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Demographic transition and access to jobs in Uzbekistan: What role for labour migration beyond the Covid-19 pandemic?

by Prof Dr Matthias Lücke and Woldemar Walter

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Executive summary

Uzbekistan is going through a demographic transition that may be summarised by the evolution of the share of the working-age population in its total population: This share grew from just over 45% in 1970 to 65% in 2000 and will remain at this historically high level until about 2040. In absolute numbers, the working-age population will grow by between 200,000 and 300,000 individuals annually until 2040 while the annual increase in the economically active population will be slightly smaller; the latter is also the number of extra jobs needed for Uzbek workers.

In this policy study, we analyse how international labour migration can help to expand employment opportunities for the growing Uzbek labour force. The number of Uzbek labour migrants abroad has grown substantially over the past two decades and looks set to grow further. Overall, more than one in five of Uzbek households include a migrant member and depend in part on migrant income for their livelihoods. Therefore, it is pertinent to ask how many of the additional jobs needed by the growing labour force can plausibly be found abroad.

We start by reviewing population trends in Uzbekistan in some detail (Section 2). We take care to distinguish between the total number of labour market entrants (young people looking for their first job) and the number of new jobs needed (the increase in the labour force), with the latter taking into account retirees as well as labour market entrants. We also point out that Uzbekistan enjoyed a demographic dividend from 1970 to 2000 when its working-age population grew rapidly relatively to its total population (Section 2.2). For the next two decades, the share of the working-age population will remain at an historically high level but will not increase further.

Next, we review a variety of data sources to establish the prevailing patterns of labour migration and destination countries, the number of migrants today, its evolution over time, and the role of migrant remittances in household income and the macro-economy (Section 3). Taking together administrative data from Russia, the main destination country, and survey data from Uzbekistan, we estimate the number of temporary and recent permanent labour migrants from Uzbekistan before Covid-19 at up to 2.4 m in 2019; approximately three out of four Uzbek migrants are in Russia. We define temporary migrants as members of a household in Uzbekistan, whereas recent permanent migrants are no longer part of a household, but still otherwise connected to the Uzbek economy, for example, by sending remittances.

We review the scant existing information on how the number of Uzbek migrants has evolved over time. It seems broadly plausible that in the two decades before 2019, the migrant stock has grown by 1 m individuals. This estimate is supported, among other observations, by the growth of migrant remittances from USD 1 bn in 2006 to USD 8.5 bn in 2019 (Section 3.3). Some of this huge increase in remittances reflects structural changes rather than a proportionate increase in the number of migrants – such as more use of formal transfer channels for remittances or higher migrant incomes abroad due to growing work experience. All in all, we conclude on past trends that it is plausible that the number of Uzbek migrants abroad could grow by up to 50,000 individuals per year (Section 3.2.4).

Broadly then, between one in four and one in six new jobs for Uzbek workers could be abroad during the coming decades. Thinking beyond the ongoing Covid-19-induced recession, demand for Uzbek workers abroad will likely grow at a sufficient pace to make this a plausible scenario. Russia, the main

destination country, is expected to see only modest GDP growth in the medium to long run but will be faced with a declining population and labour force. Hence, Russia's demand for immigrant workers, including from Uzbekistan, can be expected to grow solidly (Section 4.1).

In the short run, the Covid-19 pandemic affects output and labour demand in 2020 (Section 4.2). As of September 2020, it is difficult to predict how the pandemic will play out. Macroeconomic forecasts suggest a sharp fall in Russian output in 2020, with most of the reduction having already happened in the second quarter, to be followed by a rapid recovery in 2021 and 2022. The number of Uzbek migrants abroad during the first nine months of 2020 is down by more than half a million compared with 2019. This observation likely reflects both, migrants returning earlier than planned and other migrants cancelling their planned trips and staying in Uzbekistan.

Remarkably, migrant remittances reported by the Central Bank of Uzbekistan were sharply down on 2019 in April 2020 but were back to normal during May to November 2020. Hence, the impact of the recession in Russia on demand for Uzbek workers may be more short-lived than one would expect based on output trends. At the same time, travel restrictions and uncertainties may have meant that a higher share of remittances went through formal channels. In that case, reported total remittances would have held up in part due to this purely statistical effect.

The macroeconomic prospect for Uzbekistan is a little more favourable, with stagnant per-capita output in 2020 followed by a resumption of strong growth in 2021. Hence, in 2020, the growing Uzbek labour force encounters weak labour demand abroad and stagnant demand at home. However, with a rapid recovery from 2021, we expect demand for Uzbek workers abroad to normalise to its medium-to-long-run path (see Section 4.1).

Solid demand for migrant labour is a necessary, but not a sufficient condition for migrants to integrate successfully into destination-country labour markets. Migrants also need the right professional and language skills and a migration policy regime that makes the migration process as smooth as possible. In recent years, Uzbekistan has taken many initiatives in the areas of vocational and language training, consular support for migrants, and outreach to the Uzbek Diaspora. The next challenge is now to evaluate policy interventions for their effectiveness, make adjustments as needed, and scale up measures to reach as many migrants as possible (Section 5).

At present, Russia charges substantial fees for work permits to Uzbek immigrants ('patent fees') because Uzbekistan is not a member of the Eurasian Economic Union (EAEU), in contrast to Kazakhstan, Kyrgyzstan, Armenia and Belarus. The resulting loss in migrant net incomes and remittances is part of the cost of Uzbekistan not belonging to the EAEU. In the foreseeable future, Uzbekistan may not be able to diversify its migrants' destination countries away from Russia, for example like Ukraine did with its new migration corridor to Poland. While EAEU membership would likely result in substantial savings on patent fees, it would discriminate against Uzbekistan's trade with China which is now Uzbekistan's largest trading partner. The government of Uzbekistan may want to assess the costs and benefits of EAEU membership in the light of alternative options for developing the relationship with Russia.

Content

1	Introduction	1
2	The challenge: population growth and demographic transition in Uzbekistan.....	2
2.1	Population projections and working-age population	2
2.2	Demographic dividend?	6
3	Labour migration from Uzbekistan and remittances: patterns and impact	8
3.1	Population aggregates and the stock of migrants	8
3.2	Migrant stocks and flows	10
3.2.1	United Nations bilateral migration database	10
3.2.2	Partner country data for important destination countries	12
3.2.3	Household surveys in Uzbekistan.....	14
3.2.4	Synthesis.....	16
3.3	Remittances: impact on households and the macro-economy.....	17
4	Covid-19 and future labour migration from Uzbekistan.....	19
4.1	In the long run: labour force growth, labour migration, and access to employment	19
4.2	In the short to medium run: employment prospects for Uzbek labour migrants	20
5	Implications for policies to support migrants and maximise the benefits of labour migration for Uzbekistan.....	24
	References.....	26

1 Introduction

Uzbekistan is going through a demographic transition that may be summarised briefly by the evolution of the share of the working-age population in the total population: The working-age population grew from just over 45% of the total population in 1970 to 65% in 2000. It is projected to remain roughly at this level until 2040 and then decline gradually to 55% in 2100. These projections reflect a complex interplay of crude birth rates and life expectancy, with only a limited role foreseen for net migration. In absolute numbers, the working-age population will grow by between 200,000 and 300,000 individuals annually for the next two decades. This is also the number of additional jobs that will have to be found for Uzbek workers year after year.

In this policy study, we analyse how international labour migration can contribute to expanding employment opportunities for the growing Uzbek labour force. The number of Uzbek labour migrants abroad has grown substantially over the last two decades and looks set to grow further. Overall, 1 in 5 Uzbek households include a migrant member and depend on migrant income for a large part of their livelihoods. Therefore, it is pertinent to ask how many of the additional jobs needed can plausibly be found abroad during the coming decades. While migrants need to invest in their language and professional skills to be successful abroad, net emigration reduces the number of jobs that need to be created within Uzbekistan, along with the capital investment required to at least keep the capital stock per worker constant.

From a broader perspective, Uzbekistan faces considerable challenges as a double-landlocked country that seeks to accelerate its economic growth to generate employment and improve livelihoods by integrating more fully with the global economy. Global markets for goods are costly to access, given to transport and other international transaction costs. At the same time, the marketing of many internationally traded services, even intangible ones, requires not only reliable and fast internet connections, but also personal contacts that are costlier to maintain in relative geographic isolation. The growing role of China in Uzbekistan's trade and transportation links with the outside world helps to ease existing constraints, but integration into global markets will remain challenging. In this environment, international migration constitutes an additional channel through which Uzbekistan can integrate with the global economy and increase per-capita income.

We start by reviewing population trends in Uzbekistan in some detail (Section 2). We take care to distinguish between the total number of labour market entrants (young people looking for their first job) and the number of new jobs needed (the increase in the labour force), with the latter taking into account retirees as well as labour market entrants. We also point out that Uzbekistan enjoyed a demographic dividend from 1970 to 2000 when its working-age population grew rapidly relatively to its total population (Section 2.2). During the next two decades, that share will remain broadly constant and the working-age population and labour force will expand more slowly.

Next, we review a variety of data sources to establish the prevailing patterns of labour migration and destination countries, the number of migrants today, its evolution over time, and the role of migrant remittances in household income and the macro-economy (Section 3). We conclude on past trends that it seems plausible that the number of Uzbek migrants abroad can grow by up to 50,000 individuals per year. Very broadly speaking, this means that between one in four and one in six new jobs for Uzbek workers could be abroad during the coming decades (Section 4.1).

We go on to discuss whether demand for Uzbek workers abroad will grow at a sufficient pace to make this a plausible scenario. Russia, the main destination country, is expected to see only modest GDP growth in the medium to long run but will be faced with a declining population and labour force. Hence, Russia's demand for immigrant workers, including from Uzbekistan, can be expected to grow solidly in the long run (Section 4.1).

We then discuss the short-term prospects for demand for Uzbek workers at home and abroad, given the ongoing recession due to Covid-19 (Section 4.2). While it is difficult to predict how the Covid-19 pandemic will play out, macroeconomic forecasts as of October 2020 suggest a sharp fall in Russian output in 2020, with most of the reduction having already happened in the second quarter, to be followed by a rapid recovery in 2021 and 2022. The number of Uzbek migrants abroad during the first nine months of 2020 is down by more than half a million compared with 2019. Remarkably, however, reported migrant remittances from Russia to Uzbekistan were sharply down on 2019 in April 2020 but were back up to normal during May to November 2020.

The macroeconomic prospect for Uzbekistan is a little more favourable, with stagnant per-capita output in 2020 to be followed in 2021 by a resumption of strong growth. In sum, the growing Uzbek labour force in 2020 encounters weak labour demand abroad and stagnant demand at home. However, with a rapid recovery from 2021, we expect demand for Uzbek workers abroad to return quickly to its medium-to-long-run path discussed in Section 4.1.

Successful integration into destination-country labour markets depends not only on demand for migrant workers, but also on migrants possessing the right professional and language skills and a migration policy regime that makes the migration experience as smooth as possible. In recent years, Uzbekistan has taken many initiatives in the areas of vocational and language training, consular support for migrants, and outreach to the Uzbek Diaspora. The next challenge will be to evaluate policy interventions for their effectiveness, make adjustments as needed, and scale up measures to reach as many migrants as possible (Section 5).

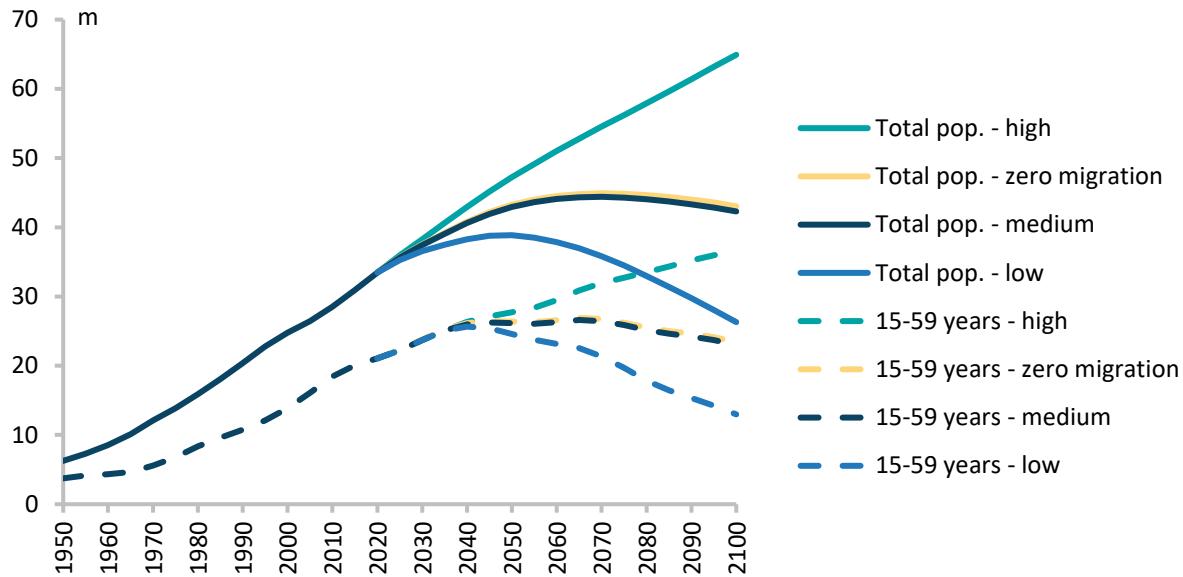
2 The challenge: population growth and demographic transition in Uzbekistan

2.1 Population projections and working-age population

The resident population of Uzbekistan has grown to 33.9 m in 2020 from 20.6 m in 1990 ([Figure 1](#)). During the same period, the crude birth rate (live births per 1,000 residents) has declined to 21.8 from 32.7 ([Figure 2](#)). The fall in fertility is a key driver of the demographic transition that Uzbekistan is undergoing: the net reproduction rate, expressed as the number of surviving daughters per woman, has fallen to 1.1 from 1.7 over the last three decades and will decline further to 0.9 by the middle of the 21st century under the medium variant of the population projection by the United Nations Department of Economic and Social Affairs (UN DESA 2019). At that point, given the underlying assumptions about the evolution of the crude birth rate ([Figure 2](#)), the total resident population of Uzbekistan will nearly have reached its peak of just under 45 m, from which it will decline only gradually during the second half of the 21st century ([Figure 1](#)). The high and low (fertility) variants demonstrate

how even small changes in assumptions about the crude birth rate will lead to widely diverging population figures later this century.¹

Figure 1: United Nations population estimates and projections. Uzbekistan, 1990-2100



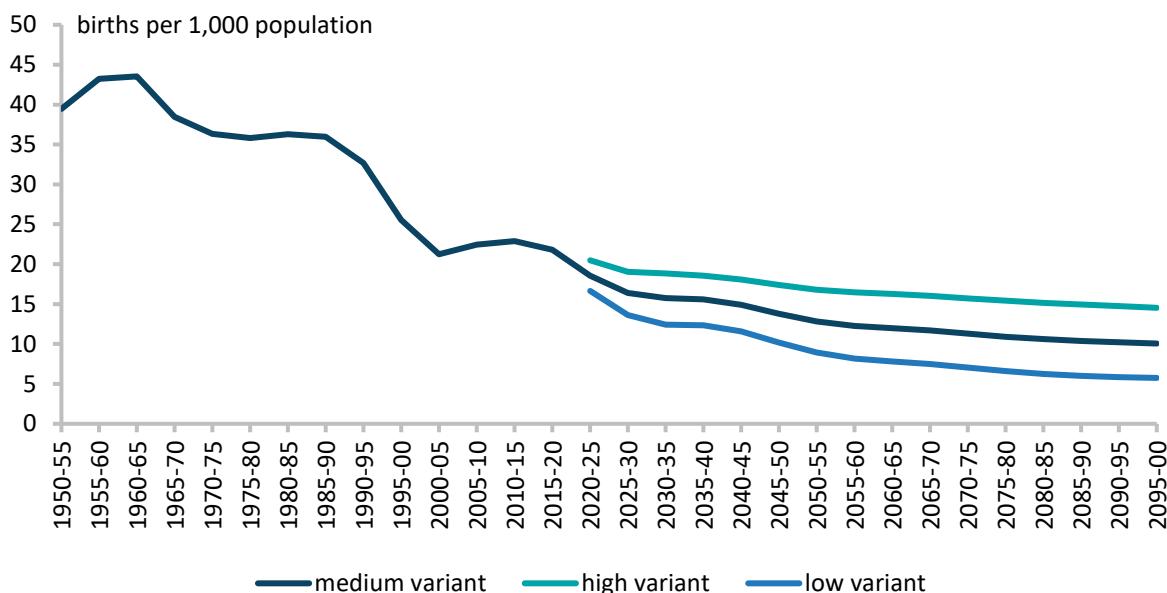
Source: United Nations Department of Economic and Social Affairs (2019).

Luckily for projections of labour supply in Uzbekistan over the next two decades, this divergence kicks in only after 2035 for the working-age population of Uzbekistan (which we assume here to be individuals from 15 to 59 years of age because these numbers are directly available from UN DESA population projections).² Under the medium variant, the working-age population will plateau at around 26 m for several decades from 2040 (Figure 1); under the low variant, the working-age population will peak in the 2040s at around 26 m and then decline; under the high variant, the working-age population will keep increasing steadily.

¹ The different variants are described in more detail on the UN DESA website:
<https://population.un.org/wpp/DefinitionOfProjectionVariants/>

² Normal working age in Uzbekistan is 16 to 54 years for women and 16 to 59 years for men.

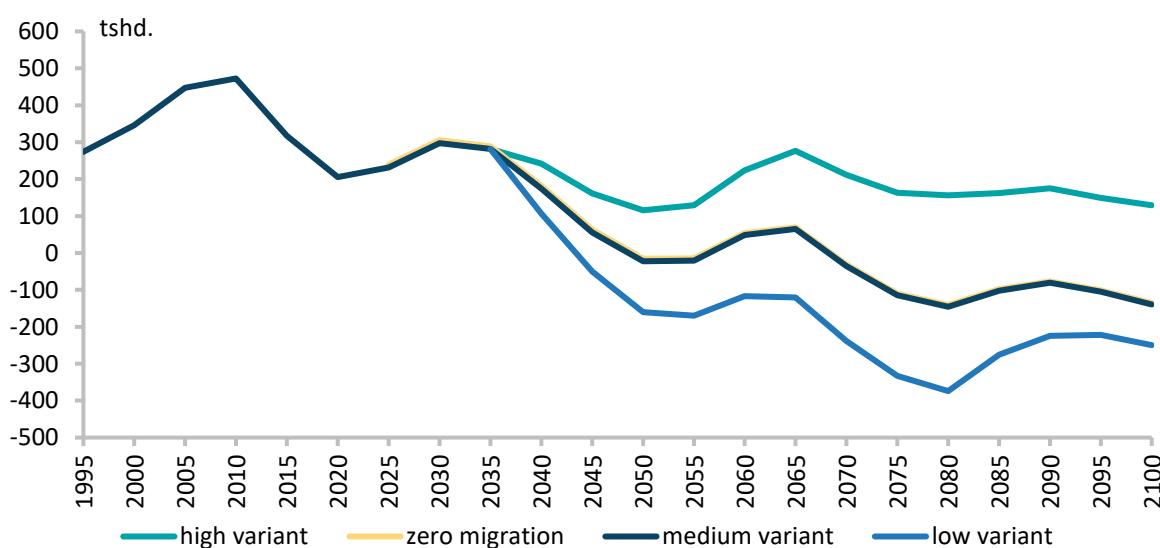
Figure 2: Crude birth rates. Uzbekistan, 1950-2100



Source: United Nations Department of Economic and Social Affairs (2019).

The key variable to observe when forecasting labour supply is the change in the working-age population which reflects the net effect of young cohorts entering the labour market and old cohorts retiring. This is a very rough proxy for the number of new jobs that must be created every year to keep a growing population fully employed (see Section 3.1 below for a full discussion). Irrespective of the projection variant (the young people entering the labour market during the next fifteen years have already been born), between 200,000 and 300,000 new jobs will be needed every year through 2035 (Figure 3). Under the medium variant, that figure will decline to zero by 2050; it will decline even faster under the low variant but remain more or less constant (with large swings) under the high variant.

Figure 3: Annual change in population aged 15-59 years. Uzbekistan, 1990-2100



Source: United Nations Department of Economic and Social Affairs (2019).

By way of a back-of-the-envelope calculation, the working-age population (15-59 years) will grow by approximately 1% per year until about 2040 under the medium variant. The necessary economy-wide

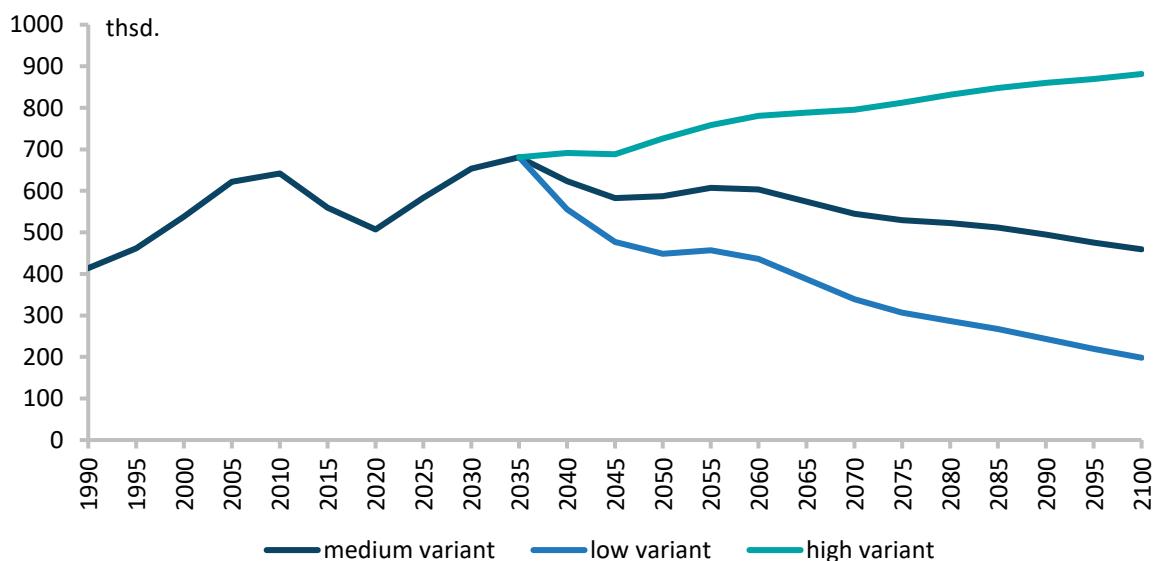
investment to create as many additional jobs can be estimated by assuming that the capital-output coefficient (COR) is equal to 3, which is a standard assumption for developing countries. For the new workplaces to have access to the same amount of physical capital as existing workplaces, the capital stock needs to grow by 1%; with COR=3, the extra investment required is 3% of GDP per year. While this additional net investment requirement may appear considerable, it should be viewed against the background of the current ratio of gross fixed capital formation to GDP in Uzbekistan: This was around 23% from 2013 to 2016 and then rose to 26% in 2017, 33% in 2018 and 40% in 2019. IMF estimates and projections of gross fixed capital formation are more modest at just under 31% from 2019 to 2021 (IMF, 2019, Table 2). In any case, gross investment is high enough to accommodate the physical capital requirements of a 1% annual rise of the working-age population.

This said, focussing on the change in working-age population (i.e. the net effect of young people entering the labour market and old people retiring) may lead us to underestimate the challenge of providing enough jobs for large cohorts of labour market entrants. Especially when an economy undergoes rapid systemic transformation, some positions that technically become vacant when older individuals retire may be scrapped rather than filled with younger workers. This is likely to be the case especially in the formal sector where incumbent employees may be protected from redundancy, but necessary restructuring may take place when incumbents retire.

Therefore, we also review the total number of entrants into the labour market, rather than the net increase in the working-age population. For ease of exposition, we use 5-yearly population estimates as above and assume that the number of labour market entrants corresponds to one fifth the number of individuals in the 15-19-year age bracket at the beginning of the 5-year period ([Figure 4](#)). This estimate of the number labour market entrants rises from about 500,000 in 2020 to just under 700,000 in 2035 and subsequently declines to about 600,000 under the medium variant until well into the second half of the 21st century ([Figure 4](#)).

Figure 4: Yearly (gross) labour market entrants (1/5 of population aged 15-19 years).

Uzbekistan, 1990-2100



Source: United Nations Department of Economic and Social Affairs (2019).

These two indicators – net and gross entrants into the labour market – indicate lower and upper bounds for projections of the number of jobs that must be created every year ensure that new labour market entrants are productively employed. Returning to our back-of-the-envelope estimate of investment needs to equip needed new jobs with physical capital, investment needs could be up to twice as high as previously indicated if we assume that all “old” jobs vacated by retirees disappear due to structural change rather than become available to be filled by younger individuals.

Net emigration from Uzbekistan may help to reduce investment requirements. We discuss in Section 4.1 what level of net migration would be realistic, given the demand for Uzbek migrants abroad.

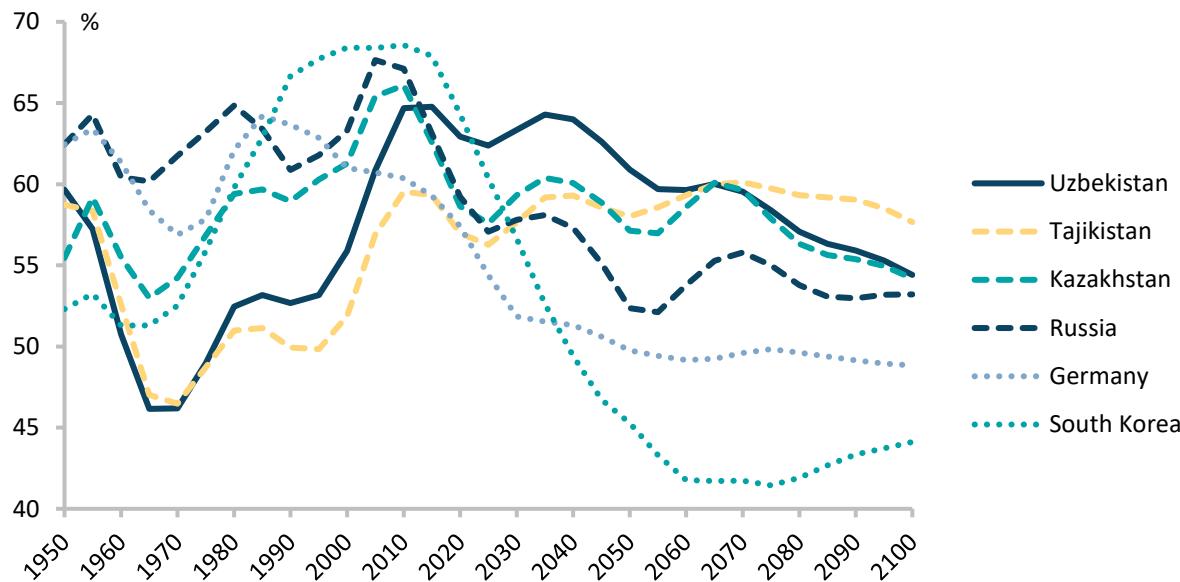
2.2 Demographic dividend?

A rise in the working-age population may represent a demographic dividend if the share of working-age individuals in the total population increases. In this case, investment would still be required to create new workplaces, but each worker would have fewer dependents to support (be it through taxes or interpersonal transfers). Hence, people would have more room to save to finance the required investment.

In Uzbekistan, the share of working-age in total population peaked at 65% in 2010 and is expected to remain close to that level until 2040 under the medium variant ([Figure 5](#)).³ In fact, Uzbekistan had its demographic dividend between 1970 and 2010 when the share of the working-age population rose by nearly 20 percentage points. By contrast, Russia is already in the middle of an episode of population aging, with the working age population peaking in 2005 (relative to total population) and declining until the mid-21st century. South Korea demonstrates the consequences of demographic change most clearly, with the working-age population peaking between 1990 and 2015 am now heading for a secular decline.

³ Ajwad et al. (2014, Figure 3) arrive at similar findings based on the 2012 version of the UN World Population Prospects.

Figure 5: Share of working-age (15-59) in total population. Selected countries, 1950-2100 (projections from 2020: medium variant)



Source: United Nations Department of Economic and Social Affairs (2019).

Looking at the bright side, the absence of a demographic dividend reflects the fact that the growth in the working-age population in Uzbekistan is modest and the resulting investment needs remain manageable, even though they probably take up a high proportion of net investment – i.e. gross fixed capital formation minus the depreciation of the existing public and private capital stock.⁴ A more detailed assessment of these trends and of the possible role of emigration requires a closer analysis of existing migration patterns and labour supply in Uzbekistan (Section 3).

⁴ Gross fixed investment as a share of GDP was 26% in 2017, 33% in 2018, and 40% in 2019. If one assumes a marginal capital-output coefficient of 3, extra investment in the amount of 3 percentage points of GDP will be required to expand the number of jobs by 1%. This is a plausible order of magnitude during the coming decades when more than 200,000 extra jobs will be needed annually and the working-age population will be somewhat higher than 20 million. Although it is impossible to provide a well-founded estimate of economy-wide depreciation, it seems safe to say that the very high gross investment rates in recent years leave sufficient room for domestic investment for job creation.

3 Labour migration from Uzbekistan and remittances: patterns and impact

The challenge of creating new jobs for those entering the labour market each year becomes easier if some Uzbek workers move abroad, increasing the number of migrants abroad while reducing the number of new jobs that need to be created at home. In this section, we review the available data on the number of Uzbek migrants currently abroad and their economic impact at home. In Section 4 below, we will discuss what level of net migration from Uzbekistan we can plausibly expect in the medium and long run.

3.1 Population aggregates and the stock of migrants

At the most general level, a migrant is defined as someone whose usual place of residence is in a different country from where they were born. Moreover, for some purposes such as balance of payments statistics, an individual is only considered a resident of a given country if they live there for more than 12 months. However, for our purposes, this 12-month threshold is not a helpful distinction: There are many seasonal or temporary patterns of migration where the migrant may not be abroad for more than 12 months, but their livelihood and that of their household members depend to a large extent on their work abroad, just like in the case of migrants who are abroad for more than 12 months.

Therefore, in this policy study, we distinguish between “permanent” emigrants from Uzbekistan who are residents of their destination countries and “temporary” migrants who are members of a household in Uzbekistan and, hence, part of the resident population of Uzbekistan. Permanent migrants may maintain close links with residents in Uzbekistan, send remittances, and travel home frequently – or do none of these things and aim to become citizens of their destination countries. Permanent migrants are often targeted by Diaspora policies that help them to strengthen links with their country of origin and encourage them to contribute to its economic and social development through their skills and contacts. By contrast, many temporary migrants find it difficult to access legal status and formal employment in the destination country. They tend to benefit particularly from country of origin policies such as facilitating work placement abroad, consular support, legal assistance vis-a-vis employers and authorities, access to health care abroad, and portability of social insurance claims.

Many Uzbek labour migrants belong to a household in Uzbekistan and work abroad, mostly in Russia, for only part of the year. Hence, these temporary migrants are part of the resident population of Uzbekistan, whereas permanent migrants are not. Accordingly, Decree №1011 of the Cabinet of Ministers (22 December 2017) on labour force statistics lists “labour migrants” as a separate group when employees are broken down by sector: formal sector (in Uzbekistan); informal sector (in Uzbekistan); labour migrants (working abroad; Annex I, lines 29-32; Annex IV, para 7). While the Ministry of Labour has released labour force statistics in line with these definitions since 2015, the methodology to estimate of the number of migrants underwent a major revision with effect from 2018.

Since then, the reported number is fully based on the quarterly Labour Force Survey, increasing to 2.4 million in 2018 from a reported 1.3 million in 2017 ([Table 1](#)).⁵

Because of this break in the time series, we cannot use this data source to gauge the evolution over time of the number of migrants abroad. In 2019, migrants accounted for 16.5% of the economically active population, 12.4% of the working-age population, and 7.4% of the total population of Uzbekistan. While we discuss the socioeconomic impact of migration and remittances below (Sections 3.2.3 and 3.3), these shares are high by international standards – similar to Georgia and Armenia, but higher than Ukraine or Belarus while lower than Moldova with its much smaller population.⁶ Clearly, opportunities for labour migration have a major role to play in a policy strategy to ensure access to employment for the growing number of Uzbek workers.

Table 1: Population, labour force, employment, in thsd. Uzbekistan, 2017-2020

	2017	2018	2019	Jan-Sep 2020
Total population, 1 Jan	32,120	32,657	33,256	33,905
Working-age population, 1 Jan	19,441	19,610	19,792	19,837
(men: 16-59; women: 16-54)				
Total labour resources	18,666	18,836	19,008	19,121
Economically active population	14,357	14,642	14,876	14,848
Employed	13,520	13,273	13,541	13,205
Official sector	5,281	5,403	5,712	5,674
Informal sector: Uzbekistan	6,906	5,485	5,368	5,619
Informal sector: abroad	1,334	2,385	2,461	1,913
Unemployed (mostly not registered)	0,837	1,369	1,335	1,643
Economically inactive pop	4,309	4,194	4,131	4,404

Between 2017 and 2018, there is a break in the time series for informal employment in UZB and abroad and unemployment.

Source: Ministry of Labour, Labour Market Balances; UZSTAT Open data, Labour market category.

We estimate in Section 2.1 above that Uzbekistan needs 200,000 to 300,000 new jobs every year until 2040 to ensure access to employment for its growing working-age population. This figure turns out to represent an upper bound because it is based on the projected population between the ages of 15 and 59, rather than the (smaller) economically active population.

In 2019, the economically active population accounted for 74.7% of the official working-age population ([Table 1](#)). The remainder consists of those unable to work due to disability or in early retirement, plus the economically inactive population: students, parental caregivers, and those voluntarily unemployed and not looking for work. Although the working-age population will grow over the next two decades and its age composition will change in line with Uzbekistan's demographic transition, it seems plausible that any shifts in the ratio of the economically active to the inactive population will be small and gradual. If this is true, the working-age and economically active populations will grow at the same rate. Strictly speaking, the number of new jobs needed for the growing Uzbek labour force is determined by

⁵ We discuss the sharp fall in 2020 due to the Covid-19 pandemic in Section 4.

⁶ Barbone, Bonch-Osmolovskiy, Luecke, 2013, Figure 5.

the net increase in the economically active population, rather than the working-age population. Although we assume the same growth rate, the smaller base of the economically active population means that up to 25% fewer new jobs are needed every year, compared with our earlier estimate of 200,000 to 300,000 based on the working-age population ([Figure 3](#)).

At the same time, it is reassuring that the UN population projection for those aged 15 to 59 years that we use in Section 2.1 (21.0 million) is quite close to the official estimate of the working-age population (19.8 million) as of January 1, 2020 ([Figure 1](#) and [Table 1](#)); the latter excludes women aged 55–59. Given the considerable uncertainty inherent in any long-term population projection, it is unlikely that this small discrepancy substantially affects our conclusions regarding future population growth.

3.2 Migrant stocks and flows

The population data reported in [Table 1](#) above provide the best available snapshot of temporary migrants since 2018, given that they are based on a large quarterly Labour Force Survey. However, there is little consistent information on the evolution over time of the number of Uzbek labour migrants. Such information would be helpful, however, in assessing how fast the number of migrants can sustainably grow in the future as Uzbekistan’s working-age population increases.

One important challenge is that migration from Uzbekistan occurs in many different patterns, each of which is reflected in some data sources but not in others. During the early 1990s, many residents of other than Uzbek ethnicity left Uzbekistan for good. While they are technically emigrants because they were born in Uzbekistan but now live elsewhere, they may have no connection to current residents of Uzbekistan, send no remittances, and may also have no other current economic linkages. By contrast, many Uzbek workers spend part of the year in Russia while their other household members remain in Uzbekistan. These families may derive a large share of their incomes from the migrants’ wages abroad; however, since these migrants stay abroad only temporarily, they do not become residents of their destination countries and may therefore never satisfy the mainstream definition of a migrant. Hence, as we go on to discuss available data, we reflect on what groups of migrants (broadly understood) are covered, how coverage may overlap between different data sources, and what we can learn for how additional emigration can help secure access to employment for Uzbekistan’s growing working-age population.

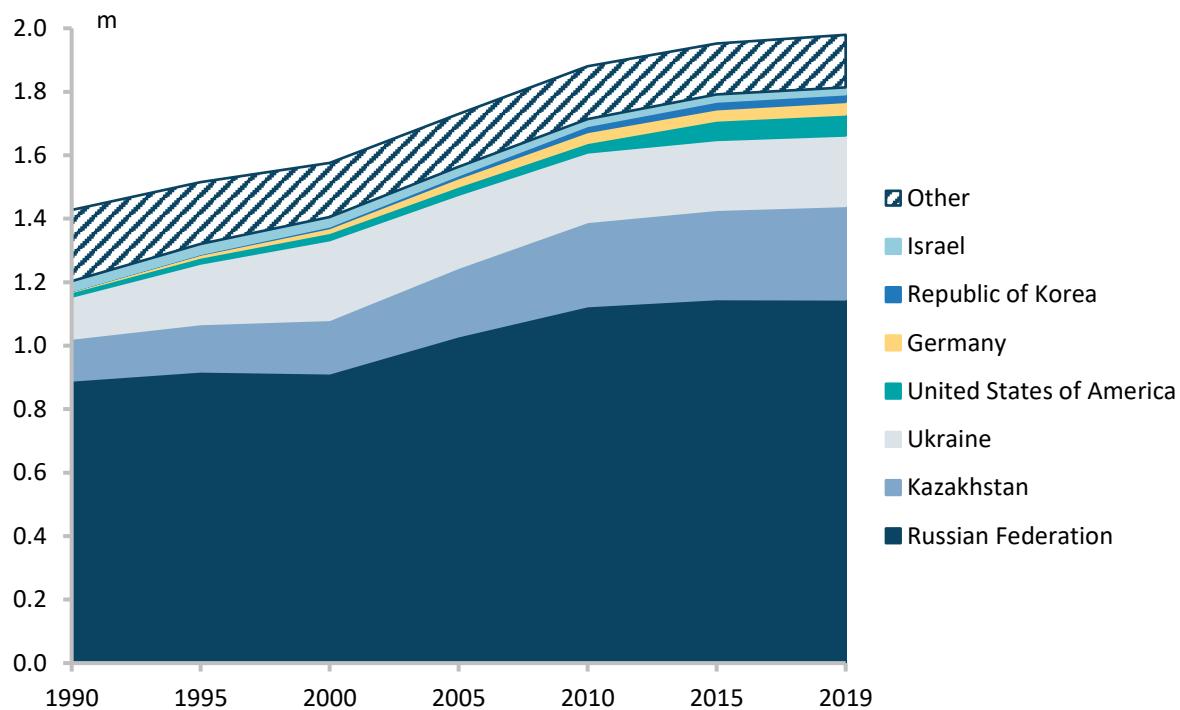
3.2.1 United Nations bilateral migration database

The United Nations migration database estimates the number of individuals born outside their countries of residence based on census, household survey, and supplementary administrative data ([Figure 6](#)). In 1990, just before Uzbekistan became independent, 1.4 m Uzbek-born people lived outside Uzbekistan – almost exclusively in other republics of the former Soviet Union. While there was substantial mobility across the former Soviet Union, often encouraged by the authorities for purposes of regional development (Rahmonova-Schwarz, 2010), it is not clear how many of these “migrants” in 1990 identified as Uzbeks abroad and had any personal or economic links with newly independent Uzbekistan.

Until 2019, the number of Uzbek migrants abroad according to this data source rose to just under 2 m. This is a sizable net increase by more than one third over three decades. At the same time, it is worth

noting that many individuals in the emigrant stock in 1990 were no longer alive in 2019. Therefore, far more than half a million emigrants (i.e. the net increase) must have left Uzbekistan during the last three decades and become residents elsewhere; these new emigrants may differ in important ways from the emigrant stock in 1990. Countries of the former Soviet Union are by far the most important destination countries, with Russia, Kazakhstan, and Ukraine at the top of the list. It seems safe to state that the nearly 2 m Uzbekistan-born individuals who were residents in foreign countries in 2019 represented a broad mix of migration motives and patterns: some had left Uzbekistan during Soviet times; some former Soviet citizen left Uzbekistan for good after independence; and many Uzbeks work abroad today to support their families who still live in Uzbekistan.

Figure 6: Uzbek migrants by destination country, 1990-2019



Source: United Nations Department of Economic and Social Affairs (2020).

To better understand current migration patterns, we now turn to two types of alternative data sources. First, partner country administrative data, particularly from Russia, cover all those Uzbek migrants who live in their destination countries lawfully (section 3.2.2). Second, in addition to the Labour Force Survey which has only a short migration section (Section 3.1), several other household surveys have been conducted in Uzbekistan over the years which cover those “temporary” migrants that are still members of a household in Uzbekistan, along with socioeconomic information at individual and household levels (section 3.2.3).

One weakness of all recent household surveys is that the sampling scheme cannot meaningfully be based on census results because the last population census took place in Uzbekistan in 1989. While alternative sampling methods have been used, e.g. based on administrative data, it is difficult to assess how representative the samples are of the Uzbek population overall and, hence, to extrapolate variables like the number of migrants from the sample to the population. In section 3.2.4, we put

together the pieces of this puzzle to discuss what plausibility suggests regarding the number of migrants from Uzbekistan in the recent past.

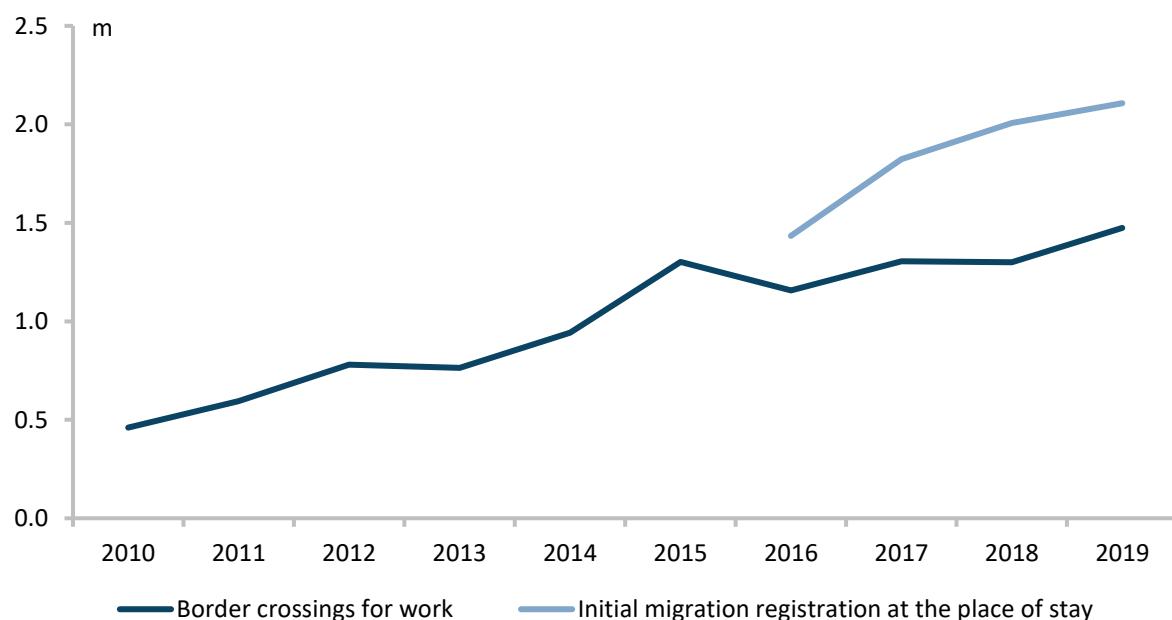
3.2.2 Partner country data for important destination countries

Administrative data to throw light on current migration patterns are available especially from **Russia**. There is a visa-free regime between Uzbekistan and Russia and Uzbek citizens can enter and stay in Russia legally for up to 90 days. For labour migrants, the Russian Ministry of Internal Affairs issues working permits ('patents'). Patents are valid for a maximum of 12 months during which the migrant can legally work in the region where the patent was applied for. Patents can be renewed once after 12 months for a maximum of another 12 months. Therefore, for work purposes Uzbek migrants can stay up to 2 years legally in Russia without leaving the country. Unfortunately, while data are available on the total number of patents issued, these are not broken down by the citizenship of the patent holder.

Apart from patents, there are two additional administrative data sources on migrant flows into Russia:

- (1) The Federal State Security Service collects data on all individuals who enter Russian territory, based on the migration card that all travellers must fill in. This card also asks about the purpose of stay.
- (2) The Ministry of Internal Affairs collects data on migrants based on their registration with local authorities at their place of residence. All foreign citizens must register with local authorities when they stay for 7 days or longer in one location. A registration can be made for up to 90 days (initial registration) and must then be extended if the migrant intends to stay longer at a certain address.

Figure 7: Uzbek labour migrants in Russia, 2010-2019



Source: Federal State Security Service and Ministry of Internal Affairs of Russia

Figure 9 shows border crossings from Uzbekistan to Russia with the stated purpose of “work”⁷ as well as the number of initial migrant registrations by the Ministry of Internal Affairs (dark blue line). In 2019, almost 1.5 m Uzbeks came to Russia to work. It is conceivable that this figure includes some individuals who did not actually take up work or were counted twice because they left and re-entered Russia during the same year. On the other hand, some workers may not return home every year or may have entered Russia declaring another reason for their travel. Overall, therefore, this figure may be viewed as a reasonable estimate of the number of temporary labour migrants present in Russia throughout the year.

The second (light blue) line, for which data are available only from 2016 onwards, shows the number of initial registrations of labour migrants at their place of stay. This number considerably exceeds the number of labour migrants who have entered the country, because a change of residence requires a new initial registration. This implies that migrants undergo a new “initial” registration every time they change their address. This indicator, therefore, likely overestimates the number of Uzbek labour migrants in Russia.

Additional information on the number of Uzbek migrants in Russia is available from media reports based on statements by various Russian officials. The Ministry of Internal Affairs stated that based on the number of patents at the beginning of the Covid-19 crisis (end of March), there were just over 1 m labour migrants from Uzbekistan in Russia.⁸ This is broadly consistent with the number of border crossings for work reported by the Federal State Security Service, given that not all migrants work legally and, therefore, the number of patents may underestimate the total.

Based on this information, we consider it plausible that the number of temporary Uzbek labour migrants in Russia was at least 1.5 m in 2019. This figure notionally refers to migrants with a connection to the Uzbek economy, typically as members of a household in Uzbekistan (or else, their connection is apparent from their having travelled to Russia from Uzbekistan). This estimate is notably lower than some estimates that have also shown up in media reports. For example, one Russian official was prominently quoted as saying that at the end of 2019 2.2 m Uzbek migrants were working in Russia⁹, while another stated that 2.5 m labour migrants from Uzbekistan come to Russia annually to work¹⁰.

There are at least three possible reasons for the discrepancy with our lower estimates. First, 2.5 m happens to be the total number of border crossings into Russia by Uzbek citizens for all purposes: including, but not limited to work. Hence, this estimate may be based on a simple misunderstanding

⁷ Before 2019 it was not possible to choose “work” as purpose of visit in the migration card. This category was introduced only in 2019. Most migrants who wanted to work probably chose “business” instead. We take the ratio of “business” and “work” purposes in 2019 to estimate the number of migrants who entered Russia with the purpose to work before 2019.

⁸ <https://www.kp.ru/daily/27113.7/4190319/>

⁹ <https://www.podrobno.uz/cat/uzbekistan-i-rossiya-dialog-partnerov-/v-rossii-seychas-rabotayut-2-2-milliona-trudovykh-/>

¹⁰ <https://www.kp.ru/daily/26983/4042769/>

of the data source. Second, the data reported in Figure 9 may cover mostly temporary, but not permanent migrants. The latter may have other long-term residence and work permits in Russia and may even have assumed Russian citizenship. Third, an unknown number of Uzbek citizens may live and work in Russia irregularly and may not be included in administrative data. However, police supervision of immigrants in Russia is pervasive, while the cost of residing and working regularly is manageable for Uzbek citizens. Hence, for most migrants, the incentives strongly favour regular residence and work.

Regarding the evolution of migrant travel from Uzbekistan to Russia over time, Figure 7 suggests that the number of temporary Uzbek migrants in Russia may have grown by approximately 1 million during the last 10 years. This is likely to be an upper bound because the registration of travellers at border crossing points has probably become more consistent over time so that earlier data points may be underestimates.

Information on other destination countries leaves us on even less firm ground. In the case of Kazakhstan, media reports put the number of Uzbek migrants at up to half a million. One salient feature of Uzbek migration to Kazakhstan is likely to be a high share of very short-term movements across the border, given the proximity of highly populated areas in the two countries and the fact that real per-capita income in Kazakhstan is more than three times as high as in Uzbekistan. Among Uzbek regions, the percentage of migrants who work in Kazakhstan is especially high in Karakalpakstan, Ferghana, and Tashkent province (MinLabUZB, 2019).

It is clear from media reports that a substantial number of Uzbek migrants work in Turkey.¹¹ Uzbek citizens may stay in Turkey visa-free for up to 90 days, facilitating travel from Uzbekistan along with irregular work. While a low 6-digit figure seems plausible for the number of Uzbek migrants in Turkey, there is no hard evidence that would support a more precise estimate.

The number of EU residence permits for Uzbek citizens is small at less than 24,000 in 2018, with only less than 5,000 permits issued for work.

3.2.3 Household surveys in Uzbekistan

Household surveys are frequently used to estimate the number of temporary emigrants. As long as they do not take their families abroad with them, many migrants consider themselves to be part of a household in the country of origin to whose income they contribute and from whose expenditures they benefit. In this case, a nationally representative household survey will generate information not only on the number of migrants, but also their socioeconomic characteristics and their contributions to their household. While the Labour Force Survey has only limited information on migrants (see Section 3.1), more targeted socioeconomic surveys generate rich information on migration patterns and socio-economic characteristics of migrants and non-migrants.

The most recent household survey with information on Uzbek migrants is the L2CU survey (Listening to the Citizens of Uzbekistan) conducted during May to June 2018; Seitz (2019) has a description of the methodology and summary of findings. Since there is no recent population census in Uzbekistan, the sampling scheme relies heavily on administrative data at the mahalla level. A total of 200 mahallas –

¹¹ <https://thediplomat.com/2019/01/to-russia-or-turkey-a-central-asian-migrant-workers-big-choice/>

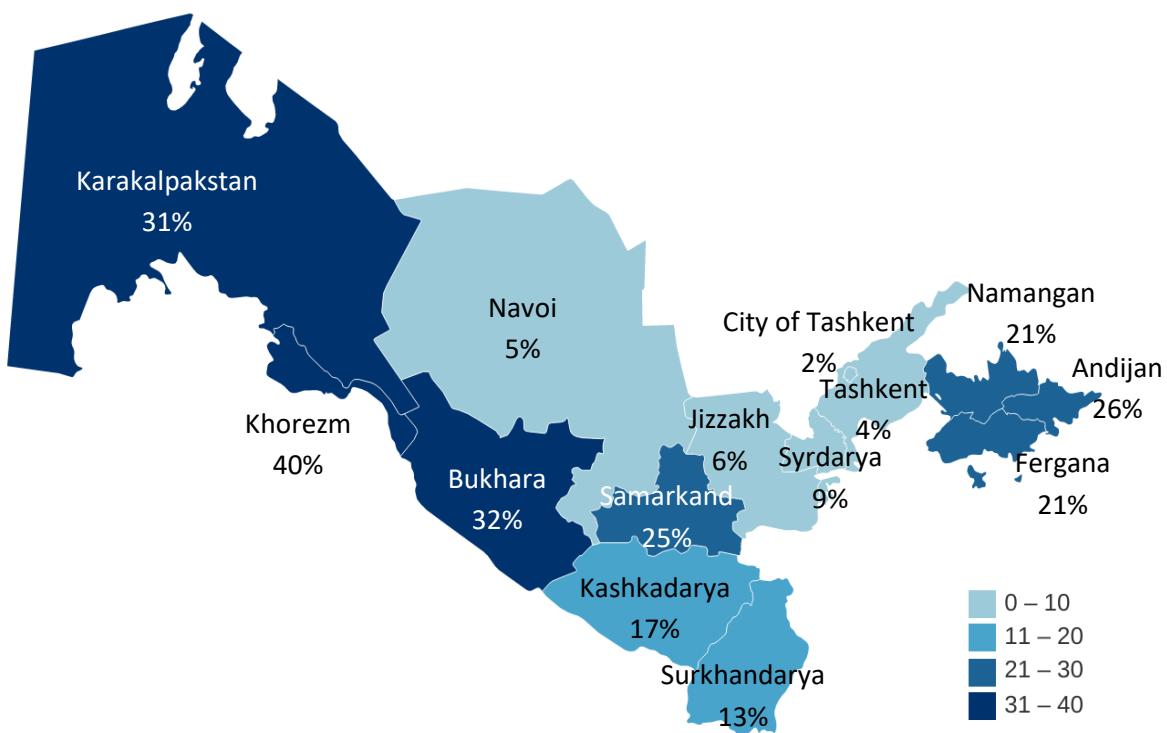
between 5 and 22 from each province - were randomly selected as primary sampling units. Within the mahallas, a total of just over 4,000 households were selected by random walk and surveyed.

In the overall sample, 4.2% of the population are migrants; this is somewhat higher than the migrant population share according to administrative data of the mahallas where the survey was conducted (3.1%; Seitz, 2019, Table 2), but considerably lower than the estimate based on the Labour Force Survey (7.3% for 2018; [Table 1](#)). We are left to speculate on the reasons for this latter discrepancy. Both sampling schemes suffer from the fact that the last population census was conducted in 1989 and cannot serve as a basis for the surveys. While the L2CU survey covers just over 4,000 households, it has personal interviews only for the first round, with follow-up telephone calls only for a small share of households. By contrast, the Labour Force Survey is conducted quarterly in person, involves 20,000 households per year, and has now been in the field 11 times. It seems plausible that its findings are more robust to shortcomings in sampling methodology than the smaller, (essentially) one-off L2CU survey. It is also conceivable that some interviewees are still reluctant to speak freely about their migrant household members, which may have affected the L2CU more strongly because its logistics may have been more closely linked with the local mahallas whereas interviewers linked to the State Statistical Office may be perceived as more independent and more likely to ensure confidentiality.

Even the estimated 4.2% share of (temporary) migrants in the resident population (L2CU) means that, overall, 19% of households include a migrant member and depend in part on income from abroad for their livelihood. There is a large regional variation in the incidence of migration, with more migrant households in rural provinces (Khorezm: 40%; Karakalpakstan: 31%; vs. city and province of Tashkent: 2% and 4%, respectively; [Figure 8](#)). If the true share of temporary migrants in the resident population is even higher as implied by the Labour Force Survey (see above), the importance of migration and (by implication) remittances for livelihoods in Uzbekistan is correspondingly greater.

A more detailed analysis of household data from the survey confirms that households are more likely to have a migrant if they are initially poorer; have more members; controlling for household size, have fewer employed members; and are located in rural areas. Most L2CU migrants are in Russia (78%), Kazakhstan (14%), and Turkey (5%; Seitz, 2019, Figure 3).

Figure 8: Households with migrants, 2018 (%)



Source: Seitz (2019, Table 3).

3.2.4 Synthesis

Overall, it seems plausible that the number of temporary and recent permanent labour migrants from Uzbekistan had grown to 2.4 m by 2019, with 3 out of 4 Uzbek migrants in Russia. This estimate is based on the Labour Force Survey and assumes that both, administrative data from Russia and the 2018 L2CU household survey, underestimate the total migrant stock for the reasons discussed earlier. Our estimate is only slightly higher than the number of individuals who are now residents in foreign countries but were born in Uzbekistan (Figure 6). However, these permanent migrants are most likely a different group from the temporary migrants covered by the household surveys. Many of the permanent migrants have probably lost any meaningful economic connection with Uzbekistan (Section 3.2.1).

Emigration is often a response to unfavourable employment prospects at home (Seitz, 2019, Table 6). It is more prevalent in rural than in urban areas and helps to reduce poverty substantially. 4 out of 5 migrants are men.

To assess the possible future contribution of emigration to employment for new labour market entrants, we need a robust understanding of what net increase in the number of migrants abroad will be economically and politically feasible, where feasibility is determined by labour market conditions both in Uzbekistan and in countries of destination. A plausible starting point is the net increase in the migrant stock in the recent past. While administrative data for Russia suggest an increase of up to 1 million over the last 10 years, this may be an overestimate (as we discuss in Section 3.2.2). Drawing

on several historic data sources (Ahunov et al., 2015, Table 1; Ivakhnyuk, 2009), it seems more likely that it may have taken up to 20 years for the migrant stock to increase by 1 m to its 2019 level. This estimate suggests an annual increase by very roughly 50,000 individuals. This estimate is broadly in line with Tula (2018, table 4) who reports UZSTAT data on migrant inflows and outflows during 1990 to 2015, with the annual net outflow ranging from 78,000 (1991 to 1995) to 38,000 (2011 to 2015).¹²

3.3 Remittances: impact on households and the macro-economy

Available data on migrant remittances show strong growth since the mid-2000s, with only temporary setbacks due to the macroeconomic crises in Russia (and elsewhere) in 2009 and 2015 ([Figure 9](#)). In general, migrant remittances are often transmitted informally, for example by migrants or their friends carrying cash when they travel home. Therefore, they are notoriously difficult to measure, although they represent an important inflow of foreign exchange to many economies.

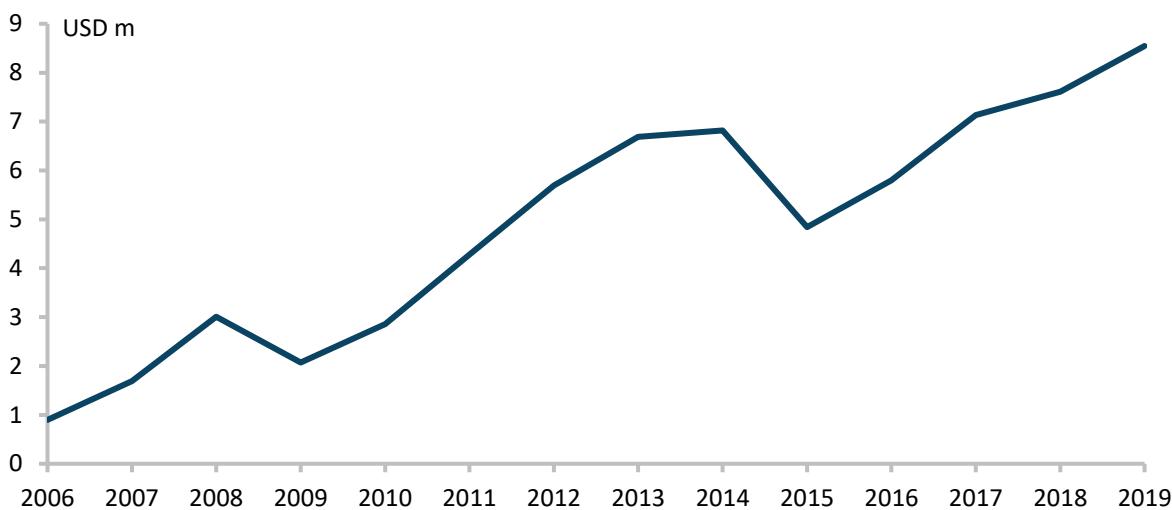
In Uzbekistan, migrant remittances amounted to between 12% and 15% of GDP during 2017-2019. Although [Figure 9](#) reports a huge increase from 2006 to 2019 (from USD 1 bn to USD 8.5 bn), this may be an overestimate and the number of migrants may not have grown quite as fast: Most remittances from Russia (the most important destination country) are now sent through formal channels (low fees; safe) and are therefore easier to measure than in the past. Furthermore, migrants' wages and remittances typically increase as migrants gain work experience in the destination country; therefore, remittances may grow even when the migrant population remains constant. This said, the steady increase in remittances does suggest the presence of a growing and sizable and increasingly well-established Uzbek Diaspora with strong links to the homeland.

At up to 15% of GDP, the economic impact of remittances in Uzbekistan is large – both directly on remittance-receiving households and on the macro-economy. As one in five households has a migrant member (section 3.2.3), remittances directly sustain the livelihoods of a substantial share of households in Uzbekistan. With migrant households more likely to have relative low income and to be located in rural areas, it is not surprising that surveys tend find that the extra income supports expenditures on basic items like food, education, and healthcare (MinLabUZB, 2019, p.13; Ahunov et al., 2015). Seitz (2019) provides a back-of-the-envelope calculation according to which the poverty rate would rise by between 2.6 and 7.2 percentage point in the absence of migration and remittances.

Remittances benefit not only those households in Uzbekistan that receive them but also anyone who benefits from higher demand for local goods and services. This is because additional income in the form of remittances is spent on both imported and domestic goods and services. Higher demand for local goods and services leads to a higher relative price of non-tradable over tradable goods and services, including a higher real wage.

¹² Gross migrant outflows were much higher but were partly set off by inflows. During 1991 to 1995, an average of 360,000 individuals per year left Uzbekistan in total ("gross"); the corresponding figure during 2011 to 2015 was 191,000.

Figure 9: Personal remittances, received. Uzbekistan, 2006-2019

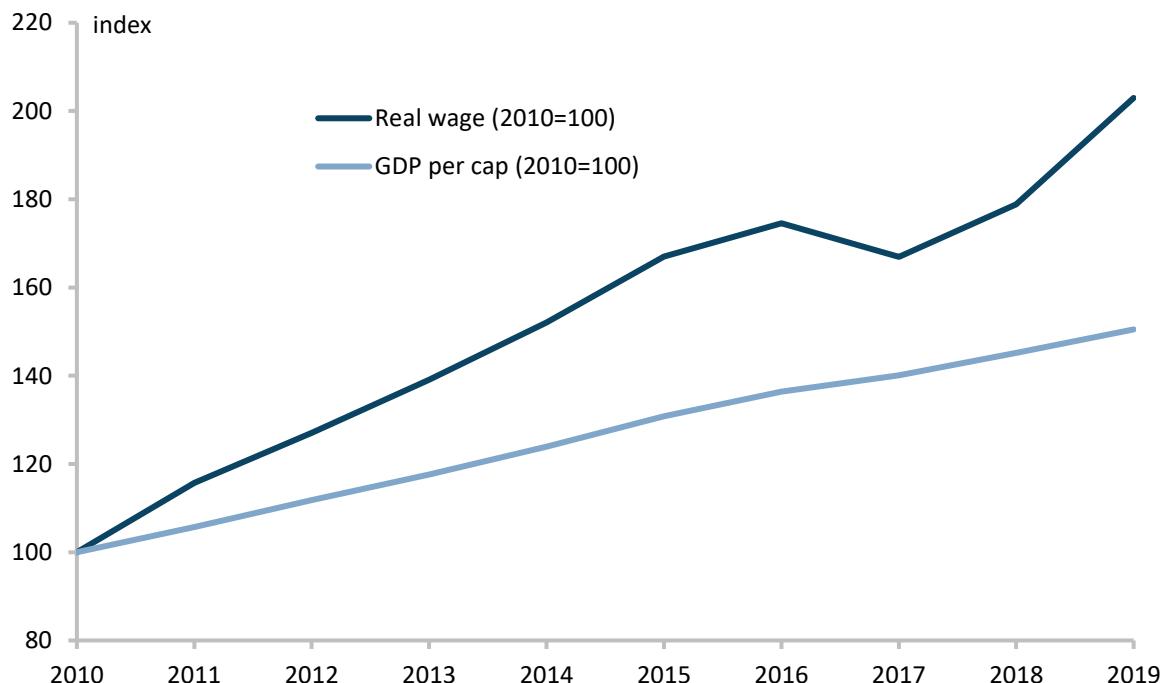


Note: World Bank data (this figure) cover a longer period than published balance of payments data of the Central Bank of Uzbekistan. Discrepancies are minor.

Source: World Bank, World Development Indicators database.

During 2010 to 2019, real GDP per head, a proxy for labour productivity, increased by about one half while the real wage doubled (Figure 10) and migrant remittances nearly tripled (Figure 9). It is highly likely that the increase in remittances has contributed to this observed real wage growth beyond the growth of labour productivity.

Figure 10: Real wage and per-capita GDP. Uzbekistan, 2010-2019 (2010=100)



Source: UZSTAT database; own calculations.

4 Covid-19 and future labour migration from Uzbekistan

4.1 In the long run: labour force growth, labour migration, and access to employment

We are now ready to ask how emigration can facilitate access to employment for Uzbekistan's growing working-age population. Taking a bird's-eye view, Uzbekistan's working-age population will grow by 200,000 to 300,000 individuals per year (net) over the next two decades (Section 2.1), while the increase in the economically active population will be slightly lower. Yet again, a somewhat higher number of new employment opportunities may be needed (at home or abroad) if old jobs left by retirees disappear due to systemic transformation and cannot be filled with younger workers.

We have concluded in Section 3.2.4 that, on past trends, it is plausible that the number of migrants abroad can grow by up to 50,000 per year. As some individuals "exit" from the migrant stock due to retirement or death, a given net increase in the migrant stock implies a slightly larger decrease in the economically active population in Uzbekistan. Overall, then, it seems plausible on past migration trends that between one out of four and one out of six extra jobs needed by Uzbek workers in the coming decades will be found abroad. To assist Uzbek workers in finding decent jobs in their destination countries, supporting measures by Uzbek and destination country authorities are needed to create an effective legal framework for international migration (e.g. by making social security claims portable) and to equip prospective emigrants with professional and language skills (Section 5 below).

Finding one out of four new jobs abroad may seem ambitious as the rapid increase in the migrant stock over the last twenty year may be difficult to maintain. However, in order to merely keep the share of migrants in the economically active population constant, Uzbekistan will have to find one out of six new jobs abroad: In 2019, before Covid-19, migrants accounted for 16.5% of the economically active population. Thus, the Government of Uzbekistan faces the challenging task of creating a supportive environment for potential migrants to acquire critical skills and to find decent jobs abroad.

On the labour demand side, the migration patterns established in the past have been disrupted by the Covid-19 pandemic since March 2020 (see Section 4.2). While it is too early to be certain, it seems likely as of mid-September 2020 that the output decline in major destination countries for Uzbek migrants, especially Russia, will be reversed during 2021 and 2022. The recovery can be expected to stabilise demand for migrant workers, including from Uzbekistan.

In the medium to long run, Russian demand for migrant workers will probably remain strong, mainly because of demographic trends. GDP growth will remain modest in the medium term at 2% per year.¹³ However, the total population is set to decrease and, in the absence of additional immigration, the working-age population would decline even faster by between 300,000 and 600,000 individuals per year over the next couple of decades. Hence, there will likely be sufficient demand in Russia for Uzbek workers to sustain a modest increase in the number of Uzbek migrants by up to 50,000 per year in the coming decades.

¹³ Forecasts from the April 2020 IMF World Economic Outlook:

<https://www.imf.org/external/pubs/ft/weo/2020/01/weodata/weoselgr.aspx>

4.2 In the short to medium run: employment prospects for Uzbek labour migrants

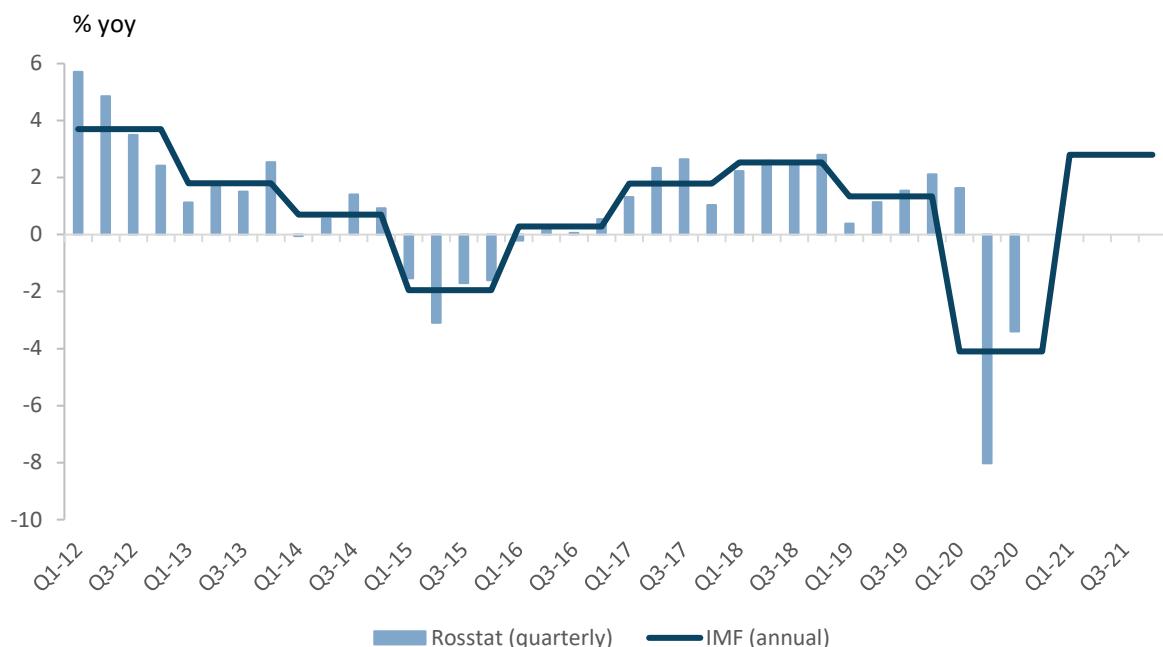
The recession caused by Covid-19 in 2020 differs from earlier recessions, such as after the 2008/2009 financial crisis, in that the initial output collapse is largely due to restrictions on aggregate supply, rather than a lack of aggregate demand. During the lock-down phase, in many countries, non-essential workers who could not work from home were simply unable to work at all. Therefore, it was expected early during the recession that output will bottom out when restrictions are no longer progressively tightened and recovery will set in when the spread of the pandemic is contained, restrictions are gradually lifted, and workers can return to work. Government intervention focused on supporting furloughed workers and providing liquidity assistance to keep firms afloat until they could again operate fully. This view was summarized by the image of a V-shaped recession and recovery, with sharply contracting output in 2020 (more so for some sectors than others) and a full recovery in 2021.

However, it has become clear by mid-September 2020 that this optimistic expectation may not come to pass in many countries. When the initial lock-down ended in mid-2020 in most countries, there remained many industries, including culture, entertainment, tourism, hospitality, and travel, whose ability to operate is severely limited and will likely remain so for an extended period of many months or even years. The second wave of Covid-19 that has hit many countries since the autumn of 2020 is leading to further output losses while recovery may hinge on how fast vaccination campaigns bring back a measure of normalcy.

The lasting microeconomic impact of Covid-19 is equivalent to a tax on those activities that involve close human contact. For example, even if a restaurant survives long enough to reopen at one half of its original capacity to allow its customers to physically distance, it will probably serve fewer meals and employ fewer staff than before. As the recovery (or at least its timing) becomes more uncertain, many firms and households will seek to build up their precautionary balances by reducing consumption and investment – weakening aggregate demand throughout the economy and deepening the recession.

Russia as the most important destination country for Uzbek labour migrants was hit hard by the crisis and its recovery will likely be protracted. According to IMF estimates, GDP will fall by 4.1% in 2020 (compared to the pre-crisis forecast, a deterioration by 6.0 percentage points). This will be followed by 2.8% growth in 2021 and 2% annual growth in the medium term. The estimate for 2020 is in line with preliminary data from Rosstat for Jan-Sep 2020 that indicate GDP was 3.4% down year-on-year ([Figure 11: Real GDP growth \(year-on-year\), Russia, 2012-2021](#)

Figure 11: Real GDP growth (year-on-year), Russia, 2012-2021



Source: Rosstat, IMF

The outlook for Kazakhstan, the second most important destination for Uzbek labour migrants, is a little more optimistic. Output is projected to decline by 2.7% in 2020, but this will be offset by 3.0% growth in 2021.¹⁴

In the spring of 2020, Uzbek migrants were hit hard by the recession and declining demand for their labour, especially in Russia. In any crisis, labour migrants are often the first workers to be made redundant, particularly when they are precariously employed.¹⁵ With few savings or prospects of being re-hired soon, many migrants returned to Uzbekistan in April and May 2020, putting pressure on the job market there (Table 1). In fact, the number of Uzbek migrants abroad during the first nine months of 2020 was down by more than half a million compared with 2019. Apart from some migrants returning early, the fall in the number of migrants may also be due to many migrants cancelling their planned trips to Russia in the face of Covid-19. Correspondingly, informal employment in Uzbekistan, unemployment and economic inactivity all increased.

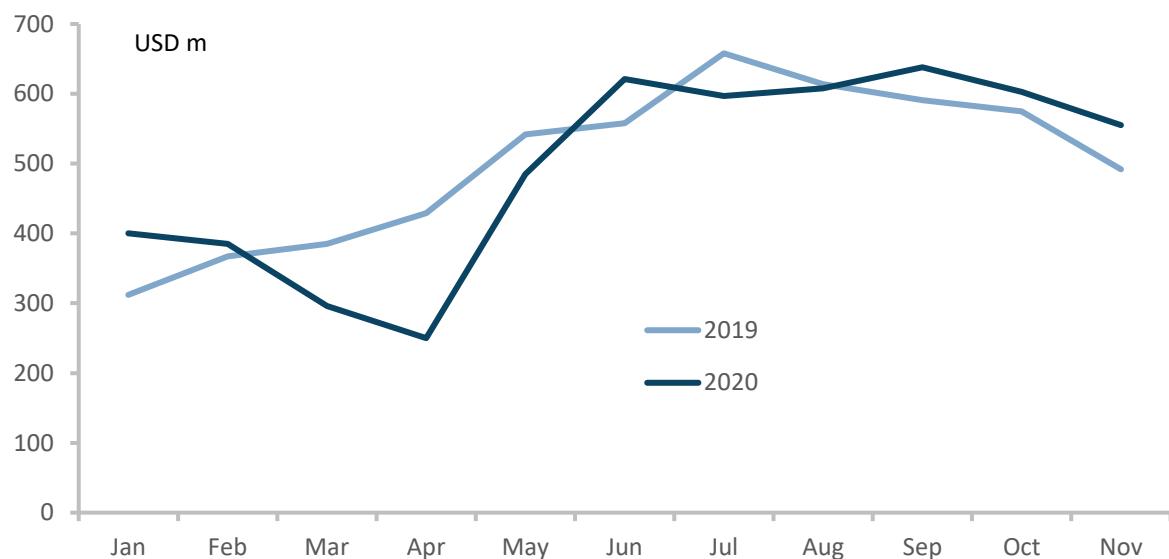
However, the negative impact of the crisis on those migrants that remained abroad may have been short-lived. Monthly migrant remittances to Uzbekistan in March and April 2020 were indeed sharply lower than in 2019 (down 42% in April). By May, they had more or less recovered to their 2019 levels.

¹⁴ Forecasts from the October 2020 IMF World Economic Outlook: <https://www.imf.org/-/media/Files/Publications/WEO/2020/October/English/text.ashx>

¹⁵ According to one survey, 58% of labour migrants in Moscow (vs. 23% of Russians) lost all their income in the wake of the Covid-19 pandemic (New York Times, updated: 24 June 2020. For Migrants in Russia, Virus Means No Money to Live and No Way to Leave; http://mer-center.com/mass_media/for_migrants_in_russia_virus_means_no_money_to_live_and_no_money_to_live_and_no_way_to_leave/1-1-0-55

In total, reported remittances during January through November 2020 were down only 1.5% on 2019. At the same time, the true picture may be less favourable because travel restrictions may have meant that a higher share of remittances were sent through formal channels. In that case, reported total remittances would have held up well in part due to this purely statistical effect.

Figure 12: Monthly Remittances, January to July, 2019 and 2020



Source: Central Bank of Uzbekistan

Despite the lockdown and although many migrants lost their jobs, most stayed in Russia. Many simply could not return: Because of the border closures, the route home by car was cut off. There were not enough charter flights to cope with the rush, which is why usually only the sick and pregnant women were flown out. Those who still tried the journey by car or bus were stranded at the closed borders, where some people had to stay for weeks in wild settlements until the end of quarantine or until corridors for migrants were organised by diplomatic efforts and international help. A similar situation arose during the second quarantine by Kazakhstan in July/August.

Migrants in Russia received some financial relief when, from mid-March to mid-June 2020, Russia cancelled the patent payments for work permits that are incurred by Uzbek migrants (but not by citizens of Eurasian Economic Union member states such as Kyrgyzstan).¹⁶ These payments are differentiated by region within Russia and depend on the regional wage level.¹⁷ For instance, the monthly patent fee for Moscow is RUB 5,431 (USD 72 at the exchange rate of September 14, 2020). Thus, it was a substantial financial burden even before the Covid-19 pandemic when a janitor would typically earn RUB 25,000 and a construction worker RUB 60,000 and the average monthly salary for

¹⁶ Eurasia Daily Monitor Volume: 17 Issue: 56, 23 April 2020: <https://jamestown.org/program/kremlin-provides-financial-support-to-stranded-and-abandoned-central-asian-migrants/>

¹⁷ The cost of monthly patent costs varies from RUB 2,339 in the Republic of Altai to RUB 9,259 in the Yamalo-Nenets Autonomous Okrug: <https://migrantmedia.ru/v-2020-godu-summa-avansovykh-platezhey-ndfl-po-patentu-na-rabotu-izmenitsya-skolko-platit-za-patent-2020/>

Uzbek migrants was RUB 40-45,000. The rapid recovery of remittances to Uzbekistan must have been supported by the temporary cancellation of patent fees, which compensated for the income loss due to the recession. The fact that remittances were back to normal in June and July also suggests that demand for Uzbek migrant workers may have stabilised.

In Uzbekistan, total GDP is still expected to grow by 0.7% in 2020 over 2019 (IMF, 2020), which implies stagnant GDP per head. A strong recovery is expected to follow in 2021 with GDP growth at 5%. Although labour markets typically take longer to recover from a crisis than output, this domestic recovery may be strong enough to compensate in part for the short-run loss of employment opportunities abroad for Uzbek workers.

5 Implications for policies to support migrants and maximise the benefits of labour migration for Uzbekistan

We have argued in Section 4.1 that Uzbekistan may plausibly envision an annual increase in the number of its labour migrants by 50,000 (net) over the next two decades, given an supportive policy environment, with the labour force growing by 200,000 to 300,000 individuals annually and the economically active population by slightly less. Thus, labour migration can make a substantial contribution to job creation for Uzbek workers; however, most of the extra jobs needed will still be created in Uzbekistan.

Labour migrants face many challenges in making their migration experience a success in terms of finding decent work, pursuing professional development, and integrating socially as well as economically in the destination country. Uzbekistan may draw on the experiences of other developing countries with many labour migrants and high remittances to develop policies that help to maximise the benefits of migration for migrants as well as for individuals left behind in Uzbekistan. In recent years, Uzbek authorities have adopted many measures that constitute major steps in the right direction. As in many other policy areas, the challenge is now to continually evaluate the effectiveness of policy interventions, make adjustments as needed, and scale up measures so that they ultimately reach all migrants.

At this general level, it is helpful to distinguish between measures that mainly benefit migrants early in their migration biography vs. measures that address well-established, often permanent migrants. Early-stage migrants need to find decent work abroad and master the challenges of living and working in a foreign country, dealing with authorities, etc. For migrants to be productively employed in line with their qualifications, a good knowledge of the destination country language and relevant vocational skills are key. Support with job placement, information on the rights of migrants and bureaucratic requirements, and consular support abroad when things go wrong for some individuals with employers or authorities are important elements of a support network for migrants abroad. The recent establishment of professional training centres in several Uzbek cities, targeting migrants headed towards particular destination countries, is an important step ahead.

By supporting job placement both domestically and abroad for a growing number of workers, authorities may also encourage labour market entrants to gain work experience in Uzbekistan where conditions are familiar and support networks of family members etc. are stronger. Later, migration may become a career move for those with some work experience who can take advantage of the opportunities while avoiding the possible pitfalls.

Policies directed at long-term and permanent migrants abroad tend to focus on their possible contributions to the economy of the country of origin through financial remittances, facilitating mutual trade and investment, returning home with skills acquired abroad (e.g. through a university education), etc. Uzbekistan engages in Diaspora policies to encourage Uzbek citizens to remain in touch with their homeland through cultural activities. Uzbekistan also maintain close contacts with Uzbek academics abroad and has been able to attract many graduates back to Uzbekistan, allowing universities and research institutes to operate in line with international quality standards.

Expanding employment opportunities for Uzbek citizens abroad also requires close cooperation with destination countries to support job placement, minimise bureaucracy and reduce administrative costs for migrants, ensure the portability of social insurance claims, etc. A particular concern for Uzbek citizens in Russia is high fees for work certain work permits (“patents”; see Section 4.2). By contrast, Russia does not charge patent fees to citizens of member states of the Eurasian Economic Union, including Armenia, Kyrgyzstan, and Kazakhstan. This is a major factor in assessing the costs and benefits of Uzbekistan joining the EAEU; in essence, the likely increase in migrant net incomes needs to be weighed against the possible detrimental effects of the customs union on Uzbekistan’s efforts to diversify its foreign trade away from Russia, with China recently overtaking Russia as Uzbekistan’s most important trading partner. At the same time, Russia is likely to remain by far the most important destination for Uzbek migrants, notwithstanding successful efforts at diversification including the ongoing program with South Korea.

Above all, in developing Uzbekistan’s policy framework for labour migration policies further, it is important to maintain a whole-of-government approach to policy making on migration. At its current level, migration is hugely important to economic and social development in Uzbekistan and affects a wide variety of policy areas – education, labour market, economic development, inequality and poverty reduction, urban development, border security. Migration is truly a “cross-cutting” issue and needs to be addressed in close coordination by the various responsible ministries.

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