



## GAINS AND LOSSES FROM INTERNATIONAL MIGRATION FOR SENDING AND DESTINATION COUNTRIES

The International Organization for Migration (2020) shows that migration is an important process, which affects global economic, social, political and technological transformations. The number of international migrants globally in 2019 was equal to 272 million, or 3.5% of the world's population. India is the largest country of origin of international migrants (17.5 million), followed by Mexico (11.8 million) and China (10.7 million). India is also a top remittance recipient country (\$78.6 billion), followed by China (\$67.4 billion) and Mexico (\$35.7 billion). Migration occurs due to different reasons, including geopolitical shifts (internal instability, annexation and etc.), wars, poverty, economic stagnation, inefficient and poorly managed economic policy, and others. It is difficult to identify the pure impact of the migration process as it remains complex and depends on a variety of factors, such as countries of origin, level of education, skills, language, etc. Therefore, taking into consideration the recent migration trends in the post-Soviet space, the commentary aims to show gains and losses from international migration for sending and destination countries. Merler (2017) surveys the literature on economic effects of migration. The author shows that the effects are mainly positive and increase in immigration lowers unemployment and has no negative effects on public finances. The author argues that in terms of fiscal impacts, first-generation immigrants are more costly to governments, but their children (the second generation) are among the strongest economic and fiscal contributors in the U.S. population. Clemens et al. (2018) show that international migration can be considered as both opportunity and challenge. The authors demonstrate that immigration can negatively affect employment for natives with similar skills, experience, and job preferences as migrants. At the same time, it creates better employment by encouraging natives to upgrade occupations, raises labor force participation by natives, and fills labor shortages to raise productivity. The authors note that a result of international migration can be a triple win, which includes higher incomes for migrants, remittances for their families at home, knowledge and technology transfer for home countries. The benefits of host countries consist of higher incomes and employment rates, net positive fiscal effects and increased innovation. Based on the example of successful business regulation in Turkey towards refugees from Syria, the authors state that immigrants contribute to the economy as entrepreneurs, investors, and innovators.

As the main losses and challenges from international migration stem from brain drain, Clemens and Gough (2018) propose an idea of Global Skill Partnership, which is a bilateral agreement where the destination country, prior to migration, agrees to provide technology and

finance to train potential migrants in their country of origin with targeted skills. The destination country receives migrants with precisely the skills they need, while the country of origin obtains additional support in the form of the training of non-migrants, which increases domestic human capital. Clemens et al. (2018) show that the German government has been a leading innovator in this area. It has built a series of partnerships with migrant origin countries, including Vietnam and Sri Lanka, to structure the migration of skilled nurses from those countries to Germany. Another innovation of global importance is the Australia Pacific Training Coalition, which is a network of five technical training centers, created in 2007 by the previously existing Australian government's agency for the delivery of foreign aid known as Australian Aid. It has trained about 12,000 people in vocational subjects like hospitality, construction, and automobile maintenance. Another important effect of migration is its influence on international trade. Genç (2014) shows that immigration increases trade. The size of the impact depends on the type of sending countries, the type of commodities, profile of immigrants, and the size of the existing migrant population. For instance, high-skilled or better-educated immigrants have a larger pro-trade impact, especially if they are employed directly in business network operations. This process is beneficial for both host and sending countries.

Due to different economic and political factors, former Soviet Union countries became a source of migration. Sagynbekova (2017) shows that up to 1 million Kyrgyz citizens work abroad, with the majority of migrants living in Russia. The Eurasian Development Bank (EDB, 2013) argues that migration from Kyrgyzstan can lead to "brain drain" and the "erosion" of its workforce. They predicted that the country may face a critical situation caused by the simultaneous reduction of the country's innovation and production potential. This would cause socio-economic problems including poverty and low return on educational expenditure. Moreover, it can result in higher migration from China and revitalization of criminal activity. Their findings show that the percentage of migrant workers returning to their homeland and their impact on the economy remain unclear. In Kazakhstan, between 2000 and 2018, the number of emigrated and immigrated people equaled 1.05 and 0.78 million people, respectively. Emigration was high in early 2000s and can be viewed as a continuous effect of the Soviet Union's dissolution. Russia and Germany were the major destinations for migrants from Kazakhstan, with their shares correspondingly equaling 76% and 17%. Belarus accounted for 2% of emigrants, while the shares of Ukraine and Uzbekistan were 1%

each. The shares of people who migrated to other than Germany high-income developed countries were insignificant. However, the migrant flow to those countries started to increase since the slowdown of Kazakhstan's economy. The major sources of immigrants to Kazakhstan are post-Soviet states, China and Mongolia. Immigrants from Uzbekistan have the highest share equaling 46% for the 2000-2018 period. Russia's share equals 27%. The corresponding shares of China and Mongolia are 7% and 4%. Immigration from high-income countries is insignificant.

Recently, migrants from Kazakhstan started to travel to advanced economies in search of work. One of the most popular directions is South Korea. While the share of personal remittances in GDP of Kazakhstan is insignificant (0.3%), in Kyrgyzstan this indicator equaled 33.2% in 2018. Kyrgyzstan is in the list of countries, where migrant remittances are vital for the economy. Other Central Asian economies are also highly dependent on migrant remittances. In 2018, the shares for Tajikistan and Uzbekistan equaled 29% and 15%, respectively. Gibson and McKenzie (2011) show that due to migration, skilled individuals enjoy massive increases in living standards. Moreover, there is an increase in both skilled and unskilled migration, and skilled migrants are remitting back about as much as the fiscal cost of their absence. The authors argue that the benefits that a sending country receives from high-skilled labor migration include flows of income, investment, and expertise from migrants. For instance, the government of India announced that it is benefiting from its high-skilled out-migration and the resulting global Indian diaspora. However, these benefits are not common. As brain drain rates are highest from countries with small populations and those experiencing political instability and poor prospects for career success, the experience of a fast growing economy such as India may have few lessons to offer to small and unstable countries like in Central Asia for which brain drain is most an issue.

Thus, international migration has both pros and cons. In order to obtain gains and minimize losses, developing countries should invest in generating and increasing human capital and creating business-friendly environment. Migrant sending countries should use remittances, knowledge and technology transfer to transform their economies and create better institutions. These countries should also use trade channels to diversify their exports. In general, the governments should consider migrants as sources of economic diversification. Otherwise, the migration process will be associated only with brain drain and related economic losses.

## Politics, Foreign Affairs, and Security

- President of Kazakhstan Kassym-Zhomart Tokayev met with his special representative for Afghanistan Talgat Kaliyev to discuss the geopolitical situation around this country following the recent U.S.-Taliban agreement. According to President Tokayev, the establishment of a lasting peace in Afghanistan meets Kazakhstan's long-term national interests. The special representative was instructed to strengthen coordination of efforts on the Afghan issue with foreign partners in a bilateral format and within multilateral negotiation mechanisms (Akorda, 10.03.2020).
- The first president of Kazakhstan, Elbasy Nursultan Nazarbayev, paid a visit to Moscow where he met with Russian President Vladimir Putin. During the talks, the leaders discussed partnership issues within the Eurasian Economic Union, with the Elbasy emphasizing that Russia remains a reliable partner of Kazakhstan in all areas. The parties also addressed pressing issues of the international agenda and exchanged views on the situation in the world hydrocarbon market (Elbasy.kz, 10.03.2020).
- In connection with the announcement by the World Health Organization of the new coronavirus COVID-19 as a pandemic, President Tokayev introduced the state of emergency on the entire territory of Kazakhstan in order to protect the life and health of the country's population. The state of emergency will last for the period from March 16, 2020 to April 15, 2020 (MFA of Kazakhstan, 15.03.2020).
- During his official visit to Azerbaijan, President of Turkmenistan Gurbanguly Berdimuhamedov held talks with his Azerbaijani counterpart Ilham Aliyev. The parties expressed readiness to expand cooperation within international and regional organizations, as well as in the trade and economic, transport and communication, cultural and humanitarian spheres. The presidents also agreed to take concerted actions to implement the Convention on the Legal Status of the Caspian Sea (MFA of Turkmenistan, 11.03.2020).
- The fifth regional meeting of heads of the CIS border guard agencies was held in the Uzbek city of Samarkand. The delegations of Russia and the Central Asian states (except Turkmenistan) reviewed issues of strengthening the border security system at the CIS external borders, especially with Afghanistan. The participants agreed on measures to counter the penetration to the CIS territory of persons who had been involved in terrorist and extremist activities (CIS Council of Border Guard Commanders, 11.03.2020).
- During his one-day working visit to Tajikistan, Uzbekistan's Minister of Defense Bakhodir Kurbanov visited the Fahrabad military training ground, which hosted the joint Tajik-Uzbek anti-terrorist exercise. Under the exercise scenario, the special purpose units of the ministries of defense of Tajikistan and Uzbekistan practiced coordinated actions to destroy terrorists who infiltrated adjacent territories of the two countries to destabilize the situation (Asia-Plus, 13.03.2020).

## Economy, Finance, and Energy

- President of Uzbekistan Shavkat Mirziyoyev held a meeting with government officials to discuss priority areas for developing investment, trade and economic cooperation with Azerbaijan and Russia. According to Mirziyoyev, in 2019, Uzbekistan's bilateral trade with Azerbaijan and Russia increased by 55.7% and 17%, respectively, compared to 2018. There are 178 enterprises with Azerbaijani capital operating in Uzbekistan, while the number of Uzbek-Russian joint companies reached 1,828 (President of Uzbekistan, 09.03.2020).
- Turkmenistan reportedly tightened foreign exchange controls following the decrease in gas imports by China and the collapse in global energy prices. PetroChina, the main buyer of Turkmen natural gas, suspended some purchases due to a seasonal fall in demand aggravated by the impact of the coronavirus outbreak. Turkmenistan's Central Bank reduced the amount of foreign currency that citizens are allowed to purchase from \$500 to \$300 per month and limited outgoing wire transfers from \$300 to \$200 per month (Reuters, 13.03.2020).
- At a joint video conference, the boards of the Belarusian and Russian agriculture ministries discussed the key issues related to developing cooperation in agriculture. In 2019, Russia exported \$1.5 billion worth of agricultural products to Belarus. At the same time, Belarus' export to Russia amounted to \$4.3 billion, or 3% up compared to the previous year. The growth was due to the increase both in selling prices and in the supply of certain types of products (BelTA, 13.02.2020).
- According to Advantage Austria, Austria's trade promotion organization, Turkey has a strong potential for further developing tourism from the beaches of the Mediterranean to the lakes, mountains and other natural beauties of the country. In this regard, Turkey can use the experience of Austria, which has a population of only 8 million but hosts 50 million tourists annually. To promote Turkey's mountain resorts, Advantage Austria organized the Infrastructure Sector of Winter and Mountain Tourism summit in Uludag (Anadolu Agency, 15.03.2020).
- In January-February 2020, Turkey's exports to Russia exceeded \$700 million, or 26% more than a year earlier. In quantity terms, over 500,000 tons of goods from 27 sectors were sold to Russia, compared to nearly 388,000 tons in the same period last year. Fresh fruit and vegetables were the main export commodities, followed by automotive industry products (Daily Sabah, 15.03.2020).
- As stated by Russian oil executives, the country's oil companies are comfortable with the current oil prices or even lower rates, and plan to raise their output after the collapse of the OPEC+ deal. According to Russian Energy Minister Alexander Novak, Russia has the potential to increase its oil production by 500,000 barrels per day (OilPrice.com, 13.03.2020).

## Society and Culture

- The Senate of Kazakhstan ratified the intergovernmental agreement with Uzbekistan on cooperation in combating illegal migration signed in April 2019. The document is intended to help regulate migration, resolve citizenship issues, organize joint crime-prevention operations, and exchange information in the field of migration. According to Kazakhstan's Ministry of Internal Affairs, in 2019, 2.5 million Uzbek citizens crossed the country's border, of whom more than 500,000 were seasonal workers (Kazinform, 12.03.2020).
- At a ceremony held at the TURKSOY headquarters, Director General of the Turkish Radio and Television Corporation (TRT) Ibrahim Eren received the Gold Medal of Chingis Aitmatov. The award was in recognition of Mr. Eren's contribution to the promotion of Turkic culture and art as well as to relevant TURKSOY's activities. According to TURKSOY Secretary General Dusen Kasseinov, the TRT has provided strong support to TURKSOY for more than a quarter of a century (TURKSOY, 09.03.2020).
- The Embassy of Kazakhstan in Turkey and the EcoEurasia Association hosted an event in Ankara entitled "From Turkestan to Anatolia – Magzhan Zhumabayev", which was dedicated to the famous Kazakh poet and one of the leaders of the Alash movement. Turkish officials, intellectuals, journalists, entrepreneurs, and Kazakh students studying in Turkey attended the event. The participants listened to presentations on Zhumabayev's life and legacy, as well as to his poetry (Kazinform, 13.03.2020).
- The Japanese government will fund two assistance projects worth nearly \$8 million to be implemented by the Kyrgyz government in cooperation with the UNDP and the UNICEF, respectively. The first project will support Kyrgyzstan's Central Election Commission in developing inclusiveness and transparency of electoral processes. The second project titled "Improving Children's Resilience to Disaster Risks and Climate Change" will contribute to strengthening the safety of Kyrgyz children through simulation exercises at schools (Kabar, 11.03.2020).
- Managers of the Turkish Kanimed Saglik Cozumleri company visited the Uzbek city of Namangan and held talks with regional officials. The parties discussed the activities carried out as part of the project to construct a diagnostic center in the Uchkurgan district. The center that will cost \$7.3 million is expected to become one of the most sophisticated medical institutions in Central Asia (UzA, 10.03.2020).
- At the 27th session of the International Assembly of CIS capitals and big cities (IAC) held in Moscow, the capital of Kazakhstan, Nur-Sultan, was unanimously elected as the IAC president. Nur-Sultan will chair the organization for the next four years. The IAC unites 53 CIS cities with the total population of over 56 million people and serves as a platform for exchange of city development experiences (Kazinform, 12.03.2020).