

# Labor market and migration across the Eurasian continent

IIASA project

“Challenges and Opportunities of Economic Integration  
within a Wider European and Eurasian Space”

---

## Workshop Report

Coordinating authors

Evgeny Vinokurov, Peter Balas, Michael Emerson,  
Peter Havlik, Vladimir Pereboyev, Elena Rovenskaya,  
Anastasia Stepanova, Jurij Kofner, Pavel Kabat

October 2016

This document reports on the work of the International Institute for Applied Systems Analysis and has received only limited review. Views or opinions expressed herein do not necessarily represent those of the institute, its National Member Organizations, or other organizations supporting the work.



## **Contents**

About the Authors.....	v
The Labor Market and Migration across the Eurasian continent .....	1
The Labor Market and Migration in the EU. ....	2
The Labor Market and Migration in the EAEU.....	5
Challenges and Opportunities for a Common EU-EAEU Labor Market .....	11
References.....	14

## About the Authors

**Evgeny Vinokurov** is Director of the Centre for Integration Studies, Eurasian Development Bank, and Professor of the Russian Academy of Science. (Contact: vinokurov\_ey@eabr.org)

**Peter Balas** is Senior Research Scholar at the International Institute for Applied Systems Analysis (IIASA). (Contact: balas@iiasa.ac.at)

**Michael Emerson** is Associate Senior Research Fellow, Centre for European Policy Studies (CEPS) and Senior Research Scholar at the International Institute for Applied Systems Analysis (IIASA). (Contact: michael.emerson@ceps.eu)

**Peter Havlik** is Staff Economist, The Vienna Institute for International Economic Studies (wiiw) and Guest Research Scholar at the International Institute for Applied Systems Analysis (IIASA). (Contact: havlik@wiiw.ac.at)

**Vladimir Perebojev** is Head of Projects at the Centre for Integration Studies, Eurasian Development Bank. (Contact: pereboev\_vs@eabr.org)

**Elena Rovenskaya** is Program Director of Advanced Systems Analysis Program at the International Institute for Applied Systems Analysis (IIASA) and a Researcher at the Faculty of Computational Mathematics and Cybernetics, Lomonosov Moscow State University, Russia. (Contact: rovenska@iiasa.ac.at)

**Anastasia Stepanova** is Project Manager and Research Scholar at the International Institute for Applied Systems Analysis (IIASA). (Contact: stepanov@iiasa.ac.at)

**Jurij Kofner** is an Associate Research Assistant at the International Institute for Applied Systems Analysis (IIASA). (Contact: kofner@iiasa.ac.at)

**Pavel Kabat** is Director General and Chief Executive Officer of the International Institute for Applied Systems Analysis (IIASA). Professor Kabat remains a Professor of Earth System Science at Wageningen University, and Director and Chair of the Royal Dutch Academy of Arts and Sciences' Institute for Integrated Research on Wadden Sea Region. (Contact: kabat@iiasa.ac.at)

# Labor market and migration across the Eurasian continent

---

Evgeny Vinokurov, Peter Balas, Michael Emerson, Peter Havlik,  
Vladimir Pereboyev, Elena Rovenskaya, Anastasia Stepanova, Jurij Kofner, Pavel Kabat

## Background

The 6th workshop of the IIASA joint research project “Challenges and Opportunities of Economic Integration within a wider European and Eurasian Space” held on April 13 – 14, 2016 in Laxenburg, Austria, discussed the impacts of migration flows on the sustainable development of the Eurasian region, the labor market challenges, and the potential for harmonization of education systems between the European Union (EU) and the Eurasian Economic Union (EAEU).

In particular the workshop analyzed the possible scenarios of cross-border migration (both labor migration and refugee flows), the changing structure of the labor force, as well as their economic and social implications for the labor markets and the economic growth of both the source and host countries in the EU, the EAEU and the countries in their joint neighborhood. It also considered such practical aspects as the prospects of introducing a visa-free regime between the EU and the EAEU, enhancing the mobility of pensions, fostering educational and academic exchanges, and the mutual recognition of diplomas.

The workshop was attended by over 50 well-established academics and policy-makers from Europe, the United States, Turkey, Korea and the post-Soviet space.

A new element of the workshop was the introduction of a high-level panel session. This session reflected on the long-term prospects of economic cooperation between the enlarged EU, the EAEU and their neighbors, including the key Asian players, such as China, Korea, and Japan, as well as the USA, focusing also on the labor market challenges and the impacts of migration flows on the sustainable development of the Greater Eurasian region. The session was chaired by Pavel Kabat and included talks by Tatyana Valovaya, Václav Klaus, Jeffrey D. Sachs and Péter Balás, as well as Evgeny Vinokurov, Peter Havlik and Jesus Crespo Cuaresma.

## Seminar Focus Areas:

During the workshop the participants concentrated on three focus points:

- 1. The labor market and migration in the EU**
- 2. The labor market and migration in the EAEU**
- 3. Challenges and opportunities for a common EU-EAEU labor market**

# 1. The Labor Market and Migration in the EU

*The participants of the workshop argued that the “age of large workforces” in the European Union was coming to an end.*

## **The problems of aging and decreasing birth rates**

By 2025 the biggest part of the EU population will be either too young or too old to be part of the workforce. (Ronald McQuaid) By 2025 every fourth inhabitant of Europe will be older than 60 years. This, combined with the increasing share of non-Europeans in the world population (in 2015 the EU's share in the world's population was only 5%, as compared to China – 17%, and India – 17%), will have a tremendous impact on migration to Europe and the European labor market. (O.Dobrocheev, V.Ilyumzhinov).

The problem of the shrinking work force of the EU is ideological in nature since it is based on the decreasing desire of autochthone Europeans to have children. According to some views the problem lies in the failed doctrine of multiculturalism. The participants of the workshop pointed to the significant difference between Western Europe and Eastern Europe in this respect. (Vaclav Claus)

In the European Union there is a problem with the lack of care-takers which makes having children less attractive. (Sona Kalantaryan)

Yet, ageing is a particularly serious challenge to sustainable income growth in Eastern European economies, whose income per capita is below the EU average and which in particular are expected to experience further increases in old age dependency ratios. Unless adequate policy measures are put in place to improve the educational mobility across generations and to reduce the negative income growth effects of ageing, the prospects of further income convergence in Europe will be negatively affected. Monitoring prospective ageing measures should be a priority in the framework of designing policies aimed at combating the negative economic consequences of ageing. (Jesus Crespo Cuaresma)

*During the workshop the participants focused on the refugee crisis in Europe, discussed its scale and impacts on the European economy, as well as offered their solutions.*

## **The refugee crisis**

In 2015 a record 1,3 million refugees/migrants applied for asylum in the 28 member states of the European Union, Norway and Switzerland – nearly double the previous high water mark of roughly 700,000 that was set in 1992 after the fall of the Iron Curtain and the collapse of the Soviet Union. During 2016 there was a marked drop in the number of applicants arriving by the „Balkan route”, while the numbers arriving via the Mediterranean Sea remained high. In the first half of 2015 the asylum seekers were mainly from Syria (25%), Afghanistan (12%), Iraq (8%), Pakistan (4%). However, the overall share of asylum seekers in the EU population is still comparably small: from 0,01 refugees per 1000 inhabitants in Latvia, Lithuania and Slovenia to 14,8 per 1000 inhabitants in Sweden. (Alice Radzyner). Most concerns were raised by the sudden growth of the number of new arrivals and their geographical concentration in certain EU Member States.

## **The integration of refugees and migrant workers**

Migrants from India, the Philippines, Moldova and Ukraine are among the most integrated in the European labor market. Migrants from Turkey, Morocco and Tunisia are systematically below the median of the gap index. Italy, the United Kingdom and Germany are the main destination countries for non-regional labor migrants. However, Germany, France, Belgium and Spain are the least successful when trying to integrate non-regional labor migrants. (Sona Kalantaryan), (Jeanne Batalova)

Immigrants from the Middle East and Africa typically integrate slowly into the European labor market. (Alice Radzyner)

Education performances of migrants from China, Ukraine and India are close to those of the European natives. The biggest gaps are found in case of refugees/migrants coming from Turkey, Morocco and Tunisia. (Sona Kalantaryan)

## **Migration and the structure of the labor market**

Some participants of the seminar suggested, that the recent mass migration to the EU would not be able solve the structural unemployment problems in the European labor market due to the low qualification of the migrants. (Václav Klaus) On the positive side - the displacement effects on native workers are likely to be short-lived and small. (Alice Radzyner)

## **Costs and benefits of the refugee crisis**

According to an analysis of the International Monetary Fund of the effects of the refugee surge on the EU labor market, in the short-term the EU's budgetary expenses are estimated to increase by 0,05% to 0,1% of the GDP in 2015 and 2016 (as compared to 2014) - mainly in Austria, Finland, Sweden and Germany. Despite of that, the macroeconomic effects on the GDP are likely to be positive, even if small. The medium-term effects may be bigger – depending on the labor market integration of migrants which would need to be supported by the State. (Alice Radzyner)

Estimates of the fiscal and macroeconomic effects of the refugee crisis on Austria suggest costs of about 0,2% of the GDP in 2015 and 0,4% of the GDP during 2016-2017. (Martin Schneider)

## **Resolving the refugee crisis**

The participants of the workshop argued, that – beyond finding solutions to the political crises in the source areas of refugees, which is not a subject of the IASA project - targeted and flexible integration measures would be needed on the labor market, the product markets, in housing, education and the financial services in order to gradually tackle the refugee crisis. These measures would include:

- Common EU solutions and more coordination among EU Member States, as well as a new EU concept of a common Asylum commission.
- A reduction of restrictions to work for asylum seekers.
- Ensuring early language and tailored skill training which are temporary, targeted and limited.
- Wage subsidies and lower entry-level wages for asylum seekers.
- Exemptions from labor market regulations (including an exemption from minimum wages).
- A strengthening of active labor market policies. (Alice Radzyner)

*The participants of the workshop discussed the conditions and impacts of the EU - Turkey deal to send back refugees from Greece to Turkey according to the terms of the agreement.*

### **The EU – Turkey deal**

Between April 2011 and September 2015, 2,07 mln Syrian nationals applied for asylum in Turkey, (for comparison “only” 125,441 in Germany, 80,360 in Sweden, and 7,510 in Great Britain). (Hayreddin Aidinbas). However, the real surge in both Germany and other EU countries started in late 2015.

In 2015 approximately 220,000 refugees lived in 22 refugee camps spread across ten provinces in Southern Turkey (). Ankara has indicated that it has already spent close to 8 billion USD on providing a humanitarian response to the inflow of Syrian refugees and this figure is growing by the day.

According to the "1 for 1" formula, each irregular migrant on the Greek islands needs to be deported to Turkey. In exchange the EU has to take one "official", i.e. registered and recognized Syrian refugee from those who are under temporary protection. In other words, for every Syrian, readmitted by Turkey from Greek islands, another Syrian needs to be resettled from Turkey to the EU member states. The Syrian refugees, which should be accepted by the EU, are determined in collaboration with the UN High Commissioner for Refugees within the framework of the UN Vulnerability Criteria. (Hayreddin Aidinbas)

The EU – Turkey deal might ensure the Turkish citizens' visa-free travel in the Schengen area in 2018 with the full implementation of all the relevant conditions, including the provisions of the Readmission Agreement between Turkey and the EU as of 1 October 2017. The required legislative efforts will be maintained on the basis of the related roadmap. At the summit held in Brussels on March 18, 2016 it was decided to speed up a 3 billion Euro funding process, that is committed by the EU to help Turkey meet the needs of the Syrian refugees through project-based funding. After the first 3 billion Euro funding will be used, an additional 3 billion Euro will be allocated by the end of 2018 and the efforts are planned to continue unabated. (Hayreddin Aidinbas)

*The participants of the workshop discussed the problems and the importance of labor migration from the new EU member states, as well as from other EU partner countries.*

### **Integration of migrant workers and remittances from Eastern and South-Eastern Europe**

Despite considerable differences in terms of employment, unemployment and the depressed labor market situation in general in the countries of the Eastern Partnership (EaP) and Western Balkan (WB) countries, labor migration to Central and Western Europe and associated remittances remain “a way out” by decreasing poverty, boosting consumption and supporting small-scale investment. At the same time there are possible risks of the “Dutch disease” owing to pressures on exchange rate appreciation and negative repercussions on the labor market by exacerbating existing skill shortages and the decreasing the local labor force. (Hermine Vidovic)

Serbia is very dependent on remittances and personal transfers (mostly by foreign pensions of former migrants) which improve the macroeconomic balance and the political stability of the country, but adversely affect the labor market activity and reduce the long term economic growth potential. (Mihail Arandarenko; Jelena Zarkovic Rakic)

In the Eastern Partnership countries employment will grow only modestly or might even decline on account of productivity gains and demographic developments. The employment growth rate in most Western Balkan countries will stay subdued as the GDP growth projected is too moderate to spur a noticeable additional job creation. Unemployment is projected to remain at high levels.

Labor mobility in the EU, despite some recent increase, is still lower than in the USA. Language barriers and cultural factors are the main bottlenecks for the labor mobility in Europe. Though migration remittances bring benefits, case studies (on Germany and Poland) do not provide an unequivocal answer regarding the costs and benefits of the labor migration. (Timo Baas)

The existing Free Trade Agreements (FTAs) and Deep and Comprehensive Free Trade Agreements (DCFTAs) negotiated by the EU allow only a limited, selective movement of persons linked to the provision of services and investment activities, in line with the specifics of each agreement. Current migration and labor market problems lead to attempts to restrict the existing EU regulations regarding migration. (Peter Balas)

## **2. The Labor Market and Migration in the EAEU**

*The participants of the workshop analyzed the main tendencies of migration flows in, to and from the new common Eurasian labor market created within the Eurasian Economic Union.*

### **Labor migration within the EAEU**

Demographic forecasts for EAEU countries (plus for Ukraine) illustrate the urgent challenge of declining labor forces. Under certain assumptions, which are possibly too optimistic regarding Russian productivity and GDP growth developments, the challenge of the declining labor force can be manageable. Nevertheless, Russia would need a sizeable inward migration: about 5 million people between 2015 and 2025. Russia's labor force is projected to decline by nearly 10 million persons until 2035. Most of the expected migrants will come from the former Soviet republics and probably will not close the gap in high-skilled workers' shortages. (Alexandr Shirov)

In the long term in Russia there will remain a migration gain, Kazakhstan and Belarus will keep a neutral migration gain, can expect Ukraine, Kyrgyzstan and Armenia will keep a negative migratory balance. In the demographic approach the labor force deficit in Russia (in case of an 3,5% average growth of GDP between 2015 and 2035) is estimated at 7,5 mln people. In the macroeconomic approach the need for labor migration for the Russian economy is estimated at 5 mln people by 2025. Under the base scenario employment in the hi-tech industries in Russia is estimated to increase to 1 mln people by 2030. Russia's education system should be able to train 1,8 million new workers for the hi-tech industries by 2030. (Alexandr Shirov)

In the post-Soviet space Russia is the main destination for labor migrants (followed by Kazakhstan), while the Central Asian countries (especially Uzbekistan and Tajikistan) are the main source of migrants. (Irina Ivakhnyuk)

At present the countries of the region are mutually dependent on cross-border labor movements within the region: a number of sectors in the major receiving countries, namely Russia and Kazakhstan,

are strongly dependent on hiring foreign workers, while poorer economies, such as Armenia, Moldova, Kyrgyzstan, Tajikistan, and Uzbekistan, which are not able to absorb their labor surplus, benefit from the outflow of a part of their labor resources and the inflows of remittances. (Irina Ivakhnyuk)

Migrant workers from the EAEU member states do not make up the main part of the the flow of remittances from Russia to the CIS states. Workers from the EAEU member state make up only 21% of all work permits issued in Russia in 2015. (Olga Chudinkovskiykh )

Four CIS countries (of them two EAEU member states) are in the list of the top-10 remittance-receiving countries in the world: Armenia - 18% of its GDP coming from remittances, Moldova - 26%, Kyrgyzstan - 30%, and Tadjikistan - 42% (2014). (Olga Chudinkovskiykh )

*The participants of the workshop discussed the economic crisis in Russia and its effects on labor migration, the labor markets and remittances in the CIS area.*

### **The fall in remittances from migrant workers in Russia**

Recently a considerable decline in the labor migration flow to Russia took place. Temporary permissions to work and permanent-type immigration fell from 3714,3 th in 2014 to 1988,8 th in 2015. In 2016 remittances outflows from Russia dropped by 49%, the total remittances outflow from Russia to the CIS states fell by 42 % in 2016 as compared to 2015. This meant a year-on-year drop from US\$ 19 billion to US\$ 11 billion. From 2015 to 2016 the most significant decrease of cross-border transfers by non-residents was recorded by Moldova (-53%), Ukraine (-50%), Tajikistan (-44%) and Uzbekistan (-46%). (Anna Prochorova)

This was the result of several factors:

1. A falling demand for labor due to the economic recession that started in 2014;
2. The considerably increased costs of receiving a work permit in Russia;
3. The falling exchange rate of the Russian ruble;
4. Restricted possibilities to remit money;
5. An entry ban for over 1,5 million persons;
6. However, since 2015, i.e. the accession to the EAEU, the citizens of Kyrgyzstan and Armenia (12% of migration to Russia) are free from work permits.

By 2016 the establishment and enlargement of the EAEU does not demonstrate any obvious influence on the volumes of migration flows and stocks (in case of Russia).

The future of labor migration in the CIS and EAEU area is hard to predict. However, the participants of the workshop argued, that in a short term perspective it will be determined by several factors:

- The 2014 economic crisis in Russia, the fall in oil prices and the exchange rate of the national currencies of the main labor migration destination countries (Russia and Kazakhstan) is likely to reduce the demand for the labor force, although the labor supply from the CIS countries will possibly not decrease.
- Migration in the CIS and EAEU region is likely to demonstrate a certain inertia and to still be facilitated by widespread knowledge of the Russian language, family ties, mutual dependency of national economies due to an uneven level of development and a relatively low competitiveness in international context;

- The EAEU member states are not likely to quickly achieve a more even situation in terms of economic development, thus push and pull factors will remain the same, and their nationals may have a competitive advantage since the costs of access to the labor market for them is much lower than that for the citizen of non EAEU member states.
- The worsening economic situation in Belarus, Kazakhstan and Russia may stimulate labor migration of those countries to the European Union.
- The state of political relations among CIS countries, especially between Russia and Ukraine, will unavoidably have a negative impact.

Russia and Kazakhstan are natural centers of attraction for migrant workers in the post-Soviet region. In Russia there is a considerable percentage of skilled workers among migrants from the post-Soviet states, but low-skill workers prevail. The Russian highly skilled migration (HSM) policy is quota-free but in order to receive a visa an individual must meet qualification requirements and have a proof of income (there are thresholds established in accordance with the Russian law). In 2014, the total number of persons who arrived in Russia as highly-qualified specialists, compared to 2013, increased by one third (and it was three times more than in 2012). (Marina Manke; Elodie Jacoby)

*The experts of the seminar looked at labor migration from Tajikistan to Russia and the prevalent employment practices of Tajik migrant workers in Russia.*

### **Labor migration from Tajikistan to Russia**

65% of the migrants from Tajikistan go for employment to the city of Moscow. 72% of migrants start job-seeking after they enter Russia. 90% of them find jobs with the assistance of their countrymen, relatives, friends (all data for 2015). Low-skilled migrants are more disposed to rely on ethnic networks in job-seeking. The worsening economic situation in Russia affects migrant inflows less than restrictions in migration regulations. (Irina Ivakhnyuk)

*The researchers attending the workshop addressed the burning issues of illegal cross-border labor movements in the post-Soviet region and the still poorly developed official infrastructure for labor migration.*

### **Illegal immigration in the EAEU**

The major challenge of labor migration in the region is the wide-spread unregistered employment of migrants, which is caused largely by over-complicated migration management combined with corruption and results in a growing shadow labor market, the violation of migrants' rights and ethnic-based tensions. (Irina Ivakhnyuk)

The participants of the workshop suggested that further research is necessary to evaluate the results of the revocation of work permits within the common labor market of the EAEU. Specialized migration surveys within the EAEU are needed. (Irina Denisova)

*The participants of the seminar discussed the effects on the labor market and migration of increased ageing in Belarus, Russia and Ukraine as compared to increased birth-rates in the Southern and Eastern countries of the CIS and EAEU region.*

### **Ageing and birth-rate imbalances within the EAEU**

The total working-age population (15–64 years) in the CIS region in 2015 was 190 mln people, with a total labor force of 136 mln people. The average labor market participation rate was 70%. The working-age population in the CIS region is forecasted to decrease by 11 mln people by 2040. However, there are big differences across the CIS countries: the working-age population rapidly increases in Tajikistan, Uzbekistan, and Kyrgyzstan, while decreases in Russia, Ukraine, and Belarus. The growth of the old-age dependency rate and decline in labor supply are important concerns for the “aging” countries – Russia, Ukraine, and Belarus. Differences across countries create incentives for labor migration within the region. In 2015 there were over 6 mln international labor migrants within the CIS region. (Irina Ivakhnyuk)

As of 1 January 2016, the Russian population reached 146.5 million individuals (+ 278,7 thousand people). Around 88% of the population’s increase comes from positive net migration. CIS countries account for 96,7 % of net migration gains. The shares of Ukraine and Moldova grew between 2014 and 2015. Uzbekistan had a negative balance of -8,31% in 2015, down from a 13,23% surplus in 2014. (Anna Prochorova)

*The participants of the workshop addressed the issues of the recent labor market liberalization reforms within the EAEU common labor market, as well as the increasingly restrictive migration policies in Russia.*

### **Migration and labor policies in the EAEU**

After the EAEU’s enlargement (Armenia and Kyrgyzstan became member states in 2015) migration policies have become more selective and decreased the size of immigrants’ stock covered by the “patents tax”. This loss is to be compensated in 2016 by including Ukrainian citizens in the general rules of migration regulations. (Irina Denisova)

Russia, with 3,7 million work permits issued in 2014, is a dominating destination for labor migrants from the EAEU. (Olga Chudinkovskiykh )

By 2015 within the Eurasian Economic Union the common labor and migration regulatory framework underwent several important changes:

- There are no restrictions on the national labor market of the EAEU member states. Workers of the EAEU member states are not required to obtain employment permits. The labor activity is regulated under the employment contract or a civil law contract.
- Workers and their family members are exempt from the obligation to register within 30 days from the date of entry.
- The registration period corresponds to the period of the employment contract (civil law). The social security (except pensions) of the workers and their family members shall be ensured on the same conditions and in the same manner as those of the nationals of the state of

employment. Compulsory insurance against temporary disability; compulsory insurance and maternity insurance; compulsory insurance against occupational accidents and diseases; compulsory health insurance, - all have to be paid by the employer.

- Medical care (including emergency and urgent care) is provided to workers of the member states and their family members by medical organizations of the state of employment free of charge, regardless of the availability of a health insurance policy.
- Starting from the first day of employment the income tax is payed at a rate of 13 per cent, the same as for Russian citizens.

*The participants of the workshop discussed the controversial issue of growing Chinese economic presence in Kazakhstan, including the increased labor migration from China.*

### **Chinese labor migration to Kazakhstan**

The “Chinese factor” will have a decisive influence on shaping the future economic development not only in Kazakhstan, but in the whole EAEU.

Bilateral China-Kazakh agreements on economic cooperation are valued at about US\$ 80 billion (2015). More than 50 joint industrial projects valued at US\$ 24 billion have already been implemented. The Chinese Silk Road Economic Belt initiative and the Kazakh Nurly Kosh program will intensify Kazakh-Chinese links. (Elena Sadovskaya)

Today the Kazakh domestic industry covers only 1% of local demand, while 75% is covered by China, 20% by Turkey and Russia, and the remaining 4% – by products manufactured in Europe. The import of Chinese footwear and clothes creates a range of jobs in the Kazakh trade sector: business owners, intermediaries, truck drivers, salespersons, security personnel, etc., who are fully dependent on Chinese imports. Thus, large numbers of the qualified work force are forced into trading in Chinese goods, further eroding the quality of the national workforce. 1383 Chinese small and medium enterprises (SMEs) were active in Kazakhstan in 2013. (Elena Sadovskaya)

32,3 thousand work permits were issued to foreign workers in Kazakhstan in 2015. The geographic structure by country of origin was - China (48%), Turkey (14%), and the CIS countries (10%). The ethnic composition of the Chinese migrants to Kazakhstan is very diverse and the rising Chinese presence is often blamed for the decline of the light industry in Kazakhstan. (Elena Sadovskaya)

In the EAEU the Chinese expansion – both in economic terms and with respect to the Chinese “soft power” – is a much debated and controversial subject, in particular in Kazakhstan and Kyrgyzstan. In view of these multiple effects, some discussants suggested that the issue of inclusion and participation of China in the next phase of the IASA Eurasia project should be seriously considered.

*The participants of the workshop discussed the developments of the migration and refugee situation in Ukraine, caused both by the war in the Donbas region, as well as by Ukraine’s struggling economy.*

### **Ukraine’s refugee situation**

The estimated number of labor migrants leaving Ukraine exceeded 2,2 – 2,3 million persons at the beginning of 2016 (this corresponds to 10% of the economically active population of Ukraine). In 2012,

43,2% went to Russia. 14,3% went to Poland, 13,2% went to Italy, whose share is increasing due to the conflict in the Donbas region. Male migrants work mostly in construction, females in households. Remittances contribute most to incomes in Western Ukraine. (Oleksii Pozniak)

Factors that are behind the large share of Russia among the destinations of Ukrainian labor migrants were the absence of language barriers, the visa-free regime, the high number of relatives and friends of Ukrainian migrants in Russia. (Oleksii Pozniak)

The number of Ukrainian citizens staying in Russia increased from 1,5 mln in January 2014 to 2,5 mln in November 2015. About 1 mln war and political refugees arrived to Russia from South-Eastern Ukraine between April 2014 and November 2015. During that period: 294 temporary accommodation camps were built for the Ukrainian refugees. 562,157 people were provided accommodation by the private sector. This was supported by the Russian state. 11 bln rubles were allocated for support and humanitarian aid for Ukrainian asylum-seekers. 6,086 Ukrainian citizens applied for a refugee status. 403,162 people applied for a temporary asylum. 276,377 people applied for a temporary residence permit. 134,659 people applied for Russian citizenship. (Irina Ivakhnyuk)

By March 2015 the Federal Migration Service (FMS) of Russia recorded an increase of almost 1 million Ukrainian citizens, bringing the total number of Ukrainian nationals in the Russian Federation to almost 2,6 million. This was an increase of almost 60% from March 2014. Until November 2015 Ukrainian citizens were not limited in the duration of their stay in Russia, regardless of their status. These privileges were recently cancelled (except for those coming from the South-Eastern regions of Ukraine), and now Ukrainian migrants have to apply for a permit to work in Russia or use other means to regulate their stay in Russia. (Anna Prochorova)

Factors that contribute to the re-orientation of Ukrainian workers towards the EU countries include less financial gains from migration to Russia compared to migration to the European Union, the deterioration of the Ukrainian-Russian relations, campaigns of legalization of migrants in the EU countries, the depreciation of the ruble, the forming of migration networks and public organizations of Ukrainians in the countries of Southern and Western Europe, as well as the expected visa-free regime for Ukrainians in the Schengen zone. (Oleksii Pozniak)

*The participants of the workshop analyzed the replacement of autochthone Islam in Russia by "imported" Islam from other CIS countries, as a consequence of labor migration.*

### **Labor migration in the EAEU and Islam**

Since 2000 the number of people in the present EAEU member states who identified themselves by their nationalities has decreased, while the number of those who identified themselves by their Islamic religion has increased. Religious identity and even the observance of the Sharia law is on the rise – and the spread of radical ideas represents a danger. 10-15% of the Russian population professes to be adherents of Islam (2014). This means that about 16 to 20 million Muslims are living in Russia (not all are migrants) and their number is increasing. Migrant Islam is replacing autochthone Islam in Russia. (Alexey Malashenko)

In 2014 there were about 3 to 5 million Muslim migrants living in Russia, mostly originating from Central Asia and Azerbaijan. Due to the post-Soviet immigration 7-17% of all Imams in Moscow were

of Tadjik origin in 2015. The administration of the Republics and Districts of the Russian Federation where autochthone Islam is being replaced by migrant Islam (with possible ties to Turkey or Saudi Arabia) often don't know how to deal with this new situation. (Alexey Malashenko)

### **3. Challenges and Opportunities for a Common EU-EAEU Labor Market**

*The participants of the workshop discussed the extent and forms of possible cooperation between the EU and the EAEU in liberalizing inter-regional migration and employment. At first they pointed to the political challenges for increased EU-EAEU cooperation in the labor market.*

#### **The EU – Russia crisis**

Any mapping of the potentials for an EU-EAEU cooperation agenda in the areas of migration, labor markets, mobility of pensions, visa liberalization and educational exchanges must take into account the current severe crisis in the EU-Russia relations. (Evgeny Vinokurov)

Some of the participants of the workshop pointed out that the EU-Russian relations are at present so much determined by political factors that it is not realistic to talk about EU-EAEU cooperation in this area. The situation is deteriorating due to the economic implications of the refugee crisis. However, this does not automatically mean that inter-regional liberalization of migration flows between the EU and the EAEU would be in principle impossible under changed circumstances, as shown by the EU's gradual moves towards visa liberalization with Turkey, Ukraine and Georgia. (Péter Balás)

While the EAEU does not face as high a migration pressure as the EU, especially migration from poverty-stricken countries in regions like Africa and the Middle East, as well as intra-regional migration in the post-Soviet space still represent a serious challenge. Most ageing societies in the EAEU will require labor migration and will have to deal with the issues of control, selection and integration of the present migrants, as well with the subsequent generations. (Péter Balás)

*A number of participants of the workshop suggested that the easiest next step to further cooperation between the EU and the EAEU in the labor market would be the mutual lifting of visa barriers:*

#### **Visa-free regime**

Most labor movement occurs within the regions, with the largest share of migrant stocks primarily made up of intra-regional migrants. Significant regulative barriers exist to mobility among the regions: on average, EU citizens have a visa-free access to 100 more countries than do EAEU citizens. (Marina Manke; Elodie Jacoby)

Individuals from the EAEU countries show a high propensity to migrate. When choosing a country of potential permanent residence, citizens of Russia and Belarus prefer EU Member States. One out of 10 Russians would be ready to spend his/her life in the EU. Russia is in the top-10 among the countries of origin of non-EU nationals residing in the EU (565,000 in 2015). (Marina Manke; Elodie Jacoby)

A visa-free regime between the EU and EAEU (including a set of readmission agreements) would facilitate tourism, business and student exchanges. At the same time, the liberalization of labor market flows should be left off the EU-EAEU agenda for the medium term due to its sensitivity. (Evgeny Vinokurov) There are also serious regulatory barriers (e.g. in the recognition of qualification) to mobility between and within both regions; yet the majority of mobile persons move within the region. (Marina Manke; Elodie Jacoby)

*The participants of the workshop elaborated on the differences and common grounds for EU-EAEU cooperation in the fields of education and skilled labor needs:*

### **Education and skilled labor**

Both the EU and the EAEU regions have rather highly educated labor forces. There is also a reverse gender gap in post-secondary education – more women are graduating than men. This can be observed in most European countries, but it is even more prevalent in the countries of the Eurasian Economic Union. However, this is not necessarily matched by the respective salary levels, which are still largely higher for men. (Anne Goujon)

The main instrument of education exchanges between the EU and the EAEU countries is the Erasmus Mundus program, but the exchange flows are still low. Most students from the EAEU region study in Russia. From 1999 to 2013, the number of international students in Russia has tripled (an increase by 168,300). All countries in both regions, (except for Uzbekistan, Tajikistan, Turkmenistan and Kyrgyzstan), have signed up to the Bologna Process. (Marina Manke; Elodie Jacoby)

Despite problems in properly defining high-skilled migrants, estimates suggest that both the EU and the EAEU will face serious shortages of high-skilled workers by 2025. The experts taking part in the workshop argued that the gains from migration go beyond remittances and that the “brain circulation” should be better managed. (Marina Manke; Elodie Jacoby)

Tertiary education) rates are higher in the post-Soviet region than the EU (31,2% vs 27,5%), but considerable variations exist within both regions, with a difference of almost 50% in the post-Soviet space. (Marina Manke; Elodie Jacoby)

Since the implementation of the Qualifications Directive in EU, the most recognized professions are those of medical doctors, nurses, electricians, dentists and kindergarten teachers. However, significant job shortages remain. The European Commission estimates a shortage of roughly 500,000 nurses by the year 2020. In the OECD countries a huge mismatch between educational and occupational levels can be observed: whilst 70% of the Russian migrants in the OECD countries have medium-high education, 2 out of 3 are employed in low-skilled jobs. (Marina Manke; Elodie Jacoby)

*During the workshop the participants discussed the IIASA Policy Brief “Mapping the potential EU-EAEU cooperation Agenda” (February 2016) and came up with several specific proposals for better EU-EAEU cooperation in the sphere of labor markets and migration:*

### **Workshop proposals:**

- Regarding the recognition of diplomas, including professional education, it was suggested to start an exchange of experiences for the identification, classification, mutual recognition, and certification of new professions, e.g. in the banking and the ITC sectors, linked to the increasing use of Big Data in entrepreneurial activities. (Marco Ricceri)
- Regarding neighborhood regions it was suggested to promote enhanced collaboration in order to facilitate cross-border labor markets in the EU-EAEU border areas, and among the EAEU member states, based on the experiences of the EU EURES cross-border partnerships and services. (Marco Ricceri)
- Regarding a large-scale educational exchange (Erasmus Mundus) it was suggested to verify the conditions for applications inside the EAEU for the EU Erasmus program by young entrepreneurs and to expand its area of operations to include managers and technical staff of the companies of both regions, as a premise to increase the collaboration between companies. (Marco Ricceri)

**The results of the seminar illustrate once more the importance of IIASA as a platform for the open exchange of views.**

## References

### Presentations at the workshop

Aliev S. Eurasian Economic Commission, EAEU. Labor migration and social security of migrant workers in the Eurasian Economic Union.

Arandarenko M.; Rakic J.Z. University of Belgrade, Serbia. Patterns and economic and labour market impact of Serbian emigration waves.

Baas T. University of Duisburg-Essen, Germany. Migration and Remittances: Opportunities and Challenges for European Labor Markets.

Balás P. IIASA, Austria. The movement of persons. EU approaches.

Batalova J. Migration Policy Institute, USA. Literacy and Numeracy Skills of 2<sup>nd</sup> Generation Young Adults in Canada, France, Germany, the U.K. and the U.S.

Beisengazin K.; Alpysbayeva C.; Akmoldina B. Economic Research Institute, Kazakhstan. External labor migration in Kazakhstan.

Chudinovskikh O. Lomonosov Moscow State University; Higher School of Economics, Russia. Labour migration in Russia and the EAEU area.

Cuaresma J.C. IIASA, Austria. Human capital, economic growth projections and income convergenc in Eastern Europe and Eurasia.

Denisova I. The New Economic School, Russia. The practice and problems of measuring labor migration to Russia.

Goujon A. IIASA, Austria. Human capital in the Eurasian region: diversity and convergence.

Hayreddin A. Eurasian House, Turkey. The main Dynamics of Turkey's Refugee Policy.

Igityan H. Central Bank of Armenia, Armenia. Migration in the Estimated New Keynesian DSGE Model for Armenia and Russia.

Ivakhnyuk I. Lomonosov Moscow State University, Russia. Labor markets and migration in the post-Soviet area: trends and challenges.

Kalantaryan S. Migration Policy Centre, Italy. Measuring the integration of migrants in the EU: a comparative multidimensional approach.

Manke M. International Organization for Migration, International. Promoting mobility among highly skilled. Latest trends, key barriers and future prospects in the wider Eurasian space.

McQuaid R. Stirling University, United Kingdom. Ageing of the labour force and the labour market

Pozniak O. Ptoukha Institute for Demography and Social Studies NASU, Ukraine. The migration situation in Ukraine and its influence on the Ukrainian labor market.

Prokorova A. MiRPAL, World Bank, International. Labor Migration in Russia: Costs Increase, Benefits Dwindle, Stocks Drop.

Radzyner A. Austrian National Bank, Austria. Review of the IMF's analysis of the effects of the refugee surge on the EU labor market.

Ricceri R. Eurispes, Italy. Closed System? Open systems? Labor Markets Efficiency and Territorial Intelligence for the Management of Structural Changes.

Sadovskaya Y. Institute of Economic Forecasting, Kazakhstan. Chinese economic presence inand migrationto Kazakhstan: implications, challenges and opportunities.

Scherbov S.; Sanderson W. IIASA, Austria. Re-measuring Age and Aging.

Shirov A. Institute of Economic Forecasting, RAS. Russia. Quality of a labor force as a restriction of economic development in EAEU.

Vidovic H. Vienna Institute for International Economic Studies, Austria. Transition countries' labor markets and migration.

Vinokurov E.; Pereboyev V. Center for Integration Studies, Eurasian Development Bank, EAEU. IIASA Policy Brief. Mapping the Potential EU-EAEU cooperation agenda: readmission agreements, visa-free regime, labour migration, mobility of pensions, large-scale educational exchanges, recognition of professional diplomas and certificates.

O.Dobrocheev, V.Ilyumzhinov. Russian Research Center "Kurchatov Institute"; Eurasia Finance Ltd., Russia. Turbulent Migration Model in the context of reassessment of the human resources factor in the XXI century

The presentation slides and report texts given at the workshop are available by request from the project manager (Anastasia Stepanova [stepanov@iiasa.ac.at](mailto:stepanov@iiasa.ac.at)).

## Appendix 1: Agenda

IIASA, 13-14 April 2016

### Day 1

#### Session I. Labor markets and migration in Eurasia (1)

Chair and moderator - Peter Havlik

Pavel Kabat - Introduction and goals of the workshop

Alexander Shirov - Quality of a labor force as a restriction of economic development in EAEU

Ronald McQuaid - Ageing of the labor force and the labor market

Irina Ivakhnyuk - Labor markets and migration in the post-Soviet area: trends and challenges

#### Session II. Human capital and labor markets in the EAEU region

Chair and moderator - Irina Ivakhnyuk

Samat Aliev - Labor migration and social security of migrant workers in the Eurasian Economic Union

Anna Prokhorova - Labor migration in Russia: costs increase, benefits dwindle, stocks drop

Anne Goujon - Human capital in the Eurasian region: diversity and convergence

Irina Denisova - The practice and problems of measuring labor migration to Russia

Sergei Scherbov, Warren Sanderson - Re-measuring age and aging

#### High-Level Plenary Session

Chair and moderator - Pavel Kabat

#### Session III. Challenges and dynamics of labor migration in 21<sup>st</sup> century

Chair and moderator - Anne Goujon

Evgeny Vinokurov - Movement of people: potential EU-EAEU cooperation agenda

Jeanne Batalova - Literacy and numeracy skills of 2<sup>nd</sup> generation young adults in Canada, France, Germany, the U.K. and the U.S.

Marina Manke, Elodie Jacoby - Promoting mobility among the highly-skilled: latest trends, key barriers and future prospects in the wider Eurasian space

Sona Kalantaryan - Measuring the integration of migrants in the EU: a comparative multidimensional approach

Jesus Crespo Cuaresma - Human capital, economic growth projections and income convergence in Eastern Europe and Eurasia

## Day 2

*Welcome and summary of the first day*

*Chair and moderator - Pavel Kabat*

Reflections and general remarks

*Session IV. Labor markets and migration in Eurasia (2)*

*Chair and moderator - Michael Emerson*

Péter Balás - The movement of persons. EU approaches

Haykaz Igityan - Migration in the estimated new Keynesian DSGE model for Armenia and Russia

Olga Chudinovskikh - Labour migration in Russia and the EAEU area

Elena Sadovskaya - Chinese economic presence in and migration to Kazakhstan: implications, challenges and opportunities

Hermine Vidovic - Transition countries' labour markets and migration

Mihail Arandarenko, Jelena Zarkovic Rakic - Patterns and economic and labour market impact of Serbian emigration waves

*Session V. Emergency migration across the world*

*Chair and moderator - Zakarya Al-Zalak*

Oleksii Pozniak - Migration situation in Ukraine and its influence on Ukrainian labor market

Hayreddin Aydinbas - Main dynamics of Turkey's refugee policy

Alexey Malashenko - Muslim Migration in Russia

Alice Radzyner - Review of the IMF's analysis of the effects of the refugee surge on the EU labour market

*Session VI. Theoretical and economic aspects of migration*

*Chair and moderator – Samir K.S.*

Timo Baas - Migration and remittances: opportunities and challenges for European labour markets

Martin Schneider - Economic impact of the current influx of refugees on Austria

Oleg Dobrocheev, Vyacheslav Ilyumzhinov - Turbulent migration model in the context of reassessment of the human resources factor in the XX1 century

Marco Ricceri - Closed system? Open systems? Labor markets efficiency and territorial intelligence for the management of structural changes

*Concluding Session*

*Chair and moderator – Evgeny Vinokurov*

## Appendix 2: List of participants

Samat Aliev	Acting Director, Labor Migration Department, Eurasian Economic Commission (EEC), Kazakhstan
Zakarya Al Zalak	Research Scholar, International Institute for Applied Systems Analysis (IIASA), Austria
Mihail Arandarenko	Professor of Economics, University of Belgrade, Serbia
Hayreddin Aydinbas	General Director, GuruMedia Publishing Group, Turkey
Timo Baas	Professor, University Duisburg-Essen, Germany
Péter P. Balás	Ambassador (Rtd.), Former Deputy Director General, DG TRADE, European Commission (EC), Belgium
Jeanne Batalova	Senior Policy Analyst, Migration Policy Institute, Director, Internship Program, USA
Ernest Chernukhin	Counsellor, Permanent Mission of the Russian Federation to the International Organizations in Vienna, Austria
Olga Chudinovskikh	Director, Institute for Social Development Studies, Centre for Migration Policy, National Research University Higher School of Economics (HSE), Russia
Jesus Crespo Cuaresma	Research Scholar, International Institute for Applied Systems Analysis (IIASA), Austria
Irina Denisova	Assistant Professor, The New Economic School, Russia
Michael Emerson	Associate Senior Research Fellow, Centre for European Policy Studies (CEPS), Belgium, and Senior Research Scholar, International Institute for Applied Systems Analysis (IIASA), Austria
Gerhard Fenz	Expert, Economic Analysis Division, Oesterreichische Nationalbank, Austria
Marina Galyamova	Expert, Scientific Center for Eurasian Integration, Russia
Anne Goujon	Research Scholar, International Institute for Applied Systems Analysis (IIASA), Austria
Peter Havlik	Staff Economist, The Vienna Institute for International Economic Studies (wiiw) and Guest Research Scholar, International Institute for Applied Systems Analysis (IIASA), Austria
Haykaz Igityan	Macroeconomist, Monetary Policy Department, Central Bank of Armenia, Armenia
Vyacheslav Ilyumzhinov	Professor, Eurasia Finance Ltd., Russia
Irina Ivakhnyuk	Professor, Lomonosov Moscow State University, Russia

Elodie Jacoby	Intern, Labour Mobility and Human Development, Regional Office for South-Eastern Europe, Eastern Europe and Central Asia, International Organization for Migration (IOM), Austria
Pavel Kabat	Director General and Chief Executive Officer, International Institute for Applied Systems Analysis (IIASA), Austria
Sona Kalantaryan	Research Associate, Migration Policy Centre (MPC), Italy
Samir KC	Global Human Capital Project Leader, International Institute for Applied Systems Analysis (IIASA), Austria
Václav Klaus	Former President of the Czech Republic, and Director, Institut Václava Klause, o.p.s., Czech Republic
Jurij Kofner	Associate Research Scholar, International Institute for Applied Systems Analysis, Austria
Jan Koukal	Former ambassador of the Czech Republic in Austria, Czech Republic
Chin-Min Lee	Special Advisor to the IIASA Director General and Chief Executive Officer, International Institute for Applied Systems Analysis (IIASA), Austria
Alexey Malashenko	Chair, Religion, Society, and Security Program, Carnegie Moscow Center, Russia
Marina Manke	Senior Regional Labour Mobility and Human Development Specialist, Regional Office for South-Eastern Europe, Eastern Europe and Central Asia, International Organization for Migration (IOM), Austria
Helen Matchenko	Vice-president, Center for Forecasting System, Russia
Ronald McQuaid	Professor of Work and Employment, Management, Work and Organisation Division, Stirling Management School, University of Stirling, United Kingdom
Georgy Mikhno	Deputy Permanent Representative of the Russian Federation to the International Organizations in Vienna, Austria
Roman Mogilevskii	Associate Director, Institute of Public Policy & Administration, University of Central Asia, Kyrgyzstan
Alexander Nagorny	Vice-President, Association of Political Scientists (ASPEK), Deputy Editor, Newspaper «Tomorrow», Russia
Nebojsa Nakicenovic	Deputy Director General and Deputy CEO, International Institute for Applied Systems Analysis (IIASA), Austria
Oleksii Pozniak	Head, Migration Studies Department, Institute for Demography and Social Studies, National Academy of Sciences of Ukraine, Member of NAS of Ukraine, Ukraine
Anna Prokhorova	Regional Coordinator, Network “MIRPAL”, the World Bank, Russia
Jürgen Pucher	Senior Consultant, Metis GmbH, Austria
Alice Radzyner	Expert, European Affairs and International Financial Organizations Division, Oesterreichische Nationalbank, Austria

Gulnur Rakhmatulina	Counsellor, Secretariat of the Board Member (Minister) for Economy and Financial Policy, Eurasian Economic Commission, EEC, Russia
Jelena Zarkovic Rakic	Assistant Professor, Faculty of Economics University of Belgrade, Director, Foundation for the Advancement of Economics (FREN), Serbia
Marco Ricceri	General Secretary, The Institute for Political, Social and Economic Studies (EURISPES), Italy
Elena Rovenskaya	Director, Advanced Systems Analysis Program, International Institute for Applied Systems Analysis (IIASA), Austria
Jeffrey D. Sachs	Director, The Earth Institute, Quetelet Professor of Sustainable Development, Professor of Health Policy and Management at Columbia University, Special Advisor to United Nations Secretary-General Ban Ki-moon on the Millennium Development Goals, USA
Elena Sadovskaya	President, Conflict Management Centre (RK), Institute of Economic Forecasting, Independent Research Council on Migration in the CIS and Baltic States in Kazakhstan and Central Asia, Kazakhstan
Sergei Scherbov	Deputy Program Director, World Population Program, International Institute for Applied Systems Analysis (IIASA), Austria
Martin Schneider	Expert, Economic Analysis Division, Oesterreichische Nationalbank, Austria
Alexander Shirov	Deputy Director, Institute of Economic Forecasting (IEF), Russian Academy of Sciences, Russia
Sergey Sizov	Second Secretary, Permanent Mission of the Russian Federation to the International Organizations in Vienna, Austria
Anastasia Stepanova	Eurasian Project Manager and Research Scholar, International Institute for Applied Systems Analysis (IIASA), Austria
Sergey Tkachuk	Project Director, Scientific Center for Eurasian Integration, Russia
Petar Tsenkulovski	Internship, the Office of the United Nations, Austria
Hermine Vidovic	Research Economist, The Vienna Institute for International Economic Studies (wiiw), Austria
Evgeny Vinokurov	Director, Centre for Integration Studies, Eurasian Development Bank (EDB), Russia
Olga Vinokurova	Acting Dean, Faculty of International Relations, Russian Presidential Academy of National Economy and Public Administration, Russia
Vladimir Voronkov	Ambassador, Permanent Representative of the Russian Federation to the International Organizations in Vienna, Austria
Saltanat Yermakhanova	Coordinator, Social Research Programs and Projects, Institute of Public Policy, and Expert, Public Opinion Institute, Kazakhstan
Alibek Zhibitayev	Counsellor, Labor Migration Department, Eurasian Economic Commission (EEC), Kazakhstan

## About IIASA

Founded in 1972, the International Institute for Applied Systems Analysis (IIASA) conducts policy-oriented research into problems of a global nature that are too large or too complex to be solved by a single country or academic discipline. IIASA's research areas are energy & climate change; food & water; and poverty & equity.

IIASA is at the center of a global research network of around 2,500 scholars and nearly 600 partner institutions in over 65 countries. It is funded and supported by its National Member Organizations which represent the scholarly communities in the following countries:

Australia, Austria, Brazil, China, Egypt, Finland, Germany, India, Indonesia, Iran, Japan, Malaysia, Mexico, Netherlands, Norway, Pakistan, Republic of Korea, Russia, South Africa, Sweden, Ukraine, United Kingdom, United States of America, Vietnam.

## Contact

IIASA  
Schlossplatz 1  
A-2361 Laxenburg  
Austria

Phone: +43 2236 807 0

Fax: +43 2236 71313

E-mail: [info@iiasa.ac.at](mailto:info@iiasa.ac.at)

Web: [www.iiasa.ac.at](http://www.iiasa.ac.at)

 [twitter.com/iiasavienna](https://twitter.com/iiasavienna)

 [facebook.com/iiasa](https://facebook.com/iiasa)

 [blog.iiasa.ac.at](http://blog.iiasa.ac.at)

 [linkedin.com/company/iiasa-vienna](https://linkedin.com/company/iiasa-vienna)

 [youtube.com/iiasalive](https://youtube.com/iiasalive)

 [flickr.com/iiasa](https://flickr.com/iiasa)