



EFFECTS OF RUSSIAN SANCTIONS ON CENTRAL ASIAN LABOR MIGRANTS

The Russian invasion of Ukraine has affected different spheres of the lives of Russian citizens. A series of economic sanctions aimed at building pressure on the Russian government led to the curtailing of the operations of thousands of enterprises all across Russia. As a result, thousands of Russian citizens lost their jobs or downsized their earnings. Job cuts also affected the lives of labor migrants. Given that Russia is among the top five recipients of migrants in the world, with over 12 million migrants in 2020, the impact of sanctions on labor migrants is enormous.

Russia attracts mainly migrants from the post-Soviet space, 74% of whom come from three Central Asian states - Kyrgyzstan, Tajikistan and Uzbekistan. According to Russian officials, in 2021 the number of registered migrants from these three countries was over 7.8 million. This means that the consequences of the massive closure of foreign companies directly affect primarily migrants from Central Asia since they have a lower priority than residents. As a result, they are forced to accept wage cuts or return home. However, the majority of migrants are not enthusiastic about leaving Russia because although the immediate prospects do not promise big changes in the Russian economy, most of them have no choice but to stay in Russia.

Economic reasons like unemployment and low wages in their own countries are the primary reasons that forced them to seek jobs in Russia. Remittances coming from Russia are also a tangible help to the economies of Central Asian states. In 2021, the share of Russian remittances equals to 34% and 33% of the GDP of Tajikistan and Kyrgyzstan respectively, while this figure reached 13% of the GDP in Uzbekistan. Over 1.5 million Tajik migrants, 1 million Kyrgyz migrants, and over 3 million Uzbek migrants earn this money in Russia and send it home. Hence, with the unknown consequences of the ongoing war in Ukraine and the highly uncertain future of the Russian economy, the survival of those vulnerable groups is under big question.

Notably, the spheres of employment of Central Asian migrants are different. As Kyrgyz workers speak Russian well, they are mainly employed in the service sector. Migrants from Tajikistan are more successful in construction work, where more than 60% of migrants are involved, and about 17% are employed in trade and services. Uzbek migrants are recruited in retail and wholesale trade, public catering, housing and communal services, transport and logistics, and construction work. With the ongoing challenges in the Russian economy, some expect the requalification of migrants to spheres

like agriculture, which is more sustainable in the current realities, as food demand remains stable under any conditions.

Among the main problems for migrants in the early days of the Russian invasion was the high volatility of the Russian ruble, which in early March led to significant losses in income. As a result, according to the survey conducted by Uzbekistan's State Migration Agency among 15,000 migrants in Russia, over 40% of those surveyed considered to be back home due to a loss of employment or the devaluation of the Russian ruble. Others claimed the loss of their business due to the inability to purchase new goods because of unprofitability.

Discontinuation of access to remittance services was another consequence of sanctions against Russia. The suspension of major money transfer services such as Western Union, Visa, and MasterCard payment systems created new difficulties for migrants' lives. Previously, these international transfer systems allowed migrants to send remittances frequently with a good commission rate. Yet as the migrants put it, "there was a Western Union, now it is an Eastern Union", meaning that if before they were transferring money transparently and directly to their family members, at present realities they must ask their countrymen who are going back home to bring his/her money with them or to invent other informal methods of sending money. These informal methods, in the near term, will cause other problems like speculation of money, racketeering, or loss of earnings.

The loss of a job and workload reduction is certainly a major challenge for all migrants. The suspension or partial closure of huge corporations led to thousands of job losses. Moscow's Sheremetyevo International Airport, for instance, was forced to dismiss most of its staff due to the closure of two out of four international terminals and a lack of passengers, which used to be a workplace for a lot of Kyrgyz migrants. Thousands of Kyrgyz migrants have lost their jobs or reduced their working shifts at Sheremetyevo. Similarly, Tajik construction workers, according to the interview, are facing a lack of demand due to rising prices for building materials and difficulties with purchasing some construction materials, which has slowed down the construction projects. Accordingly, over 60,000 migrants from Tajikistan returned from Russia during the first quarter of this year, which is 2.6 times more than in the same period of 2021. In Uzbekistan, over 133,000 migrants returned home during the same period. During the research, we did not find any related migrant statistics for Kyrgyzstan.

Meanwhile, the Asian Development Bank expects remittances in Tajikistan to almost halve in dollar terms in 2022. This reduction could lead to a cut in essential imports such as food and fuel by a third in 2022 and another 20% in 2023. According to World Bank estimates, with a projected 11% decline in GDP in Russia in 2022, the outflow of remittances from Russia could fall to 40%, which may rise due to the expected increase in sanctions. Given these forecasts, sanctions against Russia could have a strong impact on the economies of the Central Asian countries. Especially given that the amount of remittances for Tajikistan and Kyrgyzstan respectively equal their GDPs of 34% and 33%. If we make a comparison, we see that these figures are higher than the export of goods and services of these countries.

In addition to sanctions, migrants also face challenges from new regulations for working in Russia. According to a new rule from December 29, 2021, all foreigners coming to work in Russia have to pass their fingerprints and photo once, and a medical examination at each new entry into Russia. Thus, all migrants in Russia must undergo a medical examination, including a test for infectious diseases, HIV, drug addiction, and other tests during the first month of their stay, which leads to huge queues and financial costs. Kyrgyz officials asked several times to reconsider the tightened requirements for Kyrgyz migrants since they contradict the free movement of citizens between the countries of the Eurasian Economic Union (EAEU). Labor migrants also have to pay for an application for a working patent. Kyrgyz citizens do not need patents due to their membership in the EAEU, while migrants from Uzbekistan and Tajikistan have to apply every time.

Sanctions against Russia undoubtedly have an impact on labor migrants, who are the first and most vulnerable group to be laid off or have their workload reduced during times of crisis. Labor migrants have just begun to recover from the effects of the pandemic as they have been forced to return home due to lockdowns, yet the consequences of the sanctions add more uncertainty to their ability to earn money in Russia. The presence of labor migrants is significant for Russia as well, as they account for more than 10% of the total labor force in Russia. Yet, with the possible further sanctions, there is high uncertainty about migrants' future. On top of that, given that migrants from Central Asia already face discrimination and rights violations, the crisis might increase inequality even more.

Politics, Foreign Affairs, and Security

- President of Kazakhstan Kassym-Jomart Tokayev in his address to the meeting of the Supreme Eurasian Economic Council in a virtual format called on the EAEU to speed up work with third countries. He mentioned the importance of concluding free-trade agreements with third countries, including Indonesia, India, and Mongolia. The President noted that the expansion and deepening of economic cooperation with the third countries were gaining enormous relevance, and remained one of the priorities of Kazakhstan's Chairmanship in the Union (Kazinform, 27.05.2022).
- As part of the official visit of President of Kazakhstan Kassym-Jomart Tokayev to Kyrgyzstan, a number of bilateral documents were signed between the two countries. The documents covered bilateral cooperation in the fields of education, aviation, agriculture, industry, trade and infrastructure. They also include issues of joint development of checkpoints. The visit strengthened regional cooperation between the two countries. In particular, memoranda of cooperation between different regions of Kazakhstan and Kyrgyzstan were also signed (Kabar, 26.05.2022).
- The Foreign Minister of Iran Hossein Amir Abdollahian met with his Pakistani counterpart Bilawal Bhutto Zardari on the sidelines of the World Economic Forum in Switzerland. The Ministers emphasized the need to strengthen trade and economic ties and agreed on a rigorous effort to boost cooperation in various fields. The parties also discussed Tehran and Islamabad's close political consultations on Afghanistan, developments on the Indian subcontinent, and some other regional and international issues (TehranTimes.com, 27.05.2022).
- SCO Secretary-General Zhang Ming arrived on an official visit to Dushanbe and held talks with President Emomali Rahmon. During the meeting, issues of cooperation in the areas of politics, trade and economic relations, transport infrastructure, effective use of the transit potential of the SCO member states, and cultural and humanitarian ties were discussed. The sides also paid attention to issues of regional security, joint cooperation in the fight against terrorism, and extremism, and ensuring information security (ASIA-Plus, 24.05.2022).
- The fourth round of multilateral consultations of secretaries of security councils on Afghan issues was held in Dushanbe. National Security Advisors/Secretaries of the Security Councils of India, Iran, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan and Uzbekistan attended the meeting. Participants discussed issues related to the development of the situation in Afghanistan, as well as challenges and threats to the states of the region emanating from Afghan territory (Uzdaily.uz, 27.05.2022).
- The President of Uzbekistan Shavkat Mirziyoyev had a telephone conversation with the President of Russia Vladimir Putin. The main attention in the conversation was paid to the practical implementation of the agreements reached during the summit meeting in Moscow in November 2021. The leaders noted the importance of deepening cooperation between business circles and effectively using the great potential of interregional ties. The sides also exchanged views on the regional agenda and international politics (Uzdaily.uz, 24.05.2022).

Economy, Finance, and Energy

- According to the Chairperson of the Kazakh-Georgian Economic Union Giorgi Jakhutashvili, foreign trade between Kazakhstan and Georgia grew by almost 28%. In particular, the trade turnover between the two countries has already exceeded \$29.5 million. Mutual investments of businesspeople of the two countries also grew significantly. Over the past 16 years, the gross inflow of direct investment from Georgia to Kazakhstan has exceeded \$285 million, while Kazakhstan has invested in Georgia's economy over \$495 million (Qazaq TV, 26.05.2022).
- Kazakhstan launched the second multi-functional cargo transshipment facility at Dostyk station. The country invested about nine billion tenges for the construction. Approximately 160,000 to 320,000 containers can be transshipped here annually. The new infrastructure will also improve the speed of transportation from China to Europe, Central Asia and the Persian Gulf via Kazakhstan. A train from China carrying domestic appliances already departed from here for West Germany. The volume of transportation through Kazakhstan increased by more than 20% percent in 2021 (Qazaq TV, 24.05.2022).
- Minister of Economic Development of Tajikistan, Zavka Zavkizoda had a meeting with the First Deputy Minister of Investments and Foreign Trade of Uzbekistan Laziz Kudratov. The officials discussed ways of increasing trade between the two countries which has steadily risen and reached \$173.6 million in the first quarter of 2022, increasing by 30.4% compared to the same period last year. The parties also discussed the issues of attracting investments and creating joint ventures (UzReport, 27.05.2022).
- According to Chinese data, Uzbekistan resumed gas exports to China through the Central Asia-China pipeline. Uzbekistan exported \$132.8 million worth of gas to China in the first four months of this year. Turkmenistan was China's largest supplier of gas by pipeline in the period of January-April, with \$2.87 billion worth of gas. Kazakhstan sent \$270.6 million worth. Uzbekistan was China's fifth-largest gas supplier by pipeline. However, the Uzbek government did not announce the resumption of supplies (Kun.uz, 24.05.2022).
- Within the framework of the Eurasian Economic Forum in Bishkek, the Eurasian Development Bank and Aiy Bank of Kyrgyzstan signed a framework agreement worth \$8 million to implement a program to support the agro-industrial complex of the country. The agro-industrial sector plays a significant role in the economy of Kyrgyzstan and has great export potential and opportunities for building new trade relations and logistics chains for the supply of goods between the EAEU member states (Kabar, 27.05.2022).
- The EU is Ukraine's largest trading partner, with a trade turnover of more than 40% of the country's foreign trade in 2021. Recently, the Council of the European Union adopted a regulation allowing for temporary trade liberalization toward Ukrainian products. For one-year import duties on all Ukrainian exports to the European Union will not be due. The decision will suspend all tariffs, the collection of anti-dumping duties on imports, and the application of the common rules for imports (Ukrinform, 24.05.2022).

Society and Culture

- Baku hosted the 7th session of the Tourism Ministers of the Organization of Turkic States. The participants discussed the ways of uncovering the tourist potential of Turkic States, the development of the projects such as the Joint tour along the modern Silk Road, and the Tourist capital of the Turkic world, as well as winter tourism projects. Following the meeting, it was agreed to hold the 8th sitting of the Tourism Ministers of the Organization of Turkic States in 2023 in Turkestan (Kazinform, 27.05.2022).
- The Ministry of Labor of Russia proposes to remove restrictions on the maximum number of migrants from Uzbekistan who can enter the Russian Federation under a pilot project for the employment of foreigners. Currently, the quota for Uzbekistan is 10 thousand people. According to the new mechanism, a foreign citizen will work for a specific employer who has issued a work permit to the visiting employee (ASIA-Plus, 25.05.2022).
- According to statistics from the Russian Ministry of the Interior, in the first quarter of 2022, 33,084 Tajik citizens received Russian citizenship, which is 64.61% more than in the first quarter of 2021. Currently, 101,704 Tajiks have residence permits in the Russian Federation. Tajikistan is the second country in terms of the number of residents who received Russian citizenship after Ukraine, followed by Kazakhstan, Armenia, and Uzbekistan (ASIA-Plus, 25.05.2022).
- A monument to the great Kazakh poet Abai Kunanbayev was opened in Bishkek. The event was timed to the celebration of the 30th anniversary of diplomatic relations between Kazakhstan and Kyrgyzstan. The opening ceremony was attended by the President of Kazakhstan Kassym-Jomart Tokayev and Kyrgyz President Sadyr Japarov. It is reported that a monument to the famous Kyrgyz epic Manas will be opened in the Kazakh capital of Nur-Sultan in the near future (The Astana Times, 27.05.2022).
- Four Kazakh universities entered the World University Rankings 2022 issued by the British Times Higher Education magazine. These are Al-Farabi Kazakh National University, L.N. Gumilyov Eurasian National University, Satbayev University, and Abai Kazakh National Pedagogical University. The assessment was based on 13 criteria that measure universities' performance in teaching, research, knowledge transfer, and international outlook (The Astana Times, 29.05.2022).
- Tajikistan's largest tourism organizations and tourism companies in Samarkand held a business meeting in Samarkand. The purpose of the meeting was to present the tourism potential and prospects of Tajikistan. Over the course of the meeting, B2B negotiations were held, where local tour companies presented their tourism products and exchanged contacts. At the end of the meeting, more than five bilateral agreements on further cooperation were signed between representatives of the tourism sector (Uzdaily.uz, 23.05.2022).