



# Labour Mobilities, Unemployment, Economic Development of the Central Asian Countries After Independence

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**Abstract:** *The article analyses the influence the evolution of the economic situation of the countries of Central Asia after they gained independence. In particular, the problems of labour mobility, unemployment and economic transformation, the formation of foreign economic activity, as well as the development of the migration policy of the Central Asian republics are considered. Object of attention of various actors of economic development.*

**Keywords:** *labour mobility, migration, economic transformation, labour protection, Central Asia.*

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## Introduction

Central Asia is currently understood to mean the five republics of the former USSR - Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. During their stay in the Soviet Union, the republics of Central Asia existed under the conditions of an administrative-command system of governance, strict centralized planning, and a monopolized foreign policy. The Central Asian countries did not have the opportunity to pursue an independent and independent domestic policy, as they were part of an integrated political and economic system.

Large-scale intercountry labour mobility is a stable trend of modern world development. Due to historical reasons, the post-Soviet space found itself at the epicentre of cross-border labour mobilities. The collapse of the USSR and the formation of independent states based on the former Soviet republics led to the intensification of migration processes, which can be qualified as a "great migration of peoples".<sup>1</sup>

In the late 1980s, and especially in the first half of the 1990s, the "Great Migration of Nations" reached its peak. Russia and politically calm Belarus remain the centers of attraction for migrants. In 1989-1995, net migration to the Russian Federation exceeded 2.5 million people.

During the specified period, 1.2 million people left Kazakhstan. (7.7% of its population as of 1989), from Uzbekistan 626 thousand (3.1%), Georgia - 601 (11.1%), 360 thousand people each from Kyrgyzstan and Tajikistan (i.e., 8.4% and 7% of the population).

<sup>1</sup> Omarov N. M. Central Asian states in the era of globalization: the search for a development strategy. Bishkek: Printhouse, 2008. P. 7. 2. Kuzmina E. M. Geopolitics of Central Asia. M.: Nauka, 2007. S. 24.

In the second half of the 1990s, emigration to Russia from other former Soviet republics was noticeably reduced. However, the intensive departure of residents from Kazakhstan and Uzbekistan continues.<sup>2</sup>

From the beginning of the 1980s until 2003, Kazakhstan was characterized by negative net migration. In 1989-2000, 3.3 million people left the republic, and 1.2 million arrived in it. Since 2004, the Republic of Kazakhstan has had a small positive balance of migration. In total, in 1989-2016, 6.8 million people left the republic, and 3.6 million moved in.

For 1989-2016, gross migration (the sum of emigration and immigration) reaches about a third, and net migration (emigration minus immigration) - 14% of the population of the republic in 1989, that is, at least 10% of the inhabitants of the Republic of Kazakhstan did not live in the republic at the time gaining its independence. Naturally, in the strata of the economically and politically active population, this proportion is noticeably higher.

### **Integration processes in Central Asia in social-economic sphere**

Integration processes in Central Asia are reflected in the political and socio-economic problems that exist in the countries that are members of the regional integration group. The countries of Central Asia have different structure and degree of reformed economy, geopolitical orientation, and socio-economic position, which determines the degree of interaction between states.

The countries of Central Asia are members of several associations of individual countries, for example, in the space of the Commonwealth of Independent States, the EAEU, etc. However, an optimal integration model has not yet been formed. Researchers of integration processes in the post-Soviet space note a number of reasons:

- countries are at different stages of economic reform, there is no harmonization of economic interests;
- the level of national identity of the population of the countries, the existing historical and linguistic features;
- Territorial-ethnic conflicts, etc.

The importance of studying the countries of Central Asia in labour mobility processes in the CIS countries is due, in addition to the reasons common to the whole world, also by the fact that these countries are included in the group of these countries and the population participates in the migration movement that takes place between the Commonwealth countries.

Understanding the trends in this labour mobility area is important, first, for conducting a competent internal policy towards migrants and for building relations with the states of this region, forming uniform rules regarding migration, so that the population of all countries in the region wins.

### **Institutional and legal framework for the formation of labour mobility in the countries of Central Asia**

The creation of a mobility zone within the framework of the countries of Central Asia goes through several stages in its development.

As part of the participation of the countries of Central Asia in the formation of the CIS, it serves as the starting point for the start of interstate regulation of migration processes in the post-Soviet space since the main mobility of labour mobility occurs in this region. So, on October 9, 1992, in Kyrgyzstan (Bishkek) an agreement was signed "On the visa-free movement of citizens of the CIS

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<sup>2</sup> World Bank [Electronic resource] // URL: <http://data.worldbank.org/>

states on the territory of its participants” (Bishkek Agreement)<sup>3</sup>, which states that “citizens of the Parties have the right to enter, leave and move around the territory Parties without visas if they have documents proving their identity or confirming their citizenship.

This agreement maintained a visa-free regime for the movement of citizens on the territory of the Commonwealth of Independent States and recognized visas that were issued by the authorized bodies of the participating countries.

In March 1992, the member countries of the Commonwealth concluded an agreement “On Guarantees of the Rights of Citizens of the CIS Member States in the Sphere of Providing Retires”<sup>4</sup>, which made it possible to regulate several difficulties in determining the length of service and assigning pensions for natives of the former Soviet republics who returned to their homeland. In April 1994, an agreement "On cooperation in the field of labour migration and social protection of migrant workers" was signed by all CIS countries.<sup>5</sup> In the process of ratifying this agreement, contradictions between the countries were exposed. In December 1994, within the framework of the Commonwealth, an agreement was signed "On cooperation in the field of labour protection and the determination of industrial injuries received by workers who are outside their country of residence."

At the second stage, the states of the countries of Central Asia became isolated in the economic and political fields, the regulation of migration was expressed in the reduction of multilateral and the transition to bilateral interaction based on agreements between individual countries.

This stage is characterized by bilateral agreements between the states of the Commonwealth on the visa-free movement of citizens. Bilateral agreements regulate legal relations in the field of migration at a more detailed level.

Regulation based on bilateral agreements has affected labour migration. Russia has concluded agreements with Kyrgyzstan on labour migration issues.<sup>6</sup> Belarus has bilateral agreements with Kazakhstan on mutual employment and social protection of citizens.<sup>7</sup>

Promotes labour mobility between Belarus, Kazakhstan, and Russia Agreement on the legal status of labour migrants and members of their families, which the countries signed on November 19, 2010.

On May 29, 2014, the Treaty on the Eurasian Economic Union was signed by the Republic of Kazakhstan, the Republic of Belarus, and the Russian Federation, later in 2015 the Republic of Kyrgyzstan joined it.

The Treaty on the EAEU includes section 24 "Labour migration", which spells out the rules according to which it is possible to carry out labour activities on the territory of the countries of the Eurasian Union. The Protocol on the Provision of Medical Assistance to Workers of the Member States and Members of Their Families is in force.

According to the Treaty on the EAEU, the citizens of the member countries have the following opportunities:

- ✓ no work permit is required; the employer does not need a permit to employ foreigners;
- ✓ there are no quantitative and territorial restrictions for the implementation of labour activity;

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<sup>3</sup> <https://e-cis.info/page/3443/83275/>

<sup>4</sup> <http://cbd.minjust.gov.kg/act/view/ky-kg/17718>

<sup>5</sup> <https://lex.uz/docs/2738231>

<sup>6</sup> Elebaeva, A. (2013). Migration policy of the Kyrgyz Republic in modern conditions. Central Asia and the Caucasus, 16(4), 66-82.

<sup>7</sup> <https://adilet.zan.kz/kaz/docs/P1400000680>

- ✓ The period of stay depends on the duration of contracts and agreements.

The Treaty on the EAEU covers issues related to the labour market, namely the provision of social services to labour migrants and members of their families.<sup>8</sup> Families of migrants are provided with free access to ambulance services and paid access to other types of medical care. Children of labour migrants are provided with access to pre-school education on an equal basis with local residents.

The two main ILO conventions relating to the rights of migrant workers are the Convention No. 97 "On Migrant Workers" of July 1, 1949 (ratified by Kyrgyzstan and Tajikistan)<sup>9</sup> and the ILO Convention No. 143 "On Migrant Workers (Supplementary Provisions)" of June 24, 1975 (Tajikistan).

### **Analysis of labour mobility**

The labour mobility of the countries of Central Asia is characterized by economic and demographic indicators of the development of countries that have a significant impact on migration processes in the region. The total population of the countries of Central Asia is about 76.2 million people (2022). Of these, 34.7 million people live in Uzbekistan, 19.3 million in Kazakhstan, 9.3 million in Tajikistan, 6.5 million in Kyrgyzstan, and about 6.1 million in Turkmenistan.

This is based on economic reasons: low wages, lack of employment opportunities and self-realization, which act as an incentive to migrate to more attractive countries.

Significant factors of labour mobility in the region are socio-economic, first, this is the difference between the potential for the development of territories and the possibility of realizing abilities, namely:

- ✓ low standard of living in the region;
- ✓ lack of a sufficient number of jobs;
- ✓ labour surplus in rural areas and unemployment;
- ✓ Low prospects for obtaining the necessary qualifications, etc.

Russia and Kazakhstan are the most attractive countries for migrants. The leading position in terms of the number of migrants belongs to the Russian Federation. Russia is the main host country for Central Asian migrants due to relatively higher wages and job opportunities. Kazakhstan also attracts workers from nearby Central Asian countries (Kyrgyzstan, Tajikistan, and Uzbekistan). Economic factors of labour mobility are supplemented by such factors as geographical proximity and ease of crossing borders, similarity of cultures and the Russian language, family, and business ties.

The attractiveness of Kazakhstan in terms of migration is determined by the following factors:

- a dynamically developing economy based on the development of the raw material sector and related industries;
- intensive construction;
- growing need for additional labour force;

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<sup>8</sup> Treaty on the Eurasian Economic Union dated May 29, 2014. <http://publication.pravo.gov.ru/Document/View/0001201501160013>.

<sup>9</sup> Migration for Employment Convention (Revised), 1949 (No. 97)  
[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::p12100\\_instrument\\_id:312242](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::p12100_instrument_id:312242)

- neighbourhood with states with a large emigration potential (primarily due to lower per capita incomes and existing unemployment, which encourages the population to look for work in the near abroad);
- visa-free travel regime established with many countries (first of all, with the states of Central Asia).

In the Russian Federation, about half of the migrants from Tajikistan, Uzbekistan and Kyrgyzstan are engaged in unskilled labour and work, as a rule, in construction and trade.

The majority of labour migrants from Kyrgyzstan go to Russia (92%), the rest go to Kazakhstan (8%). The structure of employment of Kyrgyz migrants in these two recipient countries is different. In Russia, the bulk of visitors from Kyrgyzstan work in construction (30%) and industry (5%), while in Kazakhstan - in trade (41%) and agriculture (5%). The number of labour migrants from Central Asian countries who work in other countries should be estimated based on official statistics and expert estimates.<sup>10</sup>

Tajikistan and Uzbekistan are the main suppliers of labor migrants to the Russian Federation. The contribution of labor migrants to the Russian economy is quite significant and is estimated at 6 to 9% of GDP.<sup>11</sup>

The reasons for labor migration from the countries of Central Asia (with the exception of Kazakhstan) lie in the economic plane: a low standard of living and a lack of jobs with a high birth rate. In addition, the researchers note that “the state of medicine and education in Uzbekistan and Tajikistan, as well as (to a lesser extent) in Kyrgyzstan, encourages people to move as families rather than alone to earn money”.<sup>12</sup>

The Russian Federation and Kazakhstan are the countries that attract most of the labor migrants in the region, the main dominant motive is higher wages (3-4 times higher in Russia and Kazakhstan than in Tajikistan and Uzbekistan) and living standards. Traditionally, labor migrants fill areas of employment that are not in demand among the local population, such as construction, transport and services.

For labour supply countries, the impact of labor migration has an impact on the economic development of countries of origin in terms of reducing the tension in the labor market, solving the problems of the balance of payments deficit through the receipt of remittances from abroad and improving living standards as a result of reducing household poverty.

Among the factors that have a deterrent effect on labor mobility in the region, one should list:

- 1) At the mega level: information barriers, differences in languages, reporting standards, lack of knowledge of foreign languages, differences between countries in religious and moral guidelines and values, irrational migration policy;
- 2) at the macro level: lack of a common economic space, structural differentiation of national economies; imperfection of tax and legal legislation, poverty of the population, underdevelopment of the affordable housing market, existence of the institution of registration, limited access to modern computer technologies and means of communication;

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<sup>10</sup> The Global Competitiveness Report 2019. Insight Report of World Economic Forum / Editor Klaus Schwab, 2019.

<sup>11</sup> Trade Policy Review in Europe and Central Asia // Annual Bulletin, FAO, 2018.

<sup>12</sup> Ensuring lifelong learning for all in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan: country evidence and policy recommendations Published in 2020 by the United Nations Educational, Scientific and Cultural Organization, 7, place de Fontenoy, 75352 Paris 07 SP, France <https://unesdoc.unesco.org/ark:/48223/pf0000372898>

- 3) at the micro level: discrepancy between the education system and the structure of demand in the labor market and insufficient efficiency of the educational services market, insufficient development of small businesses, inefficient work of employment services;
- 4) At the micro level: insufficient investment of firms in human capital, low wages, unwillingness of workers to leave the profession, difficulties in professional adaptation.

Thus, the economic potential of labour mobility in the region is not fully realized and the intensity of migration flows is low. The growth of migration activity of people is hindered by a number of existing barriers.

The regulation of labour mobility and the assessment of its scale, the structure of flows and contingents, as well as the possible consequences, is an important component of the policy of the countries of Central Asia and the host countries. However, due to the lack of reliable data, it is difficult to make informed decisions in the migration field and evaluate the effectiveness of the measures taken.

The exchange of data between the Central Asian states and host countries has long been established on a bilateral and multilateral basis, but the number of indicators that can be used to analyse the situation of labour mobility is insufficient.

Labour mobility is of great importance, and to analyse its impact, countries should use the practice of sample surveys, etc., with a focus on labour mobility. It is recommended to coordinate the work of national statistical agencies in conducting the above surveys so that the data obtained are comparable.

It is important to note that migration is a link between national labour markets and the labour force in these markets can vary significantly.

When designing policies, it is important to consider factors that trigger migration, or push-pull factors. Factors mirror each other in origin and destination countries: relative wage levels, career prospects, working conditions and the environment. And where the relative gap (or perceived gap) between these factors is significant, the destination pull will be tangible.

When developing a policy for managing labour mobility, two approaches can be distinguished:

- the direction, level and dynamics of workers are determined by the market itself;
- Development and implementation of policies aimed at reducing the negative effects of labour mobility.

As is known, the transition to an innovative economy is accompanied by a redistribution of labour resources in favour of the service sector. In the countries of Central Asia, the sphere of trade has received the greatest development, but for the formation of a new type of economy and sustainable economic growth, it is necessary to accelerate the development of the education sector and improve the quality of training.

## **Conclusion**

Labour force mobility is a factor stimulating movement towards an innovative economy and requiring improved approaches to managing migration flows. One of these ways to manage mobility is to improve the education system, since education ensures the realization of comparative advantages and growth factors for the economies of the Central Asian countries. An innovative economy requires improving the quality of educational services. Most Central Asian countries have a high educational potential, but there is no effective use of human resources.



It is proposed to pay attention to investment in human capital, the creation of a more rational structure for training personnel, constructive interaction between industrial enterprises and educational institutions, the formation of an education system where the demand structure and the supply structure of specialists who are trained in it will correspond to each other.

Particular attention should be paid to migration policy and develop their own priorities and selective programs for highly skilled and educational migration.

The study of the phenomenon of labour mobility within the framework of regional integration associations, the identification of its distinctive features at different levels of integration opens up opportunities for exerting a regulatory impact on the movement of labour to initiate distribution processes that meet the requirements of economic restructuring.

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