



## CURRENT TRENDS IN INTERNAL MIGRATION DYNAMICS IN RUSSIA

For a successful development of an economy, there is a need for vibrant labor mobility, which could secure the balance of labor supply and labor demand. In 2016, according to the Russian Federate State Statistics Service (FSSS), by attracting 12.2 million labor migrants, Russia became the second largest migrant receiving country after the United States (45 million labor migrants). Almost half of the migrants (around 6 million) are labor migrants coming to Russia mainly from the Commonwealth Independent States, particularly from Central Asia.

As for internal migration dynamics, there is a trend towards an increase in the number of people who have migrated inside Russia searching for better job opportunities and higher salaries. According to the FSSS, in 2016, over 1.2 million people migrated to another federal districts. The Central Federal District was the most popular destination for locals with 325,849 people arriving. The region has the highest net positive migration figure with 85,227 people. The North-West and Southern Federal Districts were the second and third top destinations with 184,728 and 184,612 labor migrants, respectively. On the other hand, Siberia, the North-Caucasus and Far Eastern Federal Districts were the least attracted regions for locals to relocate with 90,815, 64,182 and 56,553 people, respectively.

The direction of the internal labor migration flow indicates that people tend to move from the Eastern regions to the Western regions of the country. The outflow from the Far Eastern, North-Caucasus and Siberia Federal District is far greater than the inflow to these regions. For instance, in 2016, the North-Caucasus in terms of negative net migration takes the lead with 57,113 people, while this figure is 47,422 people for Siberia and 25,268 for the Far Eastern Federal District. Among eight federal districts except for top three performers, namely, the Central, North-West and Southern Federal Districts, the outflow of internal labor migrants is larger than the inflows.

The federal districts vary significantly in terms of unemployment rate, average salary and employment potential. In fact, the

Central Federal District is a migrant attracting region not only for locals, but also for international migrants. The region attracts 45% of the international migrants arrived Russia, especially, Moscow. The region had the highest gross regional product (GRP) with 22.71 trillion rubles (\$383 billion) in 2015. In addition, the district has also the second highest average salary that amount to 46,043 rubles per month (\$775), which is 20% higher than the country average of 36,746 rubles per month (\$619), while the average salary in Moscow reaches 71,220 rubles per month (\$1200). The Central Federal District has the lowest unemployment rate and the highest employment potential among other districts. For instance, in 2016, the unemployment rate in the region totaled 3.5%, while for every 100-job announcement there was 60 registered unemployed who are relevant to the job announcement. As a result, the region has the highest net positive migration figure. Constant labor demand, higher salaries and low unemployment rate attract people to migrate to the Central Federal District.

On the other hand, the least attractive region for the domestic labor migrants is the North-Caucasus Federal District. In 2016, the region has the smallest GRP with 1.7 trillion rubles (\$28.7 billion), the lowest average salary with 22,960 rubles (\$386) and the highest unemployment rate with 11%. The average wage is twice and region's GRP is 13 times less than in the Central Federal District. In addition, the region has the lowest employment potential because for every 100-job announcement there is 466-registered unemployed who are relevant to the job announcement. It could be mentioned that the combination of these negative factors reflects migration flow trends in the region, which has the highest negative net migration in 2016.

In terms of attracting migrants, the Far-East Federal District should be considered separately from the other districts. In fact, the geographical remoteness of the region supersedes its economic advantages. Although the region's GRP is relatively low compared to many other regions, namely, 3.54 trillion rubles (\$59.7 billion), the Far-

East Federal District has the highest average salary totaled 46,113 rubles (\$777). Moreover, the region has a low unemployment rate (5.8%), which is less than many other regions. Furthermore, the Far-East Federal District has the second-best employment potential because for every 100-job announcement; there is 63-registered unemployed who are relevant to the job announcement. However, it seems that strong macroeconomic performance of the region fails to convince migrants to settle in the district. As a result, in 2016, the Far-East District attracted less people (five times less) than the Central Federal District.

However, recent initiative of the Russian Government attempts to change this situation. On May 2, 2016, the Russian authorities endorsed the Hectare in the Far East Program, which aimed to increase the migration flow to the Far-East Federal District. The program allows the Russian citizens to obtain a hectare of land free of charge with the condition that they develop it within five years by establishing an agricultural or a farming enterprise, hotel or a house, otherwise the land will be handed back to the Government. In total, 145 million hectares were allotted by the Government for distribution under this program. So far, 95,000 people has applied and more than 21,600 plots of land are registered for new users. However, the program is still at an early stage. Therefore, taking into account the fact that there is still poor demand for free land among citizens in the region, Moscow will continue to face the depopulation of this region in the mid-term.

To sum up, poor social and economic conditions and low living standards in regions, as well as the inability to find a job matching with the professional skills, are the key factors for labor migrants to consider moving other districts. As a result, the Western regions of the country attracts the Russian citizens from all other regions by serving higher salaries and low unemployment rates, while the Eastern and Southern regions of the country are losing their economically active population.

## Politics, Foreign Affairs and Security

- During the 12th meeting of the Group of Twenty (G20) held in Hamburg, the leaders from the world's 20 top industrialized nations and emerging economies discussed the issues of international geoeconomic agenda relating to global economic growth, international trade and financial market regulation. The parties also made commitment to implement the Paris Agreement on Climate Protection.
- During his official visit to Dushanbe, the Prime Minister of Pakistan, Nawaz Sharif, and the President of Tajikistan, Emomali Rahmon, discussed further steps for strengthening the cooperation between the two countries focusing on the implementation of the CASA-1000 project, as well as on security issues.
- During his official visit to Ashgabat, the President of Afghanistan, Ashraf Ghani, and his Turkmen counterpart, Gurbanguly Berdimuhamedov, discussed the necessity of consolidation of efforts to provide peace, good neighborhood and sustainable development of the Central Asia region. As a result of the visit, the parties signed a package of documents including the Cooperation Program of Ministries of Foreign Affairs of the two countries for 2018-2019, agreements on power supply, international road transport, cooperation in carpet industry, regulations on organization of railway communication through the Turkmen-Afghan border, scientific-educational collaboration between Jawzjan University and Magtymguly Turkmen State University.
- During his official visit to Tashkent, the Commander of the Central Military District of Russia, Colonel-General Vladimir Zarudnitsky, and the Minister of Defense of Uzbekistan, Colonel-General Qabul Berdiyev, exchanged views on the current situation and security problems in Central Asia and discussed the development of bilateral cooperation in the military and military-technical spheres. The parties agreed to hold joint tactical exercises at the Finnish training ground (Uzbekistan) by the end of 2017.
- During the fifth Syrian reconciliation talks held in Astana, the high-ranking representatives of Russia, Iran, and Turkey continue to make efforts to provide the harmonization of borders of de-escalation zones and documents regulating the activities of de-escalation control forces, the provisions on a coordination center and regulations on the joint working group. Russia's Chief Negotiator at the Astana talks on Syria and Presidential Envoy for the Syrian Settlement, Alexander

Lavrentiev, reported that seven documents on Syria as part of the Astana negotiation process are dealt. It was announced that the next reconciliation talks will be held at the end of August 2017.

- The Spokesman of the Baltic Fleet of Russia, Roman Martov, stated that more than 3,000 servicemen are involved in tactical drills in Russia's Kaliningrad region that will continue till September 2017. It was noted that the exercises will be conducted at the fleet's training ranges in Khmelevka, Pravdinsky and Dobrovolsky. It is expected that more than 20,000 munitions for firearms and more than 3,000 mines and artillery shells will be used during the drills.

## Economy, Finance and Energy

- The President of Uzbekistan, Shavkat Mirziyoyev, signed a Resolution on Measures to Improve the Management System of the Oil and Gas Industry, according to which the state-owned oil and gas company, Uzbekneftegaz, and its subsidiary companies will be reorganized cutting 12,000 jobs. The resolution defines the main tasks and directions of activities of Uzbekneftegaz, which should conduct a unified technical policy in the field of geological exploration, extraction and processing of liquid hydrocarbons.
- According to the state-owned energy company of Kyrgyzstan, Electric Stations, \$175 million will be allocated for the third (final) phase of rehabilitation of Toktogul hydropower plant. \$110 million out of \$175 million will be allocated by the Asian Development Bank including \$60 million loan and \$50 million grant for a period of 40 years with an 8-year grace period at 1% per annum, \$40 million will be allocated by the Eurasian Development Bank at 1% per annum for a period of 20 years and with 8 years of grace period, while the rest \$25 million is given as a share to Kyrgyzstan.
- The state oil company of Azerbaijan, SOCAR, reported that its revenues from its activities in Switzerland amounted to \$23.99 billion in 2016 compared to \$14.13 billion in 2015. It was also noted that the revenues from the company's activities in Turkey in 2016 amounted to \$2.06 billion compared to \$1.51 billion in 2015, while the revenues from the activities in the United Arab Emirates and Georgia totaled \$0.69 billion and \$0.62 billion compared to \$0.56 billion and \$0.44 billion in 2015, respectively.
- The Islamic Development Bank announced that its members of the Board of Executive Directors approved \$273 million loan for the Telecommunication Network Enhancement Project in

Turkmenistan. The bank also approved \$83.8 million loan for the Public Health Campus Project in Turkey.

- The World Bank reported that its Board of Executive Directors approved the allocation of two loans for \$294.9 million to Uzbekistan for the implementation of water resource management and livestock sector development projects. The bank issued a loan for \$144.9 million to the Ferghana Valley Water Resources Management Project, which aims to improve the quality of irrigation and drainage services for farmers. The bank will also provide the country with a loan of \$150 million for the Livestock Sector Development Project.
- According to the State Customs Service of Kyrgyzstan, in January-June 2017 the customs payments increased by 1.8 billion soms or by 14.1% compared with the first half of 2016 totaling 15 billion soms. It was noted that the planned amount of customs payments was increased by 1.8% or by 261.4 million som.
- The Central Bank of Azerbaijan reported that its currency reserves increased by approximately \$680.2 million or 15.9% in June 2017 as compared to June 2016, and amounted to \$4,964.1 million. It was also noted that the currency reserves increased by 989.7 million or 24.9% since the beginning of 2017.

## Society and Culture

- The President of Russia, Vladimir Putin, presented the Order of St. Andrew to the President of China, Xi Jinping. The Order is awarded to prominent statesmen and public figures and the representatives of science, culture, arts and various industries for their exceptional services in promoting the prosperity of Russia. The order can also be awarded to foreign heads of state for outstanding services to Russia.
- The Minister of National Economy of Kazakhstan, Timur Suleimenov, stated that in May 2017 the population of the country officially exceeded 18 million people.
- According to the Embassy of Switzerland in Kyrgyzstan, the Deputy Speaker of the Parliament of Kyrgyzstan, Altnai Omurbekova, the Ambassador of Switzerland to the Kyrgyzstan, Rene Hohenstein, and the Acting Resident Representative of the United Nations Development Program (UNDP), Aliona Niculita, signed a Memorandum of Understanding (MoU) to support the consolidation of a strong and inclusive parliamentary democracy in Kyrgyzstan. The MoU committed to promote the implementation of the UNDP agenda aiming to create strong governmental institutions.