

LABOUR MIGRATION PROCESSES AND THE INSTITUTIONAL BASIS FOR THEIR REGULATION IN EEU COUNTRIES

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Introduction: The 21st century can be acknowledged as a period of mobility, and one of its most important manifestations today is labor migration, which has been and remains an integral part of human development history. The main characteristics of the modern world economy are the liberalization of economic processes, including migration flows. In this framework, the study of the movement of people and the identification of problems related to migration is more than relevant. In the modern world, the scale and inclusion of migration has led to the fact that regulating and managing migration flows are crucial for their effectivity. It should be noted that regulation of migration has become a challenge for both countries of origin and destination. In 2015 Armenia's membership in the Eurasian Economic Union (EEU) has created the need for new institutional changes. The integration union gives the member states an opportunity to take advantage of the common market, which can become an both opportunity and threat for Armenia. In this context, the clarification of the mechanisms for regulating labor migration is on the agenda both for the EEU and for Armenia, which is one of the countries of migration of origin among the integration union.

Literature Review. There is no common approach in the economic literature according to which it will be possible to comprehensively introduce the term “migration”. In general, it is quite difficult to define the concepts of “migration” and “migrant”. D. Massey assesses that international migration is defined by unrelated theories, there is no comprehensive approach to it [Wickramasinghe, Wimalaratana, 2016]. A number of economists cite “push” and “pull” factors as the main motivation for migration for people. In the case of push factors, the situation inside the country forces people to leave the homeland, and the pulling factors are presented in a more positive aspect [Gerber, 2014]. Neo Classical Theory of International Migration Explains the Impact of Labor Migration on Economic Development [Arango, 2000]. International migration is defined as a regional disproportion between labor supply and demand. L. Kurekova criticized this theory, noting that it does not take into account the imperfection of the market, and makes migration primitive [Kurekova, 2011]. This theory is based on wage differences between countries. Even if social, political, cultural and many other reasons for migration are ruled out, the theory does not take into account the fact that in real life migrants

are not always fully informed about real wages and working conditions in the host country [Skeldon, 2011]. The main tenets of The New Classical Theory have been denied by the New Economics of Labor Migration. The main novelty of this theory was that migration shifted from the micro level to the meso level, where the main subjects are families, households and other associations. M.J. Piore presented the Dual Labor Market Theory, which differed from the micro level models [Piore, 1979]. This theory removes international migration from the decision-making model of individuals and defines it as the result of the labor demand of industrialized societies. The shortcoming of the theory is that it tries to substantiate international migration only by the presence of pulling factors, while the coverage of migration is much broader and deeper. Another theory, Migration System Theory, considers migration at the macro level [Kritz, Lim, Zlotnik, 1992]. Population migration also includes labor migration, but their goals are different. International labor migration is the movement of work-aged people to different countries in search of work, realizing their livelihoods and improving conditions [Nazaryan et al., 2012]. To sum it up, there are many views, theories and approaches to international migration. However, they serve as a theoretical guide to assessing the impact of international labor migration on both local and the global economies.

Methodology. The theoretical, informational and methodological basis for the article are the works of Armenian and foreign economists, classical and modern economic theories about international migration, international conventions regulating the sphere of international migration, decisions, reports and strategic programs of state bodies of EAEU countries, as well as reports of state and private organizations. Sources of information collection were the statistical committees of EAEU countries, publications of international organizations such as UN Economic and Social Council Statistical data etc.

In this article the author used quantitative research methodology. With quantitative methods author did statistical analysis to answer their research questions. Also, for comprehensive understanding of issue the author has used statistical summarization, comparison, time series analysis methods, etc. There are two methods used by economic theory: the hypothetical-deductive method used principally by neoclassical economists, and the historical-deductive method adopted by classical and Keynesian economists. Both are legitimate, but, since economics is a substantive, not a methodological science, whose object is the economic system, the later method is more adequate. The hypothetical-deductive permits that the economist, starting from some basic assumptions – principally the maximizing agent, deduces a consistent and mathematical theory, but at the cost of realism and relevance. So in this article, the author also used the main idea of the hypothetical-deductive method.

Analysis. In the EEU member countries demographic issues are common to the ones which are widely spread in many other countries. But the problem is that if Western

European countries are able to “neutralize” low birth rates through migration flows, the economic problems in the EEU countries reduce the level of attractiveness for migrants. Nevertheless, migration processes within the EEU are one of the most important issues of integration. The data in Table 1 shows that the migration balance for Kyrgyzstan, Armenia, and Kazakhstan is negative for study period. It can be stated that migration processes in the EEU countries have a great impact on the socio-economic situation of the countries. At the same time, the nature, scope and significance of migration are different for the EEU countries.

Table 1. Net Migration in EEU countries, 2011-2020

	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russia
2011	-28500	9900	5096	-39403	319761
2012	-9400	9328	-1426	-7487	294930
2013	-24400	11643	-279	-7203	295859
2014	-21800	15722	-12162	-7757	270036
2015	-25906	18494	-13466	-4229	245384
2016	-24792	7940	-21145	-3965	261948
2017	-23962	3874	-22130	-3925	211878
2018	-18286	9362	-29121	-5390	124854
2019	-16000	13870	-32973	-6160	285792
2020	3300	-	-17718	-4861	106496

Russia has traditionally been a center of gravity of migration for countries in the region. 2009-2020 the share of other EEU member states in Russia's migration balance was 32% in average. The analysis of the data of the Federal State Statistics Service of Russia shows that in both 2019 and 2020, the biggest number of citizens of the EEU countries entered Russia were from Kazakhstan (86311 people), which is 41.7% more comparing with previous year. Among the EEU countries the second place is Armenia, from where the difference between the number of citizens who entered Russia and left Russia was 267987 people during 2009-2020. During the whole observed period, only in 2020, Russia's migration balance with Armenia was negative (-1844 people). The analysis shows that the average annual growth rate of people entering Russia from Armenia in 2009-2020 was 8.3%, and the average annual growth rate of citizens leaving from Russia to Armenia was 68.2%. The average annual growth rate of citizens entering Belarus from Russia during the same period was 14.6%, and the average annual growth rate of citizens leaving from Russia to Belarus was 24.9%. In general, 32.9% of the citizens who entered Russia in 2019 are from other EEU member states, and in 2020 - 33.6%. According to the Russian Ministry of Internal Affairs, a total of 68,512,638 people were registered for migration in 2016-2020, from which an average of 29.2% per year for work. The share of persons registered with migration from other EEU member states in Russia during the study period was an average of 16%, and the share of persons registered with the purpose of migration - 16.6%. 364581 people were registered for mig-

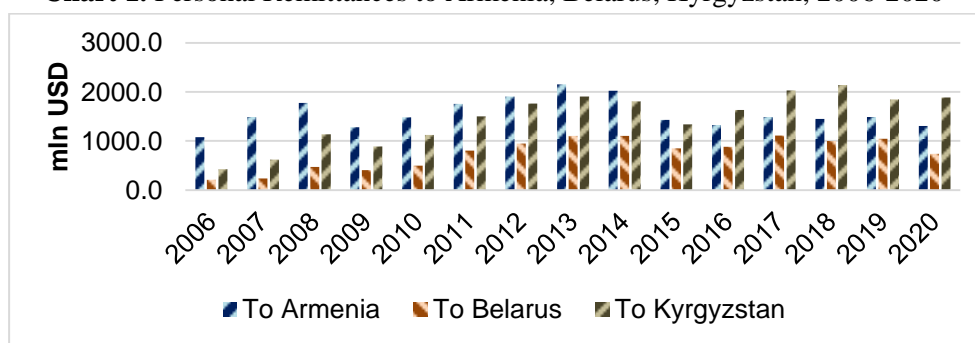
ration from Armenia to Russia in 2020, from which 18.9% was for work purpose. Because of the impact of the COVID-19 epidemic compared to 2019, the number of people registered for migration from Armenia to Russia decreased by 43% in 2020. Compared to 2019, the number of people registered for migration from Belarus in 2020 decreased by about 1.8 times. About 25.7% of the 737,929 citizens of Kyrgyzstan registered for migration in Russia in 2020, and 14.4% of 419472 citizens of Kazakhstan went to Russia to work. According to the Statistical Committee of the Ministry of Economy of the Republic of Kazakhstan during 2012-2019, the negative migration balance amounted to 132,738 people in the country. Due to the spread of COVID-19 in 2020, for the first time in the last 7 years, the number of people leaving Kazakhstan has not increased, but decreased. It should be noted that despite the negative migration balance in recent years, external migration can not be considered a challenge for Kazakhstan, given its share in the total population. However, the negative migration balance indicates the socio-economic problems in the country. According to the Ministry of Internal Affairs of Belarus, the number of foreigners entering Belarus was 4.79 million, and the number of people leaving was 5.13 million. At the same time, the data of the Statistics Committee of Belarus show that many people left Belarus for Russia, Ukraine, the United States, Germany, Poland and the EU. The Kyrgyz Republic remains a country of origin for migrants, most of whom are working. High unemployment rate and low wages are the main “push” factors of emigration from Kyrgyzstan. Russia (640 thousand people), Kazakhstan (35 thousand people) and Turkey (30 thousand people) are the main destinations for Kyrgyz migrants. The interest of migrants in EEU is conditioned by the geographical location, cultural commonalities, as well as large diaspora that already exists in those countries.

The analysis of the migration situation in the EEU countries makes it clear that for the member states of the integration union, labor migration is an ambiguous phenomenon, which is quite sensitive to the socio-economic situation of the EEU member states and is directly related to current world economic developments. COVID-19 pandemic conditioned decrease of passenger transportation both in the EEU area and around the world. As a result of the situational analysis of the EEU labor migration, the problems that exist in the migration processes of the integration union are obvious. In particular, the lack of a general methodology for migration statistics is a priority, which has posed a serious challenge to the comparability of the migration situation of the EEU member states. In addition, a number of factors, including socio-economic, environmental, political, etc., have reflected on migration flows and their ethnicity among the EEU member states. Labor migration in EEU countries affects the well-being of households, and thus the general economic situation. In order to assess the impact of international labor migration on the economies of the EEU countries, a comparative analysis of a number of important statistical indicators was carried out, revealing the interrelationships between economic processes in the context of migration. Compared to 7.5% economic

growth in 2019, -7.6% economic growth was registered in Armenia in 2020, and remittances decreased by 12% (1311.7 million US dollars in 2020).

In general, the Belarusian economy is based on the processing and re-export of Russian raw materials, which is why in 2015 the challenges in the Russian economy hit the Belarusian economy as well. And, of course, is the aftermath of the impact of the COVID-19 epidemic Belarus recorded 0.9% economic decline, with the lowest rate in the EEU countries. A similar picture emerges in the analysis of the economic situation in Kyrgyzstan. Kyrgyzstan's economy is heavily dependent on foreign financial support, including the Russian financial market. In addition, in the case of Kyrgyzstan, the country's socio-economic indicators depend on world gold prices. Kyrgyzstan earned 3774 million USD due to Kumtor gold mine in 1994-2018. The impact of COVID-19 is obvious on the economy of Kyrgyzstan, where in 2020 the worst economic growth rate in the EEU countries was recorded (-8.6%).

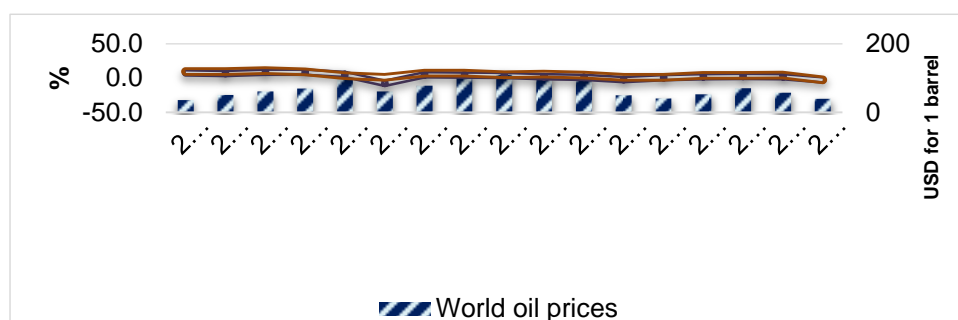
Chart 1. Personal Remittances to Armenia, Belarus, Kyrgyzstan, 2006-2020



Remittances from individuals to Kyrgyzstan increased by an average of 14.3% per year during 2006-2020. Moreover, from EEU member states only Kyrgyzstan 2% increase in remittances was registered in 2020 comparing with previous year. During 2014-2017, remittances from Russia decreased by an average of 45% compared to the previous year. The main reason for the economic sanctions against Russia were the recent events in Ukraine and Crimea. In addition, the economies of both Russia and Kazakhstan have been directly affected by falling world oil prices, as both countries continue to be heavily dependent on exports of oil and other commodities. During 2018-2020, the share of revenues from oil and gas exports in the budget of Russia was reduced by an average of 22% per year, from 46.4% in 2018 to 28% in 2020. According to the Federal State Statistics Service of RF, in 2020 the share of oil and gas in Russia's GDP fell to 15.2% instead of 19.2% in 2019. The average price for a barrel of Russian Urals oil in 2020 fell by 34.4%, reaching the lowest level since 2004 (\$ 41.7).

World oil prices and economic growth in Russia and Kazakhstan have shown signs of interaction. In particular, the decline in world oil prices was accompanied by a slowdown in economic growth in Russia and Kazakhstan. Such a direct impact could not

but affect the general economic situation of the EEU countries, and particularly on the free movement of labor resources in the territory of the Union. Because of the economic events in Russia at different stages (global financial crisis, economic sanctions, falling world oil prices), remittances from Russia to other EEU member states have decreased. During 2006-2020, remittances from Russia to other EEU countries averaged 9.1% of total remittances. Because of the socio-economic consequences of the COVID-19 epidemic in 2020, remittances from Russia to Kazakhstan decreased by 70.2% compared to



2018, amounting to 237.4 million US dollars.

Chart 2. Economic growth in Russia and Kazakhstan (%), oil prices (USD for 1 barrel)

The study of unemployment and poverty levels in the EEU countries showed that Armenia and Kyrgyzstan have relatively high levels of these indicators. In particular, the poverty rate in Armenia in 2012 compared to 2020 decreased by 6.7% to 25.7%, and in Kyrgyzstan by 12.4% to 25.6%. The lowest poverty rate among the EEU member states was recorded in Kazakhstan (average 3.5% in 2012-2020). Poverty rate in Russia in 2015 increased by 2.1% compared to the previous year, amounting to 13.3%. The highest poverty rates in 2012-2020 were registered in Armenia and Kyrgyzstan - around 29%. A study of the average monthly nominal wages and minimum wages in the EEU countries shows that the lowest figures are in Kyrgyzstan, where in 2020 the average monthly nominal salary is 245 USD and the minimum wage is 22 USD. The minimum wage in Armenia in 2020 is 20.1% lower than the same indicator in Russia (131 USD in Armenia, 164 USD in Russia), but much higher than the average in the EEU where it is 114 USD. The average monthly nominal salary in Armenia is almost twice lower than in Russia (388 USD in Armenia, 714 USD in Russia). When comparing the minimum wage with the average wage, ILO research shows that this ratio varies greatly from country to country, but more often it fluctuates around 0.4. The share of the minimum wage in the average salary in the EEU countries for 2012-2020 has been calculated. Armenia is in the best position among the EEU member states, as the minimum wage is 33.8% of the average wage, which is close to the 0.4 calculated by the ILO. Belarus is quite close to Armenia. The share of the minimum wage in the country in 2020 was 29.8% of the average salary. In this regard, Kyrgyzstan and Kazakhstan are in a rather

bad position in the EEU countries in 2020. In particular, the average monthly nominal salary in Kazakhstan in 2020 exceeded the minimum wage by about 5 times, and in Kyrgyzstan - more than 11 times. Thus, the EEU is a platform for deepening integration processes and providing new opportunities, which will lead to the realization of the economic potential of the member states and increase international competitiveness. In recent years, the global economic situation has had an objective and subjective impact on the economies of the EEU member states, thus complicating the effectiveness of integration union. At the same time, there are internal problems and challenges in the EEU.

Chart 3. The share of the minimum wage in the average monthly nominal wage in the EEU countries, 2012-2020, (%)



In general, the EEU is, first of all, a project of economic integration, where the functional activity of the common labor market has great importance. This is why the main restrictions on migration issues in the EEU policy regulations have been removed for the member states, ensuring both the full inclusion of the migrant in the labor market of the EEU member and the guarantees of his social protection. However, migration in the EEU is unregulated, despite ongoing initiatives and reforms. This has led to a large proportion of informal employment, violations of migrants' labor rights, and disproportionate regulatory mechanisms. Effective regulation of migration has great importance for the development of the EEU member states, and mistakes can be quite costly! At this stage, it is already crucial to level the migration legislation of the EEU member states with a number of inconsistencies. At present, migration policy in each member state is implemented separately or unsystematically. Each country pursues its own migration policy towards third countries, based only on its own interests and benefits. Improving the contractual legal basis of labor migration has great importance.

Conclusions. When analyzing and presenting the mechanisms for regulating labor migration, it should be noted that the labor rights of migrant workers in the EEU member states are not yet fully protected. In this context, the existence of flexible labor protection mechanisms is especially important. The existence and need for sustainable migration infrastructure are on the agenda for the EEU member states. This will make it possible to effectively regulate the availability of information on vacancies in the EEU

member states, as well as to regulate the issues of employment and social protection. Ultimately, all this will make it possible to correctly assess the labor migration potential of the EEU member states by redistributing labor resources from areas with surplus labor to countries where there is a shortage of labor. The creation of a migration information platform can be a great opportunity to regulate migration flows within the EEU. The online information platform will provide an opportunity to download information on vacancies in the EEU area with job descriptions and descriptions of skills and abilities required for the job. This will provide diversification of migration flows for the EEU member states (including Armenia), whose main preferred destination is Russia, which is very important in terms of protection against external shocks. The information network should reflect the situation in the labor market in the EEU member states, both for the whole EEU territory and for individual regions. The creation of unified and detailed information network can become one of the levers for the efficient distribution of labor resources in the EEU. In this context, the common approach of the EEU member states in the classification of migrants is important, as well as the availability of general statistical information, analysis, and interdependence within the union. It is quite difficult to manage the migration flows, to keep the statistics. It is difficult to get a clear idea of the main structure and situation of migration processes within the EEU. In this context, the leveling of the statistical systems of the EEU countries is of primary importance, which will make it possible to clarify the status of “working migrant”, by which it will be possible to assess the situation and identify the necessary solutions. In the EEU, a targeted approach to the migration of highly skilled labor is paramount. The creation of a common educational platform, the improvement and leveling of educational infrastructure will provide a favorable environment for migration of highly qualified professionals in the EEU area. In this case, it is very possible to prevent the “brain drain” from the EEU countries to third countries. At the same time, the creation of knowledge-based, innovative economies in the EEU is the best way to prevent “brain drain” also neutralizing a number of socio-economic problems. It is important for the EEU member states to develop joint mechanisms to combat illegal migration from third countries. The work carried out with EEU and relevant international organizations is of great importance. Labor migration is a key precondition for establishment and development of Eurasian integration, which reflects on the socio-economic situation of the EEU countries. Therefore, as a primary tool for leveling the integration union, it is always necessary to clearly ensure the smooth operation of the migration policy and its maximum usefulness for the member states.

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Labor migration processes and the institutional basis for their regulation in EEU countries

Key words: labour migration, regulation of migration, personal remittances, economic growth, world oil prices, minimum wage, monthly nominal wage

The main characteristics of the modern world economy are the liberalization of economic processes, the increasing flows of capital, technology and people. The study of problems and challenges of migration is crucial. Migration issues in Armenia especially in the framework of EEU have always been relevant. The analysis of the migration situation in EEU countries gives an opportunity to reveal the deep reasons hindering the development of integration union. Labor migration is an economic phenomenon, with the help of which the state at different stages of socio-economic development can solve the problems of providing the labor market with means of labor, reduce unemployment, increase investment. Over the years, the migration processes in Armenia, their causes and consequences, the groups involved and their problems have changed significantly. Armenia's membership in the EEU has a significant impact and importance on these changes. Migration issues in Armenia, especially within the EEU, are always relevant.