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## The Specificity of the Differential Regulation of Economic Integration in the Context of Contemporary Labor Migration

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### Abstract

*The issues of integration in the modern world become relevant in the rapidly changing geopolitical realities, and the strategic imperative of time for the vast majority of States. Today in accordance with the principle of multi-level and various-speed integration on Eurasian space are successfully developing various integration formats. They complement each other to provide a wide partnership platform. The authors argue that the main participants in labor migration in the post-Soviet space reflect the actual path of social and economic interaction worked out historically. Common historical fate and similar paths of development, similar mental conceptsphere steel trigger mechanism for the implementation of the Eurasian Economic Union. Researches show that labour of migrant workers from different countries is widely distributed in different sectors of Russia's economy, their labour is used almost everywhere. In many industries a mechanism was established where officially Russian workers are registered at enterprises, but foreign migrant workers are actually employed. Russians began to actively move, migration processes have increased substantially, new forms of temporary migration. These processes have become more active throughout Eurasia. The authors analyze the causes and characteristics of migration in the Eurasian economic union at the present stage.*

**Keywords:** migration, labor migrants, the Eurasian Economic Union, the integration, geopolitics.

### 1.1 Introduction

Scientific understanding and practical implementation of Eurasian integration ideas are important areas of many scientific institutions research (Ivakhnyuk, 2007; Sadovskaia, 2006, Karabulatova and Polivara, 2013; Riazantsev et al, 2014; Salimov, 2014; Piketty, 2014; Simone and Noelke Andreas, 2010).

Currently the development of integration processes and factors that affect the escalation of these processes take on special significance. Mechanisms of the formation of multi-level economic integration obtain an important role in the world economy.

Analysis of domestic and foreign scientific literature shows that there is no clear definition of "multi-level economic integration" today. We understand this process as follows. International multi-level economic integration is the process of variable, in some cases, asymmetrical economic cooperation in the field of international trade of goods and services,

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movement of capital and labor, technology transfer, division of labor, as well as cooperation in the sphere of investment and innovative infrastructure development. In other words, it is the interaction between the economies of the countries participating in integration unions at various levels and in various forms.

Multilevel economic integration is characterized by a number of factors, among which the most important are:

- ! deepening of processes of international division of labor;
- ! globalization of the world economy;
- ! increasing openness of national economies
- ! scientific-technical progress and the global scientific and technological revolution.

## 2.1 Materials and Methods

The basic methods of research: analytical description of migration processes, statistical analysis. Methods of mathematical statistics (variance and krrrelyats. analysis, sampling theory, the calculation of time series and the relative magnitudes and others.), game theory, modeling, system analysis and others. In order to provide data on migration flows and balance sheets are used mixed statistical and mapping methods.

**Eurasian Economic Union – the bright example of multi-level economic integration.** The presidents of Russia, Belarus and Kazakhstan signed the Eurasian Economic Union Treaty on May 29. It will come into force on January 1, 2015, taking integration to a higher level. Members of the Eurasian Economic Union (EaEU) will guarantee free trade of products, services, capital and labour force, coordinated policy in energy, industry, agriculture and transportation. A market of 170 million consumers will be formed, becoming a major center for economic development.

The Eurasian Union is a model of a powerful supranational Union, which is able to become one of the modern world poles and which can play the role of an effective link between Europe and dynamic Asia-Pacific region (Ryazantsev and Bozhenko, 2014). Thus, currently we can consider the Eurasian Economic Union, as the highest form of economic integration. By 2015 EaEU will include 5 countries: Russia, Belarus, Kazakhstan, Armenia, and Kirgizia. Tajikistan and Syria were also taken the initiative of entry into EaEU, but has not yet officially confirmed their intention.

Today we can bravely say that the Eurasian Union is the multi-level economic integration of countries.

Especially with the accession of Kyrgyzstan and Armenia. This fact is confirmed by different levels of economic development, demographic and migration potential. Moreover, not all countries will become members of the Eurasian Union at once time. For example Kyrgyzstan in the beginning will join to the Customs Union, and only then to the Common Economic Space.

**Kyrgyzstan, Armenia and the Eurasian Economic Union: impact of accession.** The majority of Kyrgyzstan labor migrants come to Russia (about 41 558 people a year), in comparison with Kazakhstan it is about 3 700 people a year (The CIS Statistics Committee, 2012). And there are a great many of reasons which explain this process. For example social networks, cultural and historical ties, liberal migration policy of Russia.

According to the survey of Eurasian Development Bank, the majority of labour migrants from Kyrgyzstan decided to come to Russia due to assistance of relatives and friends. Thus, we can say about the additional factor in this case. Social factors are gradually becoming mature form and become independent from economic ones. In Russia were formed communities and social networks of migrant workers. Held in 2012 in Kyrgyzstan large-scale congresses of Diasporas "Zamandash" and "Makendester" with participation of the country leadership indicate starting the process of institutionalization and the growing political and economic role of these associations (Ivakhnyuk, 2006; Ryazantsev and Bozhenko, 2014).

Labour migration in conditions of the Customs Union shall bring to the Kyrgyzstan economy positive implications in the short term (in particular, from cash remittances and acquired skills of migrants, in case of their return), but in the long term can become a threat to innovation and production potential of the country.

We believe that for the long-term positive effect, it is necessary to promote Russian and Kazakh investment in Kyrgyzstan, which would not only reduce the cost of the basic factors of production to these countries and increase the strength of economic relations, but also positively affect the country's economic growth.

Thus, given the entry of Kyrgyzstan into the Eurasian Union governmental and intergovernmental bodies and non-governmental organizations, leading its activity in this area, have space for improving the system of informing, supporting and protecting the rights of migrant workers.

As for Armenia, the main problems of Armenian economy currently are mean level of GDP per capita, high rate of unemployment, low income, red ink of balance of payments and others.

Given the integration of Armenia it will receive only benefits under any conditions. The joining of Armenia to EaEU is a «window of facilities». Armenia will receive the access to the large market, will improve GDP rate, will solve transport

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and energy problems.

Labour migration flows from Armenia to Russia are developing very rapidly. Today 93% of labor migration from Armenia falls on Russia. This is due to the visa-free regime and the size of the Armenian Diaspora. However, the Armenian workers still need to get a work permit. After Armenia's accession to the Common Economic Space Armenia will become a full member of the common labour market, and this problem will be solved.

Thus, one of the main benefits of Armenia joining the CES consists in the entry to single labour market. The CES agreements in the field of the labour migration directed to the unification of the member states labour resources, as well as the creation and effective functioning of the common labour market of. 85% remittances today come from labor migrants from Russia (15% of Armenia's GDP). The quarterly growth of transfers is estimated to be \$9 million, and annual growth is estimated to be about \$36 million, thus annually increasing the volume of transfers from the CU to Armenia approximately by 3 percent (forecast of Eurasian Development Bank, 2013). Joining the CES agreements will provide the remittances growth to 40 million dollars a year. This will help the stable financing of Armenia balance of payments (Ivakhnyuk, 2006; and Ryazantsev, 2014).

**Russia and Kazakhstan as the main countries recipients of the labour force in Eurasian Union – the problem of regulation of illegal labour migration.** According to I.V. Ivakhnyuk's estimates, in 2005 Russia had 28 times more labor migrants from abroad and 108 times more citizens going abroad to work than Kazakhstan. According to her, this is evidence of Russia's higher migration turnover (Ivakhnyuk, 2006). According to the data of Integration barometer of Eurasian development Bank, measurements the most preferred destination for emigration within the Post-Soviet space is Russia. Especially Russia is attractive for workers from Tajikistan, Moldova, Kyrgyzstan, Kazakhstan and Armenia (Eurasian Development Bank, electronic resource). Russia has the largest rates.

### 3.1 Results

At present Russia is a center of Eurasian migration system; it surpasses other former USSR countries in terms of economic potential and labor market size. Politically Russia is interested in strengthening integration in the post-Soviet space and considers interaction with CIS countries a priority of its migration policy. Geographically Russia is the closest neighbor for most former Soviet countries and has direct transportation ties with them. Evolution of the Eurasian migration system structure and emergence of Kazakhstan and Ukraine as new centers of labor migrants' attraction indicate that in the nearest future directions of migration flows in the post-Soviet space may become more diverse, and Russia will face growing competition for labor resources at the regional level (Ryazantsev, 2014).

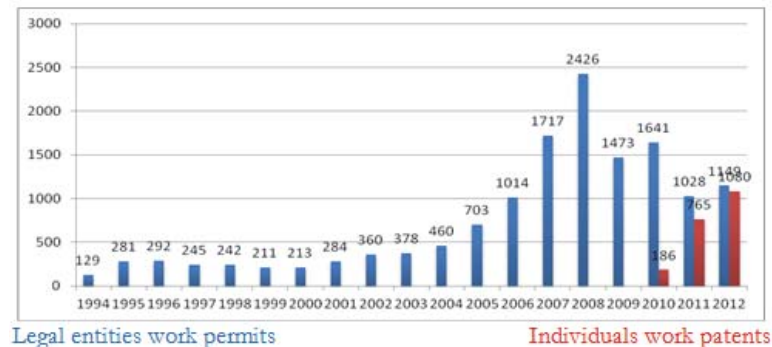
Between Russia and Kazakhstan on the one hand and the countries of Central Asia on the other hand a migration subsystem formed, characterized by large-scale migration flows and a stable geographic focus. The main flow of labour migrants to Russia and Kazakhstan during the last decades comes from Central Asian states. In addition, labour migration "intertwines" and transforms into other forms (migration for permanent residence, marriage migration, educational migration). Increasingly, temporary labour migrants from Central Asia receive Russian citizenship and remain for permanent residence in the Russian Federation.

Central Asian countries remain the main suppliers of illegal migrant workers to Russia, Kazakhstan and some other states in the Post-Soviet space. Approximate number of illegal labor migrants from Central Asia who are outside their countries ranges between 2.6 and 4.0 mln. persons, which constitutes 10% to 15% of the economically active population of those countries (Ryazantsev and Norie, 2011).

There is a considerable gap between official data and real scale of labor migration in Russia. Estimates given by the expert community are closer to reality, but they also vary a lot.

In Russia and Kazakhstan downsizing and aging of the population are noted which will have a range of demographic, socio-economic and geopolitical consequences.

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**Figure 1** – The number of work permits issued to foreigners in Russia in 1994-2012 (during the relevant year), thousand.  
**Source:** Federal Migration Service. <http://www.fms.gov.ru>.

It is obvious that despite all the government efforts there are still large pools of labor migrants in Russia who are staying without a fully official status. This is due to the following main reasons: absence of transparent and accessible procedures for obtaining the status; system of corruption surrounding labor migration in the country; low level of labor migrants' awareness.

As for Kazakhstan, it ranks second among CIS countries in terms of migration attractiveness for labor migrants. Geographical distribution of foreign workforce officially attracted to Kazakhstan differs significantly from the Russian situation. According to official data, approximately 85% of migrant workers come from outside the former Soviet Union. These are mostly workers and professionals from Turkey, United Kingdom, China, India, Hungary, Italy, USA and other countries.

#### 4.1 Discussion

Researcher A.V.Topilin suggests a figure between 7.5 and 8 mln., 5.5. mln being citizens of the CIS states and the rest coming from "far abroad". Later M. Vyshegorodtsev names a figure between 4 and 5 mln migrants, 2 mln among them being citizens of the CIS countries. According to estimates by E.S Krasinets, E.S.Kubishin and E.V.Tyuryukanova, there are between 4 and 4.5 mln illegal migrants in the country, among them 1/8 to 2 mln coming from the CIS countries. According to V.I.Mukomel, 4-5.5 mln undocumented migrants in the Russia.

According to official data, in Kazakhstan labor migrants from former Soviet countries account for only 15%. The share of Central Asian countries in the overall structure of official labor migration in Kazakhstan is minuscule. Although in fact migrant workers from this region are unofficially employed practically everywhere in the markets, at construction sites, service sector and trade. Experts note that in Kazakhstan unregulated labor migration has been on the rise over the recent years. However it is difficult to estimate its scale for several reasons, including absence of the visa regime with most former Soviet countries and high level of informal employment in some economic sectors, such as trade, construction, hospitality business and transportation (Ryazantsev and O. Korneev, 2013).

Despite some progressive steps in the legislation of Kazakhstan, there have been no visible improvements in the real position of migrant workers, many of whom are still outside the legal field, live and work without documents, in very harsh conditions, affected by corruption and exploited by employers. Unregulated large-scale influx of labor migrants from Central Asia might increase social tension in the cities of Kazakhstan. From time to time police carry out special raids and mass deportations of migrants. Hundreds of persons are deported, but hundreds of thousands are coming to Kazakhstan in search of jobs (Ryazantsev and Bozhenko, 2014; and Salimov, 2014). Their number is not going down in Kazakhstan, as far as migrant workers are determined to earn their living here and constantly keep coming back thanks to corruption and transparent borders. Furthermore, law enforcement agencies lack efficient organization and coordination of actions for regulation of migration flows. Meanwhile, policy ought to be guided not by the principle of prohibition that does not work in the long term, but by the principle of regulation that ensures intergration of migrants (Ryazantsev and O.Korneev, 2013).

But largest flows of illegal labour migrants are coming to Russia from Uzbekistan, Kyrgyzstan and Tajikistan.

Russia currently does not have a clear justification for labor migration regulation. At present Russian authorities simply register labor migration from abroad instead of managing it. The system of quotas for foreign workforce in Russia

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raises serious criticisms. First of all, there is no clear mechanism for evaluation and methodology for identification of the real need for foreign workforce and the system of permits is non-transparent and corrupt.

As we know there is no visa regime among CIS countries excepting Turkmenistan. Turkmenistan has introduced a visa regime with all the CIS countries in 1999.

The issues of the visa regime has been discussed for a long time. The main issue of Russian government: Is there a need to introduce visas to citizens of Central Asian countries in order to limit the uncontrolled movement of labour?

Some Russian political parties have proposed to introduce a visa regime with all the CIS countries. Especially with the countries of Central Asia. However, the Russian President and the Head of the Federal migration service said that there is no need to do so. It is wrong position.

There are many points of view among experts currently. Let's consider some of them.

Russian President Vladimir Putin has not approved the idea to introduce visa regime with the CIS countries. According to him, it would mean that we push away former Republics of the Soviet Union.

Ryazantsev Sergey, one of the leading Russian scientists in the sphere of labour migration considers that it is quite possible the introduction of the visa regime with the CIS countries. In fact, the visa regime can protect labour migrants. Now they are in the slave position. In fact, labour migrants in Russia are slaves of the XXI century. They are manipulated, employers do not pay them, they are humiliated, they are not considered for the people. The problem is not only in the visa regime, of course. It is necessary to change the attitude of officials, police, employers, local population. It is important to develop migration infrastructure, organized recruitment of labor force. Migrant workers must be trained to work in Russia, must know Russian language, basic rights. Migrants should have labour contracts, health insurance, normal living conditions».

Another well-known important Russian scientist, Topilin Anatoliy considers that it is unlawful to introduce visa regime with the countries of Central Asia. Because this is not only economy, but also policy. In an increasingly international environment we can observe the displacement of the centers of world development, centers of the capital. The loss of friendly countries, primarily Tajikistan and Kyrgyzstan in the conditions of external geopolitics, this is not the result, which needs Russia. The visa regime is the easiest way of selection. But low-skilled workers are also needed. Therefore, the visa regime is unreasonable decision.

The head of the organization «Migration and Law», Dzhuraeva Gavkhar argue that Russia shouldn't introduce visa regime with Central Asian countries.

She considers following shortcomings: the exclusion of those countries which are fate with Russia. It is necessary to include the migrants from countries of Central Asia in Russian society through the adaptation and integration. The visa regime will give nothing, except aggravating the situation. There will be more illegal migrants. Basically, those who will cross the border illegally.

Within the common labour market citizens of Russia Belarus and Kazakhstan can work without obtaining a work permit. But there are some exceptions.

The procedure of work permits obtaining for citizens of CIS countries, with which Russia has a visa-free regime, is significantly simplified. Labour migrants from these countries have easier access to the Russian labor market, making a work permit independently.

For legal labour activity on the territory of the Russian Federation citizens of the following CIS countries must obtain a work permit: Azerbaijan, Armenia, Kyrgyzstan, Moldavia, Tajikistan, Uzbekistan, Ukraine.

It is important to mention the new rules of labour migration regulation in Russia (Thongkholal Haokip, 2012; Ryazantsev, 2014; and Ryazantsev et al, 2014). From 2014 the new law came into force in Russia, which is changing the conditions of CIS citizens staying on the territory of the Russian Federation. Under the new rules, foreigners from most Post-Soviet States may as usual stay in Russia for 90 days, but the period of their staying now may not exceed 90 days during each period of 180 days. Previously, citizens of other States having visa-free regime with Russia could stay there for 90 days, then they returned home, and then again moved to Russia.

Without any doubt this legislative provision is aimed against illegal migration. The following new rule aimed struggle against illegal migration too. It is the judgment of 17 June 2014, which determines that citizens of Tajikistan will enter and leave Russia only by foreign, official passports, diplomatic passports, the seafarer's passport and certificate of return to the Republic of Tajikistan.

## 5.1 Conclusion

Analysis of possibilities of the EaEU expansion allows to draw the following conclusions:

1.1 Increasing the Customs Union by bringing in new members is a necessary condition for improving the

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competitive position and the growing importance of this integration formation on the world economic and geopolitical map (World Bank – [electronic resource] URL: <http://www.worldbank.org> (date of access 20.06.2014));

- 2.! Joining of all potential participants of Customs Union is concerned with the large number of economic, social and political risks, making the integration process rather complicated;
- 3.! Given the entry of Kyrgyzstan and Armenia in a Single Economic Space and a Common labour market the trends and the magnitude of labour migration will not change. However, all participants of the integration process will be able to earn benefits.

They are: legalization of migrants, increasing tax payments for the recipients countries and increasing remittances for donor countries.

With regard to the regulation of illegal labour migration we have a different point of view. More precisely, we prefer other instrument. We call it «Substitution Effect». Russian investment influx in Tajikistan and Kyrgyzstan countries is very weak. We can observe quite clearly relationship between remittances and the dynamics of trade and investment cooperation (Taylor, M., 2015, [http://assets.cambridge.org/97805213/39902/excerpt/9780521339902\\_excerpt.pdf](http://assets.cambridge.org/97805213/39902/excerpt/9780521339902_excerpt.pdf)).

From our point of view it is real to reduce the rate of illegal labour migration from the countries of Central Asia through investments and accordingly creation in these countries job vacancies. An example could be the so-called Maquiladora - industrial enterprises, created by the USA in the border areas with Mexico.

Thus, trade and investment in inter-state exchange can become a real alternative to international migration, if the effects of this activity will create new jobs.

The direct mechanism of regulation of labour migration might look as follows. Firstly, it is necessary to calculate the needs of the host countries (Russia and Kazakhstan) in the labour force on the basis of labour resources balance (Ryazantsev and Norie, 2011). Secondly, to determine their own opportunities (potential employment of the unemployed, students, pensioners, the possibility of internal labour resources migration) and clear need for foreign labor migrants. Thirdly, to identify the priorities of the migration policy in respect of partner countries in the context of political and economic integration and to sign interstate agreements on organized labour supply. Most of them are citizens of the CIS countries who use their right of visa-free entry, but then do not get work permits or obtain fake documents (more often than not – registration in the place of stay). Many of them live in Russia for several years. In the classical scientific papers length of stay of man in the new place of residence was considered as one of the basic indicators for the identification of the phenomenon of migration. At a time when people made the migration of one or two times in my life and almost always, this approach was certainly justified and did not cause any conflicts with life. Proponents of the "narrow" interpretation of the migration has traditionally argued that migration should be a complete form of territorial displacement and meet two conditions:

- 1)! the people should move between different localities;
- 2)! The movement necessarily accompanied by a change of residence. These approaches are reflected not only in science but also in the practice of accounting and regulation of migration in Russia.

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