=ENG&sec_id=44&info_id=504
- Georgia. Georgian National Investment Agency "How to Start a Business in Georgia". Available at: http://www.investingeorgia.org/upload/file/How_to_Start_a_Business_in_Georgia.pdf
- Georgia. National Bank of Georgia (2012). Available at: http://nbg.gov.ge/index.php?m=306
- Georgia. National Statistics Office of Georgia. Available at: http://geostat.ge/index.php?action=page&p_id=152&lang=eng
- Lee, Anne Louise (2012), "The effects of international emigration and return of Georgian migrants upon the spread of infectious diseases in the republic of Georgia", Report for the EC Migration and Asylum Thematic Program funded project: The effects of migration in Moldova and Georgia on children and elderly left behind, March, 2012, pp. 50-51. Available at: http://mgsog.merit.unu.edu/research/docs/moldova_georgia_infectious_diseases_georgia.pdf
- Karkkainen, Outi and Collyer, Michael (2012) "Preliminary Results of the Armenian and Georgian surveys in a cross-country perspective", *ETF Migration and Skills Seminar*. European Training Foundation, March 2012. Turin, Italy. Available at: http://www.etf.europa.eu/web.nsf/pages/EV_2012_ETF_Migration_and_Skills_seminar?opendocument
- The International Organisation for Migration "Job Counseling and Placement Project" funded by USAID, available at: http://www.jcp.ge/index.php?a=main&mid=4&sid=4&lang=en
- Tukhashvili M. and Shelia M. (2012), the Impact of Labour Migration on Demo-Economic Development of Georgia in the Post-Soviet Period. *CARIM-East Project*
- World Bank (2007) in International Organization for Migration (2008) "Migration in Georgia: A country Profile 2008". Geneva, Switzerland. Available at: http://publications.iom.int/bookstore/free/Georgia_Profile2008.pdf