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The review provides a detailed analysis of main trends in Russia's economy in 2014. 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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5.2. Migration Processes

5.2.1. The Effect of Migration on the Number of the Country's Population

For 10 months of 2014, Russia's migration growth¹ in the long-term migration² amounted to 227,300 people,³ having decreased by 10 p.p. as compared to the same period of 2014. The decrease took place primarily due to departures from Russia. In 2013, the "contribution" of Crimea into Russia's migration growth amounted to about 7,000 people;⁴ it is to be noted that the exchange with Ukraine accounts for 40% of that growth. However, displaced persons from Ukraine who seek refuge in Russia were not included so far in that statistics.⁵

As in the previous years, at least 90% of migration growth in Russia was ensured by means of migration relations with CIS countries. In 2014, the exchange with those countries fell by about 10 p.p., too, however, that decrease should not be unambiguously attributed to the impact of the economic crisis and changes in the international situation. Such surges (both leaps and ebbs) were observed earlier, as well. The "lag" between the reaction of migrants who intend to move to another country for permanent residence and current political and economic developments in the recipient country is normally rather high (it is smaller if the migration from the country of origin takes place for reasons which force people to leave). In addition to the above, those migrants who came in 2013 could be included the statistics of the long-term migration in 2014.

Though the Ukrainian crisis had an effect on growth in migration from that country (*Fig. 1*), it affected not only the parameters of the long-term migration, but also other migration institutions: issuing of residence permits and execution of patents and work permits. Apart from Ukraine, growth in arrivals from Uzbekistan and Kazakhstan was observed, too.

However, due to growth in departures from Russia over most directions, migration growth increased only in the exchange with Ukraine (1.9 times over) and Belarus (the same value) and fell dramatically with the major migration donors of the past few years, that is, Middle Asian republics, primarily, Uzbekistan (1.8 times over). It is to be noted that generally growth in the number of departures is related to changes (from 2011) in the procedure for accounting of the long-term migration under which persons registered at the place of stay for the period of 9 months or more were included in the number of migrants. As a result, at present, the number of departures includes migrants whose period of stay (on the basis of the expiry of registration in the form of statistical accounting of arrivals) was over.

In 2015, there is a situation which can figuratively be called a "collapsed financial pyramid scheme": a decrease in migration growth registered by the Rosstat is largely related to considerable growth in departures which in its turn took place due to the earlier accumulated number of arrivals for the period of less than 3 years, that is, over 30 p.p. in the 2011–2013 period (*Table 11*). The

¹ Together with Crimea.

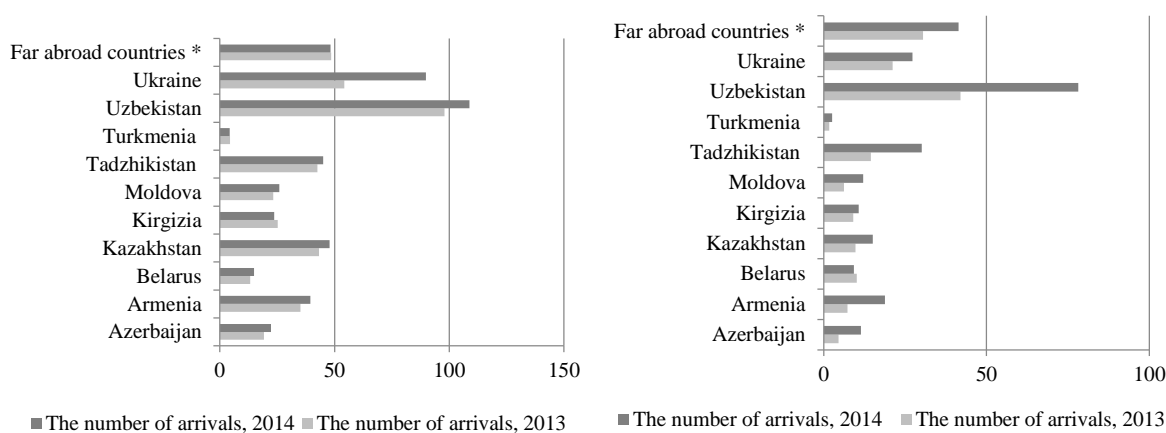
² A long-term migration (resettlement) is an international or internal migration for a long period of time (over 1 year) and is accompanied by a change in the permanent place of residence. See: <http://www.fms.gov.ru/documentation/865/details/49505/2/>

³ From 2011, with a change in the procedure for accounting of the long-term migration the number of migrants includes persons registered at the place of temporary residence for the period of 9 months or more. For more detail, see: L. Karachurina. Migration Policy and Migration Processes // Russian Economy in 2013. Trends and Prospects. (Issue 35) – M.: The Gaidar Institute, 2014. Chapter 5.2. pp. 333–349.

⁴ Calculated on the basis of comparison of the data for January-October 2013 with Crimea (The Social and Economic Situation of Russia-2014. Rosstat, 2014) and without Crimea (The Social and Economic Situation of Russia-2013. Rosstat, 2013).

⁵ Probably, the Rosstat will add them in calculation of the number of the population in 2014.

number of persons registered at the place of residence which can be used as a comparable category as regards the former registration procedure rose by 11.1 p.p. and 6.2 p.p. as compared to 2010 and 2011, respectively.



*FA – far abroad countries, including Georgia and the Baltic states.

Source: The Social and Economic Situation in Russia in January-October 2014. Rosstat, 2014.

Fig. 1. Russia's migration relations with CIS countries and far abroad countries in January-April 2013 and 2014, thousand persons

Table 11

Distribution of the number of arrivals by the type and period of registration, 2010–2013, thousand persons

	2010	2011	2012	2013
Registered at the place of residence	2102.3	2198.4	2367.5	2333.9
Those who arrived to the place of stay	n/a	1205.9	1400.2	1582.7
Including those for the period:				
From 9 months to 1 year	–	215.9	283.5	347.4
1 year	–	387.9	403.8	450.5
2 years	–	209.7	246.9	262.3
3 years	–	192.3	224.2	236.5
4 years	–	83.3	97.2	111.3
5 years and more	–	116.8	144.6	174.7

Source: The Number and Migration of the Population in the Russian Federation in 2010, 2011, 2012 and 2013. The Rosstat, 2011, 2012, 2013 and 2014

In individual parts of the country, that process produced paradoxical results in terms of common sense. In particular, more than a double reduction of the net migration as compared to the previous year was registered in Moscow, St. Petersburg, the Nizhny Novgorod Region, the Khanty-Mansisk Autonomous Region and Yugra, while a 40% reduction, in the Krasnodar Territory, the Tyumen Region and the Novosibirsk Region. For the first time in the post-Soviet period, Moscow's migration growth became equal to that of St. Petersburg. It is to be noted that out of 20 most powerful regions in terms of the migration inflow, in 2014 growth in departures was observed in 18 regions as compared to 2013.

5.2.2. Legislative Innovations

In 2014, the Russian legislation on migration was supplemented with a few new documents, as well as amendments to the existing ones which were aimed at resolving the situation with refugees from Ukraine, toughening of the procedure for deportation and arrival of migrants who violated the rules of stay and employment in Russia, applying of patents to foreign labor migrants working with legal entities and other.

1. Abolition of quotas on migrant workers was a principal change which was approved in 2014 and became effective from 1 January 2015. In its present form, the practice of setting of quotas existed from 2007 and was one of the most criticized aspects of the migration reform of the same year. It lacked flexibility and transparency and was unable to carry out both the function of on-line regulation of the number of migrants on the Russian labor market and that of protection of the labor market itself; it is to be noted that it was characterized by high potential corruptogenicity at different levels⁶.

In accordance with amendments to the Federal Law on the Legal Status of Foreign Nationals in the Russian Federation,⁷ from 2015 migrants (working both with individuals and legal entities and individual entrepreneurs) will be obligated to buy a patent with a period of validity from one month to a year⁸ for a fee of Rb 1,568.4 a month or at a surcharge regional rate set by the Federal Law⁹. So, the minimum annual price of a patent amounts to Rb 18,820.8 a year. The patent will be in effect strictly in the region where it was executed¹⁰. In a year, the patent can be extended for another year by way of provision of the same package of documents and the agreement with the employer. Upon the expiry of the second permit, a foreign national has to leave Russia. In order to buy a patent, foreign migrant workers from CIS countries have to specify in the migration card that the purpose of their stay in Russia is work, receive the individual taxpayer number, have their fingerprints made, buy the voluntary medical insurance policy,¹¹ provide certificates on a medical check-up from psychoneurologic and narcological dispensaries, a medical document certifying the fact that the person is not HIV infected and a certificate on the results of the exams on the Russian language, the main principles of the Russian legislation and Russian history.

Examinational tests are divided by the levels of complexity: with a smaller number of correct answers for migrants buying a patent and with higher requirements for applicants who seek a residence permit or a temporary residence permit. A comprehensive exam on history, law and the Russian language will cost a migrant Rb 4,500. It is to be noted that the certificate which is issued to a migrant after he/ she has successfully passed the exams will be valid for 5 years; upon the expiry of that period it is to be secured again. Exams can be avoided only by partially incapacitated persons, disabled persons, teen-agers under 18, men over 65 years old, women over 60 years old, participants in state programs on resettlement of compatriots, high-skilled experts and full-time students. Migrant workers had to pass an exam on the Russian language as early as 2014, however, that requirement was mandatory only for those who were employed in housing and public utilities and public amenities sectors¹². Generally, “burdening” of a patent acquisition with such a large number of additional documents may create a corruptogenic basis for the new mechanism, too, and turn it into an inflexible and semi-forbidding one. In addition to the above, as employers have to pay contribution for migrant workers to the Pension Fund and the Social Insurance Fund, the cost of a migrant worker for the employer will be higher if the latter is hired officially.

⁶ For more detail, see: L. Karachurina. Migration Processes //The Russian Economy in 2007: Trends and Prospects. M.: The IEP, 2008. Section 4.2. pp. 379–394; L.B. Karachurina. Migration Processes //The Russian Economy in 2008. Trends and Prospects. (Issue 30) – M.: The IEP, 2009. Section 4.2. pp. 342–359.

⁷ Federal Law No.357-FZ of 24 November 2014 on Amendment of the Federal Law on the Legal Status of Foreign nationals in the Russian Federation and Individual Statutory Acts of the Russian Federation.

⁸ Before 2015, the maximum period of validity of the patent for employment with individuals amounted to 3 years.

⁹ For example, in Moscow and the Moscow Region it amounted to Rb 4000, while in the Yamal-Nenets Autonomous Region and the Orel Region to Rb 6629 and Rb 2,038.92, respectively.

¹⁰ In case of moving to another constituent entity of the Russian Federation, all the bureaucratic formalities are to be carried out again.

¹¹ As applied to Moscow, its cost is estimated by the city hall at Rb 5,500 // A. Voronov. Migrants Became Legal through a Cash Office // Kommersant daily, 27.11. 2014.

¹² According to the data of the Federal Migration Service of Russia, in 2014 38,300 foreign nationals who provided documents certifying their command of Russian were granted a work permit, including 22,000 foreign nationals who were granted a certificate.

2. A significant amendment (which came into effect from 1 January 2015) to the migration legislation of the Russian Federation is introduction of the requirement that for nationals of the CIS states it is mandatory to have an external passport to enter Russia. An exception is made only for Ukrainian nationals.

3. Legislative acts between Russia and individual CIS states have been passed; the above acts are aimed at orienting the migration policy at the “country personification”. So, in April 2014 Federal Law No.43-FZ of 2 April 2014 on Ratification of the Protocol on Amendment of the Agreement between the Governments of Tajikistan and Russia on Labor Activities and Protection of the Rights of Nationals of the Republic of Tajikistan in the Russian Federation was signed. Under the above law, nationals of Tajikistan are entitled now to receive a work permit in Russia for the term of 3 years. In addition to the above, with Armenia (from January) and Kirgizia (from May) joining the Eurasian Union in 2015 – migrant workers from the above two countries will be granted the right to work officially without any permit documents (the same right is now granted to migrant workers from Belarus and Kazakhstan), the number of CIS countries in respect of which the Russian migration legislation is applied to without any limitations and exceptions has shrunk to Uzbekistan, Moldova and Azerbaijan.

4. The migration policy as regards expulsion and deportation of foreign migrants who violated the rules of stay and employment in Russia was toughened further¹³. The draft law under which migrants who violated the period of their stay may be prohibited from entering the territory of the Russian Federation for the period of up to 10 years was approved by the State Duma in October 2014 and became effective from 10 January 2015. According to the data of the Federal Migration Service (FMS) of the Russian Federation, late in 2014 in the territory of Russia there were over 734,000 foreign nationals with a 270–360 day violation of the period of their stay who were subject to a five-year ban on entry to Russia and 1.28m people with over 360 day violation of their stay (a 10 year ban on entry to Russia is envisaged for such violators).¹⁴

5. The list of foreign nationals and stateless persons who have the right to receive the Russian citizenship in accordance with a simplified procedure (that is without the condition of the period of residence to be complied with)¹⁵ was expanded. According to Federal Law No. 157-FZ, they include:

- individual entrepreneurs who carry out their activities in Russia for at least 3 years and whose annual revenues amount to at least Rb 10m;
- skilled workers (in accordance with the list of trades, lines of profession and job positions) working in the country for at least 3 years;
- co-owners of a 10% interest in the charter capital of a Russian-based company with assets of at least Rb 100m and payment of at least Rb 6m a year to the budget system of the Russian Federation during the past 3 years (that is a company which is something between the small and mid-sized business), that is, a so-called “investment citizenship” (on the model of some European countries). It is to be noted that in the subsequent Resolution of the Government of the Russian Federation¹⁶ it is specified that simplification of the procedure is not applied to foreign nationals who engage in the most common lines of activities: wholesale and retail trade, hotel, restaurant and advertizing business, real-estate operations, legal advice, accounting, HR recruitment and other;

¹³ Relevant federal laws were passed in 2013.

¹⁴ V. Seregin and M.Solopov. Flight of Migrants: in January Their Inflow Fell By 70% //RBK, 9.01.2015. http://top.rbc.ru/own_business/09/01/2015/549b0d579a79472285e29848

¹⁵ Federal Law No. 157-FZ of 23 June 2014 on Amendment of the Federal law on the Citizenship of the Russian Federation.

¹⁶ Resolution No.994 of 30 September 2014 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.

- foreign students who starting from 1 July 2002 received Russian vocational training and by the time of application for the Russian citizenship worked for at least 3 years in Russia.¹⁷ Earlier, they could become nationals of Russia in accordance with a simplified procedure only if they were nationals of the former Soviet republics. Also, the issue of granting of the Russian citizenship in accordance with a simplified procedure to foreign nationals who buy real property of a certain value (at least 10% of the share –from \$300,000 – in a condominium¹⁸) was discussed, but did not receive further development; such a measure is used in a number of European countries.

6. An individual legislative initiative dealt with the internal migration. It is related to development both of the Concept of State Migration Policy in the Russian Federation till 2025 and the idea put forward by the President of the Russian Federation in his Address to the Federal Assembly in December 2013 to establish territories of advanced development (TAD). In 2014, the Government of the Russian Federation submitted to the State Duma a draft law on establishment of TAD in the Far East,¹⁹ in which an effort was made to specify managerial measures aimed at promotion of economic development of those territories. It seems that by analogy with establishment of free economic zones the draft law provides for making the migration regime simpler for those territories (in particular, employers will be able to use foreign workforce without permission of the Federal Migration Service and any quotas²⁰). However, the main idea is primarily related to the need to retain Russia's own population, mainly the youth, by means of creation of highly efficient jobs and conditions for self-realization, rather than attract the external labor migration. TADs are to emerge in the Far East in 2015.

5.2.3. Forced Migration

In 2014, another aspect of legislative transformations in the sphere of migration was related to developments in Ukraine. One of the first documents after the beginning of those developments was the law on making simpler the procedure for granting citizenship to foreigners who are carriers of the Russian language.²¹ According to the above law, the procedure for receipt of the citizenship, entry to the territory of Russia and receipt of the residence permit is made simpler and the period of consideration of applications for the Russian citizenship is reduced from 6 months to 3 months. Foreign nationals and stateless persons can be recognized by a specially established commission as carriers of the Russian language if they use it on a daily basis “in family, household and cultural spheres provided that those persons or their relatives by a direct line ascending live or used to live on a permanent basis in the territory of the Russian Federation or the territories of the Russian empire or the USSR within the limits of the state border of the Russian Federation.”²² In order to prevent the abuse, a residence permit will be canceled if the person who has been granted it fails to apply for the Russian citizenship within two years.

In addition to the above, a condition for the Russian citizenship to be granted is renunciation from the other nationality. According to a number of experts, the above limitation may inhibit

¹⁷ According to the data of the Rosstat, the number of students from CIS countries who took training only in higher vocational education programs at educational establishments in Russia amounted to 133,800 persons as of the beginning of the 2013–2014 academic year. (Russia and CIS countries-2013. The Rosstat, 2014).

¹⁸ G. Tumanov and D. Butrin. What Does Russia Make Profit From // Kommersant 12.02.2014.

¹⁹ Federal Law on Territories of Advanced Social and Economic Development and Other Measures of State Support of Regions of the Far East.

²⁰ It is to be noted that the draft law was introduced in May 2014, that is, prior to amendment of the Federal Law on the Legal Status of Foreign Nationals in the Russian Federation as regards cancellation of quotas. A similar approach was used in preparation to APEC summit in Vladivostok in 2012.

²¹ Federal Law No.71-FZ of 20.04.2014 on Amendment of the Federal Law on Citizenship of the Russian Federation and Individual Statutory Acts of the Russian Federation.

²² See *ibid.*

those nationals from CIS states who were thinking about getting the Russian citizenship.²³ According to the data of the FMS of the Russian Federation, in 2014 157,800 persons received the Russian citizenship (that is 16 p.p. more than in 2013). Due to developments in Ukraine, much higher growth could have been expected. However, most people who arrive from Ukraine do not seek to receive either the Russian citizenship or a humanitarian status of a refugee in the Russian Federation which impose among other things obligations on them; what matters to them most is an opportunity to have a job in Russia. For Russia, those transformations may be advantageous by virtue of the ethnic and language affinity.

Prior to adoption of a number of decrees as regards displaced persons from Ukraine, those people had a few options to legalize their status. According to Federal Law No.4528 of 19.02.1993 on Refugees, there are two options to secure the status of a refugee (the procedure for receiving it is highly complicated) and that of a person who has a temporary asylum. It is to be noted that the status of a refugee provides certain social guarantees, while that of a temporary asylum only permits a person to work and stay in Russia legally and work without securing special permit documents required from foreigners. Prior to the beginning of 2014 (that is before the developments in Ukraine), the status of a refugee in Russia was granted to less than 1,000 persons, while that of a temporary asylum, to about 3,000 persons. In securing of the status of a refugee or that of a temporary asylum, the obligations imposed, that is, infeasibility to cross the border for a return or temporary return home and other contributed to the fact that after stepping up of hostilities Ukrainian nationals started to apply more actively to offices of the Federal Migration Service of the Russian Federation for other types of the status, primarily, a temporary residence permit, residence permit or Russian citizenship (without taking into account those who receive work permit or a patent).

According to the data of the FMS of the Russian Federation, the pattern of those who applied for various sorts of the status (from April 2014 till January 2015) is as follows: 5,800 nationals of Ukraine sought the status of a refugee, other 277,300 persons applied for the temporary asylum status and 323,500 persons claimed other forms of legalization: 153,700 applied for a temporary residence permit, 63,500 applied for the Russian citizenship and 32,100 for a residence permit. It is to be noted that other 74,200 persons wanted to be participants (together with their family members) in the compatriot resettlement program.²⁴

From the end of July 2014, the procedures for securing by Ukrainian nationals of the temporary asylum status have been simplified²⁵ (the period of consideration of applications for a temporary asylum was reduced from 3 months to 3 days; a temporary asylum is at present granted on the basis of the country principle without examination of the applicant's individual data²⁶); for refugees the stay in the Russian Federation will be automatically extended up to 270 days – it is to be noted that before that Ukrainian nationals could stay in Russia without relevant documents maximum for 90 days. Furthermore, additional quotas for receipt of a temporary residence permit, as well as substantial financial and material resources for provision of necessary facilities to people were allocated.²⁷

Regional distribution of displaced persons is an important issue. Migrants' requests often disagree with the guidelines of the state which actually imposed a ban on provision of a temporary

²³ I. Nagornykh and Z. Kuzmina. The Government Submitted to the State Duma a Draft Law on Citizenship // *Kommersant*, 13.03.2014.

²⁴ The FMS of the Russian Federation http://www.fms.gov.ru/about/statistics/info_o_situatsii_v_otnoshenii_grazhdan_ukrainy/

²⁵ Resolution No.690 of 22.07.2014 of the Government of the Russian Federation on Provision of Temporary Asylum to Ukrainian Nationals in the Territory of the Russian Federation in Accordance with the Simplified Procedure.

²⁶ The status of refugees and forced migrants was granted in a similar way early in the 1990s.

²⁷ Funds allocated from the federal budget amounted to Rb 6bn which was 3 times over the amount allocated on the annual basis during the past few years on implementation of the *Compatriots* program // E. Domcheva and T. Panina House and the Hut // *The Rossiiskaya Gazeta*, 23.09.2014.

asylum status in Crimea, Sevastopol, Moscow, the Moscow Region, St. Petersburg, the Rostov Region and Chechnya,²⁸ thus stimulating resettlement to less attractive regions of Russia and less attractive parts within those regions. It is a serious blow both at displaced persons who are forced to move to problem regional centers of depressed Russian regions and local authorities of those municipal entities which even in conditions of recent economic prosperity did not have sufficient financial resources for exit from the transformation crisis of the 1990s and still experience problems on the local labor market. Also, there is experience of the 1990s which showed that true forced migrants are those refugees who moved to big cities, got employment all alone (notionally – a “for work” model), relied mostly on themselves, rather than the state and eventually happened to be in a more advantageous position as compared to those who preferred a “more affordable housing” model (that is residence in rural areas and small towns) and/or trusteeship of the state.²⁹ At the same time, distribution of quotas on refugees by Russian regions shows that in a situation of labor shortages and demographic problems some regional leaders welcome a greater number of displaced persons than offered them by the federal authorities, that is, they give preference to the strategy (availability of sufficient workforce) over the tactics (difficulties related to the current admission of displaced persons). Those regions include the Kaluga Region, the Kaliningrad Region, the Nizhny Novgorod Region, the Samara Region, the Saratov Region, the Sverdlov Region, the Novosibirsk Region and Bashkortostan.

5.2.4. External Labor Migration

According to the data of the central database of the FMS of the Russian Federation on accounting of foreign nationals and stateless persons (CDB AFN) who reside on a temporary or permanent basis in the Russian Federation - which data is received by way of registration of departures and arrivals of migrants to/from Russia - in 2014 there were 11.1m foreign nationals and stateless persons in Russia³⁰. In accordance with its purpose, the CDB AFN registers all the “external migrants” regardless of the period of their stay in Russia³¹ and the purpose of their visit (work, tourism, medical treatment, business trips, visits to relatives and other). Proceeding from the above data and possible correlations between the purpose and the period of a stay, experts estimate the average annual number of labor migrants in Russia at 6m people.³² The share of legalized labor migrants varied in the 2000–2010 period and at present according to the data of K. Romodanovsky, Head of the FMS of the Russian Federation amounts to 50%: 2.7m people is gainfully employed, while 2.9 m people work illegally according to the estimates of the Federal Migration Service”.³³

The legalized component was made up of migrants working on the basis of the so-called “ordinary” work permits (within quotas and beyond the lists of skilled specialists of individual profession); a work permit for high-skilled workers (HSW) and skilled specialists and a patent for employment with individuals. In addition to the above, the official right to work in Russia without

²⁸ Resolution No.691 of 22 .07.2014 of the Government of the Russian Federation on Approval of Distribution by Constituent Entities of the Russian Federation of Ukrainian Nationals and Stateless Persons who Live on a Permanent Basis in the Territory of Ukraine and Came Emergently on a Mass-Scale to the Russian Federation.

²⁹ For more detail on that, see: G.S. Vitkovskaya. Forced Migration to Russia: Results of the Decade / Migration Situation in the CIS Countries and Baltic States// Under the editorship of Zh.A. Zaionchkovskoy. M.: Kompleks-Progress, 1999. pp. 159–194.

³⁰ The official site of the FMS of the Russian Federation. <http://www.fms.gov.ru/about/statistics/data/details/9482/>

³¹ On the basis of the data of K. Romodanovsky, Head of the FMS of Russia, one-third of foreigners who enter Russia do not stay more than 7 days // RIA Novosti, 02.02.2012.

³² Such estimates are the outputs of assessment calculations shown in the following papers: O.S. Chudinovsky, M.B. Denisenko and N.B. Mkrtychyan. Temporary labor Migrants in Russia // Demoskop Weekly, 2013. № 579–580. <http://demoscope.ru/weekly/2013/0579/tema01.php>, as well as Yu.F. Florinskaya, N.B. Mkrtychyan, T.M. Maleva and M.K. Kirillova. Migration and Labor market. The Institute of Social Analysis and Forecasting. M.: Delo Publishing House, the RANEPА, 2015. (Scientific Papers: The Social Policy). pp. 58–59.

³³ M. Gritsyuk. Entering the New Year // The Rossiiskaya Gazeta, 28.12.2014.

additional documents is granted to nationals of member-states of the Eurasian Union (in 2014 – Belarus and Kazakhstan), foreigners staying in Russia on the basis of the temporary residence permit (TRP)³⁴ or residence permit.

The dynamics of the number of the executed documents for legalization of the status of a labor migrant is shown in *Table 12*.³⁵ In 2014, the number of the issued work permits did not virtually change as compared to 2013. It is to be noted that substantial growth (over 2m) in the number of patents for employment with individuals was registered. Consequently, budget revenues from sale of patents more than doubled. Growth rates of the flow of skilled specialists and HSW decreased substantially: if in 2013 that category of migrants increased by nearly three times over against 2012, in 2014 it grew by less than 25%. It seems that due to serious limitations, that is, “work experience, skills or achievements in specific lines of activities”³⁶ and, most importantly, the size of a pay of those workers, it can be asserted that a certain “ceiling” of attraction of such migrants has been achieved.

The monthly data on the issued permit documents (*Fig. 2*) in the 2012–2014 period shows nearly identical pattern with two peaks: for work permits it is December and April-May. For purchasing of patents, the other peak is a more extended one and lasts till July. Due to a lack of special research, it can be suggested that an additional summer “shed” is formed by those migrants who come to do seasonal work with individuals, while the baseline inter-peak level is largely created by migrants who use a patent as a “cover-up” and work for legal entities, rather than households as it should be in accordance with the legislation which was in effect before 2014.

Table 12

**The number of documents executed to labor migrants in Russia
and budget revenues from the sale of patents, 2011–2014**

	2011	2012	2013	2014
Issued work permits, units	1 195 169	1 340 056	1 273 984	1 303 258
Execution of patents, units	865 728	1 289 204	1 537 832	2 386 641
Budget revenues from sale of patents, thousand Rb	3 558 532.4	6 674 916.7	8 395 775.5	18 311 659.7
Execution of work permits for HSW and skilled specialists	54 861	55 848	156 655	194 925

Source: The FMS of the Russian Federation.

In surveying labor migrants by the Levada-Center for the NRU HSE (2011), it was found out that “over $\langle 3/5 \rangle$ of patent-holders neither worked with individuals, nor had any such work experience at all”³⁷ and, consequently, had no legal grounds for carrying out labor activities in Russia. On the contrary, those who work for individuals are not particularly interested at present in buying patents as they feel fairly secured working for households: according to the research carried out by the Migration Research Center (2013), only 20% of migrants who work as domestic servants has got a patent.³⁸ Substantial growth in the number of the sold patents which was observed in January-July 2014 as compared to the same period of 2014 and a virtually complete lack of growth in subsequent months could have marked an economic crisis, if not two-fold growth in December (as compared to November and December 2013). Such explosive growth is sooner a

³⁴ From 2013.

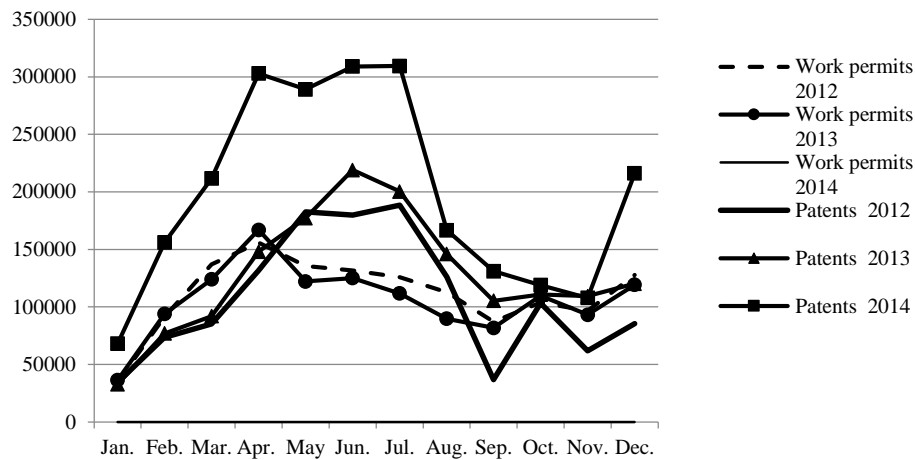
³⁵ It is to be noted that the statistics of the executed patents like any other migration statistics is rather complicated as it reflects the number of the executed patents which can be bought, for example, by one migrant several times during a year, rather than the number of persons working on the basis of a patent.

³⁶ Article 13.2 of the Federal law No.115-FZ of 25.07.2002 on the Legal Status of Foreign Nationals in the Russian Federation.

³⁷ V.I. Mukomel. Transformation of Migration Flows: Rotational Migrations //Migration Law. 2012. No 3. pp. 28–32.

³⁸ L.B. Karachurina, D.V. Poletaev, Yu.F. Florinskaya, E.S. Vatlina. Household Employees in Russia and Kazakhstan: Assessment of the Situation of Household Employees on Labor Markets of Russia and Kazakhstan / under the editorship of Zh.A. Zaionchkovskaya. UN-Women. Almaty, 2014.

reaction to reports both on setting of a patent price differentiated by regions and substantial appreciation of that price from 1 January 2015. It is to be noted that a patent bought in December 2014 for the period of three months (the maximum period) on the basis of the previous price is valid till March 2015.



Source: The FMS of the Russian Federation.

Fig. 2. Execution of work permits and purchasing of patents by foreign workers in Russia, January-December 2012-2014, units

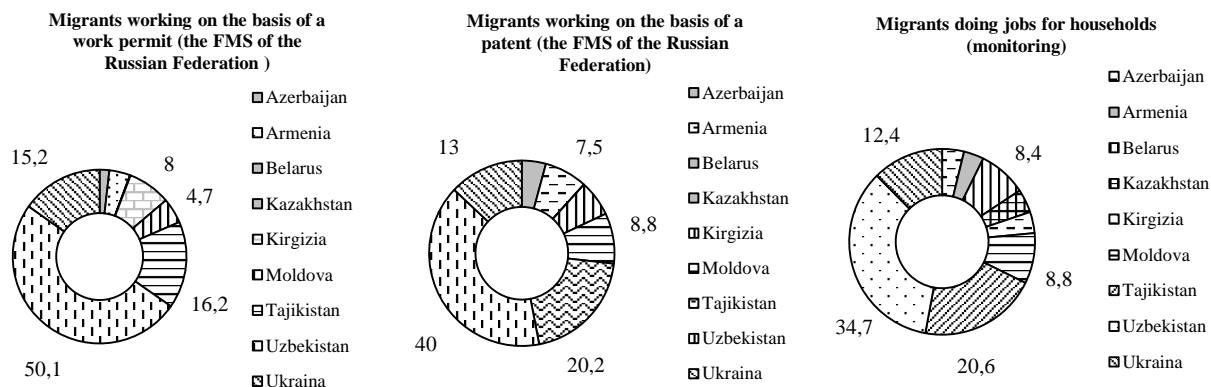
In 2014 (July, August and September), for the first time in Russia the federal statistics monitoring (sample survey)³⁹ of utilization of migrants' labor by households and individual entrepreneurs was carried out⁴⁰. The outputs of the monitoring permit to assess the extent of the external and domestic labor migration, quantitative distribution of labor migrants by the type of jobs, countries of origin and other. It is to be noted that the data on labor migrants was collected regardless of the legal status of their stay in Russia.

According to the received data, in Q 3 2014 households employed 1,663,400 persons, including 1,340,300 foreign workers. It is 1m (or 1.8 times) more than the number of the executed patents (according to the data of the FMS of the Russian Federation). However, if discrepancies in the number of people working on the basis of a patent are great, the differences regarding countries of origin of workers are insignificant (Fig. 3). Migrants from Uzbekistan and Tajikistan account for over 60% of the sold patents⁴¹ or over 55% according to the data of the monitoring. There are virtually no differences between the data on other key donor countries of labor migrants, that is, Ukraine and Moldova.

³⁹ The survey was carried out by the Rosstat. http://www.gks.ru/free_doc/new_site/imigr/index.html

⁴⁰ Within the frameworks of the sample survey carried out in all the constituent entities of the Russian Federation, over 90,000 households with people at the age of 15-72 were surveyed.

⁴¹ On the basis of the data for January-September 2014 //Russia and CIS Countries 2014. The Rosstat, 2015.



* for those working on the basis of a work permit or patent – January-September 2014.

Source: Russia and CIS countries 2014. The Rosstat, 2014.

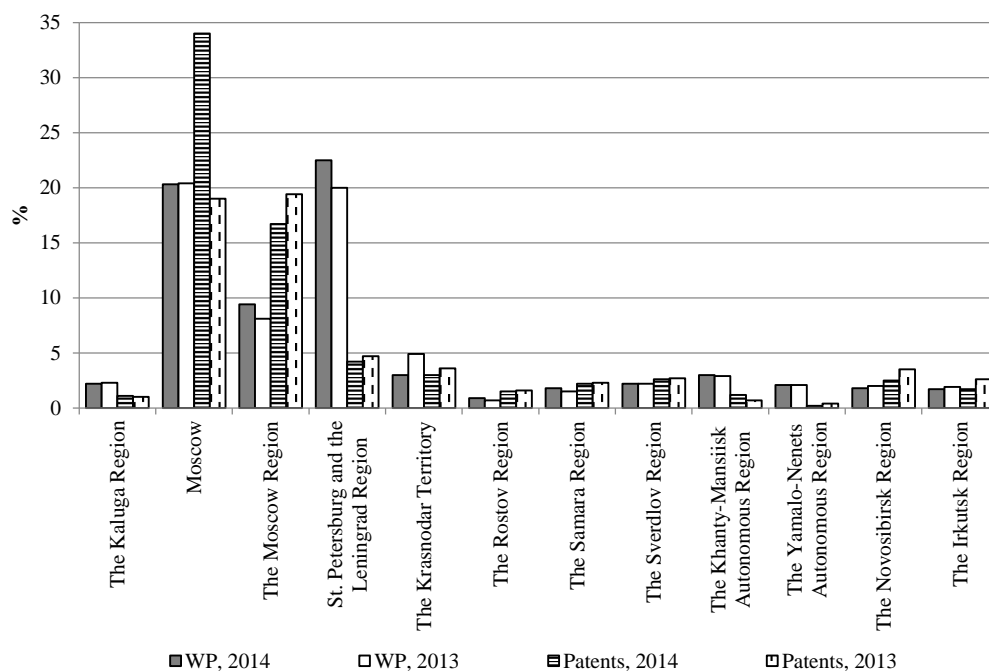
** For those working for households – Q3 2014.

Source: The federal statistics monitoring of utilization of migrants' labor by households and individual entrepreneurs – 2014. The Rosstat, 2015.

Fig. 3. Distribution of labor migrants by CIS countries which they are nationals of, %

According to the regional data of the monitoring, Moscow and the Moscow Region prevail less than it can be seen from the data of the FMS of the Russian Federation: according to the data of the monitoring 40.6% of foreign workers employed by households worked in Moscow and the Moscow Region. According to the data of the FMS of Russia, 50.7% of foreigners who bought a patent worked in the Moscow Region. At the same time, according to the data of the monitoring (10.2%) the role of St. Petersburg and the Leningrad Region is much higher than that according to the data of the FMS of the Russian Federation (4.2%). In analyzing the regional distribution, the attention should be paid to the following few facts (Fig. 4):

- high concentration of migrants (those working both on the basis of a work permit and a patent) in the ten most attractive regions in 2013 became even higher in 2014, that is, 67% and 69% of those working on the basis of a work permit and a patent, respectively, while a year ago it amounted to 65% and 59%, respectively. Even in regions led by cities with a million-plus population the share of patent-holders rarely exceeds 2%. It appears that the above fact is evidence of narrowness of the labor market and low solvent demand in large cities;
- there are only a few cases of leaders' discrepancies as regards the share of executed work permits and bought patents: Russia's oil and gas producing regions (Khanty-Mansiisk Autonomous Region – Yugra and the Yamalo-Nenets Autonomous Region) and the Kaluga Region are among the leaders as regards the number of work permits, but the number of those who bought patents is much smaller there; quite the opposite situation is registered in the Rostov Region and, partially, in the Samara Region. It seems that in regions where the big industrial business is situated the importance of the unofficial sector is lower and the extent of actual documentation of migrants' labor (not a formal one) is higher.



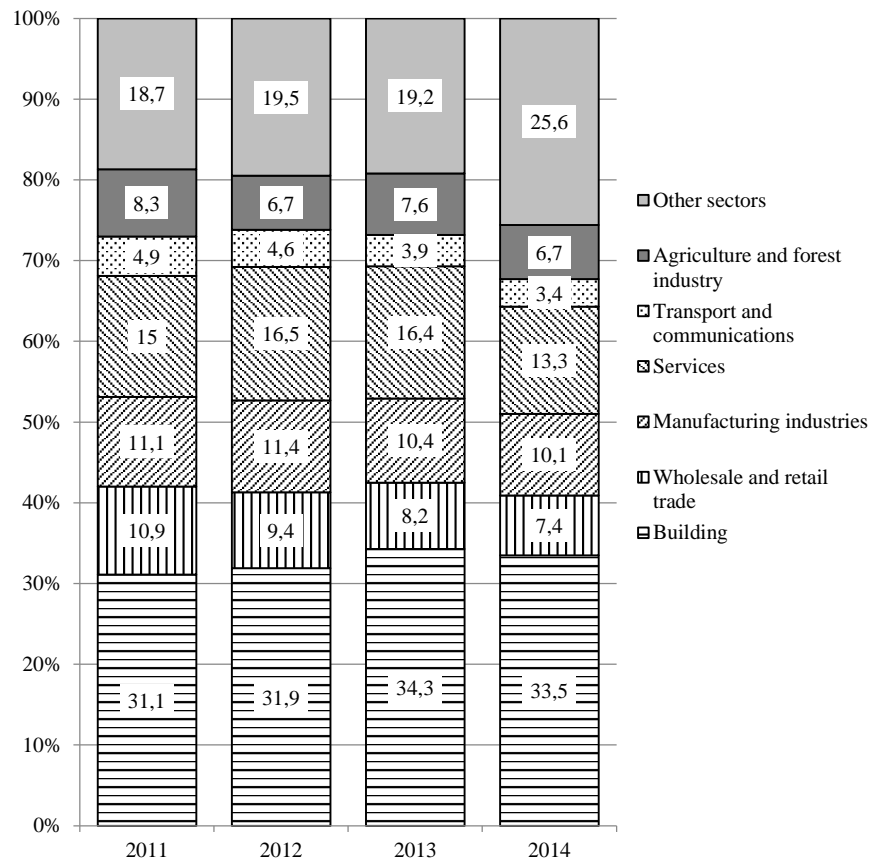
Source: The FMS of the Russian Federation.

Fig. 4. Distribution of the number of the issued work permits (WP) by the region of Russia, % of the respective value of the Russian Federation as a whole, 2013–2014

Sectorial distribution of visa-free workers in respect of whom employers fill in notifications on entering into labor or civil-law contracts (about 70% of the number of work permits in the past few years) shows a trend of gradual growth in differentiation of fields of application of migrant labor (*Fig. 5*). Employment in “other sectors” is growing, while in other industries changes are insignificant.⁴² The share of those employed in the building industry fell slightly as compared to the previous year. One in three gainfully employed migrants from the CIS countries still works in the building industry. A lack of correlation between a decrease in the volume of jobs in the building industry which was registered throughout 2014 (at least by 5 p.p. on the basis of the January-October data) and the portfolio of orders in the industry⁴³ points probably to a significant share of those who are informally engaged in that industry.

⁴² Unfortunately, the set of industries listed in the 1-RD form of the FMS of the Russian Federation does not comply with the OKVED, nor permits to compare the sectorial pattern of employment of Russian workers and migrants.

⁴³ The social and economic situation of Russia in January-October 2014 // The Rosstat, 2014.



Source: The FMS of the Russian Federation (the 1-RD statistical form).

Fig. 5. Sectorial pattern of employment of foreign visa-free workers in Russia (on the basis of notification on entering into labor or civil law contracts), 2011–2014, %

Sectorial limitations which were in effect in the 2007–2013 period were specific to a few industries (types of activities); it is to be noted that the shares of possible presence of foreign workers in them varied from year to year. The idea of regulation of the presence of foreigners in certain sectorial niches remained in 2014 and consolidated even further in plans for 2015. For example, in the 2008–2011 period the quota on utilization of foreign workers in retail trade was zero, in the 2012–2013 period a 25% quota on workers in the field of alcohol sales, including beer was introduced, while in 2014 it was reduced to 15%.⁴⁴

Setting of tough quotas in retail trade virtually results in a fight against the small business in that sector, as large retailers know well for long which “schemes” of hiring of workers are more effective for them, while small corner shops do not have such opportunities. In the 2013–2014 period, a zero quota was in effect on hiring of foreigners in retail trade in pharmaceuticals and retail trade at kiosks, markets and outside shops; also there was a 25% quota on hiring of foreigners for “other activities” in sport.⁴⁵ In 2015, the list of sectors in which the share of foreign workers is subject to regulation is expanding⁴⁶: a 50% quota has been introduced on vegetable farming, a

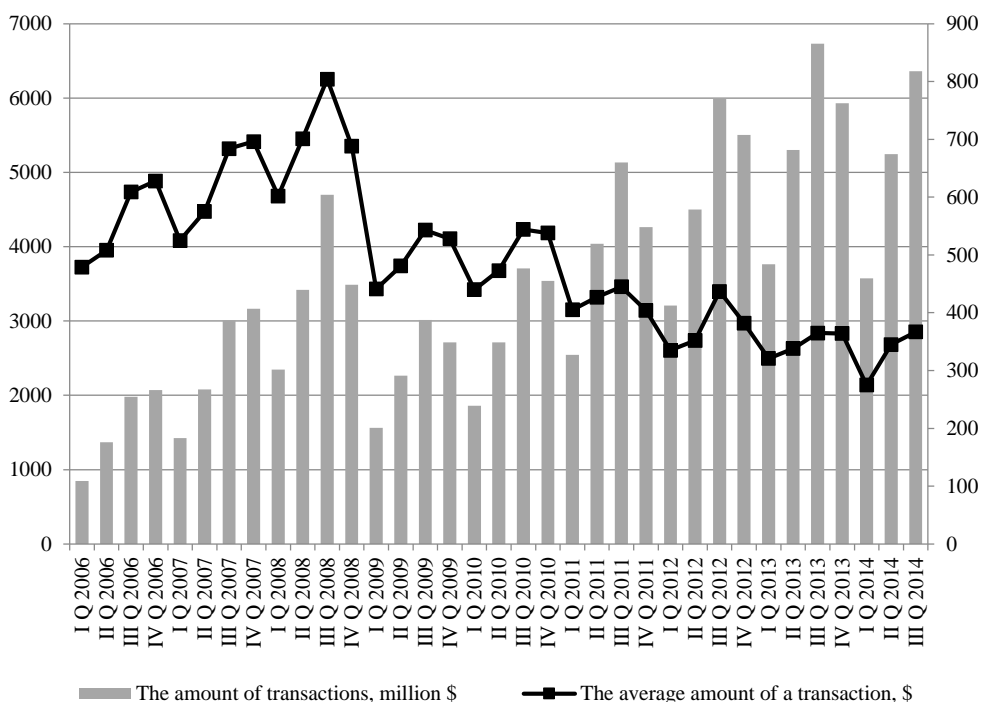
⁴⁴ Resolution No.1191 of the Government of the Russian Federation of 19.12.2013 on Setting in 2014 of the Admissible Share of Foreign Workers Used by Economic Entities in Retail Trade and Sport in the Territory of the Russian Federation.

⁴⁵ It includes activities on organization and carrying out of various sport events, as well as activities of independent sportsmen and athletes, judges, coaches, instructors and other.

⁴⁶ Resolution No.1420 of the Government of the Russian Federation of 19.12.2014 on Setting in 2014 of the Admissible Share of Foreign Workers Used by Economic Entities in Individual Types of Economic Activities in the Territory of the Russian Federation.

15% quota on retail trade in tobacco and a 50% quota on activities in “other land transport”.⁴⁷ The above parameters, on the one side, are meant to create a situation where preference is given to local workers especially in a situation of the forthcoming economic crisis on the labor market and contribute to reduction of the rate of unemployment among Russian workers, particularly, graduates who lack work experience. On the other side, the new quotas are unlikely to have an effect on the labor market as they only preserve the existing situation there.

According to the data of the Central Bank of the Russian Federation on money transfers by individuals from the Russian Federation to other countries, in Q1-Q3 2014 the volume of money transfers to far abroad countries still exceeded by more than 100% the total volume of individuals’ money transfers to CIS countries. However, for the first time in the long period the volume of money transfers in each quarter of 2014 was lower than that in respective quarters of 2013. Starting from 2006, such a situation was observed for the second time in 2014 - the first time was in 2009 as compared to the previous year and was a marker of the crisis (*Fig. 6*). Simultaneously, the average amount of a transaction became the lowest one in the entire period of the monitoring. The factors behind that may be higher affordability for migrants of money transfers from Russia to CIS countries (reduction of the price of money transfers and saturation of the relevant infrastructure), lack of the need for migrants to cooperate with one another in order to make a money transfer, as well as a reduction for migrants of the difference between the amount of their wages and expenditures in Russia (on rent, food and transport) which increased due to the growth in the rate of inflation. Reduction of the volume of money transfers to countries which largely depend on migrants’ money transfers from Russia (primarily, the economies of Tajikistan, Moldova, Kirgizia and Uzbekistan) make governments of those countries look for other channels of support of their economies, primarily, by means of China.⁴⁸



Source: the data of the Central Bank of the Russian Federation
http://www.cbr.ru/statistics/print.aspx?file=CrossBorder/C-b_trans_13.htm&pid=svs&sid=TGO_fiz

⁴⁷ However, the proposal on setting quotas on foreign workers in the building industry (50%) put forward by the Ministry of Labor was not supported by the Government / A. Manuilova. Migrants will be Allocated a Share to // The Kommersant daily, 3.12.2014.

⁴⁸ D. Farchi. The Flow of Money Transfers from Russia Has Exhausted, Tajikistan Sets Hopes on China // Financial Times. 23.10.2014. Published on the InoPressa.Ru.

Fig. 6. Funds transferred from Russia to CIS countries according to the data on trans-border transactions by individuals, Q1 2006 – Q3 2014

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So, a disturbing socio-political and economic situation has not affected greatly migration processes in Russia yet (at least, it is not unambiguously seen from that statistical data which is available for the analysis). Large-scale amendments to the legislation developed throughout 2014 will come into force only in 2015, so, they had no effect on the migration situation in 2014, either, which was generally in the stage of “suspense”.