Aleksandra Burdiak, Elena Grishina, Marina Eliseeva, Victor Lyashok, Tatiana Maleva, Nikita Mkrtchyan, E. Seredkina, Yulia Florinskaya, R. Khasanova

The households' income, poverty and income inequality in Russia in 2018[1]

In 2018 real accrued wages and salaries of corporate employees increased in Q1 by 10.2%, by 7.6% in Q2, by 6.3 in Q3 and by 4.1% in Q4 against the same period of the previous year (*Fig. 1*). At the same time, real disposable cash incomes of households grew in Q1 and Q2, 2018, by 2.3 и 1.3% respectively against the same period of 2017 while in Q3 and Q4 they decreased by 1.6 and 1.1% against the same period of 2017[2]. Real allotted pensions increased in Q1-2, 2018, by 2.3–0.4% against the same period of 2017 and decreased by 0.5% in Q4.
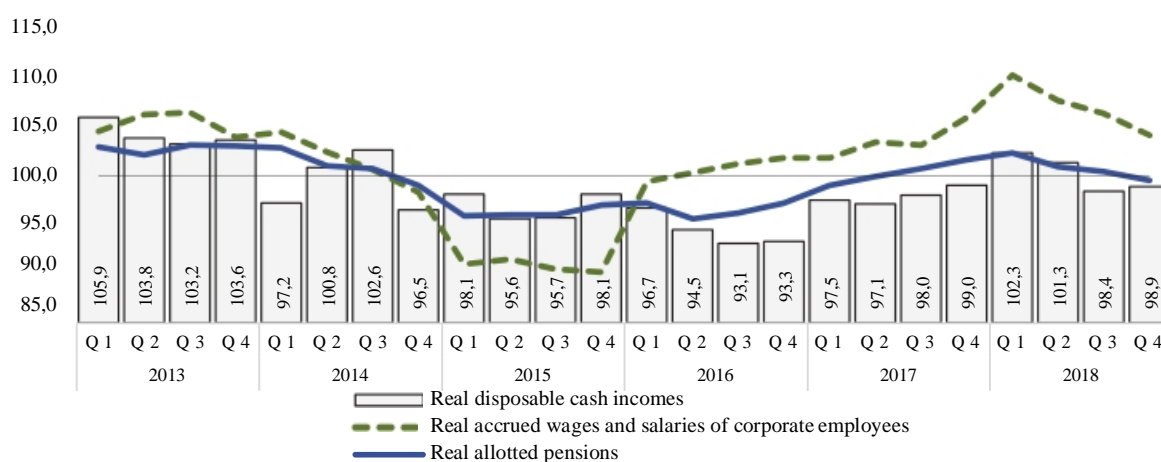

Fig. 1. Dynamics of real disposable cash income of households, real accrued wages and salaries and real allotted pensions in 2013–2018, % against relevant quarter of the previous year

Source: Rosstat.

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[1] Sections 5.1–5.6 were written by: A. Burdiak, E. Grishina, M. Eliseeva, V. Lyashok, T. Maleva, N. Mkrtchyan, E. Seredkina, Y. Florinskaya, R.Khasanova all from RANEPA.

[2] In Section 5.1 real disposable cash incomes of households for 2017 and 2018 do not include a lump-sum amount of RUB 5000 paid to pensioners in January of 2017.

On the whole, incomes of households and pensions amounted respectively to 100.1 and 100.8% in real terms in 2018 against 2017 and decreased respectively by 10.8 and 5.2% against 2013 (*Fig. 2*). However, real accrued wages and salaries of corporate employees increased by 6.8% in 2018 against 2017and by 2.0% against 2013.
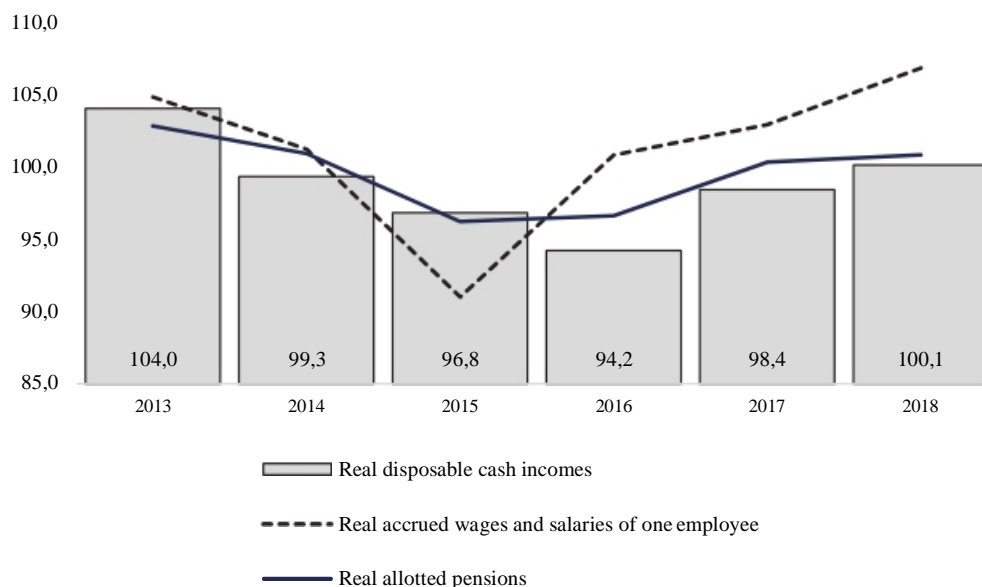

Fig. 2. Dynamics of real disposable cash income of households, real accrued wages and salaries and real allotted pensions in 2013–2018, % against previous year

Source: Rosstat.

A gap in the dynamics of real accrued wages and salaries of corporate employees and real incomes of households can be explained by re-allocation between observable and unobservable payroll fund in favor of the observable one, probable reduction of real accrued wages and salaries in unobservable sector and reduction of enterprneirial and property income in real terms.

Cash incomes of households amounted to 286–310% of subsistence minimum for all households in Q1-Q3, average wages and salaries of corporate employees amounted to 370–394% of subsistence minimum for working population and average allotted pensions were 155–161% of subsistence minimum for pensioners (*Fig. 3*).

Cash incomes of households increased in H1 2018 with regard to subsistence minimum (SM hereunder) compared to the same period of 2015–2017, however, remained below level of 2013–2014. However, they decreased in Q3 against SM compared to 2013–2016.

Average pensions increased in January – September 2018 against SM compared to 2015–2017 but remained below level of 2013–2014.

At the same time, average wages and salaries of corporate employees increased in January – September 2018 against SM of the same period of 2013–2017.
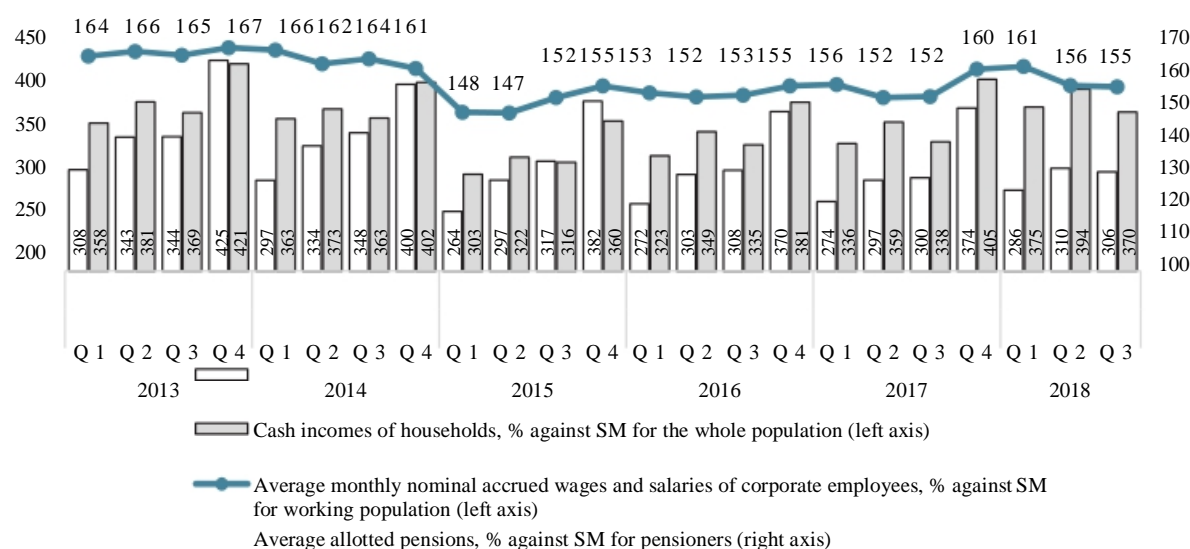
Fig. 3. Cash incomes of households, average monthly nominal accrued wages and average allotted pensions in 2013–2018, % against subsistence minimum

Source: Rosstat.

Shares of labor remuneration including off-the-book wages and social payments increased in the structure of cash incomes of households in 2018 compared to 2015–2017 while share of property and entrepreneurship incomes reduced (*Fig. 4*).
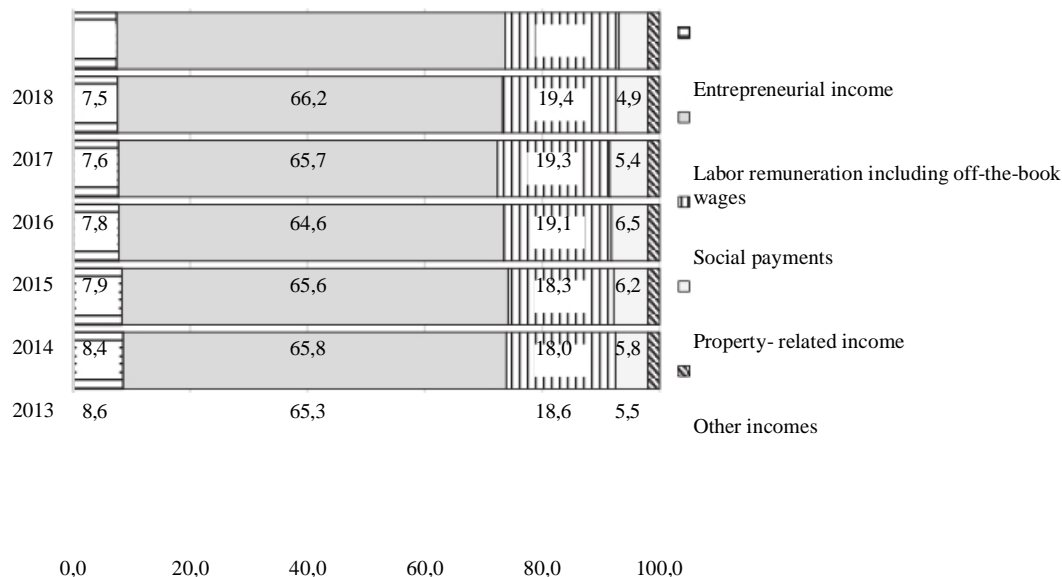

Fig. 4. Structure of cash incomes of households in 2013–2018, %

Source: Rosstat.

The share of cash income spent on goods and services constituted to 76.9% in 2018, which was above the level observed in 2013–2017 (*Fig. 5*). The share of cash income allocated towards savings amounted to 5.5% in 2018, which was minimal since 2009. The decline of this share resulted, inter alia, from growth of retail loan indebtedness.

According to RF Central Bank data, retail loan indebtedness increased by 22.8% in 2018 compared to just 13.2% in 2017.
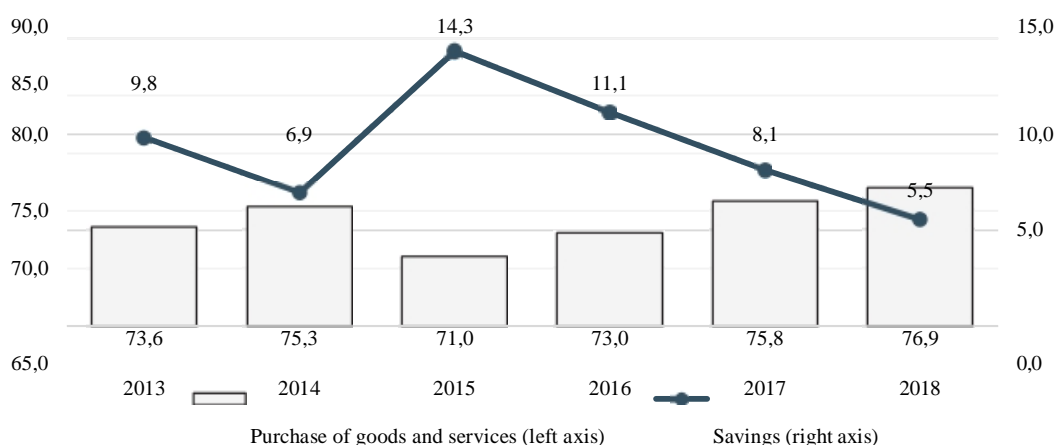
Fig. 5. Share of cash income of households spent on goods and services
and allocated towards savings in 2013–2018, %

Source: Rosstat.

Thus, in 2018, in conditions of extremely low growth of cash income population applied for loans to maintain consumer standards.

Findings released by Rosstat survey on consumer expectations demonstrated that proportion of people who considered situation for purchasing major goods as favorable, increased in H1 2018 compared to the same period in 2015–2017, whereas those who thought that this situation was not favorable, decreased, on the opposite (*Fig. 6*).
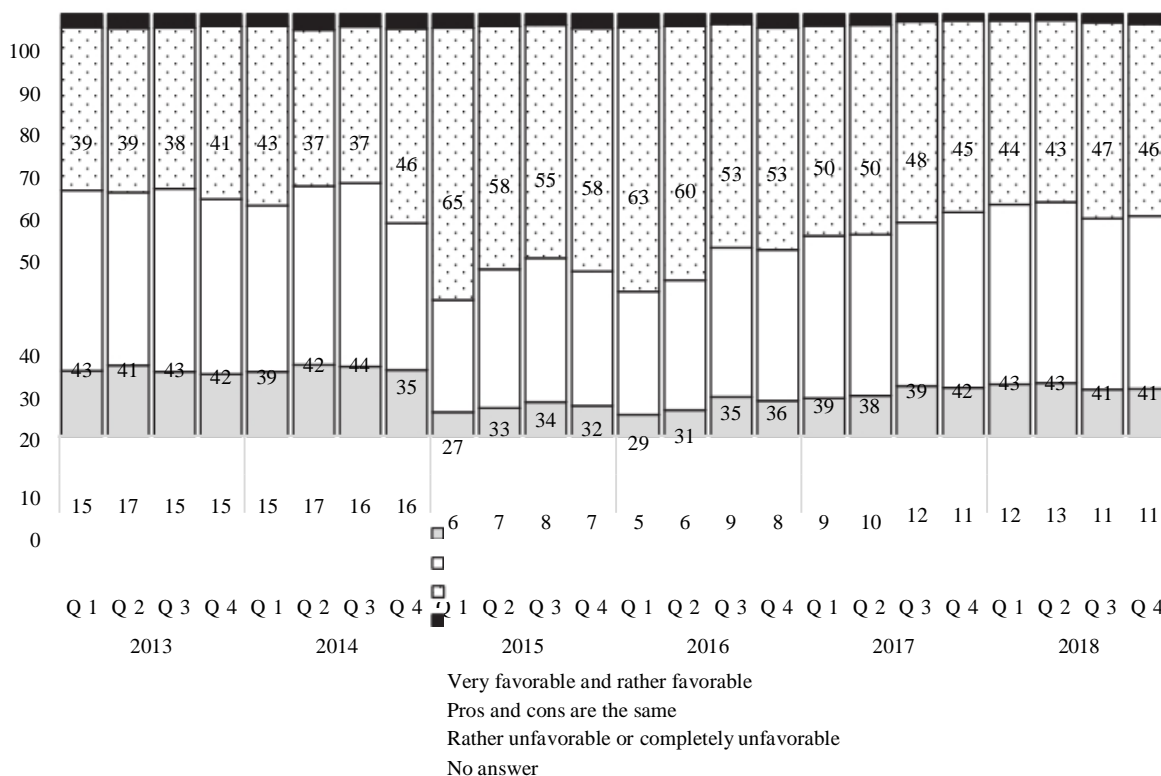

Very favorable and rather favorable
Pros and cons are the same
Rather unfavorable or completely unfavorable
No answer

Fig. 6. Popular opinion on favorable period for major purchases
in 2013–2018, %

Source: Rosstat.

Moreover, the share of households considering favorable situation for making savings increased in H1 2018 compared to the same period in 2015–2017 while the number of those who thought the opposite, reduced (*Fig. 7*).
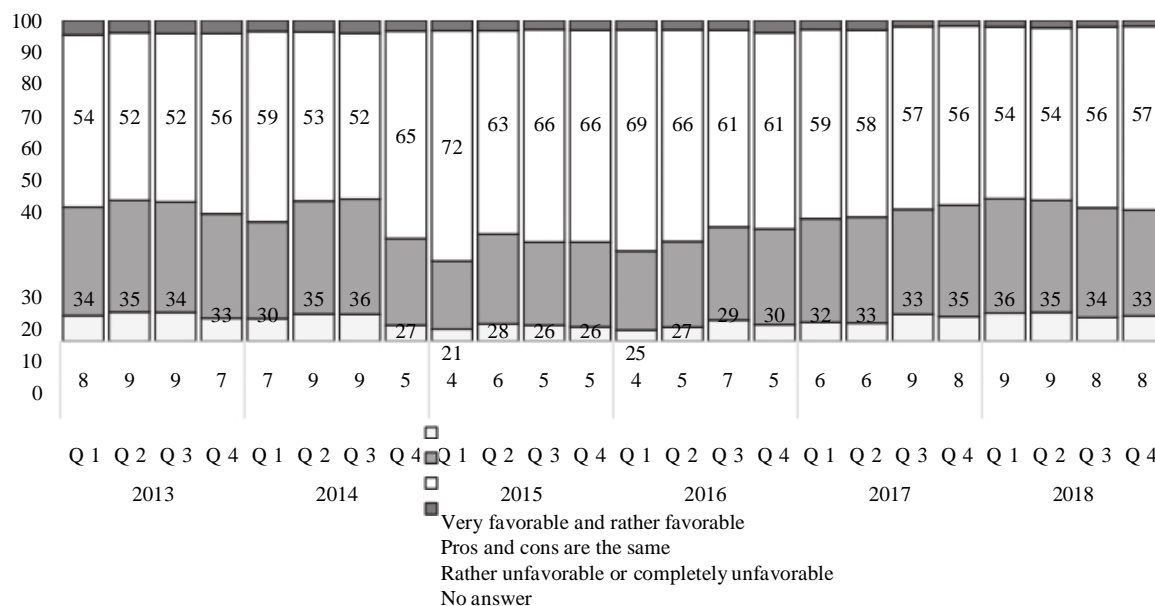

Fig. 7. Popular perceptions on favorable situation for making savings
in 2013–2018, %

Source: Rosstat.

The share of households possessing cash income below subsistence minimum amounted to 12.9% in Q3 and reduced against the same period of 2017, however, remained higher than in 2013–2016 (*Fig. 8*).

On the whole, level of absolute monetary poverty of households amounted to 13.3% in January – September 2018, which was lower than in cthe same period of 2015–2017, however, higher than in 2013–20
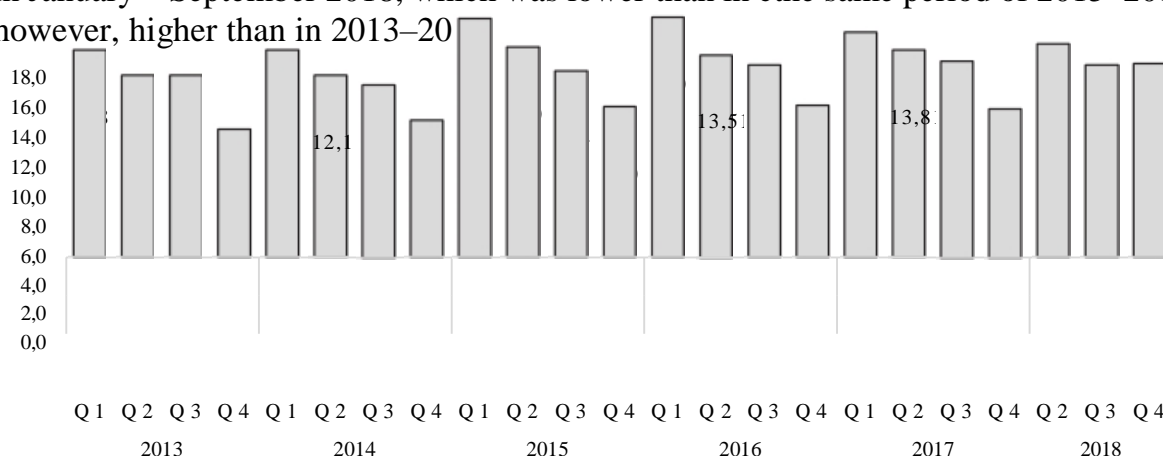

Fig. 8. Share of households possessing cash incomes lower than subsistence
minimum across Russian Federation in 2013–2018, %

Source: Rosstat.

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In 2018, share of subjectively poor households evaluating their financial situation as "bad" or "very bad" amounted to 23–26% and reduced compared to 2015–2016 (*Fig. 9*).
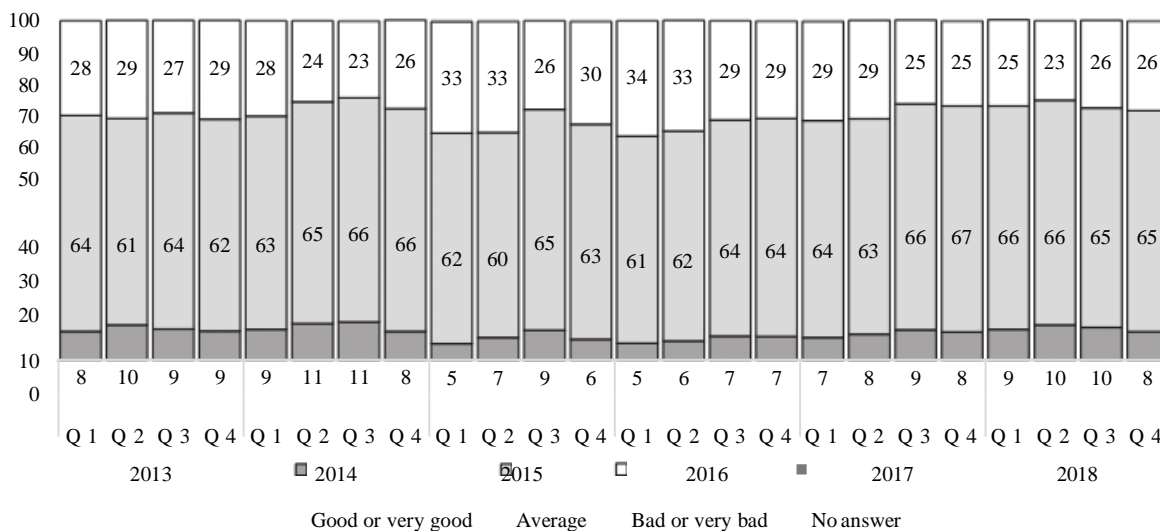

Fig. 9. Popular perceptions on current financial situation in 2013–2018, %

Source: Rosstat.

R/P ratio and Jinny ratio prove that level of income inequality has not changed in 2018 against 2017 and remained lower than in 2013–2016 (*Fig. 10*).
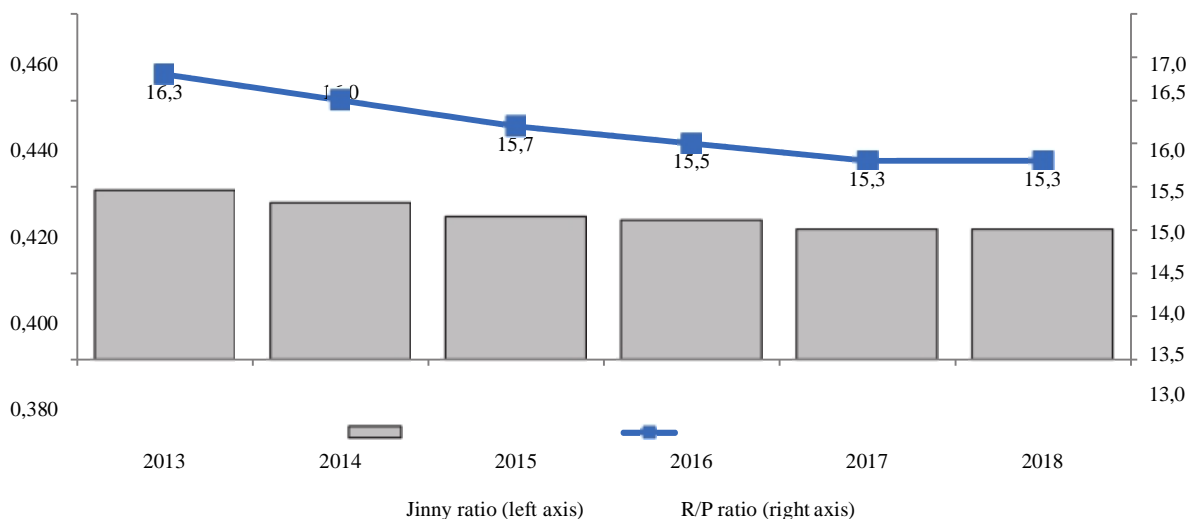
Fig. 10. Jinny ratio and R/P ration, 2013–2018

Source: Rosstat.

5.2. Retail trading and consumer prices

The turnover of retail trading amounted to RUB 31.5 trillion in 2018 in monetary terms. However, traffic of goods increased by 2.6% against 2017 including growth of food products, drinks and tobacco by 1.7% and non-grocery goods by 3.4%. Thus, it is obvious that growth of goods' traffic commenced in 2017, is going on. Moreover,

according to results of 2018, growth of retail trading turnover can be compared with indicators of 2014, i.e. one may speak about rollback to pre-crisis figures. Again, one can mention that role of food products including drinks and tobacco has significantly increased in 2018 against 2014 when growth of commodities turnover was secured primary at the expense of non-grocery goods (*Fig. 11*).
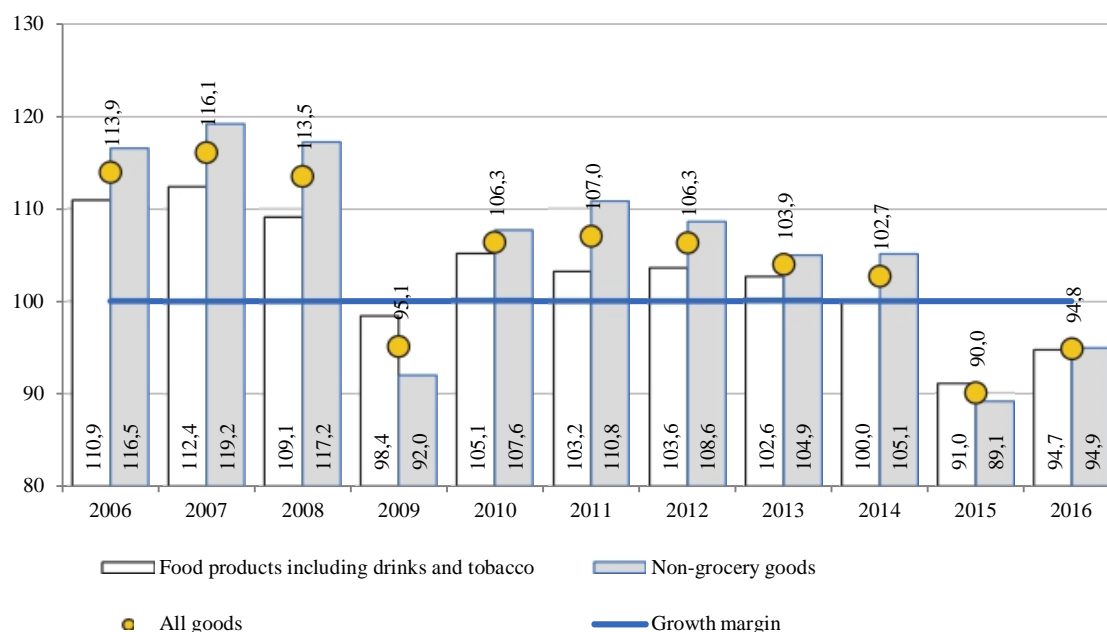

Fig. 11. Dynamics of retail trading turnover in comparable prices,
% against previous year

Source: Rosstat.

If comparison concerned two-year period, when increase of retail trading turnover demonstrated negative value, i.e. 2015 and 2016, one can state that turnover grew by 3.8% within two years in comparable prices against 2016 including growth of food products, drinks and tobacco by 2.2% and non-grocery goods by 5.4%. However, turnover of retail trading basically reduced by 1.6% even against the pre-crisis 2015 and by 3.2% for food products including drinks and tobacco, although it remained stable for non-grocery goods.

Making a comparison against pre-crisis 2014, it is obvious that indices of that year have not been achieved and turnover of retail trading reduced by 0.4% in comparable prices, which can, however, be explained by reduction of turnover for food products by 2.7%. At the same time, turnover of non-grocery goods increased by 1.9%. In 2019, it may be expected that turnover of retail trading will get around pre-crisis values or even exceed them.

Fig. 12 shows monthly dynamics of retail trading with regard to respective period of the previous year in comparable prices. It is evident that turnover of retail trading grew during previous year. However, turnover of food products, drinks and tobacco declined

from June to September and decline of non-grocery goods started in October and by January 2019 its index was below food products.
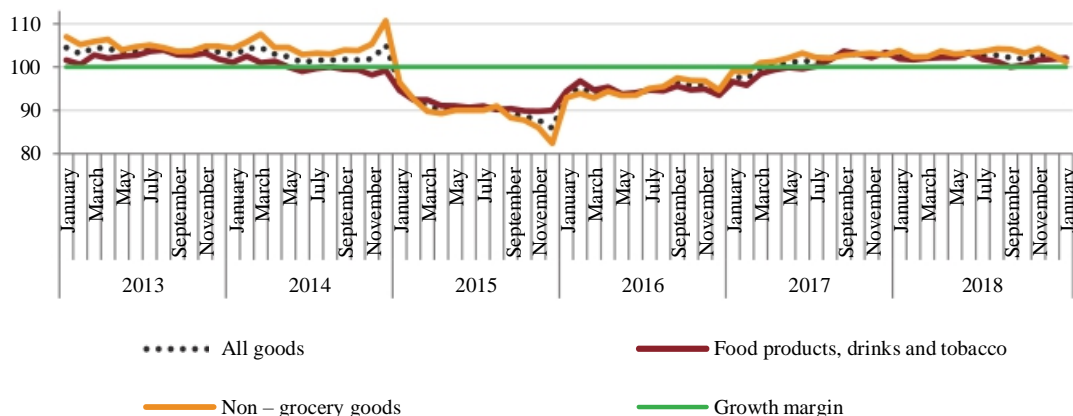

Fig. 12. Monthly dynamics of the retail trading turnover including its components in comparable prices, % against respective month of the previous year

Source: Rosstat.

The turnover of retail trading amounted to RUB 2.5 trillion in monetary terms in January of 2019 or 101.6% in comparable prices against January of the previous year. Growth of food products, drinks and tobacco accounted for 102.1% in January 2019 compared to 100% in September 2018. Growth of non-grocery products reduced to 1.2% in January, though it was still positive.

Turnover of retail trading and their both components was positive in comparable prices with regard to January 2019, i.e. the index exceeded 100% for eleven month in a row.

Turnover of retail trading increased by 2.4% against January 2015. It happened, first of all, due to 4.1% growth of non-grocery segment, although growth of food products including drinks and tobacco was also going on. Thus, January 2019 was the first month since December 2016 when the index of retail trading turnover including their both components, were positive.

However, turnover of retail trading reduced almost by a quarter for food products, drinks and tobacco as well as for non-grocery goods in January of this year against December 2018. This fact can be easily explained by peak in consumption on the eve of New year festivities, which goes sharply down afterwards.

The structure of the retail trading turnover changes insignificantly over time: non-grocery goods constitute slightly more than half since the beginning of 2013 and, consequently, slightly less for food products, drinks and tobacco. In January 2019, the ratio was 51.7% (RUB 1.3 trillion in monetary terms) and 48.3% (RUB 1.2 trillion) respectively. On the whole, the 2018 turnover of non-grocery goods amounted to 52.4% (RUB 16.5 trillion) and 47.6% (RUB 15 trillion) for food products, drinks and tobacco.

Index of consumer prices constituted 105% in February 2019 against respective period of the previous year including 105.5% for food products, 104.5% for non-grocery goods and 105% for services. Thus, prices increased for every component of the turnover of retail trading in a year terms (*Fig. 13*).
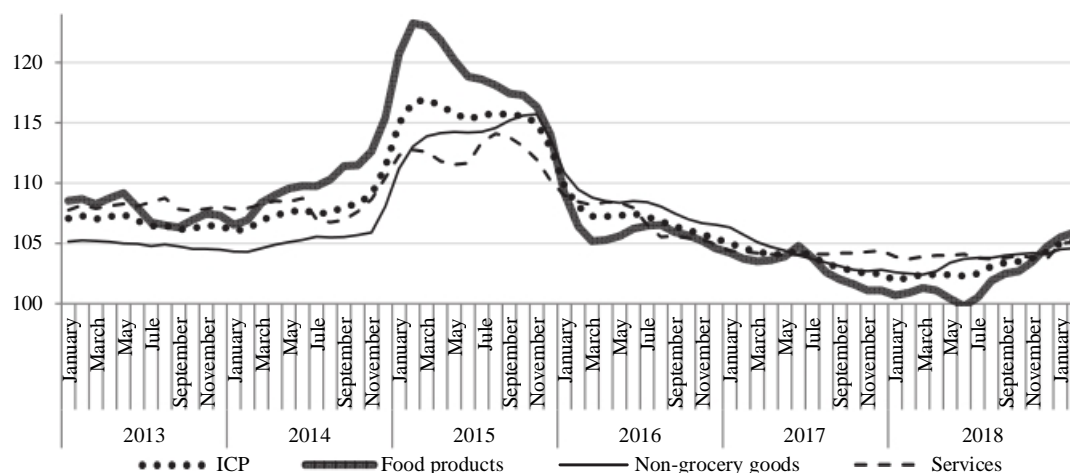

Fig. 13. Overall index of consumer prices (IPC), price indices for food products, non-grocery goods and services, % against respective month of the previous year

Source: Rosstat.

Food products that experienced the largest increase in prices by February 2018 in a year terms were granulated sugar, i.e. by 30.2%. Chicken eggs were in the second place although their price increased much less, i.e. by 20.5%. Meat and poultry increased by10.8% and horticulture products by 9.1%. Other categories of food products experienced the rise within 1.5–6.7%.

Prices reduced for several categories of food products this February compared to the previous month, January. Prices reduced for chicken eggs (-5%), granulated sugar (-1.1%), meat and poultry (-0.6%), sunflower oil (-0.3%). Horticulture produce experienced the largest increase in prices (4.9%). It is related, first of all, to rise in prices for tomatoes by 16.6%, cucumbers by 14.8%, white cabbage by 8.4%, yellow onion by 5%. Prices for other categories of products increased by 0.5–1.6%.

The largest increase in prices in the category of non-grocery goods concerned tobacco in a year terms, i.e. 9.9% and car petrol, i.e. 9.6%. Construction materials, medical supplies, electric goods and other home appliances, washing and cleaning products, knitwear, shoes, clothes and underwear, textile have also become more expensive, i.e. by 1.8–5.8%. Only TV and radio goods d reduced in prices (-1.1%).

5.3. Loans and savings of households

The year 2018 was a record year for mortgage credits. The total number of 1.47 mn mortgage credits for the amount of RUB 3 trillion was granted in 2018 exceeding 2017 in quantity by 35.4% and in volume by 49%. Growth of mortgage was contributed,

firstly, by accumulated unrealised demand of the Russian families in residential property in the previous years, and, secondly, by gradual reduction of rates to the historical minimum 9.41% on loans granted in September-October and to 9.56%[1] in general for 2018, and, thirdly, by prospects of the VAT growth and switch to escrow accounts for financing new construction in 2019. Mortgage loans constitute 99.7% among residential loans in quantity and 99.8% in volume, proving that current residential loans in the Russian Federation are represented by mortgage loans almost completely.

Role of residential lending is increasing in loans issued to households. In 2017, such loands constituted 22% of the volume of banking loans granted to households, larger than within all previous years under observation while the share of residential mortgage lended loans achieved 24.2% following results of 2018 (*Fig. 14*). Households indebtedness to banks was secured by 43% of mortgage (dwelling) in 2017 and by 43.3% at the end of 2018. Auto loans constitute almost the tenth of loans banking portfolio. As compared with 2017, the volume of auto loans increased from RUB 713 to 817 billion and their share decreased from 10.3 to 9.7% of the total households loan debt.
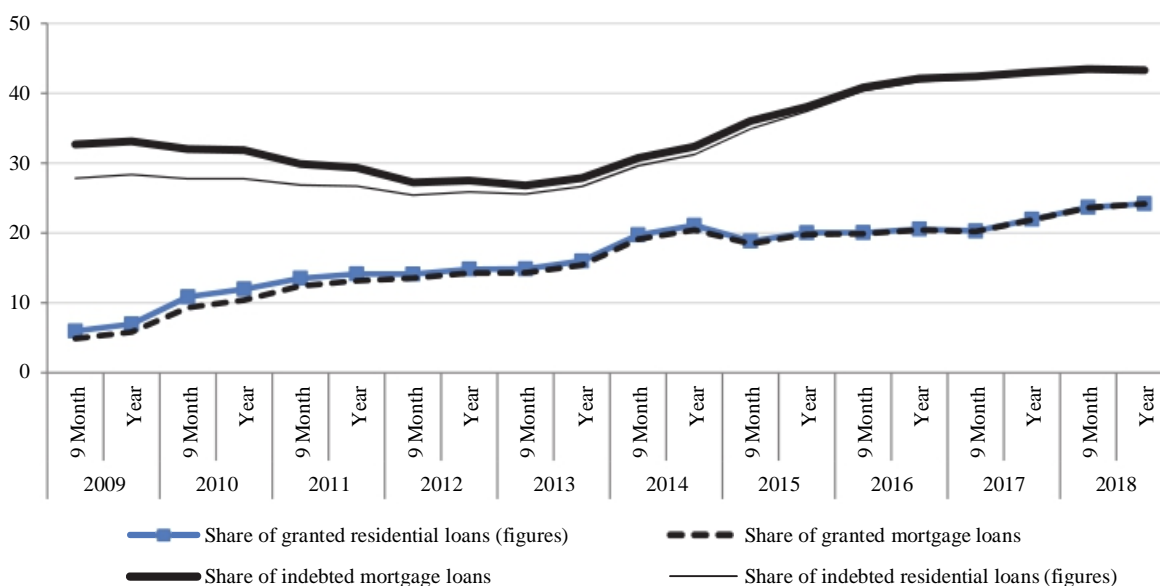
Fig. 14. Role of residential mortgage lending in issuing loans to households and in the amount of individuals' debt on loans to banks,%

Source: own calculations using data released by Bank of Russia.

Dynamics of mortgage and non-mortgage lending of households differs significantly and this is absolutely predictable as there are different rates, terms, lending conditions in these sectors of lending. The most important factor that they have different sensitivity against economic situation. Indebtedness of households on all loans decreased by 6% as

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[1] Annual weighted average rate.

a result of recession in granting consumer non-residential loans by 14% in 2015 despite growth of residential lending by 13% (*Fig. 15*). In 2016, decline in non-residential lending extended for another 5%, however, residential lending grew by 13% per year, remainin the overal driver of consumer loans.
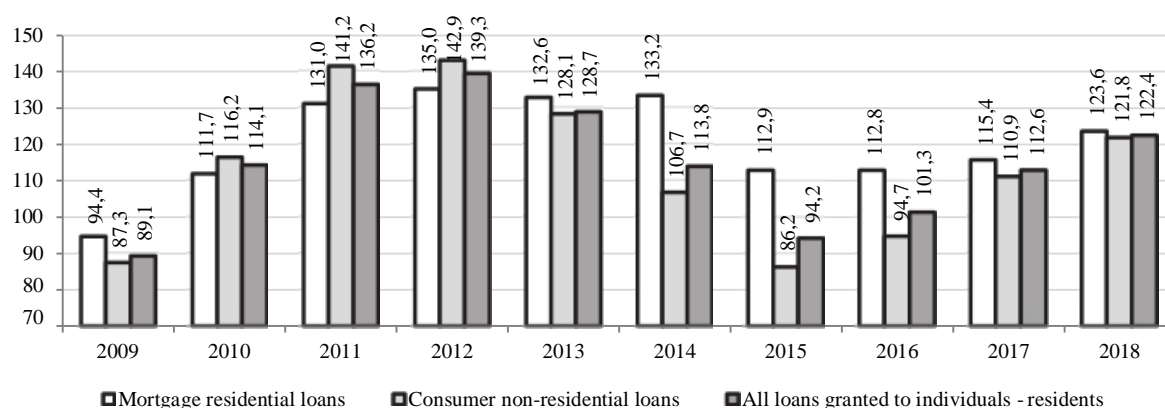

Fig. 15. Growth of households' indebtedness on residential
and non-residential loans, % against previous year

Source: own calculations using data released by Bank of Russia.

Non-residential lending actively increased in 2017 though at lower pace than mortgage, and in 2018 growth of individual indebtedness on non-residential loans constituted 21.8% against previous year having almost catching up with growth rates of residentil lending, i.e. 23.6%. it should be noted that growth on auto loans was lower in 2018, 14.6% against 2017. A deeper retrospective shows that increased rate of nominal indebtedness of households on loans reached 35–40% in 2011–2013, however, at that time non-residential lending developed faster than mortgage in contrast with the recent years.

In 2018, banks issued a record amount of RUB12.5 trillion to individuals (*Fig. 16*) while a year ago in 2017 individuals lended RUB 9.2 trillion. Amount of loans issued in 2017 reached the level of 2013 in nominal terms, however, the pre-crisis level was reached only now against annual households incomes: amount of credit loans issued in 2018 equaled to 21.6% of the annual households incomes (previous maximum constituted 19.7% in 2013.). Practically every loan to individuals is issued in the national currency nowadays.

Total loans debt of households reached RUB 14.9 trillion based on the 2018 results (*Fig. 17*). The amount of RUB 757.6 billion, i.e. 5.1% of this debt represented loan arrears as on January 1, 2019. Loan arrears on mortgage reduced to 1.1% of the total debt of households by the end of 2018 compared to 1.7% in the middle of the 2016 crisis. Mortgage crediting was and still is the most performing loan issued to households.
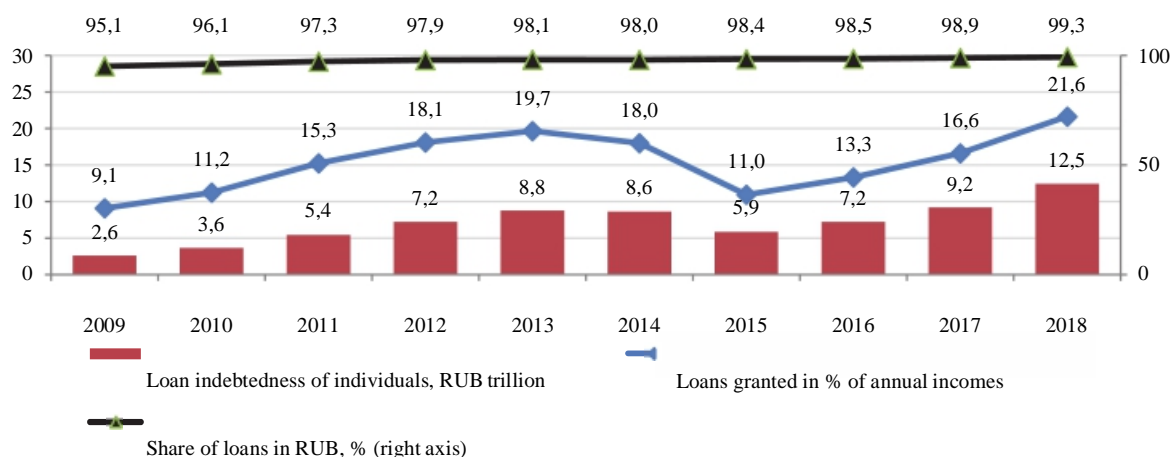
Fig. 16. Amount of loans granted to individuals

Source: own calculations using data released by Bank of Russia.
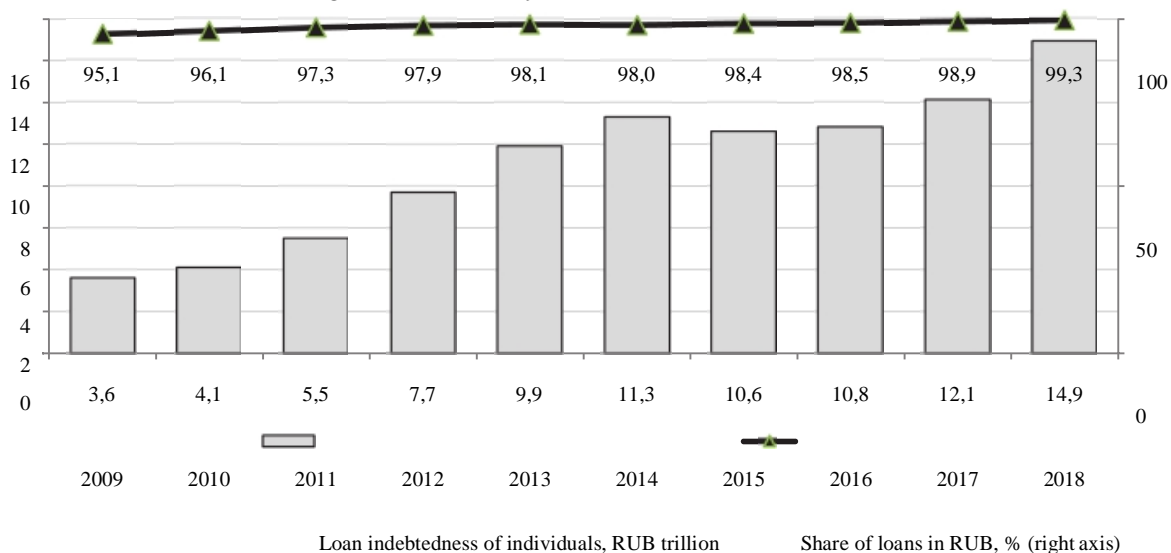
Fig. 17. Loan indebtedness of individuals at the year end

Source: own calculations using data released by Bank of Russia.

Households banking deposits have also increased in nominal terms in 2018. Amount of individual deposits reached RUB 28.6 trillion including 6.2 trillion or 21.8% of these financial means in foreign currency and precious metals (*Fig. 18*). Share of foreign currency deposits reached its maximum at the end of 2015, i.e. 29.7% of total deposits.

Thus, growth of deposits as well as of households debts on loans was observed in recent years in nominal terms. Which indicator grew faster: deposits or debts? In 2010, amount of deposits exceeded loan debts by 2.41. (*Fig. 19*). Then, crediting grew more intensively and the said proportion reduced to 1.65 in 2014. Further dynamics turned to saving behaviour by households: by 2016, this proportion increased and reached 2.26 times. Crediting grew faster than deposits in the last two years and proportion of savings

vs credits reduced. According to results of 2018, amount of deposits constituted 192% of individuals' loan debts corresponding to 2011–2012.
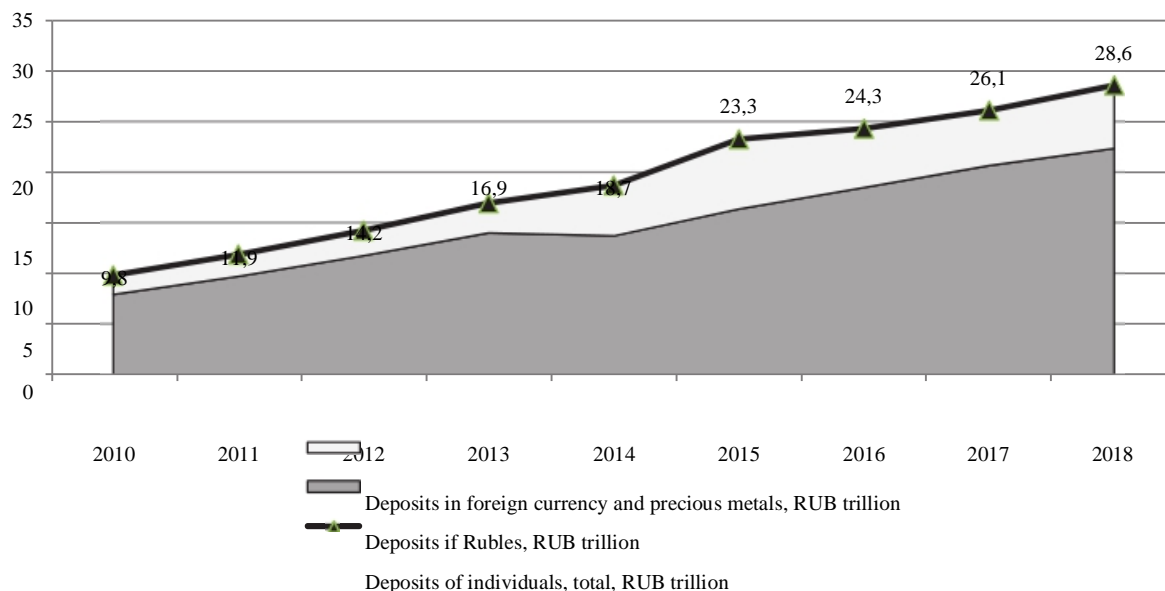
Fig. 18. Amount of individual deposits at the end
of the year, RUB, trillion

Source: own calculations using data released by Bank of Russia.
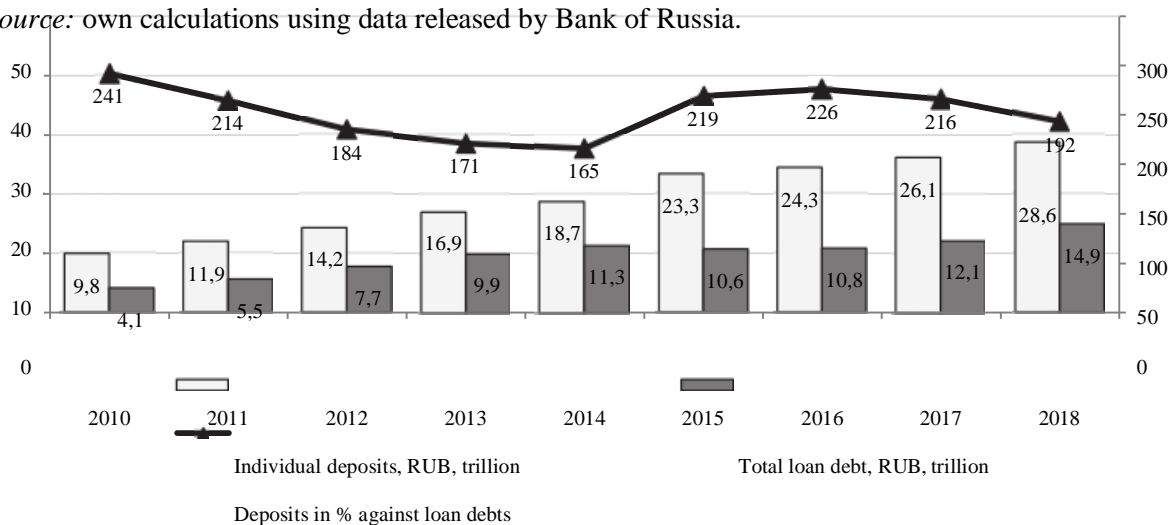
Fig. 19. Proportion of individual deposits vs households loan debt
at the end of the year

Source: own calculations using data released by Bank of Russia.

Deposits grew against cash incomes during years under consideration. Deposits constituted 47% by the end of 2017 compared to 47% of the annual income of households and by the end of 2018 deposits reached practically half of the income, i.e. 49.7%. It signifies that deposits grew faster than incomes, which, in their turn, demonstrated decline or stagnation in the recent years in real terms (*Fig. 20*).
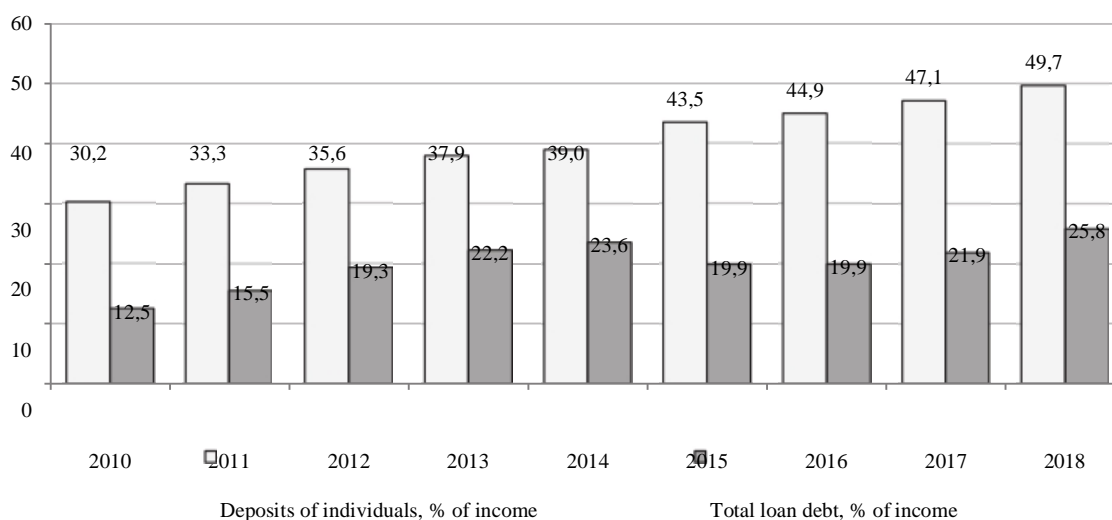
Fig. 20. Individual deposits and loan debts, % of cash households' annual income

Source: own calculations using data released by Bank of Russia and Rosstat.

Households loan debt increased against cash incomes. According to results of 2018, it was equivalent to 26% of the annual amount of households cash incomes, thus, exceeding pre-crisis margin. In 2017, it constituted 22% and was lower than in 2013–2014. Thus, new correlated records of loan debt and deposits were achieved in 2018 against stagnating incomes. Loan debt of individuals amount now to almost quarter of annual households deposits. At year-end, deposits of individuals exceed cumulative loan debt twice and correspond in fact to half of annual income of Russian households.

5.4. Dynamics of labor market

Significant reduction of labor force by 0.5 mn. people marked 2017 and had an essential impact on many other labor market indicators, however, this reduction practically stopped in 2018 (*Fig. 21).* Number of economically active population constituted 74.9 mn.people in 2018 excluding Crimea, being only 0.1 mn. less than in 2017. However, number of working age people was declining but labor force participation rate significantly increased: by 0.5 pp in the first three quarters of 2018 among working age people and by 0.6 pp among over working age people[1]. Occasional engagement to labor market allows to moderate negative demographic trends for a long period of time and maintain the size of labor force at almost the same level. Although number of working age people was reducing since 2006 and has already reduced by eight mn.people, size of labor force is maintained at 75–76 mn.people. As a result, Russia is significantly outperforming most of the developed countries by level of engagement of principal working age population, i.e. 25–54 years old: this index accounted for 90.9% in Russia in 2018 compared to average 82.1% in the OECD countries[2].

[1] Data for a full year were not published yet as of this publication.
[2] Source: OECD-stat. URL: https://stats.oecd.org/#

Fig. 21. Size of labor force and employed (excluding Crimea)

Source: Rosstat.

At the same time, number of employed people has even grown in 2018 by 0.2 mn. people. Such spheres as healthcare, extraction of mineral resources, administrative activity and other accompanying additional services experienced the largest growth. Rosstat include various services required for support of principal activity of enterprises in the latter type of economic activity: renting and leasing, travel and human resources agencies, etc. It is not feasible to define which activities experience the largest growth. Reduction was observed in construction, electric energy, process industries and public administration. Thus, share of different services is increasing in the structure of engagement against reduction of industrial share.

Unemployment reached its historical minimum in 2018: 4.8% (*Fig. 22*). Number of unemployed constituted average 3.7 mn. people over a year, lower by 0.3 mn. than in 2017. Russia is below majority of OECD countries according to this index while average index for these countries was 5.9%.
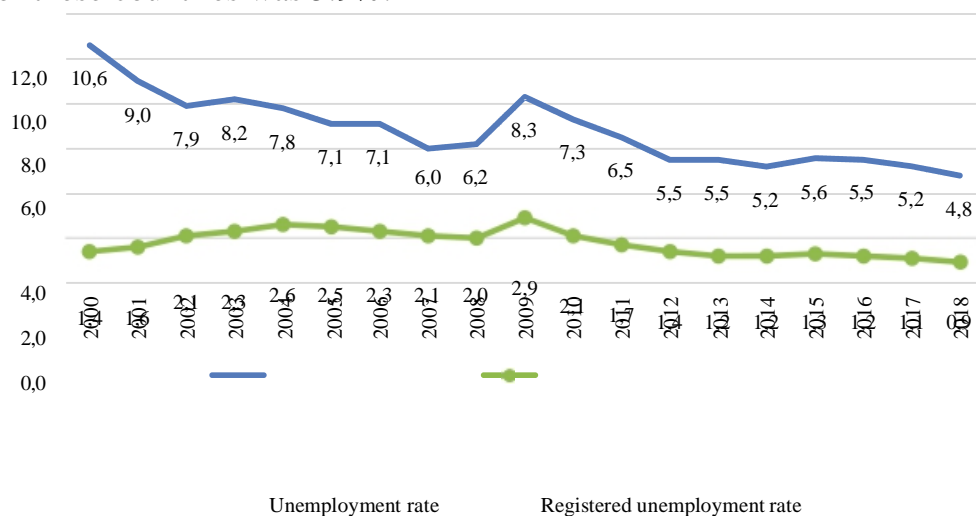

Fig. 22. Unemployment rates according to ILO methodology
and registered unemployment, %

Source: Rosstat.

Reduction of unemployment rate and growth of engagement prove gradual economic growth resulted in the growth of labor force deficit. Other factors prove it as well. Firstly, according to surveys of industrial enterprises, the load on available labor force remains high[1], i.e. at the level of 2011–2014. Secondly, number of vacancies is growing in public employment agencies against reduction of unemployed people addressing them. In 2018, average load of unemployed people in the employment agencies was 53.8 people per 100 published vacancies presenting again a historical minimum according to this index. Thirdly, private employment agencies noted changes in the proportion of those looking for a job and vacancies. According to data of Headhunter, there were 5.7 active resume per one opened vacancy in 2018 at an average while in 2017 this number was by 15% higher[2].

However, part-time employment is increasing (*Fig. 23*) but its structure has slightly changed within the period that Rosstat provided data for: 2013–2018. The share of forced part-time employment slightly decreased to 3% in 2018 after achieving its peak of 3.3% of the average staff count in 2016[3]. Nevertheless, share of employees taking unpaid leaves is growing. On a par, 8% of all employees at large and medium enterprises took such leaves in 2018, which was by 1.4 pp higher than in 2013.
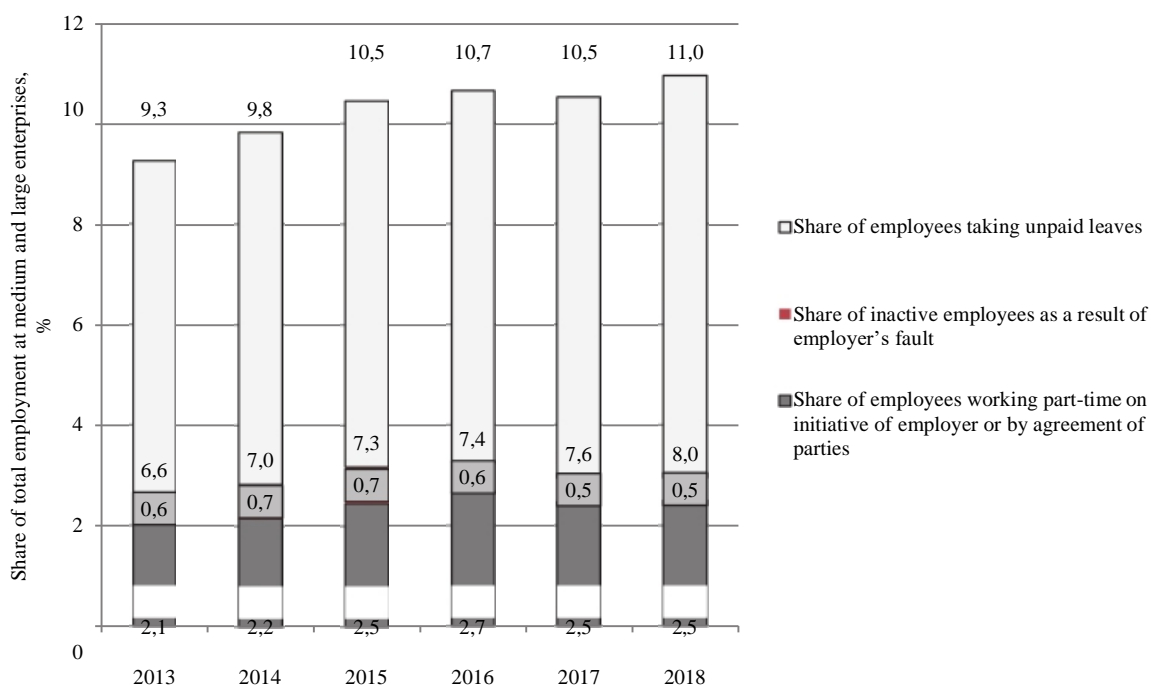
Fig. 23. Part-time employment at large and medium enterprises,
% of total staff count at medium and large enterprises

Source: Rosstat.

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[1] S.P. Aukutsionek et al. REB statistical data series//Russian Economic Barometer – 2018. – №. 2 (68).
[2] Source: https://stats.hh.ru/
[3] Forced part-time employment means that people worked part time on the initiative of employer or due to agreement of parties or were inactive due to employer's fault.

Unpaid leaves were most relevant for processing industries with 17.5% of all employees experiencing them in Q4 of the previous year, and also in construction (16.5%), hotel and restaurant business (14,5%). Although, such leaves are voluntory for the employee, one can suggest that in most of the cases, especially in the abovementioned industries, unpaid leave was forced on employees and imposed by employer. It also highlights the issues that enterprises operating in these industries face. Herewith, wages of employees taking such a leave are indicated in the statistical accounting of the organization based on their wages in the previous periods. It allows enterprises to maintain their wages and salaries fund unchanged in their statistical accounting.

In Q4 2017 and Q1 2018, growth of salaries and wages significantly accelerated (*Fig. 24*). As a result, average real salaries and wages increased by 6.8% in 2018 and for the first time exceeded level of 2014. Although decline of salaries and wages was rather short during the latest economic crisis, further growth was minimal and that is why average wages were below level of 2014 for a long period of time. Growth acceleration was associated by and large with two factors: on one hand, increase of minimum monthly wage (MMW), on the other hand, implementation of May 2012 Presidential Executive Orders striving to raise wages of public-sector employees in certain categories to target indicators stipulated by the Order.
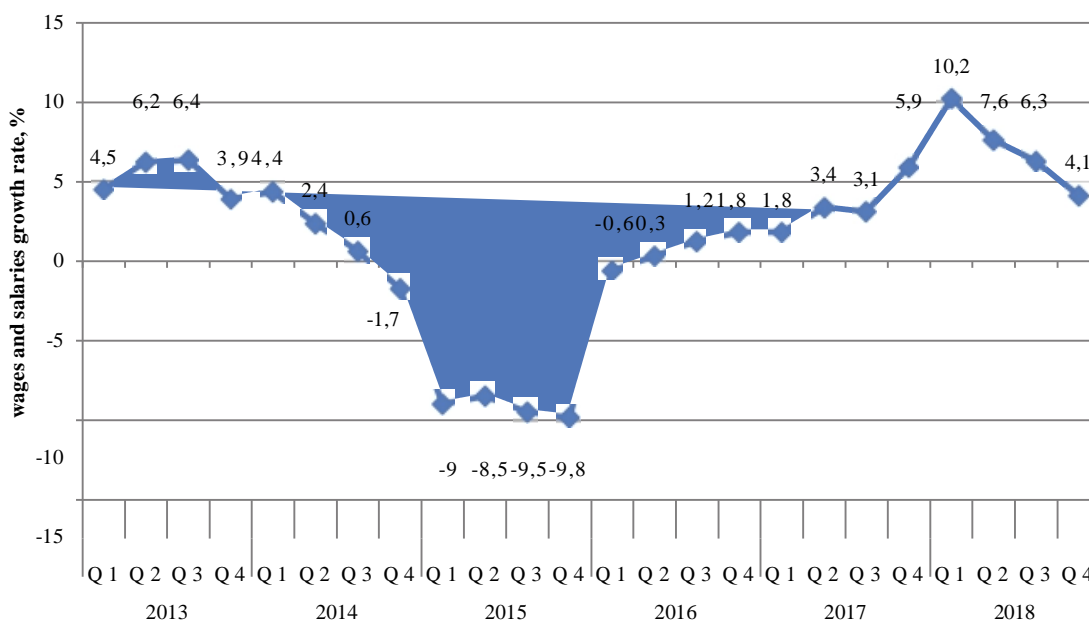

Fig. 24. Growth rate of real salaries and wages vs respective index
of the previous year, %

Source: Rosstat.

Growth of MMW was caused not only by growth of its rate from RUB 7.800 to 11.163 on the federal level but also by reversion of legal framework, when this rate requires regional salary coefficients for employees working in the regions of Russia Far

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North and neighbor territories. Thus, the largest growth of MMW was observed in northern regions, Siberia and Far East, Chukotka, Arkhangelsk region, Tyva, Khakassia, Primorsky region, Mountain Altay.

Implementation of May 2012 Presidential Executive Orders led to essential growth of salaries and wages predominantly in the public-sector areas: wages increased in healthcare by 23.7% in nominal terms, education by 14.2%, culture activities by18.9%. Growth was significantly lower in other areas, especially, in the extraction of natural resources (5.9%), public administration (6.1%), trade (6.3%).

Thus, labor market demonstrated reversion to pre-crisis tendencies in 2018: maintainance of employment volume practically unchanged as a result of growth of households economic activity and reduction of unemployment. Informal economy was growing while number of employed at large amd medium enterprises reduced. The most important changes in the labor market related to growth acceleration of salaries and wages in H1 2018, however, both factors of growth, i.e. increase of MMW and wages in public sector were initiated by state authorities, were artificial and not related with acceleration of economic growth or internal changes. Therefore, it is not surprising that swift growth of salaries was limited and signs of stagnation were visible by Q3. By December, growth of salaries and wages has pracically stopped along with acceleration of inflation.

Pension reform and its short term impact on labor market shall not be overlooked. Transition period started in 2019 with increase of pension age. Men and women born in 1959 and 1964 whose pension age will be increased by six months, will be primarily affected by pension reform in its first year. This means that some people in these cohorts who intended to leave labor market at the onset of retirement age will be forced to remain for at least another six months. At the same time, according to Rosstat, only 34.7% stopped working in 2016 reaching retirement age, while majority worked much longer, on average, about five years more. According to our estimates, raising the retirement age will force 150–200 thousand people to remain in the labor market. This is relatively little; thus, number of people older than working age employed in the labor market increased by 400 thousand within 3 quarters of 2018. Thus, an additional influx of older population into labor market will correspond to the natural trend of growth in economic activity among senior population, at least during first years of reform.

5.5. Migration

5.5.1. Long-term migration

In 2018, number of international migrants arriving to Russia has slightly decreased compared to the previous year, however, number of departures significantly increased. As a result, net migration was far much lower than in 2017 and constituted 124.9 thousand people. This is the lowest index of Russia's migration gain in the current decade. Last time Rosstat registered migration gain below 150 thousand people in 2003–2005 (*Fig. 25*) and it was associated with a considerable underestimation of international

migration in Russia₁. Measures on improvement of current accounting of international migrants taken by Rosstat in 2007and 2011 have practically liquidated main reasons of their underestimation and therefore, there is no reason to think that migration gain can be capitally corrected according to results of the forthcoming 2020 census.
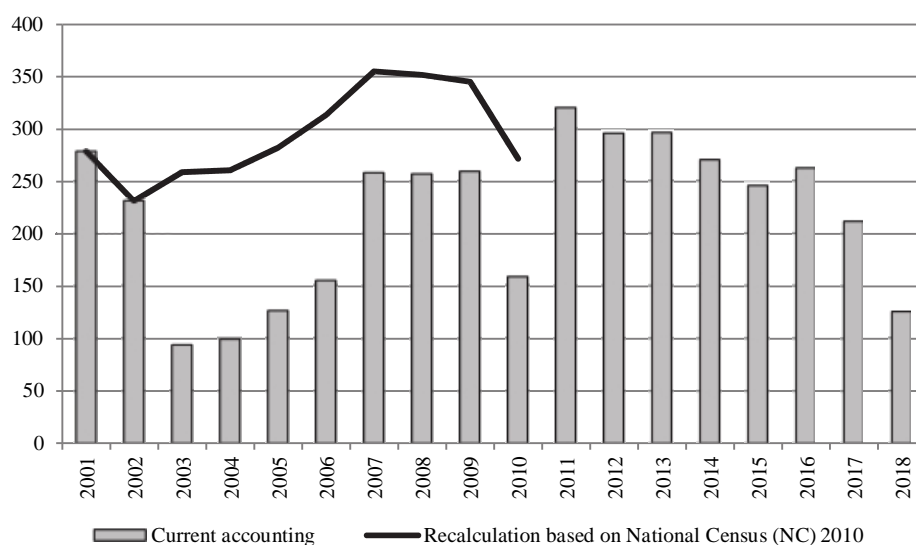
Note: NC – National Census

Fig. 25. Migration gain in Russia, 2001–2018, thousand people

Source: Rosstat.

Data of the current accounting of the population turnover and migration show that migration compensated losses resulted from natural population decline only by 57.2% in 2018. In this decade, such a situation developed for the first time. Even in 2010, when natural decline was 241.4 thousand people, i.e. was higher than in 2018, migration compensated for these losses by 65.5%. Thus, after a long break, there was a population decline again in Russia in 2018.

Reduction of migration gain in the population of Russia affected exchange with almost all countries in 2018 (*Table 1*) and this is especially evident when compared with the beginning of the decade. Compared with the average annual data for 2012–2013, migration gain in the population of Russia has slightly increased only with Belarus (by 3.6%) and a slight decline (4.6%) was observed only in migration from Tajikistan. Migration growth with Kazakhstan fell by almost one third, with Azerbaijan and Armenia by more than half, Ukraine, Moldova and Kyrgyzstan by 60%. This reduction can be partially explained as a consequence of rising influx in 2014–2016 and the following growth of departures with certain lag against reversion of arrivals to pre-crisis level of 2012–2013 and only in case of Ukraine.

₁ Later on data were recalculated taking consideration results of 2010 census.

Table 1

**Migration gain/decline in population of Russia based
on international migration in 2012–2018, thousand people**

	2012	2013	2014	2015	2016	2017	2018
International migration – total	294.9	295.9	280.3	245.9	261.9	211.9	124.9
With CIS countries, including:	268.4	274.9	270.2	237.8	255.3	203.4	129.1
Azerbaijan	18.1	17.2	12.4	10.7	10.4	8.6	8.7
Armenia	32	32.2	24	20.6	12	14	14.4
Belarus	10.2	3.7	6.8	4.9	2.1	11.8	7.2
Kazakhstan	36.7	40.1	40.8	34.8	37.1	32.7	26.5
Kyrgyzstan	24.1	19.8	15.3	10	11	19.4	8.8
Moldova	18.6	20.6	17.6	17.4	14.4	9.6	7.7
Tajikistan	31.4	33.6	19.4	11.4	27.3	34.6	31
Turkmenistan	3.9	3.8	2.6	2.3	2.4	2.9	3
Uzbekistan	56.3	67.3	37.1	-20.4	19.7	22.2	6.8
Ukraine	37	36.4	94.4	146.1	118.8	47.7	14.8
With other countries	26.5	21	10.1	8.2	6.7	8.4	-4.2

Source: Rosstat.

At the same time, migration from Ukraine maintained net migration in Russia on a standard level, 250–280 thousand persons in 2014–2016; migration gain would be below 200 thousand persons already from 2015 if sharp increase of Ukrainian migrants did not take place.

Migration gain with Uzbekistan has not recovered since its fall in 2014; in 2018, it amounted to only 31% of the previous year. Probably, lack of interest in migration to Russia for people of this country is associated with hope of positive changes in Uzbekistan. In 2018, Tajikistan became the main migration donor to Russia.

For the first time since 2007, Rosstat recorded decline in population of Russia due to migration with foreign countries. However, it is difficult to talk about changes in migration trends based on this information: accounting of migration with these countries is not reliable in Russia; departures are underestimated compared to data provided by major receiving countries.

Reduction of migration gain of the Russian population below 200 thousand people is not relevant to the targets of demographic development if they are understood as quest for long-term stabilization and increase in population. Migration gain of 250–300 thousand people would correspond to demographic situation expected in the coming years.

Number of migration increased by 160.8 thousand people in 2018 across Russia, or 3.8% compared to corresponding period of the previous year. After a sharp increase of long-term internal migration flows recorded by statistics in 2011–2012, number of migrations has practically stabilized in Russia recently at the level of 4–4.2 million people. Pattern of migration has not changed. New centers of attraction do not appear apart from existing ones in Moscow and Saint Petersburg and in their surrounding regions, Krasnodar region, Sevastopol, Tyumen region. Migration outflow from regions of Far East and Siberian Federal region is maintained despite measures taken towards its reduction.

5.5.2. Temporary migration

Statistics recording stay of temporary migrants in Russia has not changed much over the last 3 years. Records relevant to 2018 fluctuated in fact at the level of the previous year: in the first half, they were slightly lower than in 2017, and the second half, as from autumn, demonstrated, on the contrary, slightly higher figures. However, we still observe visible reduction compared to pre-crisis indexes, moreover, even the scope of 2015–2016 has not been achieved yet. Nevertheless, annual variation of the indicator remains, it demonstrates summer growth of temporary migration, which in 2018 also captured the autumn months. The peak was achieved late September – early October with 10.2 million. As of November 1, 2018, there were 10.1 million foreigners in Russia with 9.7 and 9.2 million at the end of 2018 and 2017 respectively.

Among temporary migrants predominant number of CIS citizens has not been changed. Thus, as of November 1, 2018 there were 8.49 mn. (84% of all arrivals) and 8.2 mn. At the end of 2018. Among leasers are citizens of Ukraine, Uzbekistan and Tajikistan (*Table 2*).

Table 2

Stay of foreign migrants from CIS in Russia, per date, number of persons.

	05.11.14	05.11.15	01.11.16	01.11.17	01.11.18
Azerbaijan	610327	532321	527615	597938	660314
Armenia	514663	504971	509070	507790	507557
Belarus	498878	634861	744653	699463	656815
Kazakhstan	575400	685841	607044	545852	545592
Kyrgyzstan	552014	526502	581197	619498	654892
Moldova	586122	517692	495463	448728	361397
Tajikistan	1105500	933155	964030	1037729	1155114
Uzbekistan	2335960	1943384	1671931	1793664	1961814
Ukraine	2651109	2566377	2590568	2217642	1987752
CIS, total	9429973	8845104	8691571	8468304	8491247

Source: data provided by Federal Migration Service and RF City Directorate of Internal Affairs of the Ministry of Interior.

Impact of the economic crisis and sharp changes of migration legislation in 2015 have been overcome only partially in the recent years. Initial growth of migration from EEU countries has practically stopped with Kyrgyzstan being the only exception. Number of migrants from this country is still growing and, apparently, the growth capacity has not been exhausted yet. Temporary migration from Azerbaijan rebounded. Migration from Tajikistan and Uzbekistan is growing, however, pre-crisis indexes have not been achieved yet. Compared to 2013, lagging behind is by 6% and 28% respectively. Significant reduction of temporary migration from Moldova is going on and the same concerned Ukraine in the last three years.

Russia did not attract more migrants from developed western countries and their number remains minimal compared to pre-crisis figures. Slight fluctuations in 2018 did not change common tendency (*Table 3*). Commercial and business trips slightly increased compared to 2017 but labor migration and official and private trips continue to reduce. On the whole, comparison with pre-crisis indexes demonstrate decline by 2.5 at an average and by 5-7 times in some countries, i.e. Spain, USA, Great Britain, etc.

Table 3

Stay of foreign citizens from certain countries of EU and USA in RF, per date, number of people

	13.11.13	01.11.15	01.11.16	01.11.17	01.11.18
EU on the whole	1177829	481567	516368	448566	462276
Germany	352335	122131	115425	111792	108591
Spain	77200	15864	15579	14337	16127
Italy	77193	30489	28244	24388	25761
Great Britain	174061	38637	29142	23944	23020
Finland	108312	46513	99065	73715	64819
France	65559	35968	29268	26963	30010
USA	220086	50638	52840	44370	46988

Source: data provided by RF Federal Migration Service and Central Department of Migration, Ministry of Interior.

At the end of December, 2018 there were 3.76 mn. labor migrants in Russia with 3.64 of them being citizens of CIS countries (97%), 125 thousand from foreign countries. Compared to 2017, the number of labor migrants increased by 4% and reached 3.61 mn. by the end of 2017. Number of labor migrants who officially designated their purpose of visit as "employment" has not changed much in recent years. Inside this category, there is a slight growth of labor migration from all CIS countries with the exception of Ukraine and Moldova; migrants from these two countries reorient more than ever to work in Europe.

Share of legalized labor migrants has not practically changed against previous year while earlier it showed gradual growth after sharp reduction in 2015. It does not benefit recent changes in migration policies and practices or depletion of capacity of those migrants who are in principle ready for legalization in the current situation on the Russian labor market. By the end of the year, about 75% of labor migrants had valid documents for work in Russia, i.e. patent or work permit or had the right to work without such documents being citizens of the EAEU member countries.

Statistics of new documents required for work in Russia does not show growth likewise compared to 2017, although figures are higher than the data for 2016 (*Table 4*). Moreover, the two times lag behind the peak values in document processing in 2014 has not been overcome yet.

Table 4

Work permits required for migrants to work in the Russian Federation

		2014 г.	2015 г.	2016 г.	2017 г.	2018 г.
Work permits for foreign citizens (FC)*		1334899	177175	133215	139595	120666
Including:	Work permits for qualified specialists (QS)*	158644	22099	14775	17333	19360
	Work permits for highly qualified specialists (HQS)	34225	41829	25469	21363	25845
Patents**		2379374	1779796	1492203	1658119	1649121
Total		**3714273**	**1956971**	**1625418**	**1797714**	**1769787**

* – issued since January 1, 2015 to FC from visa countries
** – issued since January 1, 2015 to FC from non-visa countries authorizing employment with individuals as well as with legal entities

Labor migrants participate more actively in regional budgetary replenishment. Thus, amount of patents exceeded RUB 57 billion in 2018 against RUB 51 billion in 2017. In

fact, these payments were made by migrants from Uzbekistan and Tajikistan reaching 88% of issued patents vs 86% in 2017. Year by, there are less Ukrainian citizens applying for patents, i.e. 7.9% in 2017 and 6.5% in 2018.

Results of 2018 in the area of labor migration prove conservation of all existed issues. New economic stimuli for mass attraction of more qualified migrants to Russia or at least expansion of donor countries did not appear. Migrants from developed western countries or such CIS countries as Ukraine and Moldova choose employment in Russia less often. At the same time, mechanisms required for legalization of labor migrants are stuck and do not allow to bring those who already take part in the Russian labor market out of shade.

5.6. Demographic situation

According to preliminary data provided by Rosstat, expected life expectancy accounted for 72.84 years old (67.66 for men and 77.87 for women), cumulative birth-rate equaled 1.97 per one woman in reproductive age.

Natural decline in population constituted 218.4 thousand people in 2018 in Russia[1] exceeding similar index of 2017 by 62.5%, i.e. 84 thousand people. Overall tendency of the natural increase/decline was similar to previous years (*Fig. 26*). However, monthly decline in population was more meaningful in 2018. In 2016–2017, increase was observed in summer months while in 2018 it was marked only in August.
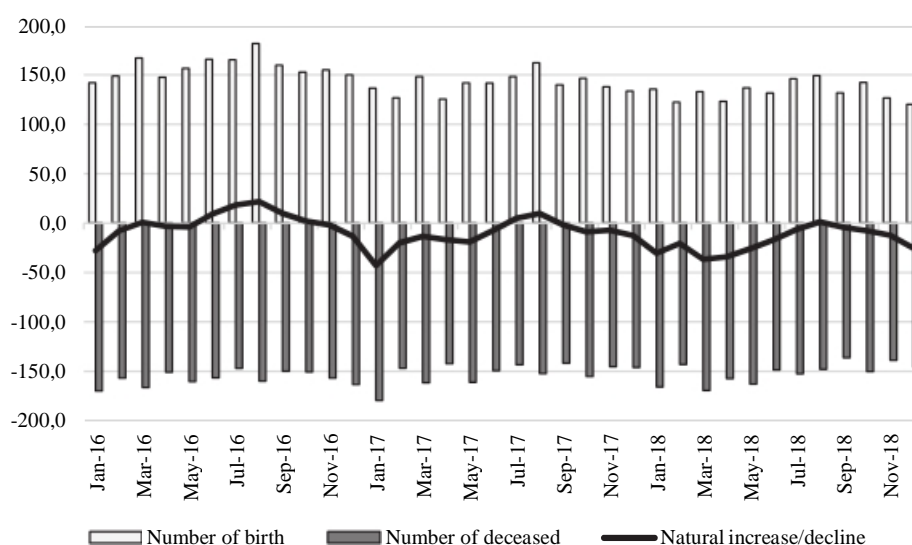

Fig. 26. Number of birth and natural increase/decline, 2016–2018, thousand people

Sources: EMISS, Rosstat operative information.

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[1] Here and below: data for October-December 2018 downloaded from Unique state registration database. Data for January – December may be corrected.

Decline in population was observed in most of the regions of the Russian Federation. However, there are regions demonstrating increase (*Fig. 27*). Republic of Dagestan, Republic of Chechnya, Tyumen region, Khanty-Mansi Autonomous okrug, Moscow demonstrated largest increase. Nizhegorodskaya region, Rostov region, Voronezh region, Kemerovo region, and Tula region demonstrated the most notable decline.

Fig. 27. Natural increase/decline of population, January-December 2018

Source: Rosstat.

Two divergent factors influence on natural decline of population in this period, that is, progressing and evident reduction of birth-rate as well as insignificant reduction of mortality rate. Number of people born in 2018 constituted 1599.3 thousand people and this is by 5.4% (90.5 thousand people) less than during similar period of the previous year. Birth peak intensity fell on August (*Fig. 28*) with 149.2 thousand people born. Minimal index was observed in December: 120.1 thousand people.
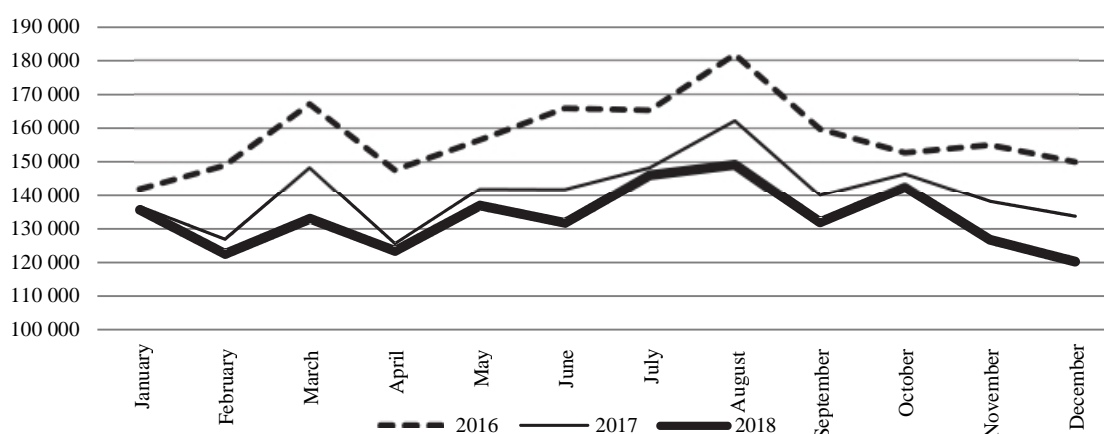

Fig. 28. Number of people born in January-December 2016–2018, thousand people

Sources: EMISS, Rosstat.

Reduction of the overal birth-rate is still going on. In 2018, it equaled 10.9‰. This is below similar 11.5‰ indicator for 2017 by 5.2%. Practically all regions of Russia demonstrate reduction of this rate with the exception of Republics of Kalmykia, North Ossetia-Alanya. Maximum fall of this rate is observed in Magadan region by 12%, Komi Republic by 11%, Nenets Autonomous region by 10.5%, Stavropol region by 9.5%, Kostroma region, Smolensk region, Sevastopol by 9%.

According to overal birth-rate, the following regions were leaders in 2018: Tyva Republic (20.4 ‰), Republic of Dagestan (15.5 ‰), Republic of Ingushetia (15.8%), Altai region (15.2 ‰), Republic of Chechnya (20.2 ‰) (*Fig. 28*). Penza region (8.6‰), Republic of Mordovia (8.3‰), Tula region (8.3‰), Smolensk region (8.3‰), Tambov region (8 ‰), Leningrad region (7.7‰) faced the worst situation.

Number of deceased in 2018[1] constituted 1.817.7 thousand people, which is by 6.6 thousand higher than in the same period of 2017 and by 0.4% less compared to 2016. Total mortality rate equaled 12.4‰.

The highest mortality rate was recorded in March 2018, i.e. 169.000 people, while minimum absolute mortality rate, 136.000 people, was registered in September. In March-May and July, 2018 absolute number of deceased was higher than similar indexes of 2017. The lowest absolute mortality rate was in September compared to the same periods of 2016–2017 (*Fig. 29*).
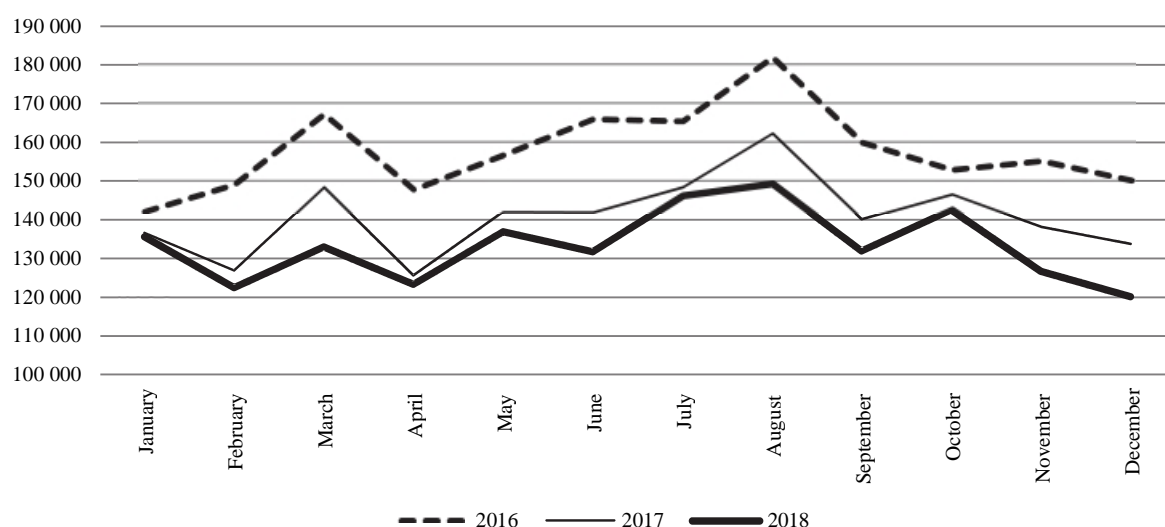

Fig. 29. Number of deceased by months, January-December 2016–2018, people

Sources: EMISS, Rosstat.

According to Rosstat operative data, the gap between minimum and maximum indicators of the total mortality rate in regions of Russia was 14 ppm in 2018. Pskov and Tver regions demonstrated the highest rate of 16.8‰ while Republic of Ingushetia had

[1] Here and below: data for October-December 2018 downloaded from Unique state registration database. Data for January – December may be corrected.

the lowest rate of 3‰. Mortality rate is traditionally high in the regions where share of senior age is high, that is, Pskov, Novgorod, Tver, Tula, Vladimir, Ivanovo regions. Regions characterized by a younger age structure traditionally demonstrate the lowest figures: Republic of Ingushetia, Republic of Chechnya, Yamal-Nenets Autonomous okrug, Republic of Dagestan, Khanty-Mansi autonomous okrug.

Growth of total mortality rate from 0.6 to 22% is observed in 32 regions compared to the same period of 2017 while in 14 regions it remained at the level of 2017 and decreased in other regions. Chukotka Autonomous okrug (22%), Nenets Autonomous okrug (5.9%), Zabaikalsky region (5.2%), Sakhalin region (5%) demonstrated maximum growth of the total mortality rate (*Fig. 30*).

Republic of Chechnya (8.7%), Kabardino-Balkar Republic (8.2%), Republic of Ingushetia (6.2%), Republic of Dagestan (5.9%), Republic of Karachaevo-Cherkassia (4.3%), Yamal-Nenets Autonomous okrug (4%) demonstrated maxim reduction of this index.
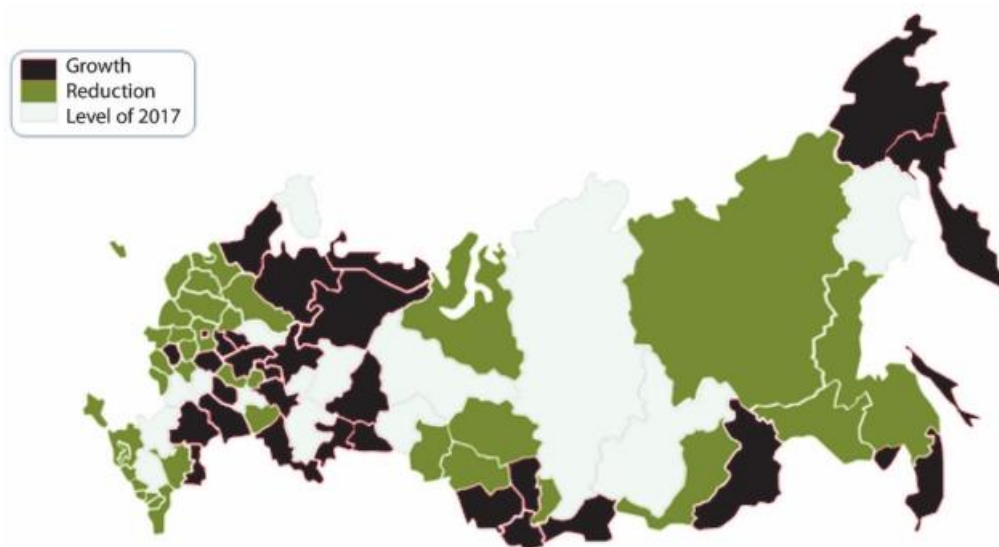

Fig. 30. Change of total mortality rate per regions, January - December 2018 compared to January - December 2017, %.

Source: Rosstat.

Total mortality rate allows to expediently, though roughly, estimate mortality tendencies. As intensity of mortality significantly depends on age pattern and gender, the total mortality rate is subjected to strong influence of the population age pattern. However, data on mortality with a breakdown per age and gender are published according to annual statistical results and they have not been presented yet for 2018.

Infant mortality rate is an important index of mortality and at the same time of a life quality, i.e. number of deceased children aged below one year old per 1000 live born children. Rosstat publish information on infant mortality based not only on annual data but also on a monthly basis in the FSSS (Federal State Statistics Service) operative statistics. However, a careful approach should be implemented for analysis of monthly

indicators, especially, in case of regions. As this indicator is characterized by low figures, any slight monthly fluctuation will have its impact on the level of this indicator.

Infant mortality rate is going down. In 2018, this rate equaled 5.1 cases per 1000 live born children. This indicator is 5.7% lower than the same one in 2017. Regional gap of the infant mortality rate increased. In 2018, it constituted 9.6‰. In 2017, this indicator equaled 8.2‰. Growth of regional gap between minimum and maximum indicator provided for increase of maximum (11.1‰) as well as for reduction of the minimum (1.7‰). The highest infant mortality rate among children below one year old was evidenced in Chukotka Autonomous okrug (11.1‰), Tyva Republic (9.4‰), Jewish Autonomous region (9.5‰), Republic of Dagestan (8.3‰), Altai region (7.5‰) (*Fig. 31*). The following regions demonstrating minimum infant mortality rate in the period under consideration: Nenets Autonomous okrug (1.7‰), Sevastopol (2.8‰), Sakhalin region (2.8‰), Khanty-Mansi Autonomous okrug (2.8‰), Yaroslavl and Leningrad regions (3.2 ‰).

Fig. 31. Infant mortality rate, 2018, per 1000 live born children

Source: Rosstat.

Blood circulation deceases still prevailed in the cause-of-death-structure in Russia in 2018 (46.3%). Then, in descending order: neoplasms (15.9%), other groups of causes (11.7%), external causes (7.2%), diseases of nervous system (6.2%), diseases of digestive system (5.1%), diseases of respiratory system (3.3%), diseases of endocrine system, eating disorder and metabolic disturbance (2.3%), infections and parasitic diseases (1.7%).

Total mortality rate in 2018 remained at rate of 2017. If mortality rate indicators demonstrate reduction of death resulted from external causes by 5.5%, diseases of

respiratory system by 1.5%, blood circulation diseases by 1.9%, neoplasms by 0.1%, infections and parasitic diseases by 0.9%, mortality rate resulted from diseases of nervous system (by 12.3%), endocrine system, eating disorder and metabolic disturbance (by 8.4%), digestive system (by 1.6%), other groups of causes (by 0.7%) increased on the contrary compared to the same period of 2017.

Thus, at present, Russia experience transition period on the way to a challenging demographic stage, which is characterized by new demographic risks and natural decline of population. Data for 2018 confirm this fact. There is an ongoing evidenced reduction of birth-rate associated with a small cohort of women in reproductive age. High mortality rate indicators demonstrate another component providing for natural decline in population.