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## **CARIM EAST – CONSORTIUM FOR APPLIED RESEARCH ON INTERNATIONAL MIGRATION**

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### ***The demographic and economic framework of circular migration in Armenia***

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## 1. Introduction and definitions

Contemporary interpretations of the term “circular migration” emphasize return, in other words the re-emigration of the former migrant. Of course, all migration trips, regardless of whether they are initially aimed at permanent or temporary residence, are potentially circular. After all, the probability of return (especially temporary return) may be high or low, but it will never be zero (even for refugees and displaced persons.)<sup>1</sup>

Then too the classification of migrants as circular (those who carried out “departure-arrival” in the course of the period) and non-circular (those who only performed an act of “arrival” or “departure”) will in any case be arbitrary. Certainly, it is impossible to exclude that some of the latter are also circular migrants, whose temporary or permanent return will eventually occur.

However, even this arbitrary procedure is not a simple task, because of data collecting difficulties. In order to classify migration as circular and in order to identify circular migrants among the total stock of migrants, one needs a good deal of information: the relevant data (dates, nature, etc.) on all individual international migration movements of a given population over a certain time-period. Of course, migration accounting and census data are not sufficient here. The only sources of such comprehensive and profound information are sample surveys of migration performed through specific methods.

More or less authentic data on the circular migration movements of population of the post-Soviet Armenia are only provided by sample surveys. These allows us to obtain more realistic estimates of volume, structure, as well as a number of other characteristics of emigrant and immigrant stocks: they reconstruct all migration movements of all members of households that got into the sample during the retrospective observation period (Yeganyan, 2002, p. 207-213.) Over the past years several surveys were carried out using this methodology. This paper relies on data of one such survey covering the whole spectrum of migration-related issues performed in 2007 for 2002-2007.<sup>2</sup> In addition to that, the author uses data of the special survey of labor migration of Armenian population carried out in 2009 based on practically the same methodology.<sup>3</sup> Unfortunately, these surveys were designed to obtain detailed information only with regards to the latest migration (three months or longer) trip of a respondent. For all other trips only the dates of departure and arrival were obtained. This information is sufficient in identifying the total number of circular migration trips during the retrospective period. It is also good for picking out the persons who carried out these trips. But it does not allow us to correctly structure these data in terms of movement type.

Nevertheless, the data of the first of these surveys demonstrate that all forms of circular migration as identified by Agunis and Newland (2007) are present in the Armenian case. These include permanent migration and permanent return, (I); permanent migration and temporary return, (II); temporary migration and temporary return, (III); and temporary migration and permanent return, (IV). At the same time these phenomena are far from being equivalent in terms of quantitative parameters, mass scale and significance.

No doubt, there are instances of the permanent return of those who left Armenia for permanent residence and of their descendants too. However, their number is likely to be small. Thus, the survey of 2007 included only 17 households (out of 2,500 in the sample) that in 2002-2007 came back from

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<sup>1</sup> Examples of refugees from post-revolutionary Russia are illustrative in this regard. A real opportunity for them to return came only after seventy years of banishment, and some of them / their descendants used this opportunity, thus becoming, at least *pro forma*, circular migrants.

<sup>2</sup> The 2007 “Sample Survey on External and Internal Migration in the Republic of Armenia (RA)” was conducted by the National Statistical Service of RA and the RA Ministry of Labor and Social Issues June-November 2007. The United Nations Population Fund (UNFPA) has provided funding and technical assistance (UNFPA, 2008).

<sup>3</sup> The survey on “Exit labor migration from Armenia in 2008-2009” was financed by the International Labour Organization (ILO).

emigration: this indicates, incidentally, that migration processes in Armenia are mostly individual, rather than family-based. From those 17 households only 5 came back from a migration trip with the hope of permanent residence (UNFPA, 2008, p. 24-25).

Unfortunately, these surveys do not allow us to reliably identify the number and share of permanent migrants who are temporarily returned. However, this is likely a much more widespread phenomenon. At present, for instance, family emigrants from Armenia (both permanent and long-term) often take/send their children to the home country during summer vacations: the maximum or arriving and departing passengers comes at the beginning and at the end of the summer. These *touristic* visits help to maintain and develop ties between the diaspora and their home country and contribute to the preservation and the increase of the potential re-emigration (both permanent and temporary) of emigrants from Armenia and their descendants. The Armenian government and particularly the recently established Ministry of Diaspora make certain efforts in this field. Every year several hundred children from Armenian communities in different countries come to their home country within the program: “come home”. Some permanent emigrants also visit their home country to satisfy various needs often staying for a rather long time (not least for access to cheaper healthcare). Finally, there are frequent cases of temporary returns of permanent emigrants and their children to receive specialized education in their home country. At the same time one should mention that at present the labor migration component is almost completely absent from the “permanent migration and temporary return” phenomenon. The cases when the temporary return of a permanent migrant from Armenia is associated with work are rare, something hardly surprising given the state of the Armenian labor market.

Most contemporary Armenian circular migration movements can be classified as “temporary migration and temporary return”, the category that probably best identifies circular migrants by including the characteristic of repetitiveness. Most people involved in this process are, no doubt, labor migrants. These are primarily those who undertake seasonal labor trips. Representatives of this subgroup leave with varying frequency (often every year) in spring-autumn to earn money and then to return, essentially temporarily, to reside in Armenia (until the next trip, often for 2-4 months). The next subgroup is comprised of the so-called “short-term, non-seasonal labor migrants”. These are those who depart for a period of less than twelve months, but whose occupation is not associated with clear seasonality. However, the main difference that makes it necessary to identify these migrants as a separate subgroup is the fact that uncertainty factor is less significant compared to seasonal labor migration: for these jobs people mainly depart based on a special request or preliminary agreement for a certain type/volume of work. Finally, the last subgroup of temporary labor migrants in Armenia is made up of “long-term labor migrants”, whose absence period exceeds a year. This form of circular labor activity is also less spontaneous. This classification is to a large extent arbitrary. After all, in practice there are frequent cases of the transformation of initial labor trips. In particular, one can observe clearly defined trends of transformation of short-term labor trips into long-term ones and long-term trips into permanent emigration. As a result of this and due to the complexity of data collection, the correct application of this classification is problematic.

The dissemination of the fourth type of circular migration “temporary migration and permanent return” was predefined by widespread temporary labour trips on the part of Armenians. During each specific time period there is both an increase in the ranks of temporary labor migrants and the final settlement of some of them after their return.

## 2. Size and characteristics of circular migration

According to the 2007 Survey, over 300,000 or over 9% of the Armenian population were involved in international migration movements in the period 2002-2007.

**Table 1. Household members in Armenia who had been involved in international migration movements in the period 2002-2007 by type of migration, 2007 (\*)**

|                                | Number         | %            |
|--------------------------------|----------------|--------------|
| Re-emigrants (**) (category A) | 86,397         | 28.7         |
| Emigrants (***) (category B)   | 205,620        | 68.4         |
| Immigrants (****) (category C) | 8,782          | 2.9          |
| <b>Total</b>                   | <b>300,799</b> | <b>100.0</b> |

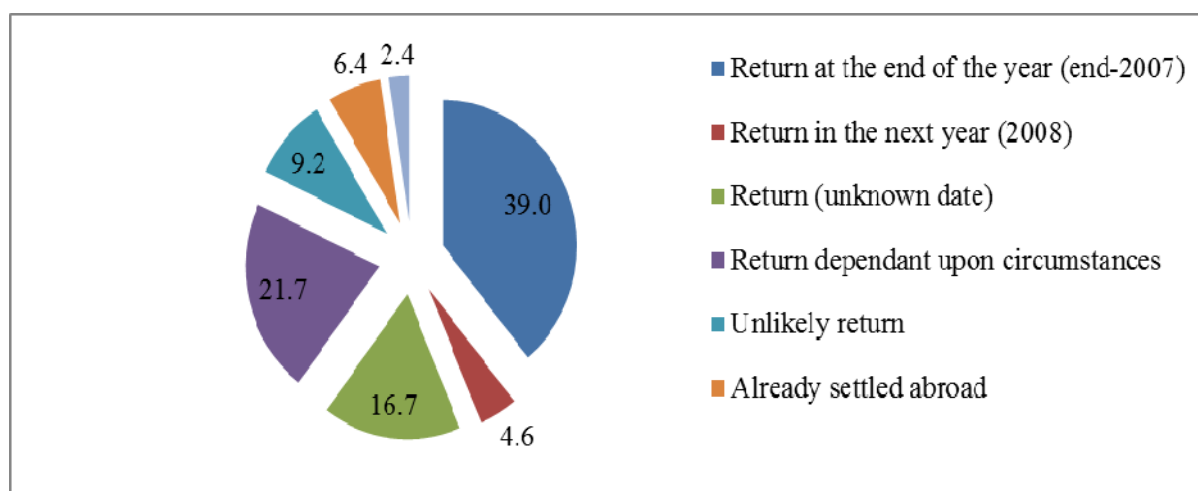
Notes: (\*) A “migrant” is a person partaking in migration who has changed his/her place of permanent (usual) residence; (\*\*) A *re-emigrant* is a person who was in a foreign country as an international migrant for more than three consecutive months (long-term or short-term) at the time of the survey and who returned to Armenia; (\*\*\*) an *emigrant* is a person who was residing in a foreign country at the time of the survey for three or more months; (\*\*\*\*) an *immigrant* is a person who arrived in a given settlement area for the first time at the time of the survey from a foreign country, for the purpose of settling.

Source: “Sample Survey on External and Internal Migration in RA” (in UNPF, 2008)

Among them, only about 9,000, or 3%, are immigrants as such, i.e. migrants who have moved to Armenia from foreign countries (see category C in table 1): in other words, they cannot be unequivocally classified as circular migrants.

In turn, of the remaining 291,000, about 29%, or 86,397 were clearly circular migrants, 2.6% of the total population of Armenia. These are re-emigrants (see category A in table 1), i.e. people who have lived for more than three consecutive months abroad during the survey period and who have returned to Armenia. The stock includes both those who permanently or temporarily returned from the permanent emigration and those who permanently or temporarily returned from temporary emigration. This is supported by the fact that about 84% of this stock came back from the first emigration, 11% from the second emigration and just fewer than 5% from the third emigration or further emigrations. The average number of returns was 1.5 (or 2.1 for those who returned in 2007).

As regards the people identified as being abroad at the moment of the survey (205,620 people – see category B in table 1), data do not allow us to assess how many trips abroad they made. We know, however, that around 60% (c 120,000) of them were planning to return at the time of the survey (figure 1). Here, we count them as being circular migrants who were living abroad.

**Figure 1. Future migration plans of Armenian emigrants (category B – table 1), values in %, 2007**

Source: “Sample Survey on External and Internal Migration in RA” (in UNPF, 2008)

Thus, if we add this total (c 120,000) to the number of circular migrants who were in Armenia at the time of the survey (c 86,000), we obtain a total of more than 200,000 circular migrants from Armenia in the period 2002-2007.<sup>4</sup>

In what follows, we will present the main characteristics of Armenian circular migrants according to the two above-mentioned categories. However, it should be noted that since the characteristics of emigrants who were abroad at the time of the survey are not available specifically for the category of migrants who were planning to return (i.e. circular migrants), we assume that structural characteristics are the same for those who were wishing to return and those who were not wishing to return.

Those who went to earn money, or labor migrants, constituted the main part of all circular migrants. Over 60% of circular migrants who were in Armenia at the time of the survey worked during their latest emigration: 54.5% of them for less than one year; around 18% for 1-2 years; around 12% for 2-3 years; over 15% for 3 or more years (UNFPA, 2008, p. 45). Almost 7% wanted to work, but failed to find a job. The number of employed circular migrants among those who were abroad at the time of the survey was even more significant: almost 79% worked at the time of survey and only 2.4% wanted to work, but failed to find a job (Ibid., p. 58).

12-13% of all circular migrants represent the 20-24 age group, and 14-15%, the 24-29 years (Ibid., p. 41, p. 54). Hence one can suggest that it is during this crucial period that the first circular migration trips occur. As a whole, three quarters of all circular migrants were in the most active labor and reproductive ages (20-49 years). It is noteworthy that the 20-24 age group practically did not take part in circular seasonal labor trips in the 1970-1980s, while participation of 25-29-year-olds was less prominent (State Committee for Labor and Employment of Armenian SSR et al., 1985). 20-23% of these populations were 30-39-year-olds, and a little more than that, approximately 25% of 40-49-year-olds.

Most circular migrants were men: two out of three circular migrants who were in Armenia at the time of the survey and three out of four circular migrants who were instead abroad. In both populations two thirds were married, only 25-28% have never been married (UNPFA, 2008, p. 41, p. 54).

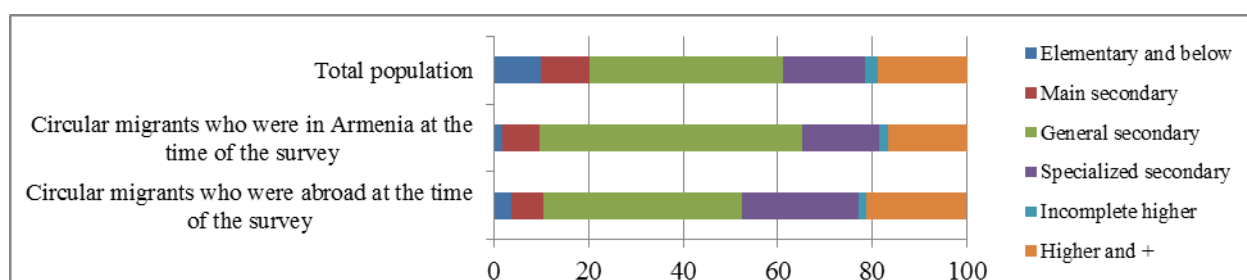
Commenting on the data in figure 2, one should say that the most notable thing is not that in both populations of circular migrants the share of less educated persons is visibly low: this is explained by specific character of circular migrants age structure and by the fact that compared to population at large persons below and above employable ages are less represented. Rather what is striking is the dominance of highly-educated persons among circular migrants who were in Armenia at the time of the survey. Matching this phenomenon with the fact of presence in the home country at the time of survey – which took place in the month of October, before the full completion of labor migration season – one can conclude that the share of seasonal labor migrants is lower among circular migrants who were in Armenia at the time of the survey compared to circular migrants who were instead abroad. On the other hand, the share of those who perform work requiring relatively high qualifications, as well as short-term and long-term non-seasonal labor migrants are higher.<sup>5</sup>

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<sup>4</sup> The former group was part of a so-called *passive* migration cycle (mostly temporarily returned temporary migrants or permanently returned temporary migrants), while others were involved in the *active* migration cycle, i.e. temporary emigration.

<sup>5</sup> Unfortunately, the survey program did not include questions about respondents' occupation. So that it is not possible to detect whether they tend to experience job-education match or mismatch.

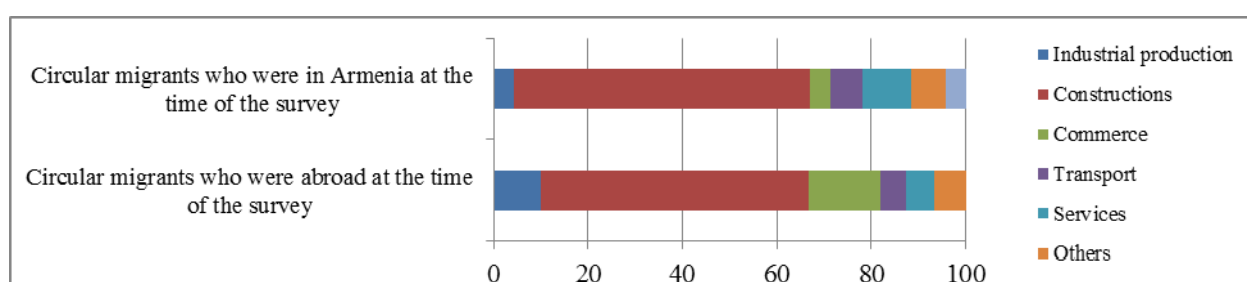
**Figure 2. Circular migrants and total population living in Armenia (aged 10+) by level of education, values in %, 2007**



Source: "Sample Survey on External and Internal Migration in RA" (in UNPF, 2008)

Figure 3 confirms that the main employment sector for both circular migrant populations is construction and demonstrates certain structural differences. The shares of persons employed in industrial production and commerce among circular migrants who were in Armenia at the time of the survey are higher (more than twice and almost fourfold respectively) than among circular migrants who were instead abroad. In all likelihood, this is at the same time a consequence and manifestation of the fact that non-seasonal labor migrants are better represented in this population.

**Figure 3. Employed circular migrants during the latest emigration by job sector, values in %, 2007**

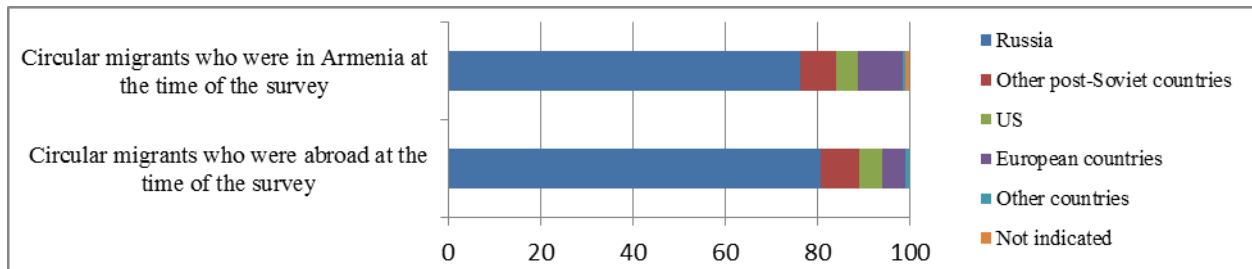


Source: "Sample Survey on External and Internal Migration in RA" (in UNPF, 2008)

The geographic distribution of trips of both Armenian circular migrant populations is practically identical (see figure 4). The only difference is a somewhat higher share of European countries as a destination for circular migrants who were abroad at the time of the survey: almost 10%, versus 5.2% in the case of circular migrants who were instead in Armenia. It appears that this can be partially, if not completely, explained by the fact that circular migrants who got to Europe fear they may not be able to obtain another entry permit and will try to stay there longer if possible. As for the relative distribution of circular migrants by country, some surveys (see e.g. the "Migration needs assessment" Survey)<sup>6</sup> demonstrate that the majority of migrants would prefer Western Europe to Russia, were they free to choose. Hence there is a hypothetical possibility that if emigration barriers were to be lifted in these countries, the European share of Armenian circular migrants might significantly increase.

<sup>6</sup> The "Migration needs assessment" Survey was conducted in 2007 by the Caucasus Research Resource Centre.

**Figure 4. Circular migrants by country of stay during the latest emigration, values in %, 2007**



Source: "Sample Survey on External and Internal Migration in RA" (in UNPF, 2008)

No doubt, circular migrants from Armenia feel differently in different destination countries and even in different regions of specific countries, particularly in such a large and diverse country as Russia. They acquire different experiences and have unequal financial and non-financial resources. However, this aspect has not been specifically studied.

### 3.The impact of circular migration in Armenia

Circular migration contributes to the reduction of unemployment level in Armenia. If in 2009 the labor part of circular migration had not been present (120,000), then the unemployment level would have equaled not 24.2%, as it was according to the data of labor migration study of 2009 (ILO, 2010, p. 30). Rather the unemployed would have risen to approximately 33%. It should be noted that according to the official estimates of the Armenian State Employment Service, unemployment level of that year was only 6.3%. On the other hand, until recently (in any case before the construction boom), there was a point of view in Armenia that the deficit of qualified workers emerged (mainly in construction) as a result of labor migration. Without going into detail, let us only note that if there is such a phenomenon, then it was motivated not by the high expectations of Armenian labor migrants, but by the uncompetitive labor conditions offered on the Armenian market, both in terms of wages and stable employment guarantees. In essence, the "Armenian" supply of jobs loses out to "foreign" supply in a competitive struggle. It is not a coincidence that for both circular migrant populations the "no jobs" factor was number one in decision-making for the emigration trip, followed by the "impossibility of earning enough to ensure satisfactory level of life." They were indicated respectively by 38.3% and 23.2% of circular migrants in Armenia and 4 out of 10 or every third circular migrants abroad at the time of the survey (UNFPA, 2008, p. 43, p. 56).

The educational background of circular migrants is approximately the same as the general population. The most relevant loss in terms of human capital is the fact that labour migrants do not use to work in the field in which they were trained. In fact, they are often involved in work that does not require much knowledge. However, this is to a certain extent compensated for by two associated phenomena. First, a certain share (almost 50%) of circular migrants wages is spent on education and the resolution of medical problems among family members, i.e on the development of human capital (ILO, 2010, p. 52-53). Second, migrants acquire new experience and professional skills, learn about new technology etc., hence circular migration also contributes to the enhancement of human capital. Let us note that at present this phenomenon is manifested in such areas of Armenian economy, as the construction, trade and service sector.

However, by and large, the potential of circular migration as a crucial impetus for economy, development and expansion of domestic production is not fulfilled. Only 1-3% of circular migrants have sent some part of their wages in emigration for investment in Armenia (UNFPA, 2008, p. 61-62). There are three main factors for this. First, insufficiently high incomes of circular migrants abroad at the time of the survey only 42-48% of circular migrants managed to save part of what they earned

(Ibid. p. 48, p. 61). Second, inflation and currency exchange fluctuations “consume” significant part of nominal increase in currency resources transferred by migrants (see table 2). Third, investment risks (especially small and medium investment) in Armenia is too large because of the narrow domestic market and the high level of corruption and of economic centralization.

**Table 2. Dynamic of money transfers sent by Armenian migrants living abroad to Armenia, 2003-2008**

| Year | Total transferred sums (USD) |                                    |                                                  |
|------|------------------------------|------------------------------------|--------------------------------------------------|
|      | Nominal                      | Adjusted to currency exchange rate | Adjusted to currency exchange rate and inflation |
| 2003 | 686,131,387                  | 721,342,586                        | 689,527,743                                      |
| 2004 | 813,000,000                  | 793,448,844                        | 710,186,809                                      |
| 2005 | 940,000,000                  | 786,051,424                        | 699,304,530                                      |
| 2006 | 1,175,000,000                | 903,878,781                        | 783,848,890                                      |
| 2007 | 1,600,000,000                | 1,035,385,162                      | 863,402,631                                      |
| 2008 | 1,572, 526.769               | 895,529,084                        | 668,207,691                                      |

Source: UNDP, 2010, p. 121

There is a public institution, the State Employment Service, that is entrusted with rendering foreign employment services to Armenian citizens and many private companies offer such services. However, most Armenian labor migrants do not resort to their help or having asked do not receive help. Thus, according to the labor migration survey of 2009, when making decisions about the trips and employment overseas, a third acted independently and a tenth interacted directly with employers. More than half received extra help from social networks (relatives/friends). Private intermediaries played a certain role in the arrangement of trips of 6.3% of labor migrants. Even less prominent was the role of formal organizations: tourist agencies (they helped with the arrangement of trips to countries with visa regimes) 2.5%; private employment agencies, 0.8%!; and the State Employment Service, 0.3%!! (ILO, 2010, p. 67). Obviously this is unacceptable. Spontaneity, lack of organization, and insufficient preparedness of trips reduce their efficiency: only 54-60% of circular migrants assessed their most recent trips as having been successful to some degree (UNFPA, 2008, p. 43, p. 57). Some migrants, having found themselves working illegally, become victims of fraud and labor exploitation (ILO, 2010). It is necessary to improve the organization and the preparedness of circular migration movements among the Armenian population. But it is not clear how and through which structures this should and can be done. These are complex, ambiguous and extremely important issues. One cannot exclude the possibility that in cases of well-thought-through intervention and the desire to formalize these processes at all costs the situation may worsen, rather than improve. No doubt, properly grounded answers to these questions can be given only by a specialized study. Meanwhile, it is clear: the existing system of formal public and private structures may be able to fulfill this task, only if a radical reorganization takes place.

As for the “brain drain”, it was conceived and was active in the first decade of the post-Soviet era: the education level of emigration flows of those years was visibly higher than Armenian average level. This has ceased though to be a mass phenomenon. However, there are many people willing to emigrate among the more educated, competitive part of the population, and “brain drain” may become an acute problem again.

#### 4. Conclusions and policy recommendations

There are reasons to believe that in the coming years the stock of Armenian circular migrants will be enriched with new persons. These are likely to be rural Armenians, who, due to the low efficiency of agriculture and/or the loss of land property as a result of the deepening market redistribution of agricultural land, will need to find new ways to earn their living. In their home country the demand for jobs already exceeds supply. They lack sufficient funds for emigration. So most of them will become labor migrants, probably seasonal labor migrants. Many small entrepreneurs will find themselves in a similar situation, as they will have to quit their businesses due to high competition and the growing monopolization of the economy. However, they usually possess better financial resources and human capital, so they can afford to make a choice between emigrating permanently or temporarily. Preferring the second option, they are likely to join the ranks of long-term labor migrants. In general, the number of new circular migrants will, we might expect, exceed the number of those who cease participation in this process (returning for permanent residence in Armenia and staying for permanent residence in destination countries). The total number of Armenian circular migrants will thus increase significantly. It follows from this that circular migration issues for Armenia are unlikely to lose relevance. In fact their relevance will only increase.

In conclusion let us note that circular migration is extremely important for contemporary Armenia, as in essence it is the only real alternative to the permanent emigration of the population. It is accompanied by a significant negative demographic, social and economic consequences: population decline; population imbalances by age and gender, as well as administrative and territorial proportions of its distribution; decline in birth rate and marriage rate; problems in political and economic development due to shrinking active population; brain and capital drain etc. Obviously, in all these respects return migration is less painful. Unlike permanent emigration, return migration can stimulate economic and social development. Efforts directed towards encouraging potential migrants to prefer return migration ought to be/become an integral and crucial part of migration policy of Armenia as a donor country. Unfortunately, there are no special programs aimed at this in Armenian migration policy. The government, it seems, has still not fully comprehended the opportunity here.

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