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NEWSLETTER
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German Economic Team

Sebastian Staske, Dmitry Chervyakov

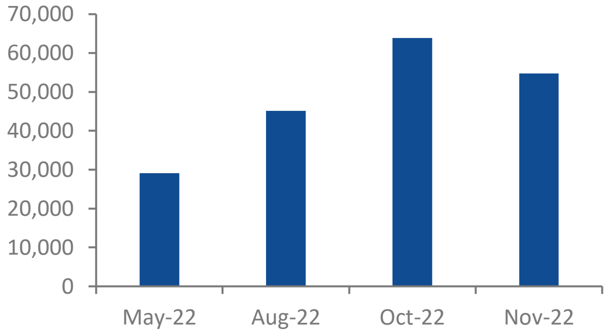
Relocation of Russian citizens: results from GET surveys

In the wake of the war in Ukraine, Armenia experienced a strong influx of migrants from Russia last year. Around 55,000 people came and stayed by November 2022. The German Economic has examined this influx in more detail. Overall, the migrants tend to be young professionals, often working in the IT sector, who are relatively mobile. Their high incomes and expenditures make them an important driver of consumption. Based on the surveys conducted in cooperation with CRRC Armenia, we estimate that the additional consumption expenditure due to these people accounted for about 2.0% of GDP last year. It has thus contributed significantly to the high economic growth (12.6%). As many migrants plan to stay in Armenia in 2023, their consumption could increase to 2.6% of GDP this year. This results in a positive short-term shock for Armenia's economy. In the medium term, there are opportunities for the local IT sector, but also risks if there is a wave of emigration.

Strong migration from Russia to Armenia

The war in Ukraine and the consequences of the international sanctions against Russia triggered a large wave of emigration from Russia in 2022. As a result, Armenia experienced a strong influx of Russian migrants. The first wave of people came immediately after the start of the war, followed by a second wave in September after the announcement of a partial mobilisation in Russia. By November 2022, an estimated 55,000 people have arrived from Russia and stayed in Armenia, corresponding to around 1.8% of the total Armenian population.

Stock of relocated people from Russia



Sources: Armstat, GET calculations; month-end data

Two GET surveys established a data basis

At the beginning of the migration movement, there was insufficient knowledge about the group of relocated people. In order to improve the data basis, the German Economic Team, together with the local research institute CRRC Armenia, conducted two surveys - most recently in December 2022. For this purpose, 500 people were interviewed, mainly in person and partly by telephone, with the second wave accounting for around 57% of the sample. Due to the methodology, the results are only representative to a limited extent. However, there is not enough information on the migrants for a fully representative survey.

Influx of highly qualified young people

Due to the nature of the methodology, all respondents have a Russian citizenship. However, it is remarkable that only 63% of the respondents are ethnic Russians while ethnic Armenians make up 14%. The majority of respondents are young people (median age: 29 years) with higher education (three quarters of the sample have a bachelor's degree or higher). It is therefore not surprising that 78% are employed. Among the working people, the strong importance of the ICT sector (41%) and, in terms of employment type, the high share of high-skilled jobs (77%) are noteworthy. Most employees work for a company (71%), with a fairly high share of Armenian employers (43%). Only a small proportion (16%) have already registered a business in Armenia. About one-third live together with a partner, and 16% live alone. A minority of respondents (12%) came with children. The median household size is two persons. Overall, the picture that emerges is one of a majority of highly qualified, relatively mobile professionals.

Average income and expenditure are very high

Most migrants live on their own earnings or the earnings of their partner (on average around 80% of their income). Due to their good qualification level, they can usually earn high wages. The average monthly household income is USD 3,088. However, the spread of incomes is wide: half of the households have an income of up to USD 1,500 (median), while just under one-fifth have more than USD 3,000 at their disposal. The average monthly household expenses are also very high at USD 1,622. The distribution here is somewhat more even than for income. A significant part of the expenditures is accounted for by rent, which makes up about one-third.

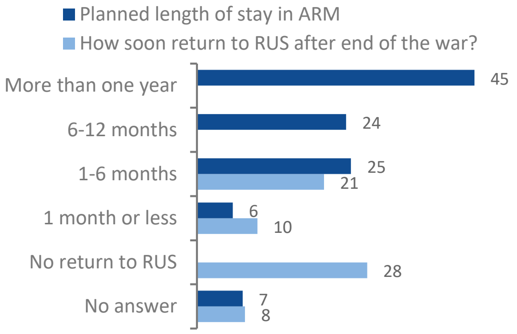
Many reasons for choosing Armenia as a destination

The respondents often justified their choice of Armenia as the destination country based on practical reasons (e.g., easy accessibility with 24%), the higher level of freedom and democracy (15%), or work-related reasons (around 10%). However, family or ethnic ties again stand out, which together were the main reason for around 20% of the sample. Almost a quarter of the respondents had not experienced any major difficulties in their daily lives. Problems arose mainly in finding accommodation (30%) and opening a bank account (18%).

Many migrants want to stay longer

In addition to income and expenditures, the length of stay plays a central role in the economic significance of the influx. It is remarkable that 45% of the respondents want to stay in Armenia for more than one year. Even after the end of the war, 27% want to stay in Armenia and 34% do not want to return to Russia at all. The factors influencing the length of stay are manifold. For example, the possibility of moving somewhere else, the duration of the war and one's own financial situation were each mentioned by just under one-fifth of the respondents. The results thus point to a certain mobility but offer no signs of a reversal of the migration flow in the short term. Some of the migrants could even stay in the country in the medium to long term.

Length of stay and return to Russia (%)



Source: GET/CRRC survey; 500 respondents

Strong driver for consumption

Considering these results together, Armenia has experienced a large inflow of mostly skilled people with high expenditures, the majority of whom will remain in the country at least throughout 2023. Against this backdrop, the expenditures of the relocated people are a key driver of consumption and thus GDP. We estimate that this added USD 372 m (2.0% of GDP) to private consumption last year. It was thus a major contribution to the very high economic growth (12.6%). For 2023, migrants could still provide a stimulus to growth: if the stock of immigrants were to remain at the level of November 2022 (around 55,000), this would result in a consumption expenditure of USD 533 m or 2.6% of GDP this year.

Estimation of the economic impact

	2022	2023
Avg. stock of relocated people (RUS/BLR)	40,940	54,740
as % share of Armenian population	1.4%	1.8%
Avg. stock of relocated households	20,470	27,370
Total impact (USD m)	372.2	532.7
Total impact (% of GDP)	2.0%	2.6%

Sources: Armstat, IMF, GET calculations

The German Economic Team also conducted a comparable study in Georgia, with generally similar results. Among the most striking differences is the significantly higher uncertainty regarding the planned length of stay (46% do not know). Despite higher numbers of migrants (around 100,000), their lower average expenditures in 2022 resulted in a similar effect on private consumption as in Armenia (also 2.0% of GDP).

Outlook

The significant relocation of people from Russia was a positive economic shock for Armenia last year. In many cases, the migrants are young, highly qualified workers, often in IT, which brings opportunities for the local IT sector. At the same time, the results point to a relatively high degree of mobility among the group. Long-term integration into the labour market and the local community could contribute to a positive effect on the Armenian economy in the longer term. Otherwise, there is a risk of emigration, at the latest after the end of the war, which could trigger a negative shock to the economy.

This newsletter is based on the Policy Study „Relocation of people from Russia to Armenia: results of 2nd survey and update of economic implications“. The study on the same topic for Georgia can be found here.

Financed by the Federal Ministry for Economic Affairs and Climate Action, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.
**Advisory activities in Belarus are currently suspended.*

Editors
Dr Ricardo Giucci, Dmitry Chervyakov
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German Economic Team
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Berlin Economics
Economic Consultancy

Implemented by
BE Berlin Economics GmbH
Schillerstraße 59 | 10627 Berlin
+49 30 / 20 61 34 64–0
info@berlin-economics.com | Impressum