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The review “Russian Economy. Trends and Outlooks” has been published by the Gaidar Institute since 1991. This is the 44th issue. This publication provides a detailed analysis of main trends in Russian economy, global trends in social and economic development. The paper contains 5 big sections that highlight different aspects of Russia’s economic development, which allow to monitor all angles of ongoing events over a prolonged period: the monetary and budget spheres; financial markets and institutions; the real sector; social sphere; institutional changes. The paper employs a huge mass of statistical data that forms the basis of original computation and numerous charts confirming the conclusions.

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Demography and migration processes in Russia in 2022¹

4.3.1. The demographic situation

In 2022, natural population decline was equal to nearly 600,000 persons (599,600) or 4.1‰ (per mille) which is much below the level of a natural decline in the population in 2021 (1,042,700, 7.2‰) (*Fig. 13*). Such a decrease was feasible owing to the return of the mortality rate to the normal (non-pandemic) level.

Experts approached the beginning of 2022 with negative expectations regarding the birth rate dynamics and the demographic situation as a whole. First, Russia is approaching the “bottom” as regards the number of women of the most active reproductive age (*Fig. 14*). With each year, a large generation of the late 1980s makes a smaller and smaller contribution to the current birth rate. All subsequent cohorts of women are substantially smaller in number. Second, as of the beginning of 2022 an upcoming decrease in the intensity of childbirth was mainly driven by the COVID-19 pandemic in 2021 and the accompanying

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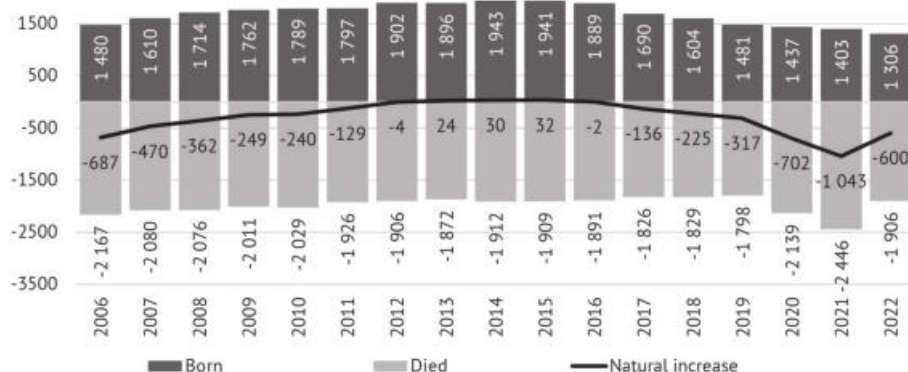


Fig. 13. The numbers of those born and died and natural increase (decline) in the population, 2006–2022, thousand persons

Source: UISIS; Rosstat's real-time data.

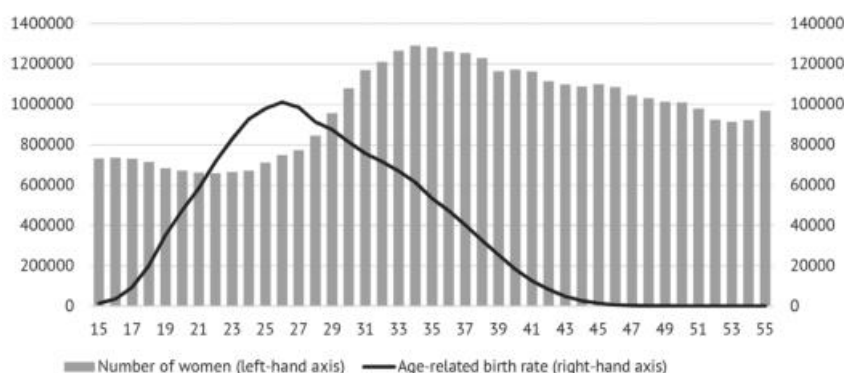


Fig. 14. The number of women and age-related birth rate across one-year age groups, 2021.

Source: The database of the Center for Demographic Studies, NES.

economic stagnation. Now we can say that the effect of the coronavirus pandemic on the birth rate has become inseparable in Russia from the effects of subsequent developments (the beginning of the special military operation, the sanctions regime and the economic crisis) since Autumn 2022.

In 2022, 1,306,200 children were born, a decrease of nearly 100,000 children or 6.2% relative to 2021. The overall fertility rate was equal to 9‰ and the preliminary estimate of the total fertility rate, to 1.45 babies. A decrease in the intensity of births was evident for the first and second order, as well as for most maternal ages.

Proceeding from the monthly dynamics of the number of births, it can be stated that in 2022 the birth rate demonstrated a more all-round negative trend

as compared with 2021 when fluctuations occurred (*Fig. 15*). The most dramatic decline in the number of births was seen in October 2022 (-10.7% as compared with the relevant period of the previous year), March and April 2022 (-9.9% each) and June (-9.6%). So far, judging by the data on December 2022 and the preliminary data on January 2023 (about 103,000 births) there is no evidence of a sharp decrease in births nine months after the beginning of the SMO. Such a decline in births is likely to be evident nine months after the partial mobilization was declared.

By the beginning of 2023, experts' expectations regarding the intensity of births became more negative due to crises phenomena in Russia. A further decline in births is forecasted (up to 1.12 mn).

A major factor for the decrease in the extent of a natural population decline was a substantial reduction in the number of deaths. Early in 2022, Omicron, a lighter coronavirus variant, which spread around the world, as well as in Russia forced out Delta, a more deadly coronavirus strain. Along with the vaccination of the population, this led to a decrease in the fatality rate associated with coronavirus infection. Based on the data on 2022, in January-March, the period of an active spread of Omicron and explosive growth in the incidence of the disease, the number of deaths surpassed the average values seen in 2015–2019 (*Fig. 16*) and from April the absolute indicators of the year 2022 became lower.

In January-December 2022, 1,905,800 people died in Russia, 22% and 10% less than in 2021 and 2020, respectively, and 6% more than in the pre-pandemic 2019. In 2022, the overall death rate of the population was equal to 13.1‰.

By preliminary estimates, life expectancy increased to 72.6 years¹ (*Fig. 17*), but failed so far to reach the pre-pandemic level (73.3 years). At the same time, the indicator is much lower than that forecasted by Rosstat in 2020 (74.7 years

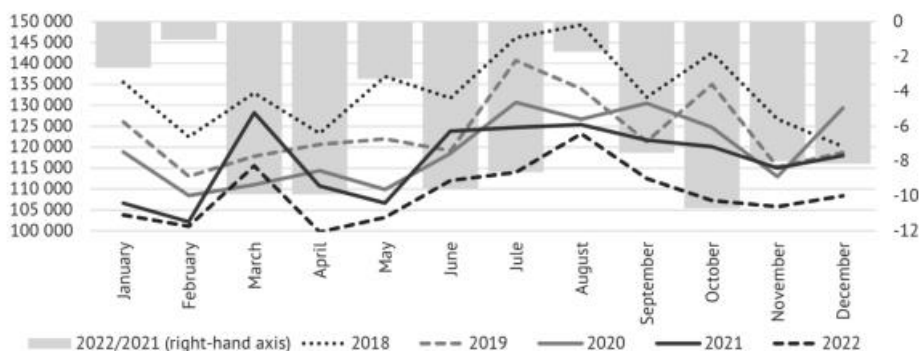


Fig. 15. The number of births in 2018–2022 (persons) and changes in 2022 relative to 2021 (%)

Source: UISIS: Rosstat's real-time data.

¹ In 2022, life expectancy increased in Russia // The Kommersant daily. The News – Society (kommersant.ru).

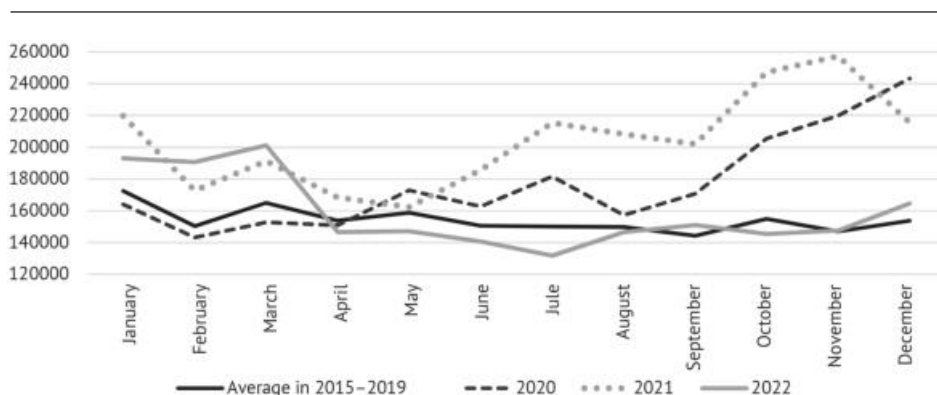


Fig. 16. The number of deaths by months in 2020–2022 and on average in 2015–2019, persons

Source: UISIS; Rosstat.

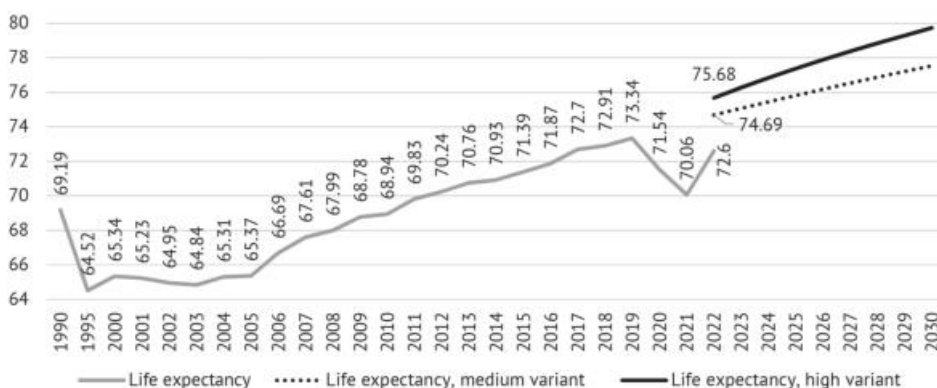


Fig. 17. Life expectancy at birth, 1990–2021 (actual), 2022 (estimate) and 2022–2030 (forecast), years

Source: Rosstat.

in 2022 and 75.7 years according to the medium and high projection variants, respectively).

According to the data of UISIS, along with growth in life expectancy of the population, 2022 saw negative trends which characterized health of the population. The share of the population leading a healthy life style largely decreased since 2019 (from 12% in 2019 to 7.2 % in 2022). This integrated index of the population's commitment to a healthy lifestyle is a conditional characteristic of a healthy lifestyle and includes the following components: no smoking, daily consumption of at least 400 gr of vegetables and fruits, adequate physical activity (minimum 150 min of moderate physical activity or 75 min of intense physical activity per

week), normal consumption of salt and alcohol consumption of no more than 168 gr and 84 gr of pure ethanol per week for men and women, respectively.¹

Within a year, healthy life expectancy increased by the mere 0.4 years and failed to attain the pre-pandemic level (59.8 years in 2022, 59.4 years in 2021 and 60.3 years in 2019). Probably, the low level of healthy life expectancy can be explained by a considerable deterioration of the population's health after the coronavirus infection, high risks of noncommunicable diseases caused by tobacco smoking, alcohol consumption and weak physical activity and nutrition. According to the data of UISIS, in the past four years retail sales of alcohol increased from 6l per capita in 2019 to 6.5l in 2022).

4.3.2. Long-term migration

In 2022, migration growth in the Russian population was equal to 34,900 persons. Formally, it is an unprecedentedly low indicator, but it is formed on the back of a transfer of a larger portion of departures (about 200,000) from H2 2021 to H1 2022. From July 2021, the validity period of documents of migrants, foreign nationals registered at the place of their stay, was extended till December 31, 2021. As a result, Rosstat stopped recording departures related with the end of the registration period at the place of stay and in 2021 the indicator of migration growth of the population amounted to the record value of 430,000 people. The registration of these departures was carried forward to H1 2022, so in January-June Rosstat recorded a record migration loss of 97,600 persons (*Fig. 18*). In H2, indicators started to return to normal, but a fall in H1 was covered by the end of the year. In 2021, migration growth of the population was overstated by approximately 200,000 persons; in 2022 it was understated by the same value.

As a result, in 2022 migration growth made up for natural loss of the population by the mere 5.8%, despite its decline relative to the previous year.

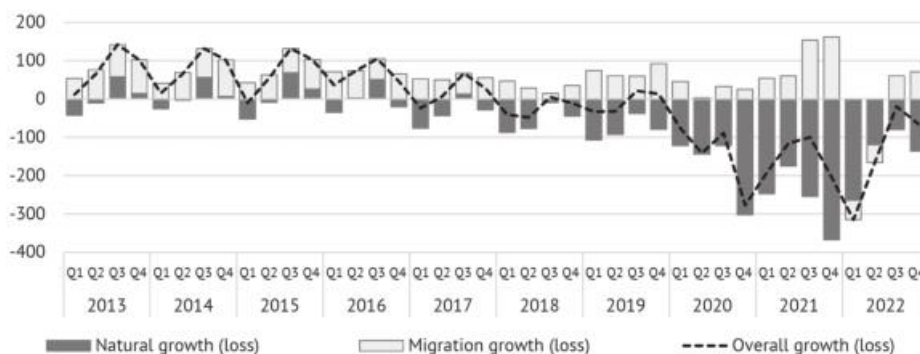


Fig. 18. Components of change in the RF population,
2013–2022, quarterly data

Source: Rosstat.

¹ Rosstat's Order No.181 of March 29, 2019 "On Approval of the Methodology of Calculation of the "Share of Citizens Leading a Healthy Lifestyle" Indicator, %." URL: docs.cntd.ru

In 2022, Russia has migration growth with a very limited number of countries (*Table 1*). The contrast is particularly explicit as compared with 2021, but, as stated above, the indicators for these years are too distorted. In our opinion, it is correct to operate with the data for 2021–2022 on the average. In 2017–2022, there was no substantial distortion of the statistics, except for 2017 and 2019; in other years there were either problems related with interdepartmental networking between Rosstat and the RF Ministry of Internal Affairs (2018) or limitations related with the COVID-19 pandemic and its implications (from 2020).

Table 1

Migration growth (loss) of the RF population in 2017–2022, thousand persons

	2017	2018	2019	2020	2021	2022
Overall international migration	211.9	124.9	285.8	106.5	429.9	34.9
With CIS member-states	203.4	129.1	256.4	118.9	395.8	51.4
Including:						
Azerbaijan	8.6	8.7	16.8	10.9	23.7	-3.7
Armenia	14	14.4	35.5	-1.8	45.2	-10.7
Belarus	11.8	7.2	6.3	-1.4	15.4	-0.2
Kazakhstan	32.7	26.5	39.1	8.4	48.3	-4.9
Kirgizia	19.4	8.8	14.9	1.4	42.5	-6.8
Moldova	9.6	7.7	5.5	3.5	16.1	2.4
Tajikistan	34.6	31	47.8	39.4	96.6	87.3
Turkmenia	2.9	3	6.2	0.8	7.2	-3.7
Uzbekistan	22.2	6.8	19.1	4.9	36	-8.5
Ukraine	47.7	14.8	65.1	52.8	64.7	0.2
With other countries	8.4	-4.2	29.4	-12.4	34.1	-16.5

Source: Rosstat

In this regard, the remaining high level of Russia’s migration growth with Tajikistan seems surprising. Despite the fact that there was “double counting” of departures with Tajikistan, arrivals, which number of was so high, made up for the number of departures. The number of arrivals from Tajikistan was equal to 186,600 persons, an increase of 47% relative to 2021. No growth in arrivals was seen with any other country; on the contrary, arrivals declined.

Internal migration has been falling since 2018 (*Fig. 19*); in 2022 it decreased by 144,400 persons or 4%. In 2019–2022, the number of those migrating internally increased only by 100% on the relevant period. The first time it happened in Q2 2021 and it did not facilitate the recovery of the number of internal migrants after tight COVID-19 restrictions which were in effect in 2020. The second increase was registered in Q4 2022; it was equal only to 6.3% as compared with the relevant quarter of 2021 when the indicator fell by 12.4%. Overall, in 2022 the number of in-country resettlements was equal to the mere 79.7% of the level seen in 2018. The loss of more than 20% of migration in four years is a very high rate of decline; notably, the internal migration accounting methodology (as far as we know) has not changed.

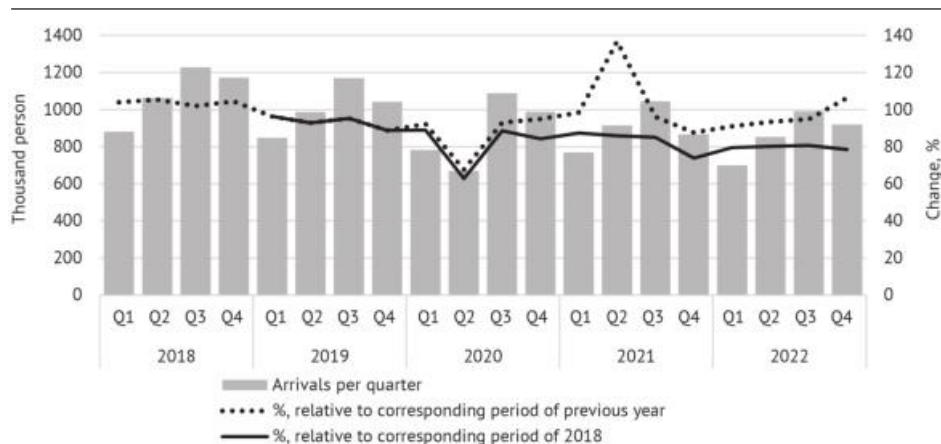


Fig. 19. Internal migration in Russia in 2018–2022, quarterly data

Source: Rosstat.

In 2022, over three-quarters Russia's regions experienced a migration loss of the population and that is not surprising amid a reduced rate of increase in the international migration. Migration growth of the population in large centers of gravity for migrants ceased to be sustainable. So, growth declined in St. Petersburg, the Leningrad region, the Moscow region and the Krasnodar Krai. According to Rosstat's data, as far back as January–November 2022 Moscow experienced a substantial migration loss (–18,900 persons), but at the year-end migration growth of 88,700 persons was registered. It turns out that in December 2022 alone Moscow's migration growth was equal to 107,600 persons, while the number of arrivals to Moscow in December, to 128,500 persons. This cannot possibly be in reality; probably, a portion of arrivals was underreported within a year and Rosstat did not take them into account. It is noteworthy that in 2022 the number of arrivals to Moscow grew, an increase of 91,000 persons or 40.6% as compared with the previous year. It is unclear what caused such an increase in arrivals amid the continuing contraction of internal migration volumes and the normal level of international migrants. Recovery of the usual volumes of migration growth of the Moscow population is logical, however, monthly dynamics of migration indicators in the region raises questions.

In 2022, with a migration loss seen in all regions of the Far Eastern federal okrug and nearly all regions of the Privolzhsky federal okrug and the North-Caucasian federal okrug, the normal migration processes pattern, enhanced by a virtual lack of growth on the back of international migration, recovered.

4.3.3. Temporary migration

In 2022, as in 2021, the number of foreign citizens staying in the territory of the Russian Federation was the lowest in the past decade (Fig. 20). At the beginning of 2022, there were hopes for a gradual recovery of international migration volumes

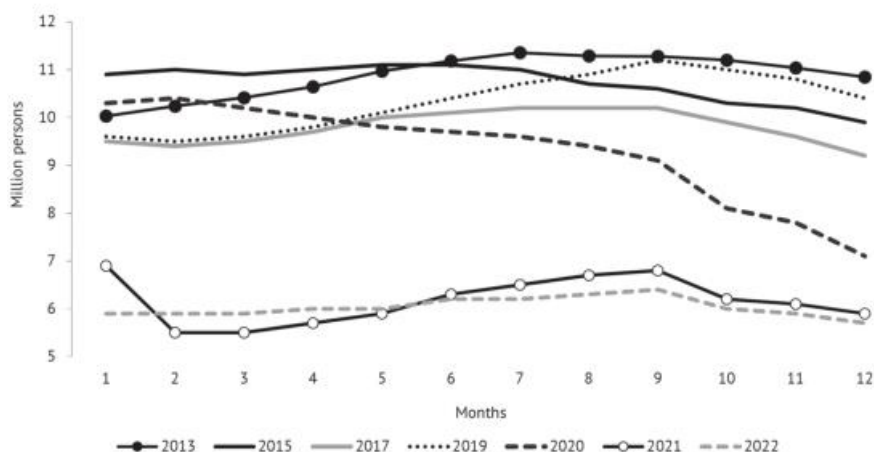


Fig. 20. Foreign citizens in the RF territory at month end, million persons

to Russia after the pandemic and late in February 2022 this index even surpassed by 7% the relevant one of 2021. However, after February 24, 2022 this trend was broken and by the beginning of summer the data on the number of foreigners in Russia turned out to be even lower than in 2021 when the pandemic-related restrictions on travelling to Russia were in effect. Consequently, during 2022 the index fluctuated from 5.7 mn foreigners to 6.4 mn foreigners staying in Russia as of the end of each month (from 5.5 mn to 6.8 mn in 2021). By the end of 2022, 5.66 mn foreign citizens were staying in the RF territory, a decrease of more than 40% and 5% as compared with the pre-pandemic 2019 and the end of 2021, respectively. By contrast with the data on the relatively favorable 2019, the most dramatic decline was seen in the number of tourists (over 80%), as well as transit, business and private travelers to Russia (a decrease from 78% to 54%), while the number of those arriving in Russia for the purpose of work declined the least (30%); educational migration remained unchanged.

Among all foreign citizens staying in Russia, citizens of CIS countries accounted for the majority with their share remaining at the level of the previous year, that is, 89% (79% in 2019 and 84% in 2020). Early in 2022, 5.2 mn people from CIS countries were staying in Russia (*Table 2*); at year-end 2022 their number was equal to 5.0 mn (8.2 mn at year-end 2019). The leaders as regards the number of foreign migrants were two countries of Central Asia (Uzbekistan and Tajikistan) and Ukraine (in 2021 citizens of Kirgizia were rated the third in this regard).

By contrast with 2019, the number of citizens of Moldova, Azerbaijan and Ukraine staying in the Russian Federation decreased the most (by 77%, 75% and 58%, respectively), while that of citizens of Tajikistan, the least (by 6%). Even compared with the previous year, the number of foreign citizens from nearly all CIS states declined (from 5% in case of citizens of Uzbekistan to 29% in case of

Table 2

**Arrivals of foreign citizens from the CIS to Russia
as of the date specified, persons**

	01.12.2015	01.12.2017	01.12.2019	01.12.2020	01.12.2021	01.12.2022
Azerbaijan	531080	601704	758377	548389	253961	186970
Armenia	490156	494848	483250	339985	301035	260032
Belarus	644598	689534	690854	628134	515694	502155
Kazakhstan	671751	531865	547398	365632	270887	230728
Kirgizia	541855	624756	746477	599294	663683	591135
Moldova	512637	425269	310679	205747	98510	70247
Tajikistan	898849	988771	1243080	1012186	1143290	1168233
Uzbekistan	1884110	1719492	2007895	1460120	1514596	1442419
Ukraine	2598303	2129446	1708652	1037016	577225	713339*
CIS, overall	8773339	8205685	8496662	6196503	5338881	5165258

* As of the beginning of winter, apart from Ukrainian citizens in Russia there were 78,500 citizens of the Donetsk People's Republic (DPR) and 65,000 citizens of Lugansk people's Republic (LPR) (from Spring 2022, the Ministry of Internal Affairs publishes separately the statistical data on citizens from DPR and LPR, as well as Ukrainian citizens).

Source: The RF FMS; Main Directorate for Migration Affairs of the RF Ministry of Internal Affairs; CBD UIG database.

citizens of Moldova), except for Tajikistan and Ukraine (growth of 2% and 24%, respectively).

The number of citizens from developed western countries in Russia decreased even further as compared with 2021 (*Table 3*). Early in 2022 their number fell on average 7.6 times as compared with 2019: Spain (a decrease of 31 times), France (21 times), Germany and the UK (18 times each), the US (17 times), Italy (15 times) and Finland (4 times). This reduction in numbers concerned primarily those individuals who were in Russia on tourist, commercial and business trips (90%–96%). The number of labor migrants from developed countries and student migrants fell by 74% and 80%, respectively.

Table 3

**Foreign citizens from some EU countries and the US in Russia
as of the date specified, persons**

	01.12.2015	01.12.2017	01.12.2019	01.12.2020	01.12.2021	01.12.2022
EU, overall	484981	437189	700325	551964	190157	92340
Germany	112053	105524	150914	122565	34616	8469
Spain	14960	14109	31239	22139	4421	1001
Italy	29004	24092	43989	34787	7373	2900
UK	29225	23616	30297	31853	8175	1655
Finland	76220	73500	87635	66983	36852	24530
France	34161	26071	54997	47510	8363	2640
US	47355	43875	59509	63296	20400	3545

Source: The RF FMS; Main Directorate for Migration Affairs of the RF Ministry of Internal Affairs.

Late in 2022, 2.61 mn labor migrants (those who stated the “work for hire” in the immigration card as the purpose of their visit) were staying in the Russian Federation (3.07 mn migrants late in 2021; 3.9 mn migrants in 2019). This is the lowest index value in the past few years. The number of labor migrants fell by 15% and a third as compared with the end of 2021 and the pre-pandemic 2019, respectively. Labor migration is driven almost completely by CIS citizens (98%); the number of labor migrants from the far abroad declined to 59,500 persons.

As compared with the pre-pandemic indicators (2019), there was a decrease in the number of labor migrants from Ukraine and Moldova (82% and 78%, respectively); Azerbaijan, Armenia and Kazakhstan (50% or more); Tajikistan (20%), Uzbekistan (25%) and Kirgizia (30%). At present, the labor migration is driven for 82% by migrants from three countries of Central Asia.

It is noteworthy that out of 2.61 mn labor migrants staying in Russia 1.9 mn migrants had valid work permits or patents and another 700,000 migrants were from the EAEU, that is, they had the right to work without any permit documents. So, almost virtually 100% of foreigners staying in Russia as labor migrants had an official permit to work. Probably, those labor migrants who are staying in Russia amid uncertainty prefer to avoid risks and have legitimate grounds for their residence and work in the Russian Federation.

The level of securing by foreigners of new documents for work in Russia remains high (*Table 4*), though the peak was passed in 2021 when the government took measures to simplify legalization of labor migrants who were staying in Russia.¹ In 2022, 2.07 mn work permits and patents were executed, a decrease as compared with the previous year and an increase relative to the 2015–2020 level.

Table 4

**Execution for migrants of permit documents for work
in the Russian Federation, persons**

	2014	2015	2017	2019	2020	2021	2022
Work permit (WP) for foreign citizens (FC)*	1334899	177175	139595	117452	58475	87331	89771
Including:							
WP for qualified specialists (QS)*	158644	22099	17333	16877	7286	6557	8673
WP for high qualified specialists (HQS)	34225	41829	21363	31754	18937	44295	31579
Patents**	2379374	1779796	1658119	1686418	1101832	2156125	1980225
Overall	3714273	1956971	1797714	1803870	1160307	2243456	2069996

* From January 1, 2015, work permits are issued only to FC from visa countries.

** From January 1, 2015 work permits are issued to FC from visa-free countries for work for individuals and legal entities.

Source: The RF FMS; Main Directorate for Migration Affairs of the RF Ministry of Internal Affairs.

1 Executive Order No. 364 of June 15, 2021 of the RF President “On Temporary Measures on Regulation of the Legal Status of Foreign Citizens and Stateless Persons in the Russian Federation in the Period of Overcoming the Implications of the Spread of the New Coronavirus Infection (COVID-19).”

Labor migrants' payments to regional budgets for patents kept growing: in 2022 the sum was equal to Rb97.2 bn (Rb67.9 bn in 2021; Rb47.5 bn in 2020; Rb60.4bn in 2019). The main payers remained the same: labor migrants from Uzbekistan and Tajikistan (97% of all patents in 2022 against 94% in 2021), Azerbaijan (2.5%) and Moldova and Ukraine (0.5%).¹

¹