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External Labor Migration of Uzbekistan: Causes, Problems and Prospects

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1. INTRODUCTION

Currently, international migration processes are globalized and cover almost all regions and countries. External migration also has a significant impact on demographic changes in developed and transition economies.

As a result of international migration of labor resources, a special quality commodity - labor force is being transported abroad. Its main difference from other types of goods is that the labor itself is the factor of the production of other products. A country that exports its labor force, as a rule, receives payment for such exports in the form of repatriation of part of the income of migrants. Given the relative growth of labor resources in many countries, their exports reduce unemployment and provide an influx of cash flows from abroad. But, on the other hand, the decline in the highly skilled labor force leads to a decrease in the technological potential of the exporting countries, as well as their general scientific and cultural level.

Despite being the largest labor exporter in the Central Asian region, Uzbekistan has only recently identified migration as a key policy area, with a particular focus on diversifying labor migration flows and integrating migration into broader development planning. As part of this renewed focus on migration, Uzbekistan is expanding organized labor export schemes with third countries such as Russia, South Korea, Japan, and Poland as a safe and long-term alternative to unregulated and dangerous



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forms of migration. However, in their current form, these organized labor recruitment programs cannot adequately distribute the existing demand for labor migration within Uzbekistan and have not proven effective in protecting the rights of labor migrants.

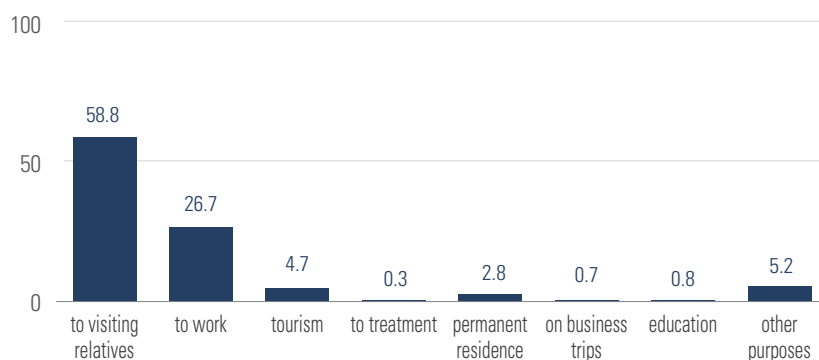
2. GOALS OF GENERAL UZBEK MIGRATION

One of the main features of the Uzbek citizens flow is that most of them go to visiting relatives (Diagram 1). The reasons for this are as follows:

- during the former Soviet Union, republics repeatedly established borders (for example, after World War II...);
- in all the republics of the former Soviet Union, intellectuals who could follow the people were banished to different regions under different pretexts, or they fled to countries such as Afghanistan, Iran, Pakistan, and Turkey;
- many women and children were evacuated to Uzbekistan during World War II;
- during the former Soviet Union and the first years of independence, there were marriages between residents of neighboring republics.

Diagram 1.

Number of Uzbek emigrants by their goals, in percentage



Source: database of the State Committee of the Republic of Uzbekistan on Statistics. www.stat.uz.

Because of these circumstances, relatives settled in different countries. After gaining independence, especially after 2016, because of positive changes in political and economic relations between Uzbekistan and other countries, in the issue of border crossing, relations between relatives located in different countries are restoring.

The number of citizens working abroad represents 26.7% of all Uzbek emigrants. Due to the increasing importance of labor migration and the purpose of this study, we are conducting a broader study of this issue.

3. CAUSES OF EXTERNAL LABOR MIGRATION

The economic development of any country is linked to the efficient use of the available labor force. This requires accelerated development of the manufacturing sector, small businesses and entrepreneurship in the country, creating a favorable investment environment and stimulating investment activity. This, in turn, will ensure an increase in the level of employment. Increasing the level of employment reduces external labor migration. On the contrary, an increase in unemployment increases the labor migration.

What is the situation in Uzbekistan in this regard?

The employment rate in Uzbekistan was 69.4 percent in 2009 and 67.4 percent in 2018. The unemployment rate was 5% in 2009 and 9.3% in 2018. 15% of those who want to work are aged 16-30 years, 12.8% are women [1].

Theoretically, two groups of factors influence labor migration:

1. Non-economic factors (war, political and religious persecution, natural disasters, etc.). Due to the stable socio-political situation in Uzbekistan and the low probability of natural phenomena, these factors do not have a significant impact on external labor migration;
2. Economic factors, these include:
 - different levels of economic development of countries. For example, GDP per capita (PPP) in Uzbekistan is 8,999.6 US dollars, in Kazakhstan 28,849.2, in Russia 29,642.4, and in the Republic of Korea 44,740.4 US dollars [2];
 - state of the national labor market. For example, in most Russian regions, there is a shortage of working personnel — nine of the top 10 scarcest professions belong to the “blue collar”: welders, locksmiths, movers, assemblers. However, at the same time, in the whole country, doctors

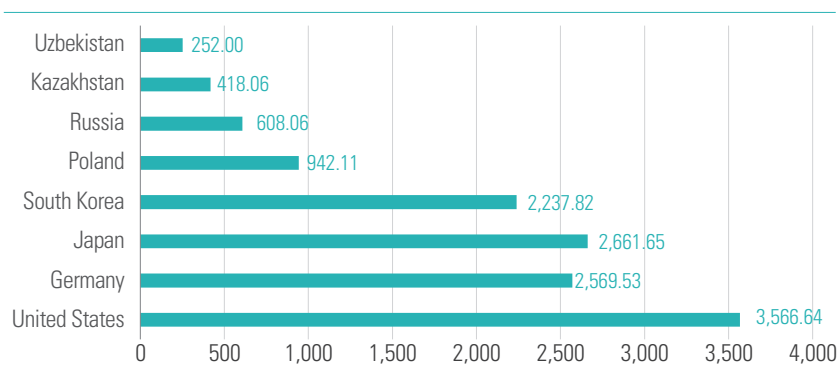
head the rating of «scarcity» — they are not enough in 64 of the 75 analyzed regions [3];

- existence of problems of structural adjustment of the economy associated with the transition to a market economy in former socialist countries; Uzbekistan was part of the former Soviet Union and, despite gaining independence, the relations characteristic of the market economy in the country are still not fully formed.
- scientific and technical progress, its development is accompanied by an increase in demand for skilled workers. All countries are interested in attracting skilled workers to drive innovation and increase productivity. For recipient countries, developing a clear strategy for granting residence permits or even citizenship is an important aspect of attracting skilled labor, since in such countries jobs are usually created on a permanent basis and require significant investment in human capital, taking into account the special aspects of employment;
- activities of transnational corporations that ensure the relationship of capital with labor by exporting capital or transferring it to regions with a large number of labor.
- the desire to earn money in exchange for intangible benefits - the desire to improve the professional level.

Economic reasons are related to the uneven development of different countries. As a rule, more jobs are created in a developed country, so it will be easier to find a job in it, and the standard of living and wages in a developed country will be high. Therefore, such a country can provide more paid work. Due to its high scientific and technical potential, it needs a skilled, creative workforce. For this reason, qualified personnel are moving to a developed market. This can also be seen in Diagram 2 [4].

Diagram 2.

Average monthly net salary, in 2019



According to the data shown in Diagram 2, wages in Uzbekistan are 1.86 times lower than in Kazakhstan, 2.41 times lower than in Russia, 3.74 times lower than in Poland, 8.88 times lower than in South Korea, 10.56 times lower than in Japan, 10.20 times lower than in Germany, and 14.15 times lower than in the United States.

Over the past 10 years, the population of Uzbekistan has increased by almost 21%. Every year, 600-700 thousand people enter the labor market of Uzbekistan, and the number of jobs created reaches 500 thousand. Another two hundred thousand people were left without work. The country's total labor force is 19 million people, of which 5.1 million are engaged in informal labor. In particular, because of the pandemic, the unemployment rate in Uzbekistan has increased. During the quarantine, 671 thousand people were left without work. This situation has particularly affected the self-employed. Such cases certainly reflected in migration indicators: almost 2.5 million people work abroad.

4. FEATURES OF UZBEK LABOR MIGRATION

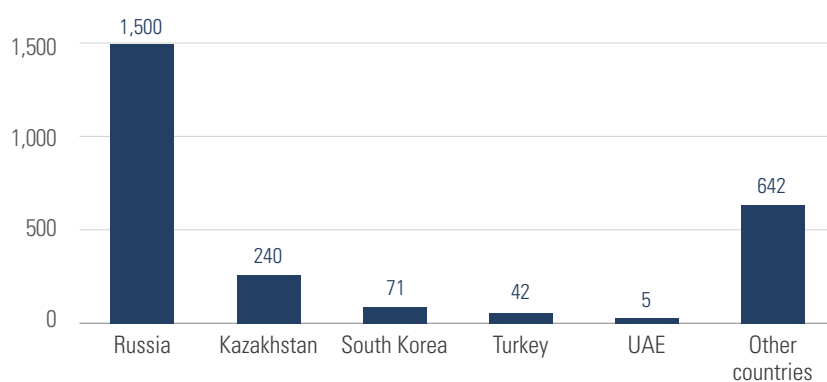
- due to the strong competition in the labor market in the host countries, most migrants cannot work in areas that require high qualifications, so they work in construction, food and transport services;
- due to unemployment, Uzbek migrants tend to work in other countries in order not to get into difficult living conditions in their homeland and, despite the fact that they may find themselves abroad in more difficult conditions;
- due to the cheapness of goods and services in Uzbekistan, the funds sent by migrants will be sufficient to meet the needs of their families, and some of them are reserved for savings;
- some orientation of migration are regulated and managed by the state, and some are chaotic. Despite the fact that recently there have been private firms that help to work and settle abroad, emigrants independently go to Russia, Europe, South Korea and other destinations;
- migrants go back and forth, that is, to their own country; for example, they come to Russia for a while (season) and return home to rest.
- the migration rate is very high among young people.

5. LABOR MIGRATION PROBLEMS

Labor migration from Uzbekistan is really massive: Uzbeks working Russia numbered 1.5 million, Kazakhstan 240 thousand, Korea 71 thousand, Turkey 43 thousand, the UAE 5 thousand, and other countries of the world 120 thousand (Diagram 3). In general, the number of people working outside of Uzbekistan amounted to 2.5 million people [5].

Diagram 3.

Labor emigration of Uzbekistan by country



Uzbek labor migrants are going not only to Russia or neighboring Kazakhstan, but also to more distant countries such as the United States, Europe, Japan, and South Korea. In addition, they also have many opportunities to find well-paid jobs in Kazakhstan, and this process is really large-scale and massive. Until recently, the land border crossing point between Kazakhstan and Uzbekistan, for example, was constantly overcrowded and unordered due to the huge flow of migrants crossing the Uzbek-Kazakh border.

The process of external labor migration in Uzbekistan is mainly urgent and seasonal, and most migrants work abroad in the spring and summer, returning home in the winter season. Most of them are employed in areas that do not require qualifications on the territory of Russia and Kazakhstan. Research conducted by the Center for Economic Research and Reform found that low-income family members are mostly sent to these countries, while higher-income households are sent to Turkey, South Korea, and the United States [6].

According to data released by the Central Bank in 2019, the volume of money transfers sent by emigrants to Uzbekistan amounted to \$5.8 billion (Table 1). In particular, 5 billion US dollars have been sent from CIS member states, of which 98% corresponds to the contribution of emigrants in Russia and Kazakhstan [7]. In 2019, the volume of money transfers from Russia to Uzbekistan averaged \$418 per migrant. It should be noted that in recent years, Uzbekistan has become the recipient country of the largest number of money transfers in comparison with other Central Asian countries.

Table 1.
Cross-border money transfers

	Unit	2014	2015	2016	2017	2018	2019	In 2019 compared to 2014
Cross-border money transfers received by residents	billion USA doll.	6,5	3,9	3,7	4,8	4,9	5,8	-0,7
	Percentage in GDP	8%	5%	5%	8%	10%	10%	+2 %

Source: Publication of the Central Bank of the Republic of Uzbekistan on the balance of payments, international investment position and external debt of the Republic of Uzbekistan. www.cbu.uz

Why is labor migration a problem related to national security and social stability? There are several reasons for this consideration of the desired problem. This category of citizens become migrants due to unemployment and harsh social conditions in their places of permanent residence. This means that they are socially vulnerable and discontented people. But neither are the places they go to any more comfortable, for some reasons.

First, most of them arrive abroad without a proper level of knowledge of the language of the migrant-receiving (host) countries. Secondly, in the host country, they immediately face problems of bureaucracy, corruption, arbitrariness, blackmail by officials who control the migration sphere, as well as racketeering, humiliation of human dignity and simple fears for their safety (especially in the CIS countries). Third, during the period of their life and work abroad (usually several years), migrants observe and “learn” the peculiarities of social and political life in the host country.

All this together sows in their mentality and consciousness the seeds of a more liberal worldview, culture and behavior, as well as a simple expression

of their indignation and protest. Migrants return home having experienced all this, tired, still disillusioned, still needy and uncultured, still unemployed in their country, however, with some cultural deviations and not excluded, politically awakened.

Meanwhile, most often Uzbeks in Russia are targeted by Russian nationalists, which causes various conflict situations. There are all signs of an even greater aggravation of the situation due to the economic and financial crisis in Russia, which has significantly affected the income of migrants. There are reports that the recent economic sanctions imposed by the West against Russia have begun to negatively affect the level of migration and migration expectations. In general, it should be noted that Russia attracts migrant workers, perhaps only because it provides them with certain incomes, but it cannot be the best example for them in social, moral and cultural terms.

6. THE IMPACT OF THE COVID-19 PANDEMIC ON LABOR MIGRATION

Most labor migrants work in the informal sector of the economy temporarily and without protection of their rights. Since in many countries this category of people does not comply with the national labor legislation in that state, there is a high risk that they will not be able to use their social and economic protection measures in emergency situations, such as pandemics. In particular, in the conditions of the crisis associated with the COVID-19, in some countries there is an increase in discrimination, dismissal, deterioration of working conditions and other similar negative cases in relation to labor migrants.

The fact that most migrants are unable to use the health care system for a variety of reasons leads to a more extensive and rapid spread of the virus. On the contrary, in the case of using medical services, this will further worsen their financial situation and increase the likelihood of falling into the trap of poverty.

Also, due to the introduction of stringent quarantine measures and the limitation of state-owned transport flights, migrants are faced with such difficulties as a sharp decrease in the labor market and a decrease in the amount of wages (Table 2).

Table 2.
The main problems and risks faced by Uzbek emigrants in the conditions of a pandemic

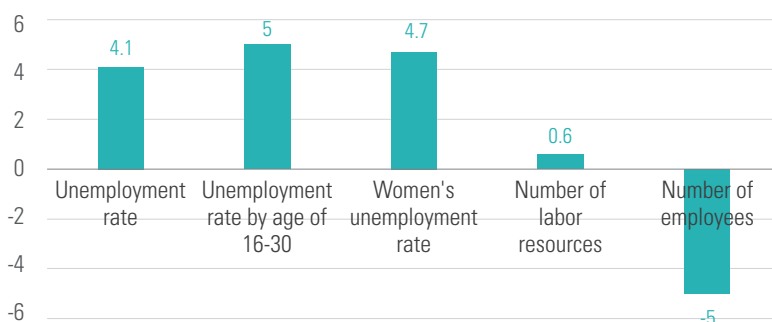
Types of migrants	The main problems and risks faced by emigrants
Temporary and seasonal migration	<ul style="list-style-type: none"> - stay out of work; - reduction of wages; - decrease or complete stop of money transfers; - increasing debt, increasing the likelihood of falling into the poverty probability; - deprivation of social protection, psychological depression; - increase in the risk of infection of the disease due to deterioration of living and working conditions.
Informal migration	<ul style="list-style-type: none"> - Additional to the problems of temporary and seasonal international migration: - problems with the guarantee of labor rights; - lack of social protection benefits.
Return of migrants to the homeland	<ul style="list-style-type: none"> - risk of contracting the disease during mass homecoming; - low level of employment opportunities when returning home; - low level of access to social capital; - increasing the likelihood of falling into the poverty trap in exchange for increased debt; - an increase in the number of families who do not receive money transfers and an increase in family problems; - the appearance of frustration among those who plan to emigrate abroad in the future.

The closure of borders and strict quarantine measures have also had a negative impact on Uzbek citizens working abroad. In particular, about 500 thousand citizens who returned home during the winter season could not return to their intended address. In addition, in the Russian Federation, which is one of the main addresses of citizens of Uzbekistan, every second emigrant is unemployed [8]. Due to rent and food costs, the condition of immigrants became more severe. Due to the cost of rent and food, the situation of migrants has become even more difficult.

In Uzbekistan, in January-June 2020, the number of people in need of employment increased to 1.94 million, and the unemployment rate among the economically active population was 13.2%. This figure in the first half of 2019 was 9.1%. The unemployment rate among 16-30-year-olds increased by 5%, and among women by 4.7%. The number of labor resources increased by 0.6 percent compared to the same period in 2019 and amounted to 19 million people. Due to the negative impact of COVID-19, the number of employees decreased by 5% and reached 12.7 million people.

Diagram 4.

Changes in unemployment and employment in January-June 2020



The number of people engaged in individual entrepreneurship decreased by 167.5 thousand people (by 46.4%) compared to the same period last year. This condition arose because of restrictive measures aimed at preventing the spread of coronavirus infection.

Due to the fact that many districts temporarily stopped operating during the quarantine and people stayed at home, the number of economically disadvantaged residents increased by 4.5 percent.

The number of individuals engaged in individual entrepreneurship decreased by 167,500 people (by 46.4%) compared to the same period last year. This condition arose as a result of restrictive measures aimed at preventing the spread of coronavirus infection.

As a result of that, many areas of the economy temporarily stopped working during the quarantine and people stayed at home, with the number of poor people increasing by 4.5 percent.

And the number of citizens moving abroad to earn money was 2 million. This is 553,200 people less than in the first half of last year [8].

7. CONCLUSION

It is important to take urgent measures to address the serious problems that arise as a result of the spread of coronavirus infection in the field of labor migration, as well as to ensure safe, orderly and targeted employment of the population at home and abroad.

After the crisis, there is expected to be a shortage of specialists from large

foreign employers, especially in the field of agriculture, which will seriously affect the socio-economic life of people. Even a year after the pandemic, the situation may not return to its previous state. Therefore, during and after the crisis, it will be necessary to jointly manage the situation related to labor migration. To manage the flow of labor migration, it is necessary to determine the directions and tasks that must be performed by employment agencies, employers and state cooperation.

After the crisis, the demand for employment agencies and their recruitment process will grow. This also increases the risk that some of them abuse their responsibilities when hiring people. In these circumstances, in order to effectively manage the situation, it is necessary to properly organize the work on sending migrants, especially to take a serious approach to checking their health. In this regard, it is necessary to reach an agreement between the receiving and sending States of migrants and employment agencies that ensure high-quality labor organization.

Another important aspect is that in order to create a safe and acceptable environment for migrant workers, first of all, employment agencies need to better understand the industries in which migrant workers work.

In particular, when attracting employees, it is necessary to observe the principles of legality, openness and protection of rights. Also, in accordance with the international standards, in the use of labor migrants must be respected the following principles:

- the prevention of forced labor;
- having a mutual voluntary agreement between the employer and migrant labor;
- prevention of forced payments, i.e. wages abroad must be made only by the employer, the migrant worker must be free in hours;
- clarifying of working conditions;
- the confidentiality of personal data by employment agencies and employers.
- Such conditions will certainly allow emigrants to feel free and confident to work, and expand opportunities for obtaining additional income.

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