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The review provides a detailed analysis of main trends in Russia's economy in 2012. The paper contains 6 big sections that highlight single aspects of Russia's economic development: the socio-political context; the monetary and credit spheres; financial sphere; the real sector; social sphere; institutional challenges. The paper employs a huge mass of statistical data that forms the basis of original computation and numerous charts.

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Migration Processes in Russia in 2012

Legislative Initiatives

The State Migration Policy Concept of the Russian Federation through to 2025 was adopted in Russia in 2012 after an extended discussion. The Concept is the second one in the Russian modern history. The first one – The Migration Process Regulation Concept of the Russian Federation – was issued in 2003 but failed to be implemented both due to the fact that “the rigor of the laws is commonly mitigated by non-compliance therewith in Russia” and some of the provisions of the above document were rendered *a priori* impossible and its analytical quality was found to be hit-or-miss.

The substantive part (Conditions for the Formation and Implementation of Russia’s State Migration Policy) of the new Concept contains a self-critical list of all the issues which are currently being faced in the modern migration processes in Russia, including poor attractiveness of this country among foreigners in terms of permanent migration (except for the citizens of CIS member countries), and acknowledges that the informal sector of the Russian economy gains profit from illegal labor migration involving 3 to 5m persons. Acknowledged in the text is the experience of the countries with active migration policy in place, and it is admitted that migration processes accelerate social and economic development and promote growth in the material well-being of the population. The very fact that the official governmental document acknowledges all these facts makes one consider that the document is more or less realistic and initially based on reliable data.

In its main part, however, (Goals, Principles, Objectives and Key Areas of the State Migration Policy of the Russian Federation) the Concept looks not so well-defined, which can be explained by a months-long struggle involving the Federal Migration Service of Russia and the Ministry of Health and Social Development during the lead time. In particular, these governmental departments hold different interests as to the proposal to abolish labor migration quotas and discontinue sojourn permits in 2015. As a result, these proposals of the Federal Migration Service failed to be implemented and become a part of the Concept. The following novations were approved: develop differentiated mechanisms of engaging, selecting and employing migrants, which also includes implementation of special programs of short- and long-term labor migration; create a score-based system in selecting migrants; simplify the entrance and departure procedures for special categories of migrants, for example, those who are involved in investment and business activities, etc. It is, however, the most corruption-driven mechanisms of quoting and issuing sojourn permits (SP) that are proposed to be “upgraded” and “modernized” (quoting system). Many of the proposals and stated goals which are related to the internal migration management seem to be unclear and elusive. Internal migration regulation – providing that Russian citizens enjoy the constitutional rights to freedom of movement within the country – is extremely difficult and lacks effectiveness in terms of scale¹. In addition, it is obvious that all of the proposals and measures relating to

¹ It is to be recalled that it was not long ago, in 2010 – 2011, when the government resorted to the introduction of internal migration regulation mechanisms in the country as part of the efforts to counteract unemployment growth amidst the economic and financial downturn. Provision of unemployed persons with incentives for migration to other regions by offering migration-related compensations was one of the four tools which the Federal Labor and Employment Service (Rostrud) introduced in order to counteract unemployment growth.

internal migration management are outside the scope of migration and completely determined by economic regulators/changes, it is the regional economic policy's area of responsibility. The Concept proposes to fulfill various tasks such as "build up funds to enable implementation of measures encouraging labor migration to other regions including the far eastern area of the country; ensure attractiveness of investments in the Far East, Siberia, border areas and strategically important territories and regions for the purpose of creating a social and transport infrastructure required for migration, as well as reduce transport-related remoteness from the Central Russia's regions" or "provide support to the regions and territories which are taking active measures aimed at attracting domestic migrants, also as part of the federal programs", "develop inexpensive rental market segments".

However, there are issues related to the adoption of the Concept due to the fact that some of the wording is quite ill-defined. Bureaucracy-related "mechanisms" and poor law enforcement are capable of destroying any kind of document, even best defined and most efficient. The President of the Russian Federation signed the State Migration Policy Concept in June 2012. Two months later a plan of measures aimed at implementing the Concept was considered, which provides a period of 2013 to 2014 for the submission of new migration laws for the purpose of the Concept. It should be noted that the plan of measures contains only the period of submission of draft laws for the purpose of the Concept to the Federal Government and the State Duma, but it failed to be approved. Taking into account that the State Duma may keep such documents for years and Russian lawmakers' propensity to make urgent amendments to law enforcement (e.g., amidst crisis or in "response" to an international event, as was the case with the detention of Russian pilots in Tajikistan), the implementation of the Concept may be suspended for an uncertain period of time or never take place.

Another migration-related conceptual document – The Strategy of State National Policy of the Russian Federation through to 2025 – was adopted in December 2012. Both documents were brought into line with each other in terms of wording. Like in the State Migration Policy Concept, the developers of this document succeeded most in the substantive part (The Status of Cross-National (Interethnic) Relations in the Russian Federation) in which poor regulation of migration processes, the issues of social and cultural integration and adaptation of migrants, illegal migration, etc. are named among the factors which have an adverse effect on the development of cross-national and interethnic relations in the country. It is the first time that the government's position regarding "measures to prevent formation of closed ethnic enclaves of migrants" was made clear. In general, however, the tasks are depicted mostly as vain wishes, like in the State Migration Policy Concept, for example, "improve the system of measures to ensure that migrants respect the culture and traditions of the host country; provide through the public-private partnership that public associations and religious organizations participate in the activity of multifunctional cultural and educational centers in which migrants are provided with legal and personal services, learn the Russian language, get acquainted with the Russian culture, history and the basics of the legislation of the Russian Federation", etc. There is still work to be done with regard to elaboration of an Action Plan for the Strategy, even as much unclear one as that for the implementation of the State Migration Policy Concept.

However, both unemployed persons and job seekers showed reluctance to take advantage of such an opportunity. More than a half of the small amount of funds allocated for this purpose by the government was left unspent. It is absolutely obvious that all of the proposals made and measures taken in an effort to transform internal migration are outside the scope of migration and completely determined by economic regulators/changes.

Migration subject-matters were also mentioned in V. Putin's pre-election article "Russia: The National Issue"¹. To resolve pending issues he proposed to adopt four amendments to the applicable legislation. First, increase the responsibility for the admission of illegal migrants from other countries; second, apply punitive articles of the Criminal Code to employers for the employment of illegal migrants; third, introduce a mandatory examination in Russian for migrants; fourth, increase the responsibility of the owners of so-called "rubber apartments" for paid registration of migrants in such apartments. It is the task that was most talked about throughout the entire H2 2012 and resulted in the submission of a draft law to the State Duma early in 2013, which increased the administrative responsibility and introduced the criminal responsibility for non-observance of the registration and migration rules. In doing so, the draft law provides no measures aimed at simplifying the registration procedure which can be difficult not only because of lack of real address, but also in terms of time. For example, it may take a foreigner up to six months to obtain a sojourn permit in Russia. V. Alperovich, an expert of the Sova Center for Information and Analysis, believes that "unilateral tightening of control procedures in this sector instead of having an impact on illegal migration may force more people to avoid legal registration procedures in Russia. A. Makarkin, Deputy Director of the Center for Political Technologies, believes that there is a public demand for opening criminal cases against major facilitators involved in illegal migration, but if retired persons (pensioners) who decide to make a pretty penny in this sector are indicted under the new law, the government authorities may face a negative public response"².

Permanent Migration Scale and Dynamics

Regular changes in the migration registration procedure is an example of the Russian authorities' motivated thirst for constant novations. The motivation is growth or at least population stabilization in the country which have recently been claimed as a key objective to be fulfilled by the government. Population growth involves two components, namely the natural and migration gain/decline. In respect to the natural gain, the Federal State Statistics Service (Rosstat) reported a total of 4,600 persons over eleven months in 2012. A total of 129,700 persons were reported as part of the natural decline in the population for the same period in 2011. The shift itself from minus to plus as a result multiple factors deserves special attention. However, the migration component's contribution to the gross population gain was much more bigger, 98.3% (276,200 persons). Nevertheless, it is impossible to estimate for certain the country's population migration gain, let alone make any comparison with the previous periods which were formally less positive in terms of population dynamics. The procedure for statistical registration of migrants in Russia was changed again in 2011. Under the new procedure, with regard to the long-term migration registration (which is included into the estimation of gross population gain), persons registered at the place of sojourn for a period of nine months and longer (under the old registration procedure, statistical data covered migrants registered at the place of residence as well as at the place of sojourn for a period

¹ Nezavisimaya Gazeta. January 23, 2012. http://www.ng.ru/politics/2012-01-23/1_national.html

² Litoi A. The Law against "rubber apartments" is to be disputed in the Constitutional Court. RBK daily. 10.01.2013. <http://subscribe.rbc.ru/2013/01/10/society/562949985473594>

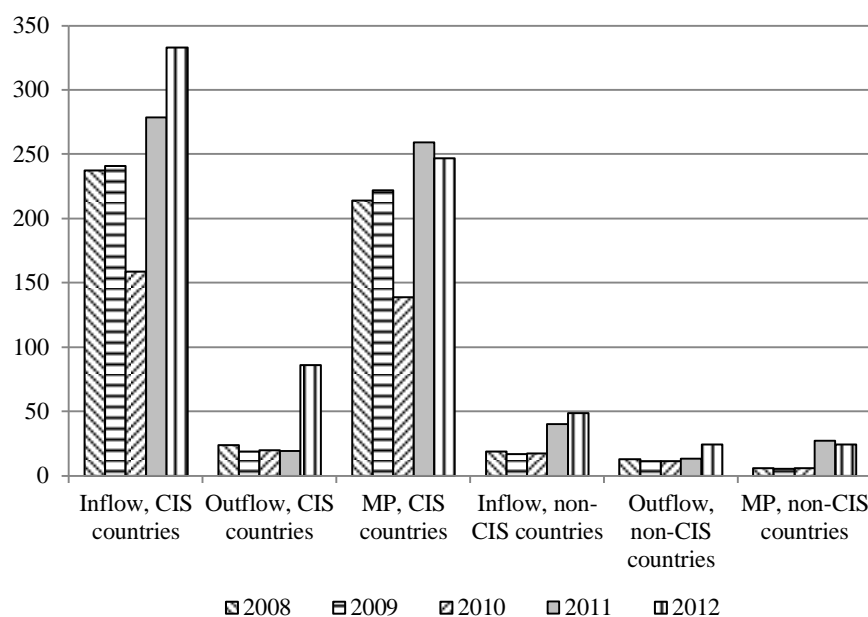
beyond 12 months¹) are added to migrants registered at the place of residence. Methodologically, the difference seem to be in that during 90 days (i.e. the very three months “left” before the year ends) migrants may stay in a living quarters without the need to obtain registration at the place of sojourn², and finally they stay for a year, which is in line with the international recommendations on the long-term migration registration. On the one hand, the logics of these changes is opportunistic: a mechanism has finally been found which shows that there is no decline in the Russia’s population or it is even growing. On the other hand, statistically supported migration growth brings it someway closer to the real figures estimated by researchers.

Fig. 5 shows the impact of the changes in migration registration on parameters of migration flows covered with the statistical data.

First, almost all of the indicators grew rapidly when the migration registration procedure was changed in 2011, and the upward trend continued in 2012. This is especially evident through the scale of Russia’s internal migration and inflow from non-CIS countries. It supports the idea that migration without changing the official place of residence is really important for the people in Russia. Russia’s internal migration growth doubled over the comparative periods of 2010 and 2012. It was the first time since 1992 that the parameters of registered Russia’s internal migration exceeded and even broke through and went far beyond 3m persons in 2012. It is wrong to make a direct comparison of the data obtained in 1992 and 2012. In 1992, 3,2m persons moved without changing their place of sojourn, but those who had a temporary residential registration (this term is no longer applicable) were subject to registration. Today almost 3.5m Russia’s internal migrants include persons who change both their place of residence and sojourn. According to Rosstat’s data on the period between January and November 2011 one can see that migrants registered at the permanent place of residence accounted for 67%. If this data (no such data is currently available in the official statistics) is extrapolated on 2012, then Russia’s internal migrants would total 2.3m to 2.4m rather than 3.5m persons, therefore the “Soviet” parameters of Russia’s internal migration still remain unreachd.

¹ Even earlier only those persons who were registered at the place of residence were regarded as migrants who form the migration gain in Russia, whereas those registered at the place of sojourn – for any period of time – were not covered in the migration gain.

² Though no changes were provided for by Federal Law No. 109-FZ “On Migration Registration of Foreign Citizens and Stateless Persons”.



Note. Under the Rosstat methodology Georgia and Baltic countries fall under non-CIS countries in addition to the traditionally classified non-CIS countries.

Source: Social and economic situation in Russia. Rosstat's statistical bulletins for 2008 – 2012. Rosstat, 2008, 2009, 2010, 2011, 2012.

Fig. 5. General parameters of migration flows in Russia with CIS member countries and non-CIS countries (NCISC), January thru November 2008–2012, thousand persons.

Incomplete migration registration is open to misreading of the data on population size in the running records and the population censuses in 2002 and 2010¹ which discovered a shortage in the population against the running records in several Siberian and far eastern regions. Quite the opposite results were obtained in the central regions of Russia².

Second, the new changes had no significant impact on the migration gain which was the key target of the changes in the migration registration rules. The migration gain increased considerably in 2012 against 2010, when migration volumes decreased due to the abolishment of simplified admittance to Russian citizenship for many categories of migrants from CIS member countries, whereas an increase against 2007–2009 was insignificant. The new method of registration seems to constitute a response to migration decline in 2010.

The changes in the registration procedure also resulted in a rapid growth in migrant outflow from Russia. It also refers to outflows to non-CIS countries but much more to outflows to CIS member countries. In the previous years, when only data on truly “permanent” migration was used for processing, the number of outflows from Russia to other countries was insignificant. The changes in migration at “the place of sojourn” triggered a 4.5 times rise y-o-y in outflows to CIS member countries in 2012. The foregoing testifies to the fact that the current migration gain in Russia actually contains a substantial share of “quasi-

¹ Population censuses are also known for incorrect calculation of the population, there may be found overculcation or underculcation with regard to specific categories of the population.

² For more details please refer to Mkrtchan N.V. Migration as a component of regional population dynamics in Russia: estimation on the basis of the population census in 2010 //Izvestiya RAN. Geographic series, 2011. No. 5. PP. 28—41

temporal” component, when after nine months of sojourn a person must obtain a new registration without possibly leaving the country, but migration statistics interprets this as a new migration. Some persons must be regarded as the resident population of Russia, others don’t. There is also illegitimate migration which only can be estimated (the Concept provides an estimate of 3 to 5m persons), and according to some surveys¹, migrants who have a long-term sojourn in Russia and intend to live in the country for good account for 20–25%. A small part of such persons but, of course, not all of them would seem to be included into the Rosstat registered migration.

Migration with CIS Member Countries

Migration with CIS member countries still determines the general background of migration processes in Russia. It refers to both “permanent” and labor migration.

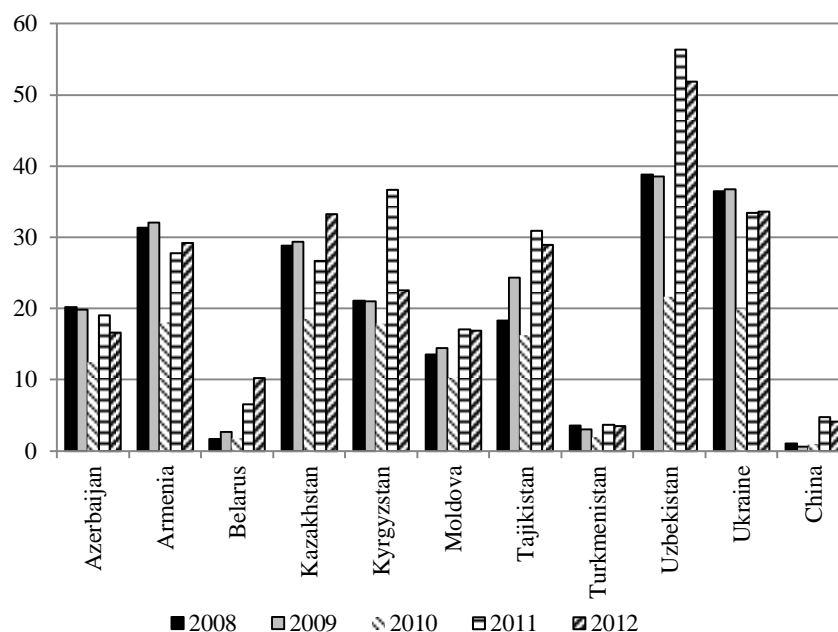
The migrant inflow from CIS member countries increased almost by 20% in 2012. However, as noted above, the migrant outflow was much bigger. Regardless of the well-known problems faced by migration statistics on the entire post-Soviet territory, both statistical data of CIS member countries and Russia show that Russia remains the key host country for the most of them, with a shift in emphasis though.

Uzbekistan continues to be the unbeatable leader in terms of migrant inflow to Russia which increased almost by 40% over the year. One in four migrants to Russia in 2012 was from Uzbekistan. The inflow from Belarus and Kazakhstan visibly increased. Kazakhstan was again, like in the 1990s, ranked #3 being slightly behind Ukraine in migrant inflow to Russia (*Fig. 6*). Regardless of reportedly growing significance of Kazakhstan and Ukraine as migration partners of Russia in 2012, a total share of migrants to Russia from these countries decreased from 56% in 2000 to 38% in 2012.

According to the All-Russian Population Census conducted in 2010, the population of Uzbek, Kyrgyz and Tajik nationals in Russia increased by 1.8, 1.5 and 1.4 times respectively against the data obtained during the population census conducted in 2002. The share of nationals from other CIS member countries decreased, including Ukraine and Moldova. However, it should be understood that growth in the number of Central Asian countries’ nationals is observed against a relatively small number of the nationals from these countries reported by the previous population census conducted in 2002, which totals less than 500,000 persons². However, there is an obvious general trend for the replacement of Ukraine-Moldova inflow with the Central Asian migrants, including both labor and “permanent” migration.

¹ The Center for Migration Research conducted some surveys as part of the following projects: Migration management amidst demographic crisis (2007–2010, MacArthur Foundation grant, headed by Z.A. Zaionchkovskaya), “Strategic partnership to promote rights and broaden the opportunities of female labor migrants in Russia” (2010–2011, a grant from the Foundation in support of gender equality UN-women, headed by E.V. Tuyrukanova).

² For more details please refer to Denisenko M., Chudinovskikh O. Migration between the CIS member countries //Demoscop Weekly. 2012. No. 533-534. No. <http://www.demoscope.ru/weekly/2012/0533/analit04.php>



Source: Social and economic situation in Russia. Rosstat's statistical bulletins for 2008 – 2012. Rosstat, 2008, 2009, 2010, 2011, 2012

Fig. 6. Migration gain of Russia with CIS member countries and China, January thru November 2008–2012 , thousand persons.

The cessation in 2012 of the simplified procedure mechanism for the admission to Russian citizenship in accordance with the international agreements concluded with Kazakhstan, Kyrgyzstan and Belarus¹ became an important factor having an effect on the specifics of migration exchange between Russia and CIS member countries. As a result, the number of persons admitted to Russian citizenship according to the international agreements decreased by 92% in the period between January and November 2012, which resulted in a decline by almost one third in the total number of persons admitted to Russian citizenship. According to the Federal Migration Service of Russia, a total of 83,600 persons were admitted to Russian citizenship in the period between January and November 2012. This year Russia is going to fail to catch up with the lowest to date level of 2010 when only 111,400 persons were admitted to Russian citizenship.

The lack of opportunities to be admitted to Russian citizenship through a “simplified procedure” stimulated migrants’ interest in the State Program on Assisting the Voluntary Resettlement to the Russian Federation of Compatriots Living Abroad which failed to make any visible progress since its adoption in 2006. The participants of the State Program and their family members may be admitted to Russian citizenship according to a special procedure. Under the State Program, 300,000 compatriots were expected to receive assistance in the resettlement to Russia in the period between 2007 and 2010. However, the real number of the participants was found to be far more less: about 58,000 persons (jointly with their family members) joined the State Program as of January 1, 2012.² The situation saw a drastic change

¹ For more details please refer to – Karachurina L.B. Migration processes //Russian Economics in 2011. Trends and Outlooks (Issue 33). M.: Gaidar IET, 2012. Section 5.2. p. 347.

² Population size and migration in the Russian Federation in 2011. Rosstat, 2012.

in 2012. Almost 47,000 persons (including their family members) joined the State Program over eleven months, a 1.7 times increase y-o-y.¹ Hence after six years since its inception the State Program managed to only approach the starting level of 50,000 persons which was declared as early as 2007. The State Program was reanimated only in part even after reducing the opportunities for compatriots to be admitted to Russian citizenship through a simplified procedure without the need to participate in the Program. It appears that migrants are not satisfied with the conditions offered by the State Program: resettlement is only allowed to the selected regions most of which are unattractive in terms of migration. Resettlement inside such regions is mostly allowed to remote, generally rural areas. Compatriots were expected to be employed to specific jobs, conclude labor contracts with employers, but this mechanism has been working “with moans and groans”. Being of humanitarian nature, the State Program was mistakenly positioned as a tool designed to resolve workforce-related issues faced by some of the Russian regions.

A new version of the State Program was reapproved and became unlimited in time in 2012². The most controversial positions of the Program were abolished. The term “resettlement territory” was edited upon a years-long critics by the expert community. From now on compatriots can be resettled not only to the selected areas within a constituent territory of the Russian Federation participating in the implementation of the State Program, but also on the entire territory. Resettled may be not only compatriots who plan to fill specific job vacancies, but also those who plan to continue their education, start a business, work in the agricultural sector, run a private subsidiary farm.

Though one may expect the new version of the State Program to manage to draw foreign compatriots’ attention, it is insufficient to fully unlock the migration potential of compatriots. It appears that it is the treatment of compatriots as a “resource” which can be reallocated as required by the state that should be changed, and public servants should not be relied upon as to where the persons invited to live in Russia should be resettled. Given that migration inflows have gradually becoming more and more alien ethnically and culturally to the host Russian social medium, compatriots must be invited to the country first of all as a valuable ethnical and cultural component, and the more valuable such a component is, the less efforts the host country and social medium make to integrate such compatriots. According to Mukomel V.I., repatriate compatriots who are fluent in Russian, know the Russian culture need less secondary socialization as compared with other groups of migrants³.

Labor Migration

Labor migration has gradually replacing permanent migration over the last few years. Today we see that they are interconnected not only in that one of them is generally unceasing to the other, or in that permanent migration has not only structurally but also statistically become labor rather than family, with children and elder parents⁴: labor migrants account for

¹ Data from 1-RD Statistical form developed by the Federal Migration Service (FMS) of Russia

² The Decree dated 14.09.2012, No. 1289, of the President of the Russian Federation “On the Implementation of the State Program on Assisting the Voluntary Resettlement to the Russian Federation of Compatriots Living Abroad”.

³ Mukomel V.I. Migrant integration: challenges, policies, social practices //Mir Rossii. 2011. No. 1. P. 34-50

⁴ In 2003, for example, children at the age below 16 and persons beyond the working age accounted for 15.4% and 17.5% respectively of the persons who arrived from the CIS member countries. By 2010 a share of young and old people decreased to 10.4% and 9.5% respectively. As a result of all this, a share of working-age persons increased by 20% over eight years, which is standing at 81% for the time being.

a significant share of those registered at the place of sojourn for a period of nine months and beyond (and included into the migration gain). However, one may only assume the size of this “significance”.

The Federal Migration Service’s data on labor migration in Russia must not be seen in absolute terms because of a significant incidence of illegal employment of foreign workers. The data only can be considered as a basic starting point. The data testifies to the fact that in 2012 no serious changes took place in the scale, geography of the countries from which foreign workers arrive, their employment industry-specific structure, distribution by region in Russia.

The Federal Migration Service of Russia issued 1,404,000 work permits in 2012, a 13% growth against the previous year. However, it is the acquisition of work patents that became a much more widespread channel than in 2011 for legalization of foreign workers’ labor. Under the applicable law, foreign workers obtain work patents for the purpose of being employed by resident legal entities. As of the end of 2012 the number of good and valid work patents accounted for about 970,000. Since some migrants file work patents for a period much shorter than 12 months, the number of work patents issued by the Federal Migration Service (1,229,000) is slightly bigger than that of legally effective work patents. Other migrants extend their work patents (1,914,000 patents). One way or the other, it implies from the above figures that about 1m foreigners were employed on the basis of work patents in 2012. This legalization channel became a fully legitimate “partner” for the employment based on work permits.

Another more than 40,000 persons were legally employed under work permits issued for highly qualified workforce (HQWF) in Russia, almost 5,000 were employed through organizational recruitment.

Hence a total of about 2.5mn labor migrants were legally employed in 2012.

Like over the last few years, the overwhelming majority of labor migrants (85%) among those who obtained a work permit arrived from visa-free CIS member countries. However, it is only the workers from visa-free countries who may obtain work patents under the applicable law. The statistical data on the work patents issued by the Federal Migration Service which allow foreign workers to work for physical persons shows that nationals from the three Central Asian countries obtained 81% of these work patents. Uzbekistan is the leader followed by Tajikistan and Kyrgyzstan¹. Indeed, the Central Asian component prevails in labor migration, but it seems to be less visible because Central Asian nationals need to obtain more documents (work permit or patent) as compared to migrants from the western republics of the former Soviet Union. According to the data on home countries of foreign workers, in 2011 workers from Central Asian countries account for about 70% of all work permits obtained².

Industry-specific distribution of visa-free migrants with work permits is shown in *Fig. 7*. It resembles almost in full the situation observed in 2011. As before, almost one third of legally employed nationals from CIS member countries are employed in the Russian construction sector. Employment in the wholesale and retail sectors has annually decreased from 30% in 2005 and now is beyond a level of 10%. However, both the data obtained from surveys and

¹ No monthly data is published on the home countries of migrants who obtained work permits

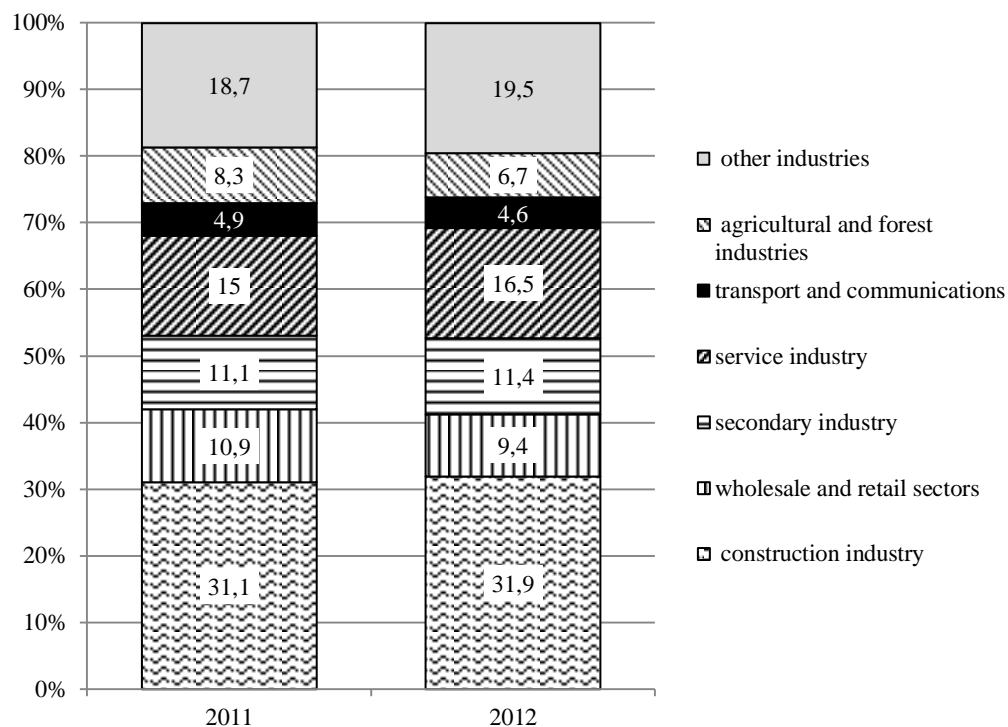
² The results achieved by the FMS of Russia in 2011. The source book on the extended session of the board of the Federal Migration Service. Under the general editorship of K.O. Romadanovsky. Moscow.: FMS of Russia, 2012. p. 114.

expert evidence show no real decrease in the migrant module in the retail sector, above all in major cities of the country. It is to be recalled that after the events that took place in Kondopoga in the summer of 2006 the Government of Russia imposed in April 2007 the so-called “zero” employment quota for foreign workers employed in the retail sector of alcoholic beverages, pharmaceutical goods, vending kiosks and food markets and non-store retailing. The ban instead of preventing such an employment resulted in a drastic decline in official employment figures in this sector and fostered a new round of non-disclosures: foreign workers working at food stores are enrolled on the staff of companies which provide good-unloading and room-cleaning services, rather than on the staff of the food stores¹. According to some data, however, in the summer of 2011 the Federal Migration Service extended the zero quota requirements on the employment in the retail sector as well as part-time workers enrolled on third-party organizations’ staff, e.g., a clearing company. The figures provided by the directors of the largest retail networks show that foreign nationals working for outsourcing companies will cost about 15–20% less for their employers after being enrolled on the stores’ staff. Finally, in October 2012, for the first time in six years of “zero quota” the government committee for the competition and development of small and medium entrepreneurship of the Ministry of Labor of Russia took a decision to prepare a government’s draft decree on the abolishment of the zero quota for foreign workers employed in the retail sector in order to stabilize the situation in supermarkets and other retail organizations and prevent growth of prices due to wage increase for commercial workers. The corresponding Decree of the Russian Government dated December 1, 2012, No. 1243 “On the Establishment for 2013 of the Acceptable Share of Foreign Workers Employed by Economic Agents Involved in the Retail Sector and in the Field of Sports on the Territory of the Russian Federation” replaced the zero quota with a complex quota on the employment in the retail sector for 2013: a 25% quota for foreign workers employed in the retail sector of alcoholic beverages, including beer; a zero quota for other retail activities: pharmaceutical goods, vending kiosks and food markets and non-store retailing.

A new employment regulation procedure for a selected categories of workers² – workers employed by physical bodies (they must obtain work patents) and highly qualified workforce (HQWF) – has been in force since July 1, 2010 in Russia. In effect, employment of foreign workers on the basis of work patents and, in most cases, work permits is intended to provide service to a lower, wide, job-intensive part of the country’s labor pyramid, whereas workers employed on the basis of HQWF work permits must occupy the top, narrow part of the pyramid.

¹ “Today, one fourth of the personnel working at stores – in general, cleaning, loading and packing staff – are enrolled on the staff of and provided by outsourcing companies. The retail sector in large cities is running extremely short of workforce” said M. Susov, a representative of X5 Retail Group. Refer to Kreknina A., Gribtsova Y., Malykhin M. Migrant workers will be allowed to work officially at stores //Vedomosti. October 17, 2012.

² Federal Law dated 19.05.2010, No. 86-FZ “On the Amendments to the Federal Law “On the Legal Status of Foreign Nationals in the Russian Federation” and Other Normative Acts of the Russian Federation”.



Source: the data provided by the Federal Migration Service Russia (1-RD statistical form)

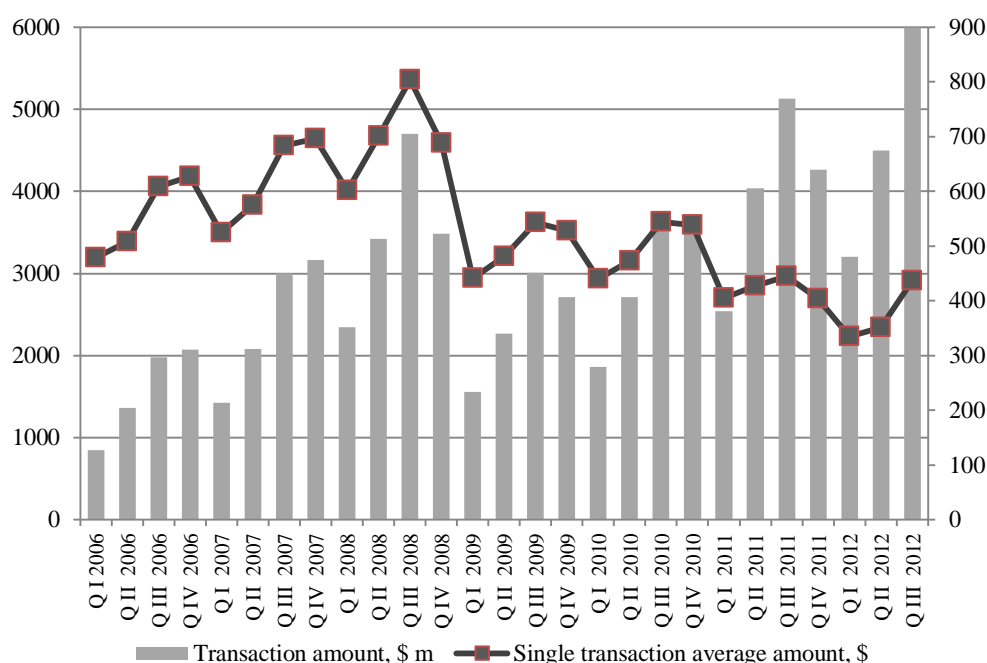
Fig. 7. Employment industry-specific structure of visa-free foreign workers in Russia (based on notifications on concluded labor or civil law contracts), 2011–2012, %

The developed countries had to resort to labor migration of unskilled workforce in the face of a slower gain or decline in the working age population. However, migration of highly qualified workforce, in particular circular migration which also allows for temporary types of employment, has long become vital and relevant for the developed countries. The first time when Russia became interested in such migration was after the adoption of the amendments to the Federal Law dated July 25, 2002, No. 115-FZ “On the Legal Status of Foreign Nationals in the Russian Federation” which classify HQWF as a special group. The group comprises three categories to be identified by different quantitative criteria of income generation: specialists in the capacity of researchers or professors in case they are invited to give relevant classes (at least Rb 1m annual salary); other foreign workers (at least Rb 2m annual salary) and – exclusive of salary requirements – foreigners engaged in the implementation of the Skolkovo Project. Though the HQWF category was legally specified in the mid- 2010, work permits for HQWFs were first issued in 2011. However, no visible dynamics has been available to date, as is the case with issuance of work patents. A total of 10412 persons, of which visa nationals accounted for more than 90%, obtained HQWF work permits in 2012, a 2% growth against 2011. Hence this channel is only important for Moscow (59% of all the work permits issued for HQWF in 2011¹) until it starts working properly, and the

¹ The results achieved by the FMS of Russia in 2011. The source book on the extended session of the board of the Federal Migration Service. Under the general editorship of K.O. Romadanovsky. Moscow.: FMS of Russia, 2012. pp. 116-117.

overwhelming share of the employed HQWFs work in the capacity of real estate and retail managers rather than scientific and research workers and intellectual elite.

The amount of migrants' cross-border cash remittances from Russia to CIS member countries keeps growing. It reached almost \$6m in Q3 2012 thus showing a 17% growth y-o-y and also exceeded by one third the parameters recorded in Q2 2012 (*Fig. 8*). In general, however, "power relation" between cash remittances to non-CIS countries and CIS member countries keeps growing constantly in favor of the former. The amount of cash remittances from Russia to non-CIS countries exceeded 1.6 times that to CIS member countries in 2006, 1.4 times in 2010, 2.3 times in 2012. Obviously, it would be much more easier to see a "migrant trace" in cash remittances to China than in cash flows to Switzerland, Hong Kong or Cyprus. Regardless of the differences in the amounts of cash remittances to CIS member countries and non-CIS countries, the balance of cross-border transactions in both channels is almost the same, because cash remittances from CIS member countries in favor of physical bodies in Russia are extremely insignificant.



Source: the data provided by the Central Bank of Russia <http://www.cbr.ru/statistics/?Prtid=svs>

Fig. 8. Cash remittances from Russia to CIS member countries based on the statistics on retail cross-border transactions, in Q1 2006 – Q3 2012

The smallest since 2006 average amount of a single transaction was reported in 2012. It can be explained by the fact that cash remittances from Russia to CIS member countries became more accessible for migrants (better infrastructure, lower cost of cash remittance services) and there is no need in cooperation for cash remittances, and a narrower gap between the salary and expenses (rental, food, transport) which migrants have to pay in Russia.

Country-specific amounts of cash remittances correlate with the intensity of migration flows: Uzbekistan is ranked #1, Tajikistan #2, followed by Ukraine, Kyrgyzstan. However,

there is no such prevalence of the Central Asian component in the cash remittance statistics as, for example, is the case with issued work patents (see above). The amounts of cash remittances also depend largely on industrial “niches” and jobs occupied by migrants from specific countries and, consequently, remuneration. It is well-known that, for example, Ukrainian and Moldovan construction and maintenance workers are paid higher salaries than Tajik workers who are normally contracted to perform hard and dirty works.

Russia's Internal Migration

It becomes more difficult to make analysis of Russia's internal migration for the following two reasons: the above described changes in the migration registration procedure and high incidence of temporal internal migration which is poorly recorded in the statistics.

The changes in the migration registration procedure resulted in a record number of entrances (3.77m persons) inside Russia in 2012. The Central Federal District accounted for 1/4 of these persons and the Volga Region for another 20%.

Forty six percent of all Russia's internal migration was intraregional, while interregional migration accounted for the rest. As in the previous years, a share of interregional migration in Russia's internal migration is bigger in the north and far eastern regions (e.g., Kamchatka Territory, Murmansk or Magadan Regions, Chukotka, where all movements are made towards the “mainland” rather than from/to settlements of the regions) and most attractive economically developed regions of the European part of the country and gas and oil producing zones.

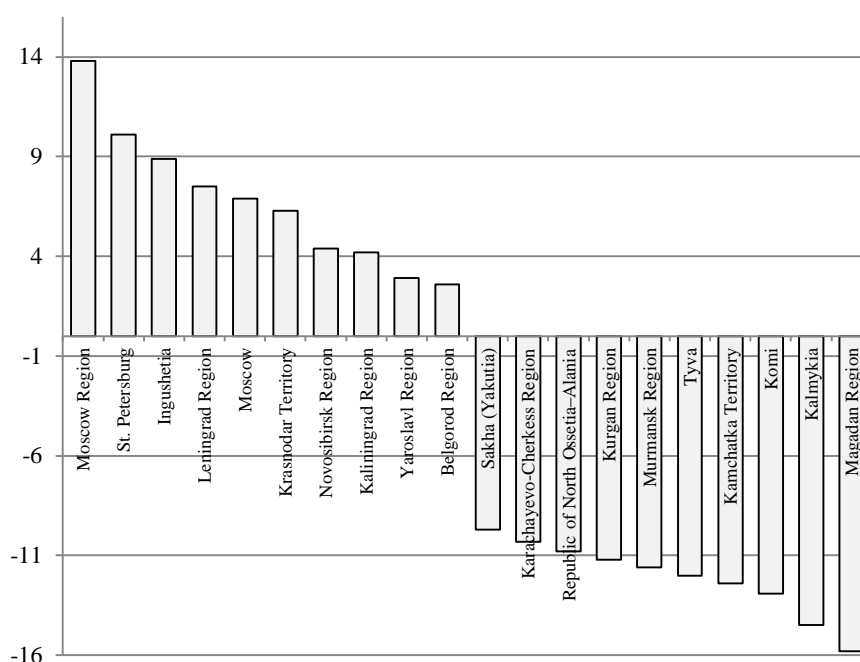
A positive migration gain in the interregional migration in 2012 was reported only in 18 Russia's regions, six of which were among the leaders: Moscow and the Moscow Region, St. Petersburg and the Leningrad Region, the Krasnodar Territory and Ingushetia¹ (*Fig. 9*). Indeed, the four near-Moscow regions account for about 75% of the positive interregional net migration. Thanks to active housing construction and real estate prices the Moscow Region outstripped Moscow as it did in 2011. By contrast to this, St. Petersburg attracted, as it did in the previous years, much more domestic migrants than the Leningrad Region.

The Moscow Region is currently the ultimate leader in internal migration in Russia, in 2011–2012 it attracted about 100,000 persons via this channel. According to TDN Zhilichny Kapital, citizens of the other regions of Russia accounted for 48% of the total buyers of apartments in the Moscow Region in 2012². In addition, temporary labor migration which is only partially represented in this statistics and pendulum migration which is not represented in the statistics, play a visible role in the Region. The Moscow labor market capacity in combination with better prices of apartments than in Moscow and small volumes of new state-funded housing construction in Moscow has become the key factor of attractiveness of the Moscow Region. The near- Moscow cities and areas of the Moscow Region have long been playing the role of “bedroom districts” for Moscow. Regional citizens pretend to more than 50% of all the job vacancies available in the data base of Imperia Kadrov, a Moscow agency, and up to 70% of low-level job positions which require 1-2 years of employment history³.

¹ The data on Ingushetia seems to be quite disputable due to the serious issues in the civil registration which were revealed during the All-Russia Population Census in 2010, and negative plus high values of the migration gain ratio of the Russia's internal migration recorded in the other North Caucasus Republics.

² Citizens of the Regions of Russia move to the Moscow Region. <http://realty.rambler.ru/news/living/1916583/>

³ Karimova A., Lvov Y. Movement and punishment //Kommersant Dengi. January 30, 2012.



Source: the data provided by Rosstat.

Fig. 9. Migration gain ratio in Russia's internal migration, regions with maximum and minimum values of this indicator, 2012, %

The changes in the registration procedure recognize the sprawl of Moscow and the Moscow Region which was previously camouflaged by migration statistics but evident through the housing construction statistics¹.

In addition, comparison of the data on cities and administrative districts of the constituent territories of the Russian Federation which was collected under the "old" and "new" migration registration procedure showed with reference to specific regions of the Central Federal District that the new registration method results in polarization of the migration situation inside the regions: regional centers foster migration gain, while outflow from remote areas, rural areas and small towns has increased.

It appears that migration statistics now can "see" a significant part of educational migration. Previously, many students registered with dormitories for a period of less than 1 year were not covered.

¹ Housing commissioning in the Moscow Region has been far ahead of that in Moscow since 2006, and since 2002 in per capita figures.