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TRENDS AND OUTLOOKS
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The review provides a detailed analysis of main trends in Russia's economy in 2015. 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 2015¹

5.2.1. Long-term migration

In January-November 2015 compared to the corresponding period of the previous year, Russia's positive migration balance moved down by around 20% and came to 214,900 persons. Negative migration balance resulted not so much from the contraction of the number of inflows as could be figured by the current Russia's economic situation as from the 15 percent growth of outflows. Monthly/quarterly registration posted positive balance of the number of inflows solely in Q1, later there was balance and in Q4 there was an obvious decrease. Evidently, by the end of the year previously planned and finally implemented resettlements into Russia as well as statistical lag were "eroded" by the ruble devaluation and general economic recession. In the course of the year, the outflows from Russia demonstrated steady downward trend against the corresponding indices of 2014. As a result, Russia's net migration starting with Q2 2015 was constantly less than compared to the same period of 2014. In November negative migration balance came to around 30 p.p. (*Fig. 1*).

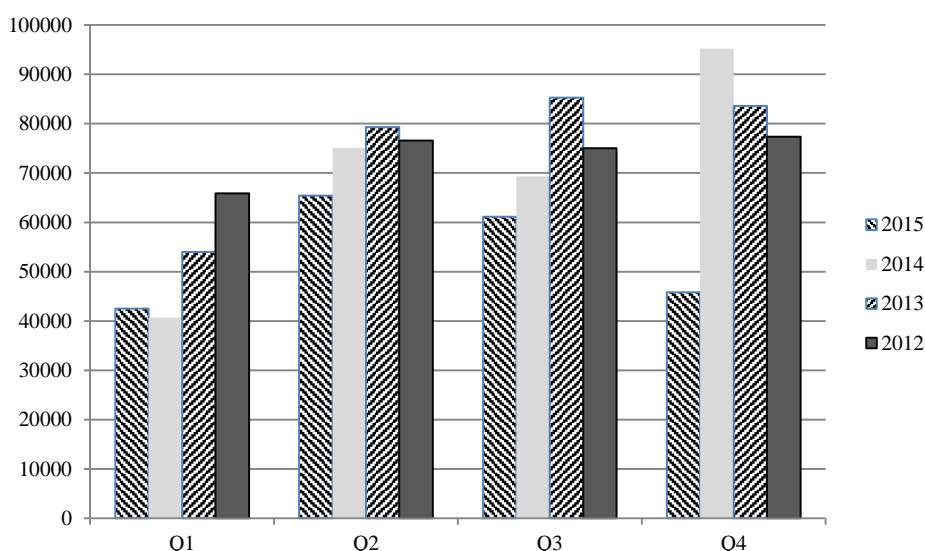


Fig. 1. Migration flow to Russia, Q1-Q4 2012–2015, persons.

*Q4 2015 – data for October and November.

Source: Rosstat.

Owing to the fact that the CIS member states still determine the picture of international migration into Russia, migration exchange precisely with these countries created the above-mentioned situation. A significant "division" in Russia's migration relations with certain countries has taken place (*Table 7*). Noticeable increase in migration gains was related solely to Ukraine and was related to the acute crisis in that neighbor country which unfolded in 2014-2015.

¹ Author of this section: Karachurina L. – NRU HSE.

No shift in migration exchange was registered with Moldova. All other CIS countries post decrease of net migration into Russia. It is especially true of the Central Asian republics. Migration exchange with Uzbekistan became negative altogether for Russia owing to more than 40% decrease of the number of inflow while the number of outflows from Russia remained unchanged. During entire post-Soviet period, such situation was not observed. Insofar as, there were no drastic changes in socio-economic and political situation in Uzbekistan, there are grounds to believe that decrease of the number of migrants from that country is a temporary phenomenon. It is determined by a delayed effect of a sharp growth of the number of inflows from Uzbekistan posted in 2012-2013 as well as issues related to issuance of biometric international passports in Uzbekistan, which were to be obtained by all citizens leaving for abroad prior to December 31, 2015.¹

Table 7

Inflow Migration to Russia from Foreign Countries, 2012–2015, thousand persons

Country	2012*	2013*	2014*	2015**
International migration, total	294.9	295.9	270.0	214.9***
Including:				
Azerbaijan	18.1	17.3	12.3	9.6
Armenia	32.0	32.2	24.0	19.1
Belarus	10.2	3.7	6.7	4.5
Kazakhstan	36.7	40.2	40.8	31.5
Kirgizia	24.1	19.8	15.3	8.3
Moldova	18.6	20.6	17.5	15.8
Tajikistan	31.4	33.6	19.3	9.0
Turkmenistan	3.9	3.8	2.6	2.0
Uzbekistan	56.4	67.3	36.7	-21.6
Ukraine	37.0	36.4	84.9	130.8
All far abroad countries	26.5	21.0	9.9	5.9

* less Crimea Federal Okrug.

** January-November.

*** Migration growth of Crimea FO for January-November 2015 came to 32,000 persons.

Source: Rosstat.

On the whole, the level of predominance of one country (Ukraine) in Russia's positive migration balance represents a new phenomenon for modern Russia. If we exclude Ukraine from the total volume of Russia's net migration, then we will find out that in January-November 2015 Russia's population went up by merely 84,000 persons. Meanwhile, during the same period of 2014, it went up by 167,700 persons.

Situation with forced migration from Ukraine resulting from 2014 crisis has stabilized somewhat. For January-September 2015, the total number of those who asked for refugee status came to 1,079 persons including 245 persons from Ukraine and 249 persons from Syria. Those who asked for temporary asylum totaled 131,200 persons including 129,600 from Ukraine. Number of persons who got temporary asylum went up from 237,800 persons as of January 1, 2015 to 329,900 persons as of October 1, 2015. All this increment was due to immigrants from Ukraine. In the event the situation in Ukraine is stabilizing, Russia's net migration with this country will depend on whether there will be large-scale repatriation of Ukrainian nationals. However, at

¹ Uzbekistan Foreign Ministry: old passports are valid through 2016, sticker is required solely for departure from ten countries. Uzbekistan Chronicles. <https://rpg15.wordpress.com/2014/12/05/мид-узбекистана-старые-паспорта-дейс/>

present we observe wait-and-see approach: the number of registered at the place of arrival in 2014-2015 failed to keep up at the same pace as the number of inflow migrants from Ukraine.¹

Prior to August 1, 2015, migration from Ukraine was unfolding amid specially privileged regime of stay for its nationals on the territory of the Russian Federation. This regime allowed to stay in Russia indefinitely² without leaving the country (instead of 180 days for migrants from other CIS countries), obtaining new Migration Card and reapplication to the Federal Migration Service of Russia as it is required for other nationals of CIS countries. From August 1, 2015, the rights of the citizens of Ukraine regarding their stay in Russia were balanced with the rights of the citizens of other CIS countries. Prior to November 30, Ukrainian nationals had to apply to the Federal Migration Service in order to obtain papers for work in Russia. Privileges remain solely for the citizens who arrive in extreme order from southeastern regions of Ukraine.

Positive migration balance in exchange with the far abroad countries although declined but still retains positive thanks to the exchange with the Baltic States and mainly with Georgia, which ensures half of inflow. However as a whole, as it was before, the real picture of the migratory movements with the far abroad countries remains hidden. Emigration intentions of the Russian people and their realization, which could have gone up amid the economic crisis, still are not registered by statistics because the outflow takes place without deregistration.

Latest data on emigration intentions of Russian people registered by sociological centers are related to summer-autumn 2015. They are exceptionally uniform in their assessments. For example, regular survey of the emigration intentions of Russian people conducted by The Levada-Center in mid-September 2015 showed one of the lowest level of emigration readiness (11%³) during entire period of monitoring (since October 1990). Around the same number (13%) would rather move to permanent residence to another country according to the results obtained by WCIOM's survey. Along with this, similar "low" level of intentions the Levada-Center experts observed in April 2009, i.e. during in the midst of the previous financial crisis.⁴ Sociologist and Director of the Levada-Center Lev Gudkov associates it with "the policy and upsurge of patriotism" as well as with the first reaction to the crisis: "People prefer to look around in the new conditions and only then decide to emigrate or not. Immediately following the crisis of 2009, the emigration wave of 2011-2014 followed (ready to stay amount varied between 69-77% and to emigrate – around 22%). The same picture we can observe in 2016-2017."⁵ The Head of VCIOM Valery Fedorov explains the obtained results this way "many Russians 'have suffered from the sanctions, curtailment of ties with the West,' however, this is only 'one side of the coin', the majority of citizens understand that there is 'nowhere' to move, and that the 'West has a lot of their problems', including those related to migration."⁶

¹ Head of the RF FMS Konstantin Romodanovsky noted the outflow of the citizens of Ukraine from Russia through border crosses located in Rostov region in October 2015. Ukrainian refugees are leaving Russia. *Gazeta.ru*, October 8, 2015. http://www.gazeta.ru/social/news/2015/10/08/n_7748267.shtml

² To be more precise, Ukrainian nationals independently of their status had the right to stay in Russia up to 90 days and then this term could be extended every three months automatically.

³ "West": perception and intention to emigrate. The Levada-Center. 13.10.2015. <http://www.levada.ru/2015/10/13/zapad-vospriyatie-i-stremlenie-emigrirovat/>

⁴ The Crisis Forced Russians to Forget about the Emigration. The Levada-Center. 20.03.2015. <http://www.levada.ru/2015/03/20/krizis-vynudil-rossiyan-zabyt-ob-emigratsii/>

⁵ The Crisis Forced Russians to Forget about the Emigration. The Levada-Center. 20.03.2015. <http://www.levada.ru/2015/03/20/krizis-vynudil-rossiyan-zabyt-ob-emigratsii/>

⁶ Korchenkova N. Russian Are not Ready to Leave. *Kommersant*. July 13, 2015, <http://www.kommersant.ru/doc/2767127>

5.2.2. Novations in migration legislation

A whole number of amendments into the legislation on migration (first of all, in FZ “Concerning the Legal Status of Foreign Nationals in the Russian Federation”) adopted in 2014, came into effect from 2015. Including:

- Starting from January 1, 2015, admission (and departure from) in Russia for the migrants coming from the states that remain outside the Eurasian Economic Union member states (Belorus, Kazakhstan and Armenia – from January 2015, Kirgizia – from August 2015) will be permitted solely for international passports holders;¹
- Migrants from the visa-free regime countries who fail to indicate in their Migration Card upon arrival to Russia in the box ‘Purpose of arrival’ is ‘Work’ will not be able to obtain authorization documents for work in the country;²
- The simplified procedure for acquiring Russian citizenship for foreign nationals permanently residing on the territory of Russia and certified as Russian speakers;³
- Foreign students who graduated from Russian colleges and Universities and with three years work record can apply for Russian citizenship through the simplified procedure. At the same time, in the past those citizens of the former USSR who have received secondary vocational education or higher education after July 1, 2002 in Russian educational organizations, were eligible for the simplified scheme in acquiring Russian citizenship. In particular, they had to wait for 9-12 months for their Russian citizenship and the work record, which is in the new amendment to the law, was not required. For these citizens the procedure for acquiring Russian citizenship became more complicated. However, the procedure is uniform for all foreign nationals including those from far abroad;
- The simplified scheme for acquiring Russian citizenship also applies to self-employed entrepreneurs with work record of no less than three years and annual income of no less than 10 million rubles proceeding from the sale of goods or services as well as for investors whose share in equity capital of a Russian legal entity constitutes no less than 10%.⁴ At the same time, the types of activity list whereunder one can apply for the simplified procedure in acquiring Russian citizenship turned out to be extremely short. In particular, wholesale and retail commerce, automotive maintenance, hotel and catering business, advertising activities, real estate transactions, etc. were deleted from the list.⁵

Major legislative novations, which came into force in 2015, however, do not relate to the inflow procedure and acquiring Russian citizenship, but with the possibility for labor activity. From 2015, the visa-free migrants could be employed by legal entities without a work permit. Now, irrespective of the fact the migrants are employed by factories or organizations (legal

¹ The RF Foreign Ministry's commentary on crossing the state border of the Russian Federation by foreign nationals.

² Federal Law of 21.07.2014 № 230-FZ «On Introduction of Amendments in the Federal Law ‘On Legal Status of Foreign Nationals in the Russian Federation’».

³ Federal Law of 21.07.2014 № 230- FZ «On Introduction of Amendments in the Federal Law ‘On Legal Status of Foreign Nationals in the Russian Federation’».

⁴ Federal Law of 23.06.2014 № 157- FZ «On Introduction of Amendments in the Federal Law ‘On Citizenship of the Russian Federation’».

⁵ Regulation of the Government of the Russian Federation of September 30, 2014. № 994 «On Determination of the Types of Economic Activities where a Foreign National or a Stateless Person Who are Individual Entrepreneurs, as well as a Foreign National or Stateless Person Who are Investors are Granted the Right to Apply for the Citizenship of the Russian Federation in Accordance with a Simplified Procedure».

entities) or employed by individuals, they have to purchase Work Patents.¹ Work patents are valid solely on the territory of those RF subjects which issued work patents and regions have the right to set fee for work patents (PIT²).

Transition to Work Patent regime for foreign labor migrants was viewed by the experts as a tool to simplify legalization and as an anticorruption measure. However, as it happens, its implementation was ill-designed whose consequences have been resolved in the course of realization of already adopted legal documents. A number of additional mechanisms and conditions were attached to its implementation. At the same time, requirements for the registration procedure at the place of stay remained and have even been made more complex.

Among the new mandatory requirements currently are not only voluntary medical insurance policy and a medical certificate stating absence of dangerous diseases but a proof of knowledge of Russian language, History and Legal System.³ Practically in all European countries, migrants face the need to purchase medical insurance policy and this measure is aimed at protecting regions' budgets from additional burden owing to rendering free medical services to migrants and simultaneously provide them with some social guarantees. The test on Russian language skills for migrants⁴ who do not intend to stay for a long period and naturalization (permission for temporary stay, residence permit, or citizenship) seems to be an excessive requirement. Moreover, there are no conditions for the large-scale Russian language courses in the country. This requirement does not apply to: highly qualified specialists and their family members (when obtaining residence permit of work permit) as well as those who got "Matriculation certificate" or "Diploma" in the USSR prior to September 1, 1991; men and women of pension age (65 and 60 years) and people younger 18 years; members of the State program of voluntary migration of fellow nationals and their family members; students arriving to Russia intramural studies and intending to work part-time.⁵

In order to obtain a Work patent a foreign national must have a voluntary insurance policy for the term of his/her work, or his/her employer must submit a document, which will guarantee provision of medical services at his expense.

From January 1, 2015, employers have to make contributions in the amount of 1.8% of the foreign national's wages into the Fund of Social Insurance of the Russian Federation, which, in its turns, guarantees the right of a foreign national for receive a benefit for temporary incapacity to labor. At the same time, foreign national become eligible for the benefit when insurance contributions have been paid during six months prior to the insurance even, in other words a foreign national has to work in a company no less than six months.

5.2.3. External labor migration

According to the data of the central database of the FMS of the Russian Federation on registration of foreign nationals and stateless persons (CDB AFN), the number of foreign nationals

¹ Federal Law of November 24, 2014. № 357- FZ «On Introduction of Amendments into Federal Law 'On Legal Status of Foreign Nationals in the Russian Federation'».

² According to the new migration legislation, monthly fee paid for the work permit is considered as a personal income tax and is changed as an advance payment.

³ In addition, Migration Card with the purpose of entry is "Work", international passport, application, registration at the place of stay. Totaling 8 positions.

⁴ Validity term for "federal certificate" – 5 years, "regional" - 1 year.

⁵ Federal Law of April 20, 2014. № 74- FZ «On Introduction of Amendments into Federal Law 'On Legal Status of Foreign Nationals in the Russian Federation'».

staying in Russia contracted by around 10% as of December 2015 compared to the corresponding period of the last year. This number includes both foreign national with migration registration during the year and those staying in Russia. In absolute numbers, this means a reduction by over 1.1 million of foreign nationals' inflow and by 800 thousand registered foreign nationals.

Because of events in Ukraine, sharply increased the inflows number and registered in the FMS territorial offices participants and their family members of the State program of voluntary migration of fellow nationals (183,000 persons compared to 106 000 in 2014) who acquired Russian citizenship and residence permit.

Indicators of obtaining authorization documents for legal work activity have contracted more drastically (*Table 8*).

Table 8

**Authorization documents applications filed for foreign nationals'
legal work in Russia**

Index	2015	2014	2015/2014, %
Work permit for foreign nationals*, thousand	217.0	1 328.1	16.3
Work permits for highly qualified specialists and qualified specialists, thousand	65.7	194.9	33.7
Patens**, thousand	1788.2	2386.6	74.9
Total	2070.8	3909.7	52.7

Sources: FMS of Russia, 1–RD form (part 2).

* – from January 1, 2015, issued solely for visa required countries.

** – From January 1, 2015, issued for foreign national from visa-free regime countries for employment both by individuals and legal entities.

Multiple contraction of the number of issued *work permits* is connected with the fact that migrants from visa-free regime countries are no longer required to obtain these documents. Another factor, which affected the number of obtained *Work patents*, was accession of Armenia and Kirgizstan to the Eurasian Economic Union. That exempt migrants from these countries, as it is true of nationals from Belarus and Kazakhstan, from obtaining Work patents (together with all other documents including proof of knowledge of Russian language, History and Legal System). The RF FMS data for 2015 reveals the number of labor agreements concluded with Armenia and Kirgizstan nationals who work on the Russian territory without work permits and Work patents amounted to 62.200 and 103.100, respectively. If we add these parameters to the number of issued Work patents and standard work permits, then the fall of issued work permits and Work patents will come to a bit over 40% in 2015 against 2014 parameters. However, data released by the FMS of Russia is based on the statistics of issued Work patents (and standard work permits) in units. At the same time, one migrant theoretically can apply for a Work patent 12 times during one calendar year. That is why, it is hardly possible to estimate by the number of issued authorization documents the real number of people who actually work under these authorization documents. From 1-RD form of the FMS of Russia it follows that the number of formalized by the foreign nationals Work patents in 2015 constituted 1,780 thousand units, and in 2014 – 2,379 thousand units, thus declining not by 40% (as per number of issued documents) but by 25%.

In any case, these changes cannot be written off solely for legislative novations. They can be linked either with a real drop in the number of labor migrants inflow to Russia or with their

“withdraw into” the shadows or, which is more realistic, in the unknown proportion with both these factors.

If we analyze monthly dynamics of obtaining authorization documents (*Fig. 2*) then it becomes clear that the problems were getting more pressing gradually. The collapse with obtaining of Work patents observed in January and February of 2015 was partly offset in April. However, further on and contrary to traditional (non-crisis) trends, there was no summer migration peak, which was always due to seasonal work.

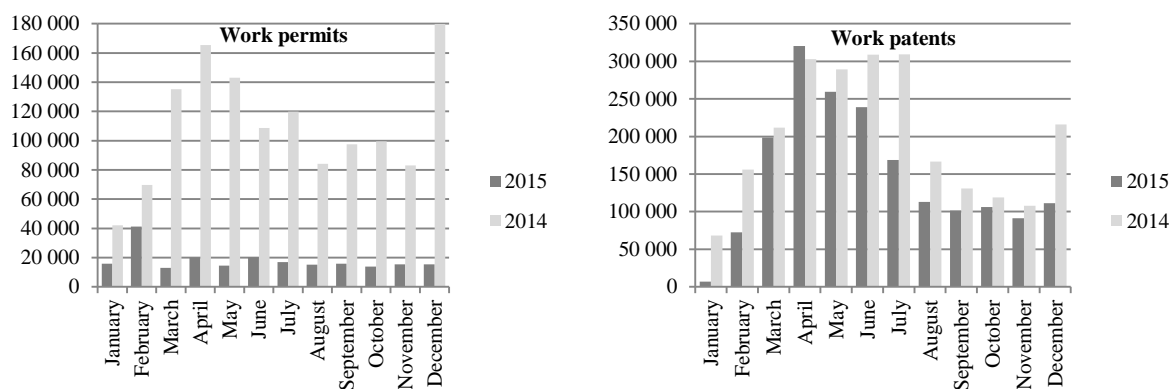


Fig. 2. Issue of work permits and Work patents for foreign labor migrants, Russia, January-December 2014–2015, units

Source: data released by the FMS of Russia.

Seemingly, replacement of nontransparent and corruption mechanism of work permit quotas allocation with Work patents should have led to an increase in the number of legalized foreign nationals. It should have happened by the second half of the year, when the system of obtaining Work patents should have been worked-out and become clear (precisely this way it happened in the past when, for example, Work patent was introduced for employment by individuals). However, so far these expectations have not come true. Possible reasons for the existing situation:

1. Economic recession, which reduced the extent of work places supply and requirement in legal foreign workers. Some benchmark for this is the registered in the employment agencies the required number of workers. By end-November 2015, it constituted 1,206.6 thousand against 1,697.7 thousand persons the year earlier;¹
2. Ruble devaluation, depreciation of migrants’ wages and, consequently, reduction of attractiveness of Russia as a place for income;
3. Existing problem with registration at the place of stay, which conditions obtaining a work patent;
4. General tightening of control over migration kick started in 2014;²
5. High price paid for a Work patent and accompanying expenses. Set monthly payment for Work patents greatly differed across regions and in itself was aimed at becoming a signal for migrants about their desirability (requirement) in regions:

¹ Presentation on socio-economic situation in Russia-2015. Moscow, Rosstat.

² Corresponding federal laws were adopted in 2013. See. Russian Economy in 2014. Trends and Outlooks. (Issue 36). V. Mau et al. Edited by Sergey Sinelnikov-Murylev, Alexander Radygin. Gaidar Institute for Economic Policy. Moscow, Gaidar Institute Publishers, 2015. Chapter 5.2. pp. 315-331.

- a number of RF subjects did not introduce regional coefficients and the price of work patent established by the Federal law was effective (to the tune of 1,568.4 Rb). As a rule, this was true of the regions, which were not popular with migrants (Ivanovo, Kostroma, Kurgan regions, Zabaikalsky Krai, Karachaevo-Cherkessk Republic, Karelia and other, total 34 regions);
- the price of work patent in other regions was in the range of Rb 2,038.92 in Orenburg region to Rb 7,056.2 in Sakha (Yakutiya) and Rb 8,000 in Sakhalin region;
- in Moscow and Moscow region work patent cost Rb 4,000 and in St. Petersburg and Leningrad region – Rb 3,000.

Separate issue and a new corruption mechanism became obtaining of regional or federal certificate of proof of knowledge of Russian language, history and legal system (federal certificate is more expensive but it is valid on the entire territory of the Russian Federation). According to experts in Moscow where Russian language text is very simple, the share of migrants failing to pass it comes to 18%. In other regions where the federal test is difficult solely between 7% and 15% of foreigners fail to pass it, which is explained by the corruption component.¹ Moreover, passing a test does not provide a migrant with knowledge of Russian language and even does not contribute to it.

According to experts' estimates, total lump sum for legalization in Moscow including payment for certificate, VMI, notes came to around Rb 20,000² (hereafter Rb 4,000 monthly) and in Primorsky Krai – around Rb 40,000.³

According to the migrants themselves, there is no benefit in the cost of work patent compared to the previously effective standard work permit. *“Labor migrants working in the capital regions confirm that the standard work permit valid for a year together with preparation of documents with the help of intermediaries were several times cheaper. ‘It could be filed for Rb 30,000,’ - said Uzbekistan national working in a Moscow firm. – ‘For obtaining standard work permit we took a blood test, received medical certificates but to file application by oneself was impossible. You come and they say there are no quotas. Firm also buys quotas and sells them. Currently cost of services for filing all documents application services together with monthly payment for work patent will total around Rb 68-70 thousand annually. Reckon twice as much as previously’”.*⁴

Our findings⁵ demonstrated that each procedure for issuing work patent to a certain degree placed a role of additional barrier for migrants' legalization. The need for some of them is questionable.

6. In the wake of the crisis, most likely, migrants face greater problems with filing labor agreements. Interview taken with representatives of non-commercial organizations dealing with provision of assistance to migrants in Moscow demonstrated the urgency of this barrier: *“to obtain a work patent does not mean that one works legally. In order to work legally one has to*

¹ Economic crisis – social dimension: information and analytical bulletin. RANEPА. Edited by Tatiana Maleva. 2015. № 3, p. 90.

² Labor Migration Situation in Russia: Costs Increase, Benefits Dwindle, Stocks Drop. Russian Migration Brief. March 2015. Issue 1, p.2.

³ For guest migrant it is cheaper to live in Russia than work. Information agency REGNUM. March 3, 2015. <http://www.regnum.ru/news/society/1901202.html>

⁴ Nikolskaya P. On work patent basis, «Kommersant-Vlast», April 20, 2015.

⁵ Hereinafter – Project of HSE NRU Higher School of Economics «Analysis of Social Sphere of a Region by Method of Inclusive Observation», within which in autumn 2015 interview were taken from representatives of noncommercial organizations, which deal with migrants in Moscow.

sign a labor contract. Employers never wanted to sign labor contracts and the same is true of today. The Moscow government does not want to motivate them to do it and does not want. Because Muscovites do not have signed labor contracts. 30% of Muscovites do not have signed contracts. And there are migrants to worry about. That is why the sword of Damocles is hanging over migrants. According to legislation: if during two months labor contract application was not filed, i.e. the employer has not submitted a notice on conclusion of written labor contract the work patent is revoked." Fake labor contracts, according to experts, as before are in high demand, which is explained, on the one hand, by the unwillingness of major part of employers to officially formalize labor relations with migrant workers, and on the other hand, aspiration of migrant workers, at least, to formally observe requirements of the migration law;

7. Procedural problems, in particular, delayed and solely for certain regions (in particular, for Moscow¹) administrative decision related to prolongation of work patents effectiveness, which were issued in 2014. In late 2014, foreign migrant held over two million effective work patents, which according to the decision taken in late December 2014 had to be reapplied in 2015. The majority of regions failed to cope with such inflow of applications;

8. Subjective reasons – foreign migrants wish to save on application of authorization documents and monthly payments and intention of employers to save on increased from 2015 payroll taxes of foreign migrants. For example, assessing expenses of cost and time spend on legalization and risks of illegal stay in life in Moscow representatives of noncommercial organizations expressed a belief that *“the fact that the share of legalization of foreign workers increased following adoption of the new legislation in 2007 was due to the fact that foreign migrants got a change to file work permits applications themselves. Previously they could do it solely via employers and the latter did not want to do it. This demonstrates the fact that foreign migrants to observe laws and work legally. Euphoria faded after that. When they introduced work patents, it was treated as a new surge for greater legality. However, now there is a new setback because migrants say that a work patent is Rb 4,000 for 12 months and to pay additionally for medicine, for the test and they threaten that without signed labor contract the work patent will be revoked. In addition, migrants think: “Go to blazers, I will work as long as I succeed.”*

All-Russia 25% reduction of the number of formalized work patents in 2015 against 2014 is differently represented across Russian regions.

Out of 30 RF regions,² which in 2015 formalized over 10 thousand work patents, 22 regions demonstrated negative dynamics in 2014 (*Fig. 3*), including 50% reduction was observed in Moscow region, 40% - in Moscow, 35% - in Tyumen region and Krasnoyarsk Krai. Simultaneously, St. Petersburg and Leningrad region, Kaluga, Volgograd regional and especially in Yamal-Nenets Autonomous Okrug and Khanty Mansi Autonomous Okrug registered significant increase of the number of issued work patents. These regions and especially Yamal-Nenets Autonomous Okrug and Khanty Mansi Autonomous Okrug boast of a significant share of legal labor migration due to their employment by large enterprises. Observed during the recent years high concentration of migrants in several Russian regions is retained: first ten regions ranked by the number of foreign migrants account for 68.8% of all issued work patents, in 2014 – 69.6% and first twenty regions – 81.6% and 81.1%, respectively. In the majority of regions the inflow on labor migrants from visa-free regime countries is insignificant. There are leaders

¹ FZ № 56 of March 8, 2015. «On Introduction of Amendments in Article 13-2 of Federal Law «On Legal Status of Foreign Nationals in the Russian Federation and Certain Legal Acts of the Russian Federation».

² St. Petersburg and Leningrad region due to the fact that they share a single FMS territorial office are studied together.

among them: Lipetsk, Yaroslavl, Saratov and Omsk regions, Altai and Primorsk Krai. Inter alia, this fact characterizes social and economic situation in these regions.

Important watermark of the crisis is the number of issued work permits for highly qualified specialists and qualified specialists. In comparison with the previous year, this number shrank 3-fold and during the entire year, it remained unchanged.

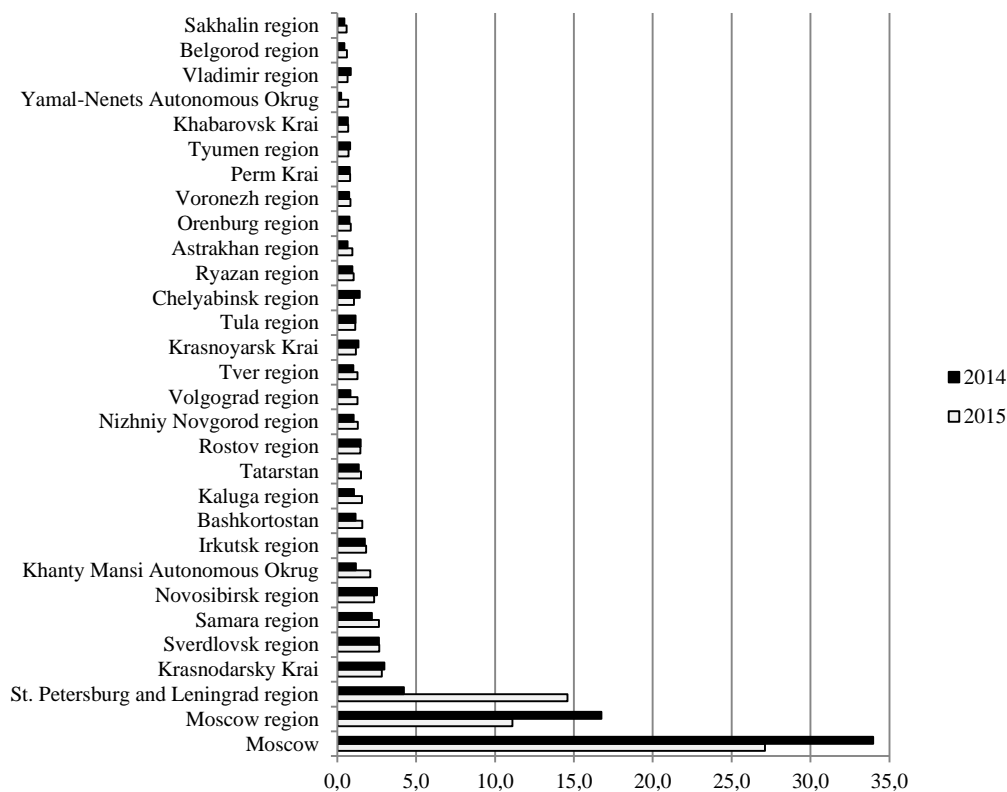


Fig. 3. Breakdown of RF regions across the number of issued work patents for visa-free foreign migrants, 2015-2014, % (RF=100%)

Source: data released by RF FMS.

However, the main indicator for the complexity of the current crisis comes from cross-border remittances made by individuals. Never since the onset of the regular statistical observations of the remittances dynamics (from 2006) their volume fell so drastically: according to the data for three quarters of 2015, they decreased nearly 2-fold against the same period of last year, although crisis alarms regarding remittances were already noticeable in 2014 (Fig. 4). Average amount of one transaction fell below \$200 in Q1 2014, insignificantly growing by Q2 and again fell by Q3 (\$229), which, starting with 2008, always was the ‘fattest.’ Change in the currency exchange rates and contraction of remittances took a toll on the economies of dependent on migrant workers’ remittances countries, first of all, Tajikistan, Kirgizstan and Moldova. According to the World Bank data, in 2012 remittances made by migrant workers to Tajikistan equal 52% of GDP, to Kirgizstan equal 31% of GDP and to Moldova equal 25% of GDP. ¹ At

¹ Migration and Development Brief. The World Bank. April 11. 2014, p. 4.

the same time, remittances do not support budgets but households and, first of all, current household spending.¹

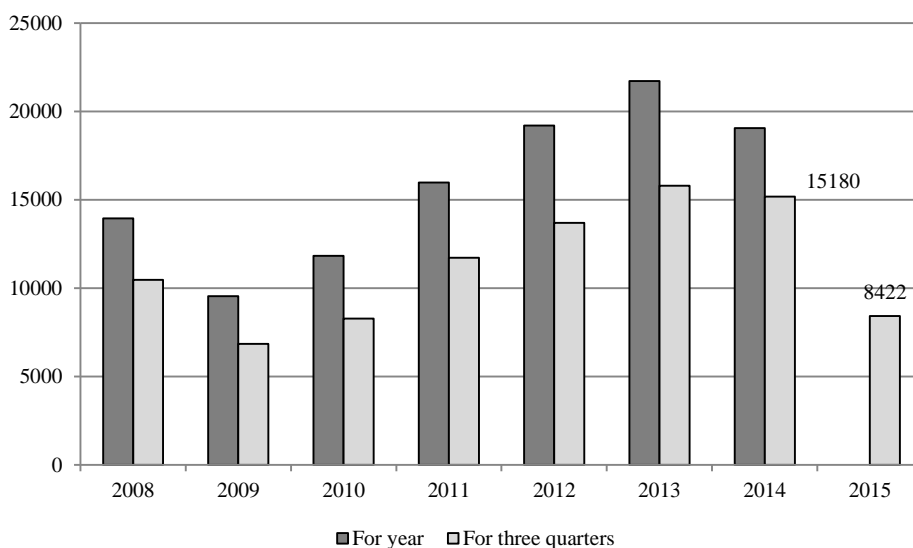


Fig. 4. Cross-border remittances made by individuals from Russia to CIS member states, 2008–2015, USD million.

Source: data released by the Central bank of Russia.

Comparing two crises: the crisis of 2009-2010 and the current one, it is necessary to note that the current recession has to a greater extent affected the migrant inflows: the number of legal foreign workforce in Russia in 2009 shrank by 8.3% against 2008. Solely from CIS member states migrant inflows shrank by 7.6%. In 2010, compared to 2009 it decreased by 26.2% and 24.2%, respectively.² During 2015, the fall constituted 47.3% for all categories of migrant workers.

On the whole, in 2015, indicators demonstrated by foreign labor migration in contrast to long-term migration stayed under the effect of crisis processes unfolding in Russian economy. Against this background, the only positive effect represent the sum generated by the sale of work patents Rb 34,061 million in 2015 against Rb 18,312 million in 2014.

5.2.4. Internal migration

The scale of internal migration in Russia continue growing, although its increase in not big against January-November 2014 (by 2%). However, on the whole, the number of internal movements registered by statistics by the year-end again will exceed 4 million persons, i.e. will be twice as much as in 2000s. The reasons for continuing growth of migration activity of Russian people remain unclear. Crisis developments unfolding in the Russian economy, as a rule, do not prompt migration activity. For example, studies of potential mobility of unemployed and

¹ According to the findings from questionnaire survey of individuals making remittances carried out by credit organizations through intermediary of the Central Bank of Russia in February 2014, around 68% of remittances are directed to current households' expenses. The RF Central Bank. http://www.cbr.ru/statistics/?Prtid=svs&ch=Par_17101#CheckedItem

² Labor and Employment in Russia-2011. Moscow, Rosstat.

jobseekers during the previous crisis demonstrated low levels and did not grow with mounting unemployment in 'native' settlements.¹ Rostrud projects aimed at providing incentives for moving from localities with significant levels of unemployment have virtually fallen through. High migration levels registered by current record could have been boosted by previous changes introduced into 2011 methodology and limited easing of the registration system at the place of arrival (compared to 2000s when sanitary standards of floor space required for the number of residents and registered, broad packet of documents were in place. People did not understand the difference between 'registration at the place of residence' and 'at the place of arrival' and grudgingly registered tenants at the place of arrival.² Moreover, the volume of housing construction, apparently, plays a certain role. This housing construction affects long-term migration. All this leads to growing number of registered migrants. As with long-term international migration, the internal migration so far does not react to the crisis economic developments.

Slightly fell the number of attractive for migration regions. However, their nucleus does not change year-on-year. They are Moscow and Moscow region, St. Petersburg and Leningrad region, Krasnodarsky Krai, Kaliningrad and Novosibirsk regions. From the 2015 list of attractive for migrants regions (14 regions including Sebastopol) were removed Sverdlovsk, Chelyabinsk and Belgorod regions. Moscow's in-migration increment in 2015 compared to the previous year went up by the same number Moscow region posted decrease of in-migration. Apparently, reasons for such volatility stem from the delayed regarding commissioning of new housing system of registration as well as from the recording system.

Practically all regions eastward of the Volga River register migration outflow. Stand-alone islands of migration happiness are solely Novosibirsk and Tyumen regions (without okrugs).

Despite a migration growth owing to international migration, 52 regions of the country registered migration loss during January-November 2015.

Thus, labor migration can be a certain barometer of the crisis economic situation. Long-term migration can never be such a barometer: neither international, not internal one. However, indicative functions of the labor migration are hampered by regular legislative and statistical novations. Crisis developments are better diagnosed by the dynamics of migratory transfers.

¹ Expressed migration intentions posted 4.2% of respondents in 2008 and 4.4% in 2009. For further information please refer to Karachiruna L., Mkrтчian N. Potential of Spatial Mobility of Jobless in Russia. Sotsys. 2012. № 2. pp. 40-53.

² To note, that from 2011 those registered at the place of arrival for a period over 9 months fall in the statistics of long-term migration (independently of the fact if it is international or internal).