Евразийский Банк Развития

Center of Integration Studies EADB

2013

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Labour migration in CIS:

Consequences of Kyrgyzstan's accession to the Customs Union and the Single Economic Area on the labour market and human capital of Kyrgyzstan

Objectives and methodology

Objective:

Assess effects of the Kyrgyzstan's accession to the CU and the SEA on the labour market and the human capital of the country.

Methodology

- **Survey:** survey, expert interviews and focus groups conducted in Kyrgyzstan, Russia and Kazakhstan
- **Econometric modeling:** analysis of labour migration determinants, forecasting of mid-term migration trends from Kyrgyzstan
- **Desk research**

Research group

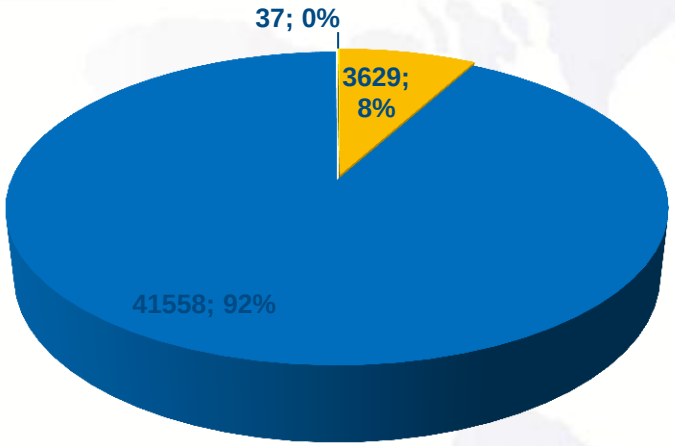
Center of Integration Studies of the EADB (St.Petersburg)

Institute for Development Analysis and Initiatives (Bishkek)

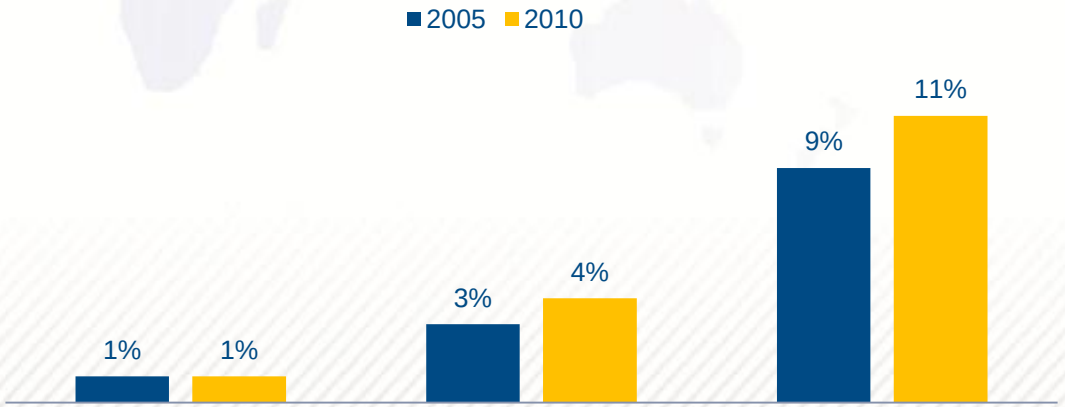
Central Asian Agency of Cooperation for Development (Bishkek)

1. Kyrgyz Migration to the CU Countries

Number of migrants to the CU states (2011)



Kyrgyz migrants share in overall migration inflows in CU



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3. Determinants of the labour migration from Kyrgyzstan to the CU states: macro approach

Model: extended gravitation model and regression analysis

- **Dependent variable** – annual number of migrants from the sending country to the receiving country
- **Independent variables :**
  - ✓*Population*
  - ✓*GNP per inhabitant*
  - ✓*Distance*
  - ✓*Country size*
  - ✓*Health indicators*
  - ✓*Share of urban inhabitants*
  - ✓*Mortality rate*
  - ✓*"Year effect" variable*

Results:

Kyrgyzstan migration determinants:

- Income level: differences in the GNP per inhabitants. "Push" factors are more important than "pull" factors: : if the GNP in Kyrgyzstan per inhabitant decreases of 1%, emigration can increase of 0,65 - 0,77 points independently from economic indicators in Russia and Kazakhstan.
- Distance: distance coefficients are more than 1 and correlated between different models.
- Life conditions: access to medical system and service in the receiving country.
- Communities abroad.

4. Determinants of migration from Kyrgyzstan to the CU states: micro approach

Model: probit regression

- Hypothesis: Individual decision about migration depends on the level of individual parameters, regional factors and comparative income between sending and receiving country
- Analysis is based on the National Statistics Committee primary data (2010)
- Independent variables: family income, age, education, unemployment in the regions, revenue differences between sending and receiving countries.

Results:

Labour migration determinants:

- Income differences:

Exponential growth of the probability of emigration with the salary level increase

- Family income:

Link between family income per inhabitant is inverse linear with the probability of migration : if family income increases, probability of migration decreases

- Age:

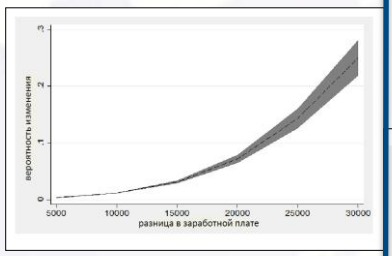
Probability of migration decreases with age

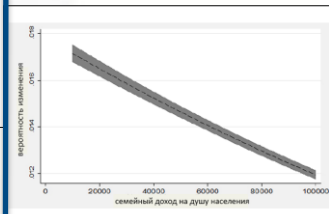
- Education:

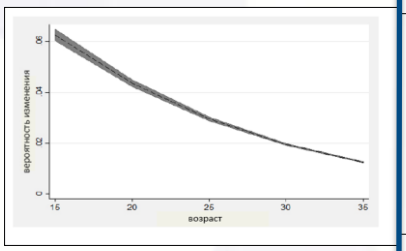
Higher level of education (in years) increases probability of emigration

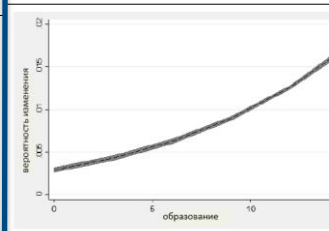
- Unemployment in the regions:

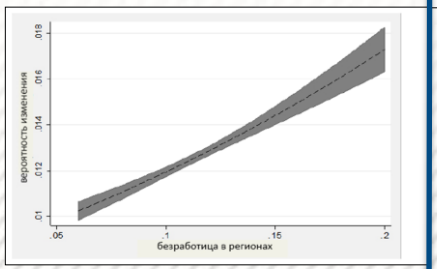
Unemployment in the regions has a direct effect on migration











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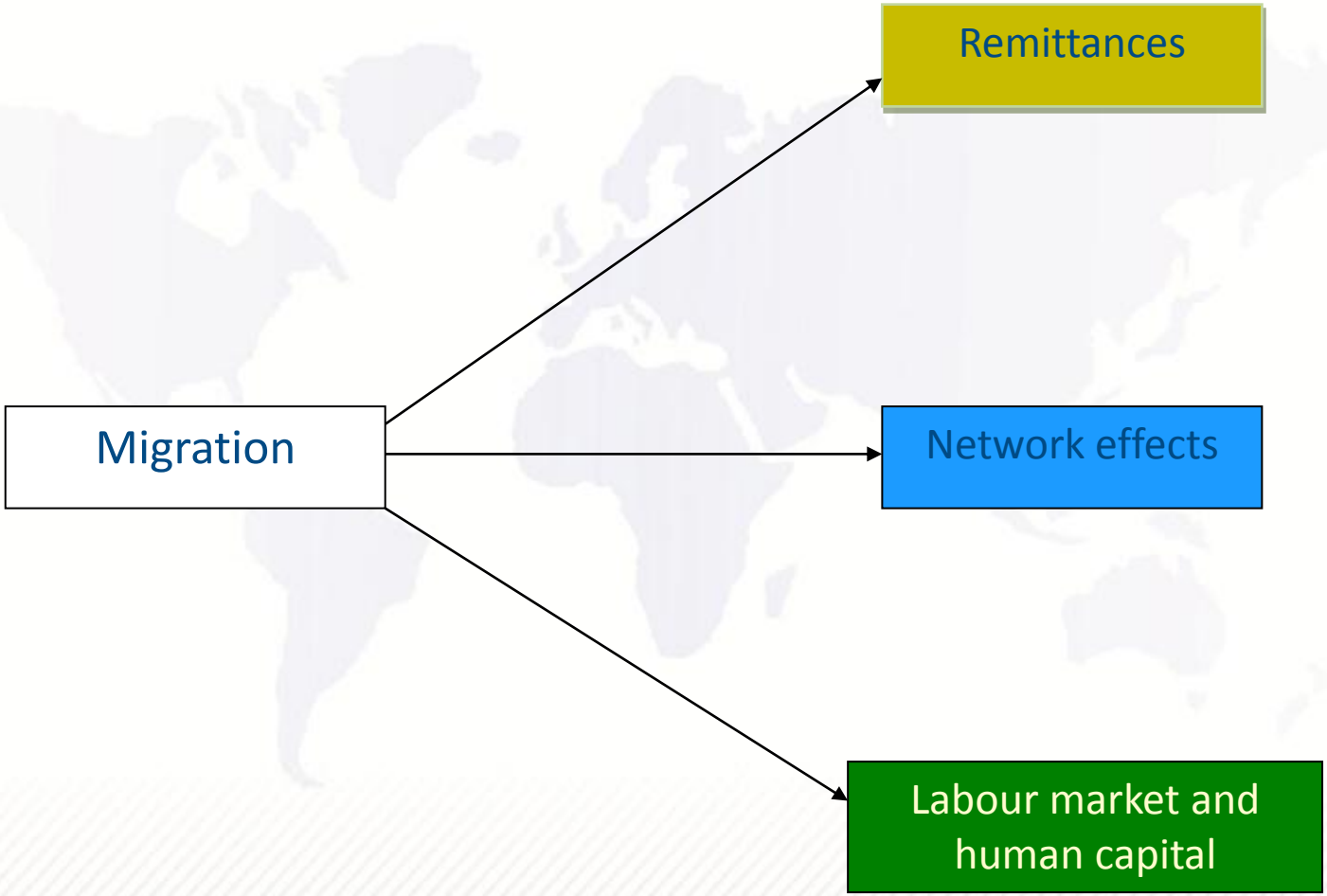
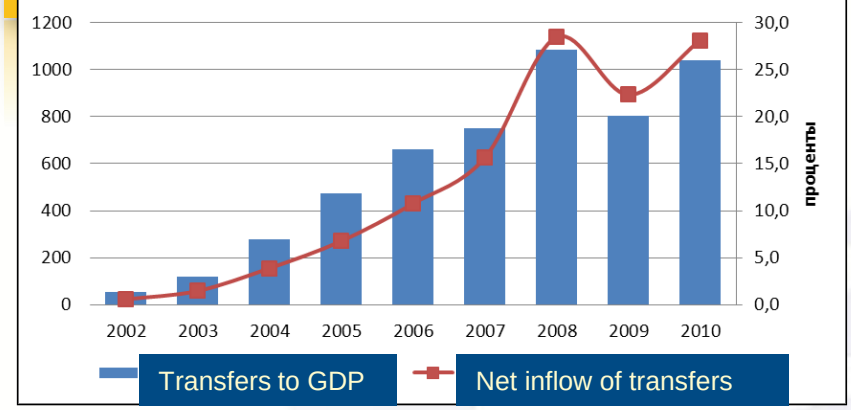
Migration effects on the economy of Kyrgyzstan

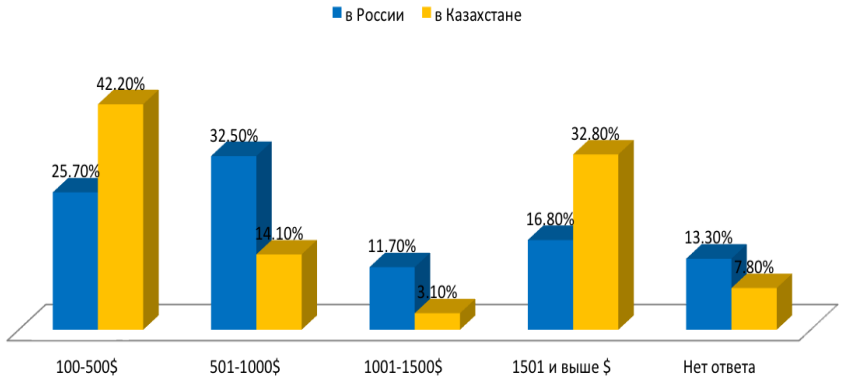


5. Remittances

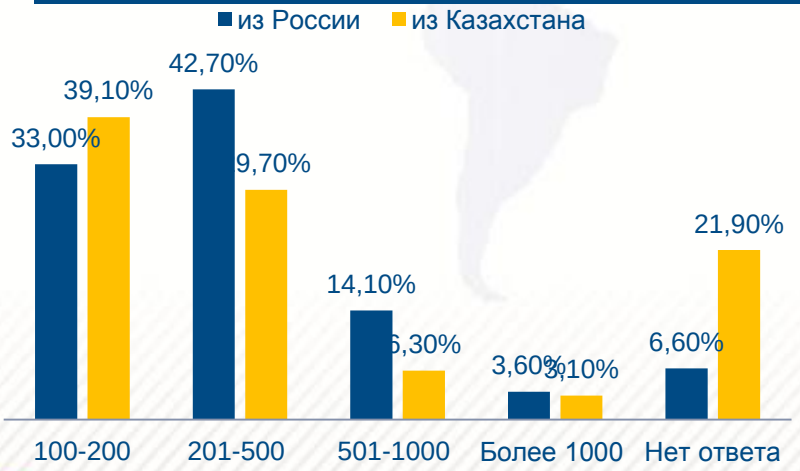
Dynamics of net inflow on money remittances in Kyrgyzstan (mln. USD)



Your average income level per month in RU or KZ?



Your average amount of transfer per month to KR from RU or KZ? (in USD)

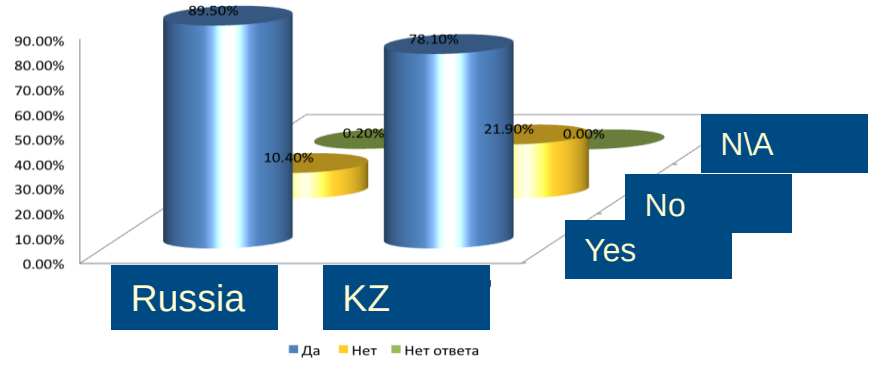


What is an average share of your annual income that you send to KR from RU or KZ?

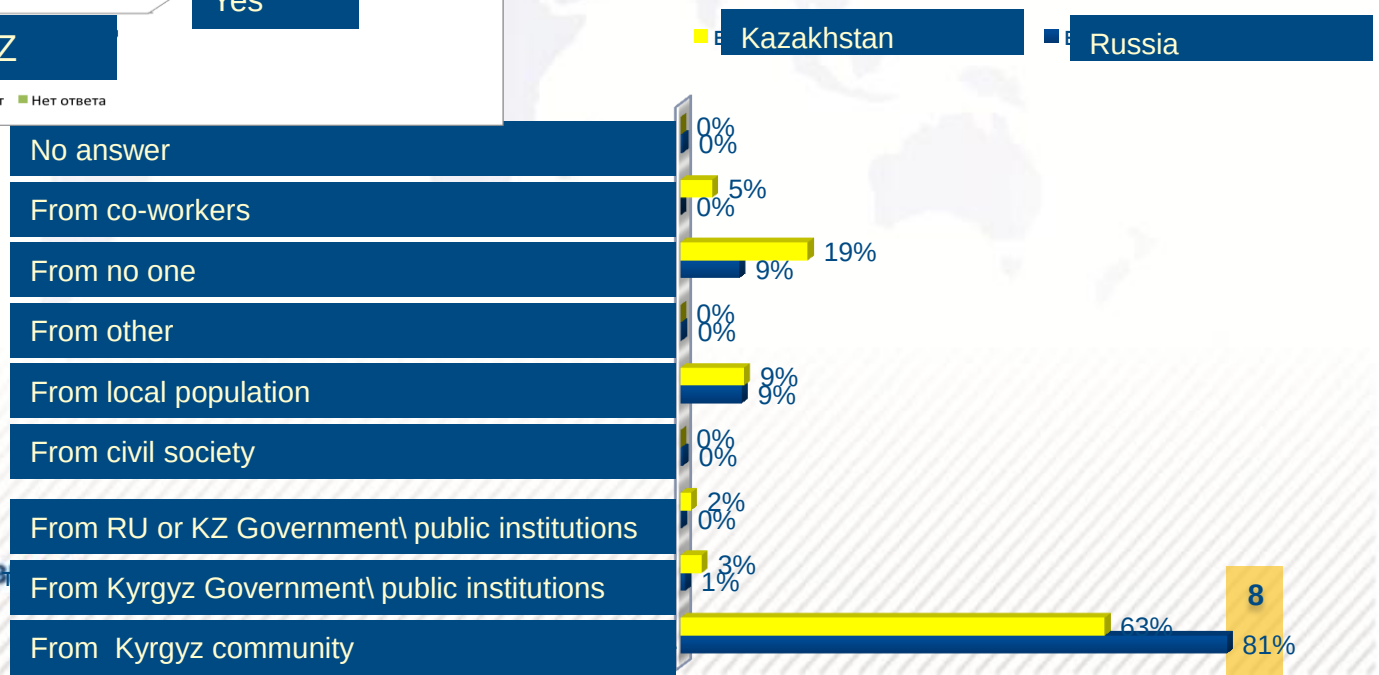
6. Another factor of migration: social networks

- **Social networks have become an additional “pull” factor for potential migrants**

The fact that your relatives\friends were already in Russia\KZ : did it influenc your decision to migrate?



Who supports you mainly while in Russia or Kazakhstan (administrative, financial, legal…)?



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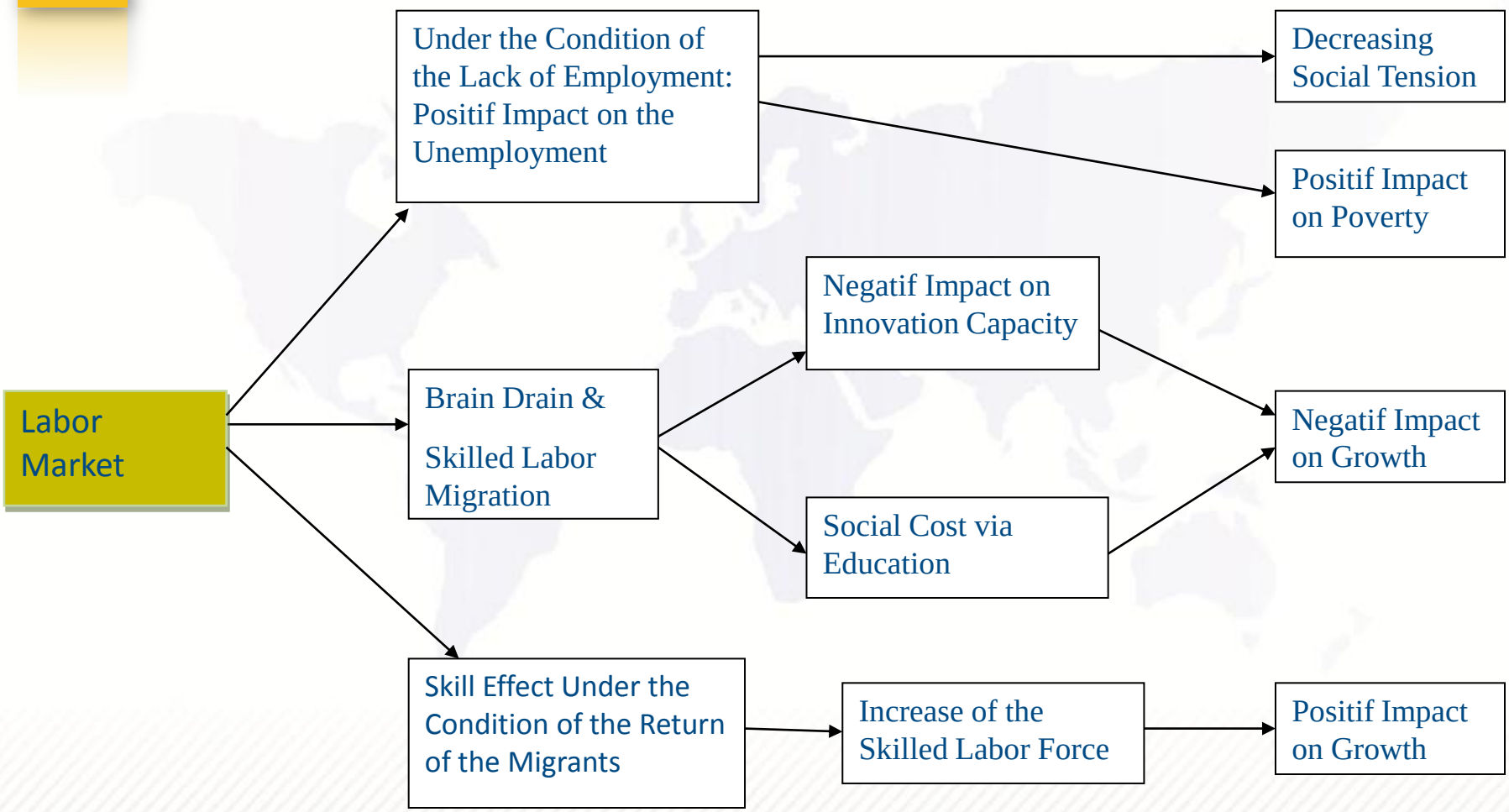
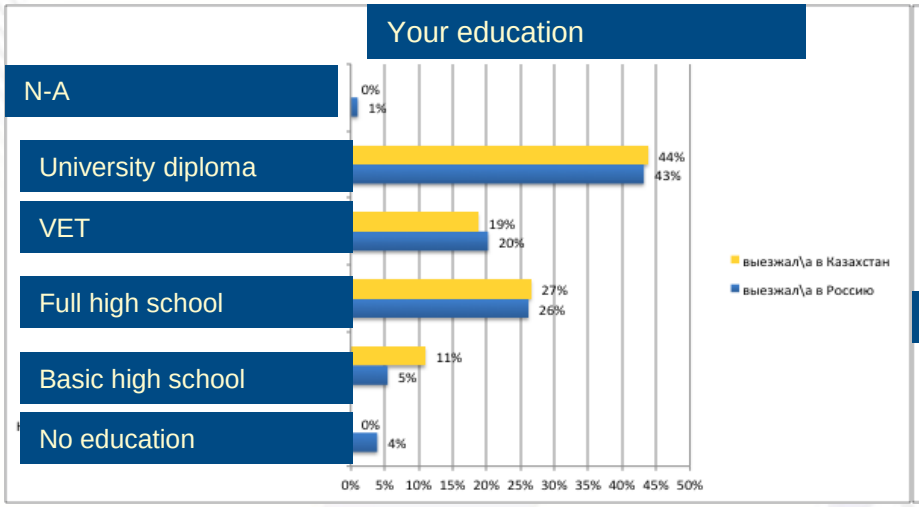
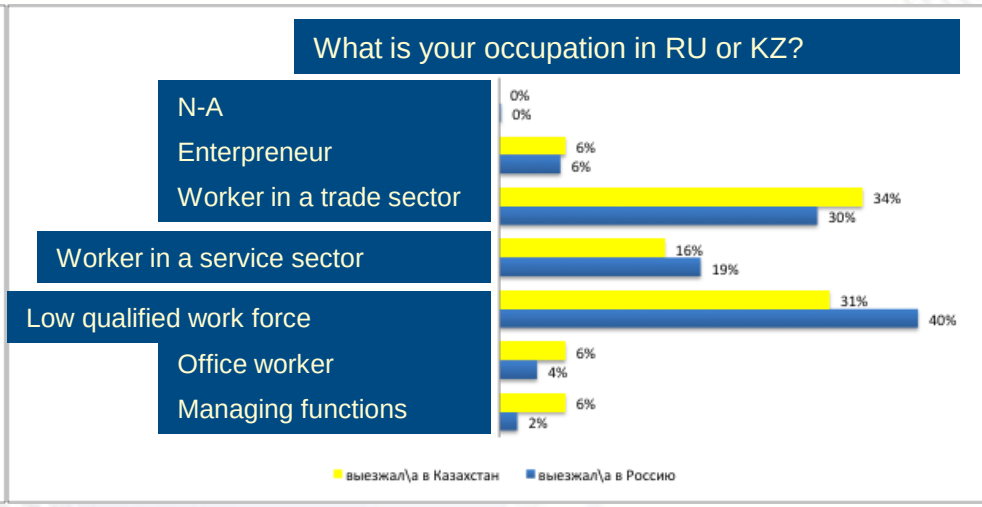
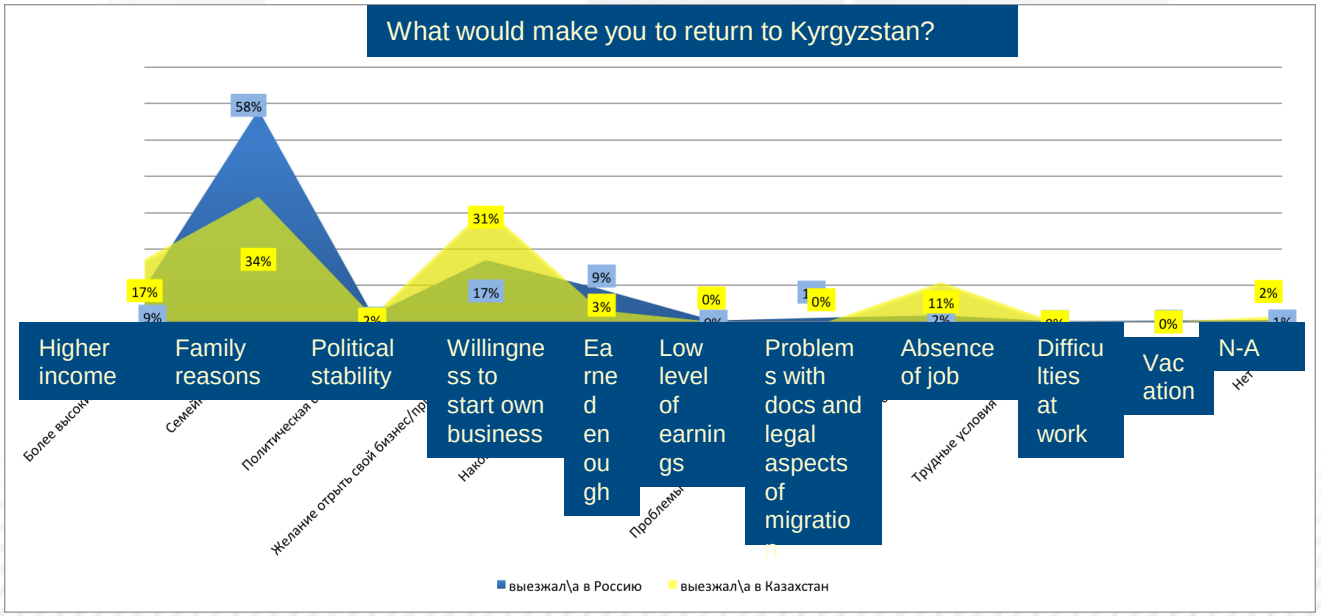
7. Migration effects on labour market and human capital



8. Education and work







Forecasting of mid-term trends of labour migration

- Model 1. Emigration will increase of 3,5% from 2009 to 2015
- Model 2 sharp decrease of migration

Basic scenario: if Russia will host 8 000 000 immigrants from 2010 – 2030 гг., total share of emigrants from Kyrgyzstan will attain 44 000 per year. This scenario is the most probable.

Год	Net migration forecasting(M1)	Net migration forecasting (M1)
2006	31,003	31,003
2007	50,648	50,648
2008	37,790	37,790
2009	38,197	33,374
2010	38,526	30,055
2011	38,789	27,470
2012	38,998	25,394
2013	39,161	23,677
2014	39,286	22,220
2015	39,379	20,956

Problems of labour migration

1. Financial issues (20% in RU, 15% in KZ)
2. Job search (16% in RU, 17% in KZ)
3. Accomodation problems (15% in RU, 7% KZ)
4. Problems with migration police (17% in RU, 24% in KZ)
5. Registration during 3-5 working days after arrival

Quote for labour migrants in RU for 2012 is -***1,746 mln foreign citizens***
Currently according to the official data there are ***9,1 mln. foreign citizens***

Results => Development of illegal and semi-legal services
=> immigrants rights abuse
=> *de facto* double citizenship

Recommendations for Kyrgyz Government

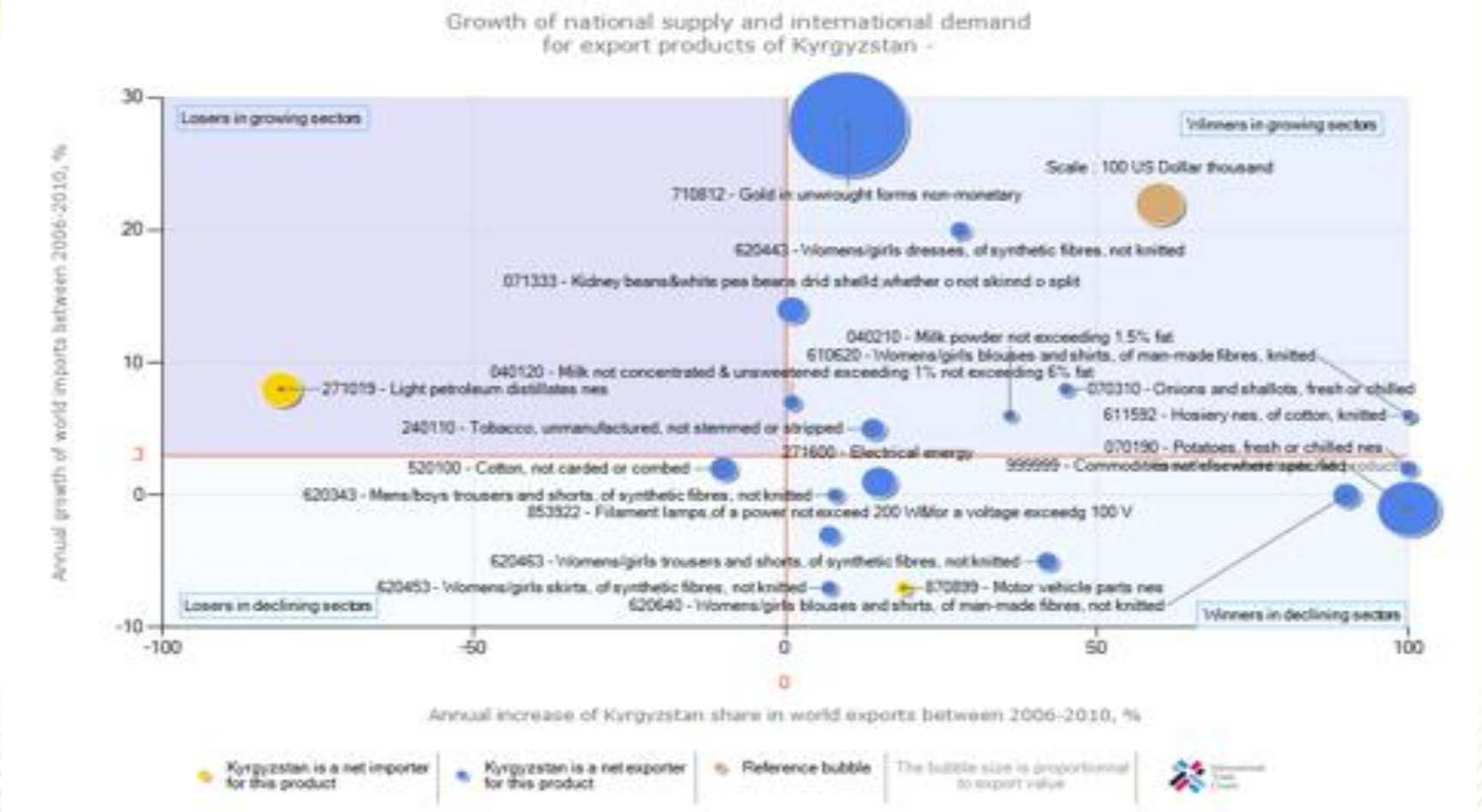
1. Intensify elaboration of the employment policy
2. Elaboration of migration policy in coordination with CU states
3. Implementation of the insertion of migrants that are coming back into the labour market
4. Raise awareness and communication about legal employment and rights of migrants
5. Intensify harmonization of legal framework on social protection and pension system with the CU states
6. Facilitate the processes of getting legal documents, work permits.
7. Collaborate with communities and diasporas.
8. Develop industrialization and job creation policy.

Recommendations for CU and SEA states

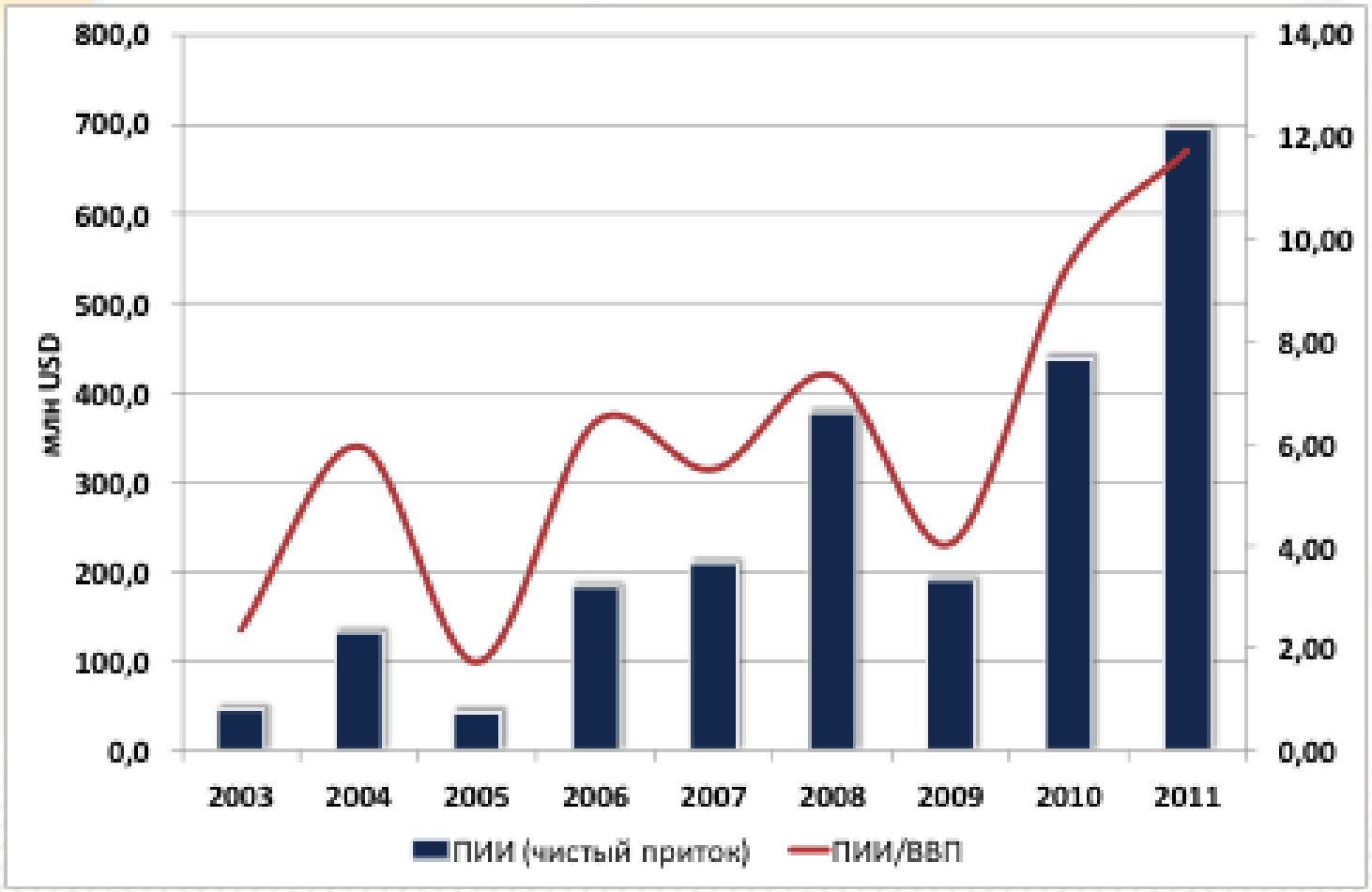
1. Ensure free movement of people without any complementary constraints
2. Continue to work on supra-national legal base in the field of migration
3. Promotion of investment to Kyrgyzstan from CU states
4. Improve research and analytical support of decision-making institutions in terms of labour migration and economic policies
5. Establish a special Department at the Eurasian Economic Commission for migration labour market policies
6. Development of the migration regulation instruments
7. Joint educational projects
8. Double citizenship legalization

Объемы производства и динамика спроса на экспорт КР

Источник: НИСИ (2011)



Volume of net FDI to GDP of Kyrgyzstan



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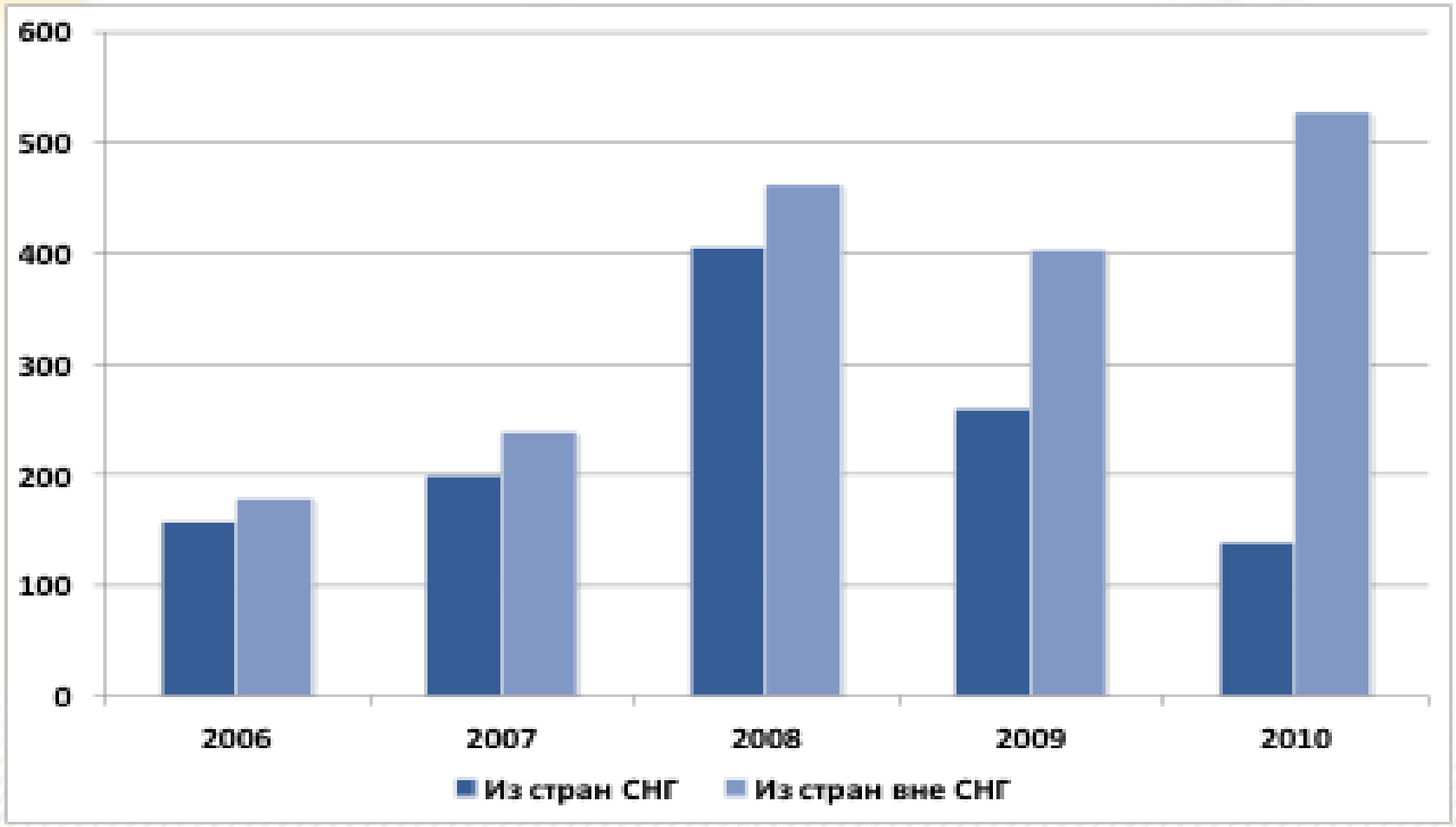
Данные НСК (2012)

FDI structure

In mln.USD



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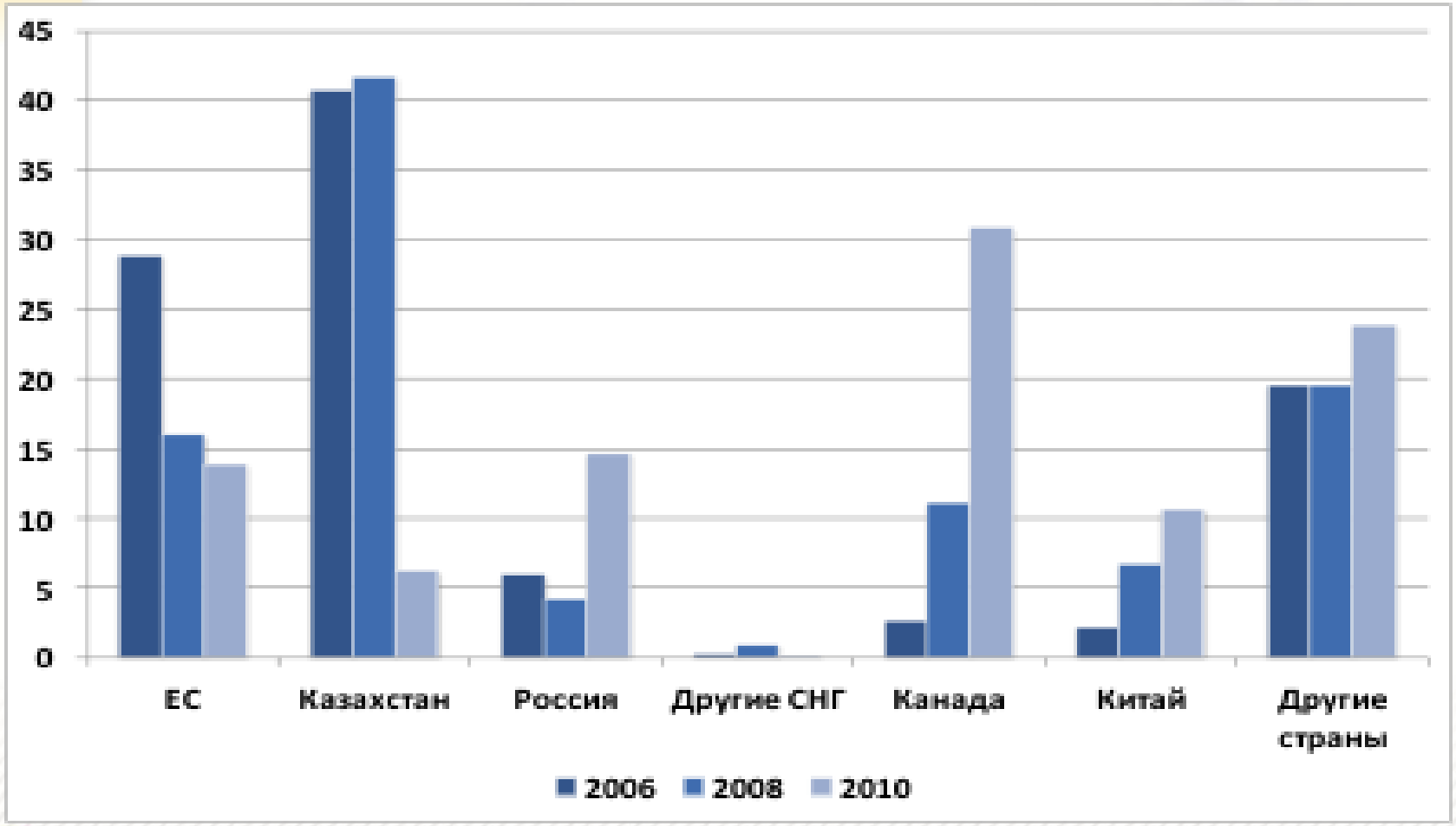
Данные НСК (2012)

FDI structure by country of origin (in %)



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Данные НСК (2012)

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Thank you!

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