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## Cooperation on migration between Uzbekistan and Russian Federation

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### ABSTRACT

Uzbekistan has been gradually integrating into the world economy since gaining its independence in 1991. The need to integrate stems from the desire to advance the national economy and social well-being of population through import of advanced technologies or stimulating exports. However, opening up the country also meant exposure to increase in the mobility of its human capital. As a result, Uzbekistan has witnessed labor migration in and out of the country during the past two decades, driven by various causes, which is having inevitable social and economic implications for the country. Intensifying processes in contemporary international labor market make migration as a mechanism, which has a back-to-back impact onto and from economic development of a country. From developing countries' perspective, international labor migration is an instrument for reducing tension in national labor markets, decreasing high rates of unemployment and expanding sources of income. From developed countries' perspective, international labor migration helps solve demographic problems like decreasing number of population, aging of population and shortage of labor force. Uzbekistan, in particular, is increasing its participation in the international labor market, especially its cooperation on migration with Russian Federation due to its high rate of population growth and young population.

**Keywords:** international labor market, labor migration, money remittances, illegal migration, ethnic migration, migrant flow, migrant stock

## **1. INTRODUCTION**

Decentralization and transition to free market economy caused significant changes in Uzbekistan as in other Central Asian markets, like the development of competition among participants of labor market and increase in the number of unemployed people in the labor market. The resulting conditions in the labor market were offset, initially, by internal migration, and later, by international migration. During the first decade of independence, migration was characterized by ethnic migration, as Russians, Belorussians, Tatars and Ukrainians returned to their homeland (Benson, 2016).

However, by 2000s labor migration began to include Uzbeks in search of jobs. Such cases were observed not only in Uzbekistan, but in other neighboring countries of Central Asia as well. Particularly, according to statistics of the *Central Asia Human Development Report*, during 1989-2002 around 3 million people from Kazakhstan, 700,000 people from Tajikistan, 360,000 people from Kyrgyzstan, and about 1 million people from Uzbekistan, participated in international labor migration.

Today the government of Uzbekistan pays close attention to the problems of employment of population. The government is taking measures such as creating new jobs and retraining personnel. The 13th clause of the law “About the employment of population” which was adopted in 1992, guarantees the right of citizens of Uzbekistan to work abroad and search for job independently (Finkelstein, Gentzkow, & Williams, 2016).

This helps in decreasing the rate of unemployment, activate and legalize migration processes and develop cooperative relations in the field. Uzbekistan, Kazakhstan, and Kyrgyzstan signed a memorandum “About Migration Cooperation” in 1994 with the purpose of supporting the citizens of Uzbekistan in working abroad legally and providing them social and legal protection. In 1997, based on this Memorandum, a program was developed in Bishkek to create a regional center for managing migration processes. Besides, an Agreement was signed for managing migration processes of population between these countries (Compere & Gehler, 2016; Foreman-Peck, Zhou, & others, 2016).

On 12 November 2003, the Cabinet of Ministries adopted the Resolution “About the measures to improve the organization of working abroad for citizens of Uzbekistan”. This served to organize the infrastructure of labour institutions which would assist Uzbek citizens working abroad (te Boekhorst, Jiang, Lehmann, Zuidema, & Friedl, 2016).

On this basis, the Charter to streamline the employment of Uzbekistan citizens abroad was adopted in 2003. Based on this Charter, legal basis of organizing employment of Uzbekistan’s citizens abroad was created. Moreover, the Ministry of Labor and Social Protection of Population of The Republic of Uzbekistan created Agency of Foreign Labor Migration and Regional Bureaus for foreign employment placement.

Moreover, holders of the private labor contracts became eligible to work abroad, if they have the special permit from The Agency of Foreign Labor Migration. These permits are given only by the Agency of Foreign Labor Migration (TAFLM) or Regional bureaus for foreign employment placement of citizens in order to prevent human trafficking. Other legal entities or individuals do not allow provision of such services.

## **2. THEORETICAL BACKGROUND**

Agency of Labor Migration under the Ministry of Labor and Social Protection of population of the Republic of Uzbekistan received legal status based on the Cabinet of Ministries' Resolution on 12 November 2003. This agency, which plays an important role in sending labor migrants, has its representatives in the Republic of Karakalpakstan and 12 regions of the country. Main functions of the Agency are to coordinate the employment of Uzbek citizens abroad and foreign citizens in Uzbekistan, to develop and manage international projects in labor migration. Moreover, to carry out pre-departure adaptation for candidates for labor migration, to develop cooperation with foreign labor import companies and institutions, and to issue permits to legal entities to attract foreign labor force (Aalkjaer, Boedtkjer, Bentzon, & Dam, 2016; Hofmann, 2017).

Creation of Regional Bureaus for foreign employment placement of citizens in regions like Tashkent, Bukhara, Nukus, Fergana and Karshi is part of government's measures for social and legal protection of the rights of labor migrants. These bureaus are engaged in providing employment abroad to citizens who want to work abroad, in informing the population about the opportunities and terms of working abroad, in getting and filling quotas from foreign employers in importing labor force from Uzbekistan (Akimov & Dollery, 2009).

The project targeted at improving the social development of population in the Republic of Uzbekistan during 2008-2010 had the goal of alleviating the pressure in the labor market. Special attention is paid to expand the legal and socially protected labor migration, which is formalized based on international agreements. This approach should help promoting the international relations. During these years, citizens of Uzbekistan went to work to Russia, Kazakhstan, Korea, Turkey, UAE, and USA.

The governmental labor migration agreements signed between the governments of Uzbekistan and other foreign countries opened many opportunities for citizens who want to work abroad. Today there are many Uzbek labor migrants in Russia, Kazakhstan, Republic of Korea, and USA. The statistics as given below shows that a big number of labor emigrants from Uzbekistan are sent to Russian Federation. In turn, Uzbek citizens constitute the largest share of the migrants in Russia (Ryabichenko & Lebedeva, 2016).

Analyses and observations in recent years show that migrants from Uzbekistan to Russia experience some problems and difficulties in: registration of the license, full payroll calculation with employer, creation of decent working conditions by employers, attraction to heavy work overtime, as well as social protection in manufacturing. Under such circumstances, the importance of establishing inter-state relations, setting up legal bases for such relations, as well as protecting the social rights of Uzbekistan citizens abroad increases.

## **3. METHODOLOGY**

Labor migration trends from Uzbekistan to Russia varied driven by changes in migration stages in Russia. There are four stages of immigration to Russia consisting of:

- ethnic immigration during 1991-1996,
- economic immigration during 1996-2001,
- restrictions to migration during 2002-2006,
- "Open doors" policy after 2007.

During the first decade of independence, when the country witnessed only internal migration, the number of emigrants and immigrants was almost equal. It was only starting from the end of 1990s and beginning of 2000s, that foreign labor migration began to intensify (Kan & others, 2015).

During 1996-2001, such factors as stabilization of political and economic processes in Russia, reduction in the number of forced migrants from different countries of CIS, absence of restrictions for migrants and economic growth caused by the rise of energy prices, growth of living standards of population, as well as increase in job creation stimulated the migration flow of Uzbekistan citizens to Russia. The absence of entry visas for Uzbekistan, like for other countries of Central Asia, ability to speak Russian and the understanding of the history of the country facilitated the increasing number of migrants from Uzbekistan to Russia.

**Number of migrant flow from Uzbekistan to Russia in 1997-2002.**

Year	1997	1998	1999	2000	2001	2002
Thousand people	39.6	41.8	41.6	40.8	24.8	24.9

By the beginning of 2000s, the number of migrants in Russia grew sharply and reached 13 million people. Russia turned into the second largest recipient of migrants in the world (in 2000 there were 35 million migrants in the USA). During these years, gap between the factors, which attract migrants and system of employment of foreign labor, resulted in the sharp increase in the number of illegal and irregular migrants in Russia. Particularly, majority of labor migrants from Uzbekistan were employed for seasonal work in construction, agriculture and services sectors. By the beginning of 2000s, there were 44,000 regular migrants and 550,000 to 600,000 irregular labor migrants from Uzbekistan in Russia.

Increase in the population of Russia by early 2000s caused by the large migration of Russians from CIS countries during 10 years starting from early 1990s as well as illegal and irregular migration with its negative impact on national security led the government to use restrictive policies on migration. In this regard, the regulations, which complicated the registration of incoming foreign citizens, affected the number of incoming migration to Russia, including the migrants from Uzbekistan.

**The number of migrant flow from Uzbekistan to Russia 2002-2012.**

Years	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Thousand people	24.9	21.4	14.9	30.4	37.1	52.8	43.5	42.5	24.1	-	56.343

\* <http://www.statdata.ru/pmg-migration-russia>

However, import of foreign labor force had already turned into a key factor of developing the economy of Russia, which was experiencing demographic crisis with decreasing and aging population. In 2005, when Russian Federation focused on the policy of restricting immigration, the number of migrants decreased by 615,500 as compared to 2004. Because of difficulties for migrants in entering the country, natural decrease of population was compensated by 12% only by the migrants.

Naturally, these indicators did not provide stable economic growth. Although the decline in population in Russia was observed from 1992, by mid-2000s the need for one million migrants per year emerged in order to compensate the shortage caused due to declining labor force. Research showed that Russia required attracting 25 million migrant workers during 2006-2026. At the same time, during this period, total size of labor force in Uzbekistan grew more than the total number of population. Particularly, the labor force which constituted 51.7% of total population in 2001, grew to 56.1% by 2006. In this instance, a need emerged to alleviate the pressure on the labor market and intensify labor migration (Chung, Kim, & Piper, 2016; Heleniak, 2016).

#### **4. PRACTICAL IMPLEMENTATIONS**

Thus, the project focused on improving the well-being of population during 2008-2010, was adopted in Uzbekistan, which sought to expand legal and socially protected labor migration initiated under international agreements. During the same time, Russia took measures to liberalize the migration policy in order to stimulate import of foreign labor force and alleviate the demographic pressure in the country. That is why legal acts “About migration registration of foreign citizens and foreigners without citizenship” and “About legality of foreign citizens” were accepted and registration and employment of foreign citizens were simplified.

In 2007, Uzbekistan and Russia signed bilateral agreement on labor migration. According to this agreement, which regulates labor migration, entry and departure of Uzbekistan citizens into Russia would be performed within laws and international contracts signed between Uzbekistan and Russia. This agreement seeks to stop illegal migration, reduce its negative consequences, as well as prevent human trafficking and stipulates that Uzbekistan citizens in Russia can work legally only after signing a labor contract with an employer or upon signing a civil contract with a customer (Hofmann, 2017; Ratha, Eigen-Zucchi, & Plaza, 2016).

Because nearly half of labor migrants from Uzbekistan are engaged in heavy work like construction where the probability of accidents is high, there is need to prevent and counter their consequences. According to the bilateral agreement, if Uzbekistan citizen dies or is traumatized due to the fault of a Russian employer, employer should:

- pay compensation which is mentioned under the Russian law system
- inform about his death to the Consulate of Uzbekistan in Russia,
- cover the cost of sending the body of dead, his belongings and money to the home country (unless labor agreement stipulates otherwise).

In 2007, Uzbekistan and Russia signed three more agreements regarding the departing illegal migrants, preventing illegal migration and protecting labor migrants' rights. The rights of migrants include the right to have rest and access to medical care, which should be mentioned in labor. According to Russian legislation, an employer should provide medical services to Uzbek citizens. The agreements also envisage such issues as working conditions and salaries of legal migrants in Russia. Moreover, the legislation stipulates that migrants from Uzbekistan should not be paid with the salary lower than if paid to Russian citizen for the same level and profession, and that their working conditions should be equal. The agreement also mentions that salaries of Uzbek migrants could be transferred to Uzbekistan and tax on their income be regulated by Russian laws and international agreement on taxes (Sattler, Rhee, & Macpherson, 2016; Zhang, Yu, Cai, & Ke, 2016).

Thus, these agreements give a chance to labor migrants from Uzbekistan in Russia to be socially and legally protected. All these factors served as a cause of growth of the number of Uzbek citizens who want to work in Russia. By 2007, Uzbekistan was the leading exporter of labor force to Russia.

**Number of migrant flow from CIS countries to Russia in 2012.**

	Thousand people
All migrants in Russian Federation	294.9
From CIS countries	268.4
Azerbaijan	18.1
Armenia	32.0
Belarus	12.2
Kazakhstan	36.7
Kyrgyzstan	24.1
Moldova	18.6
Tajikistan	31.4
Turkmenistan	3.9
Uzbekistan	56.3
Ukraine	37.0

At present, majority of migrants from Uzbekistan depend on the conditions in the labor market and economic development in different cities and provinces of Russia. Specifically, majority of them work in cities like Moscow, Vladimir, Orlov, Penzen, Bryansk, Omsk, and Nijegorod where the production capacities are high. Migrants from Uzbekistan also work in construction, light and food processing, machinery, and services. Particularly 45.2% of them work in construction, 12.9% in trade, 8.6% in manufacturing, and 8.2% in agriculture. These numbers show that almost half of the migrants from Uzbekistan are construction workers where the chance of accidents is high which makes the tasks of preventing such accidents and to countering consequences very important.

Money remittances are very important for the economy of labor supplying countries. In 2006, 56.6% of total amount of money remitted to Uzbekistan was from Russia, 11.8% from USA, 7.9% from Republic of Korea, 4.7% from Kazakhstan, and 4.3% from Turkey. Uzbekistan is also the largest recipient of money remittances sent from Russia.

**Money remittances sent to CIS countries from Russia during 2006-2013.**

<b>Countries</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
CIS countries	4,673.6	8,575.4	12,608.6	8,919.0	11,079.8	13,357	15,929	17,826
Kazakhstan	72.8	124.4	186.6	159.5	247.0	-81	-147	-147
Kirgizstan	383.8	715.2	1,156.7	894.3	1,106.4	1,357	1,606	1,715
Tajikistan	834.8	1,632.0	2,516.3	1,724.5	2,215.7	2,864	3,317	3,618
Turkmenistan	13.8	29.0	47.6	32.9	34.7	10	7	1
Uzbekistan	856.6	1,665.8	2,978.2	2,052.4	2,845.4	3,950	5,252	6,069

The above Table shows that, money remittances from Russia to Uzbekistan grew even during the period of the global financial crisis. Moreover, analysis of money remittances from Russian Federation to CIS countries shows that in the first part of the 2009 when global financial economic crisis prevailed, almost a quarter or 23% of money remittances from Russian Federation was sent to Uzbekistan and in the second part of the year remittances were 63% higher than in the first part of the year. These indicators of growth were 53% and 20% for Tajikistan and Kyrgyzstan respectively. During the global financial crisis, unemployment among citizens of Russia grew as well. Unemployment rate was 6.2% in 2008, 8.4% in 2009 and 7.5% in 2010. To solve this problem Russia began to decrease the quotas for import of labor force and began to accept measures which were oriented to restrict the number of labor migrants. For instance, the quota of import of foreign labor force was 4 million people in 2008, which declined to 1.9 million and 1.7 million in 2009 and 2010 respectively. However, such restrictions did not affect jobs with difficult conditions for some sectors where shortage

of seasonal labor force did not decline. In 2009, the quota of import of labor force was decreased only by 16,4%, although it was initially planned to be decreased twice. And number of migrants from Uzbekistan decreased only by 1,000 people, from 43,500 in 2008 to 42,500 in 2009. These numbers indicated that Russia cannot avoid importing foreign labor force.

## **5. CASE ANALYSES OF UZBEKISTAN**

During the global financial crisis, due to decreased demand for foreign labor by 15 to 20%, the number of migrants from Uzbekistan entering Russia in 2010 also declined from 42,500 in 2009 to 24,100 in 2010. Nevertheless, Uzbekistan accounted for USD 2.8 billion out of total USD 32.8 billion money remittances from Russia in 2010, and USD 4.3 billion out of total USD 43.8 billion money remittances from Russia in 2011. By 2011, all migrants from CIS countries accounted for 73.4% of all migrants in Russia and migrants from Uzbekistan accounted for 26.5% of all migrants in the country. Particularly, in the third quarter of 2011 when the next wave of global financial economic crisis started, money remittances sent from Russia amounted to USD 5.590 million, of which USD 4.9 million were sent to CIS countries and USD 1.5 million was sent to Uzbekistan. Despite the fact that many migrants returned to their country in 2011, top recipient of money remittances sent from Russian Federation among the CIS countries was Uzbekistan.

### **Money remittances from Russian Federation the second quarter of 2014.**

Countries	Money remittances (million USD)
All countries	4760
CIS countries	4350
Uzbekistan	1474
Tajikistan	907
Ukraine	550
Kirgizstan	466
Armenia	319
Azerbaijan	295
Moldova	331

Kazakhstan	-25
Belarus	38
Turkmenistan	4

During the crisis years, Russia accepted the migrants of certain professions out of quota along with applying reductions of quotas for import of labor force. Particularly, in 2010 according to Russian migration laws, high-qualified specialists with more than 2 million Russian roubles of annual salary were allowed to be employed out of quotas and receive residence permit in the country. According to this law, income tax of foreign labor force for the first six months decreased from 30% to 13% and the list of vacancies and professions out of quotas was published. This demonstrates that Russia has shortage of not only low qualified labor but also lacks highly qualified labor force (Benson, 2016; Demintseva, 2017).

Although, global financial crisis led to the decline in the number of migrants, it also changed the treatment of international migration by society and the government. Research and analyses of Population Division of the Department of Economic and Social Affairs of the United Nations on demographic situation in Russian Federation estimates a high chance of ever-increasing dependency on foreign labor. In particular, it forecasts that 0.3% growth rate of population in 2010 would decrease to 0.5% in 2050 as well as the average age would increase from 38 to 44 years. Besides, despite the increase in fertility level from 1.46 to 1.83, the share of population older than 60 years will increase from 18.1% in 2010 to 31.7% by 2050 and the population would decline from 140 million to 116 million. In short, by 2050 third of population will be older than 60 years and continued aging of population will necessitate the increase in demand for foreign labor in the future. On the contrary, despite the changes in its age structure, Uzbekistan will remain a country with young population. Thus, in near future Russia would benefit from importing labor force from CIS countries, in particular from Uzbekistan, whereas Uzbekistan with its migration potential would benefit from exporting labor force to countries like Russia.

## **6. CONCLUSION**

In conclusion, some factors like high demographic pressure in Russia, reduction in oil reserves and the subsequent decline in oil exploration, development of new sectors, higher living standards leading to decreased desire of ethnic population to perform low-level jobs will all lead to continued dependency on foreign labor. Subsequently, this situation will stimulate and intensify labor migration from Central Asian countries, and Uzbekistan in particular, where population growth rates are high and population is young, leading to the development of cooperation on migration issues.

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