

International Cooperation of Uzbekistan in Labor Migration

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ABSTRACT

Uzbekistan has been gradually integrating into the world economy since gaining its independence back in 1991. The need to integrate stems from the desire to advance the national economy and social well-being of population through importing advanced technologies or stimulating exports. However, opening up the country also meant exposure to increase in the mobility of its human capital. As a result, Uzbekistan has witnessed labor migration in and out of the country in the past couple of decades, driven by various causes, which is having inevitable social and economic implications for the country.

Intensifying processes in contemporary international labor market make migration as a mechanism, which has a back-to-back impact onto and from economic development of a country. From developing countries' perspective, international labor migration is an instrument for reducing tension in national labor markets, decreasing high rates of unemployment and expanding sources of income. From developed countries' perspective, international labor migration helps solve demographic problems like decreasing number of population, aging of population and shortage of labor force. Thus, this processes turned into a mechanism or a system, which is not possible to ignore. Uzbekistan, in particular, is increasing its participation in the international labor market due to its high rates of population growth and young population.

Keywords Labor Migration, Uzbekistan, Korean Republic, Russian Federation, Ethnic Koreans, International Labor Market, Population Growth, Migrant, Agreement, Unemployment

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1. Introduction

Decentralization and transition to free market economy caused significant changes in Uzbekistan like in other Central Asian markets, like the development of competition among participants of labor market and the increase in the number of unemployed people in labor market. The resulting conditions in the labor market were offset, initially, by internal migration, and later, by international migration.

The governmental labor migration agreements signed between the governments of Uzbekistan and other foreign countries opened many opportunities for citizens who want to work abroad. Today there are many Uzbek labor migrants in Russia, Kazakhstan, Republic of Korea, and USA.

2. Previous Study

Theoretical issues of the international labor market and the labor migration processes have been reflected in the works of such foreign scientists as E.Ravenshtein, Carr-Saunders, A.Sovi, G.Borjas, J.Simon, V. Burn, D. Massey, Hein de Haas, Christopher S. White. (Ravenstein E.G. (1885); Carr-Saunders A. M.(1936); Sovy A. (1977); Borjas G.(2013); Simon J.(1999); Massey D., Arango J., Hugo G., Kouaouci A., Pellegrino A., and Taylor J.E(1993); Hein de Haas (2008); Martin Ph. (2009); White C.Cristopher (2011))

In addition, the economists of the CIS countries such as E.Pletnev, R.Tsviljev, A.|Dziritskiy, L.Rybakovkiy, V.Iontsev focused on the theoretical and methodological foundations of international labor market and S.Ryazantsev, A.Kamenskiy, E.Gavrilov, K.Djamangulov, K.Litvinenko, D.Serdyukov, I.Ivaxnyuk, E.Gavrilov, N.Guz, O.Bajenova researched the specifics of the processes of labor migration in CIS countries, its causes, factors and prospects. (Pletnev(1962); Ribakovskiy (2009); Iontsev (1999); Rizansev (2002); Kamenskiy (2002); Gavrilov (2008); Litvinenko (2007))

International labor market and the development of foreign labor migration in particular, specific features of external Labor migration in the country and some aspects of these issues have been researched by Uzbek scholars as well. Particularly, formation and development factors of international labor migration, their connection with demographic processes by L. Maksakova (Максакова Л.П.(2009)), evolution of the concept of labor migration and its necessity in developing labor market and economy, specific features of labor migration in CIS, especially in Uzbekistan by D. Rasulova (Расулова Д.В.(2010)), modern tendencies of labor migration development in Uzbekistan, its normative and legal bases, related problems, the problems of pension guarantee for migrants scientifically by B. Umrzakov (Умурзаков Б.(2008)), we can see that the issues like the integration of Uzbekistan into international labor market, its modern directions, comparative

analysis of integration by foreign experience, and the matters of improving regulation of external labor migration in the country have not been solved in them.

3. Research Model and Hypothesis

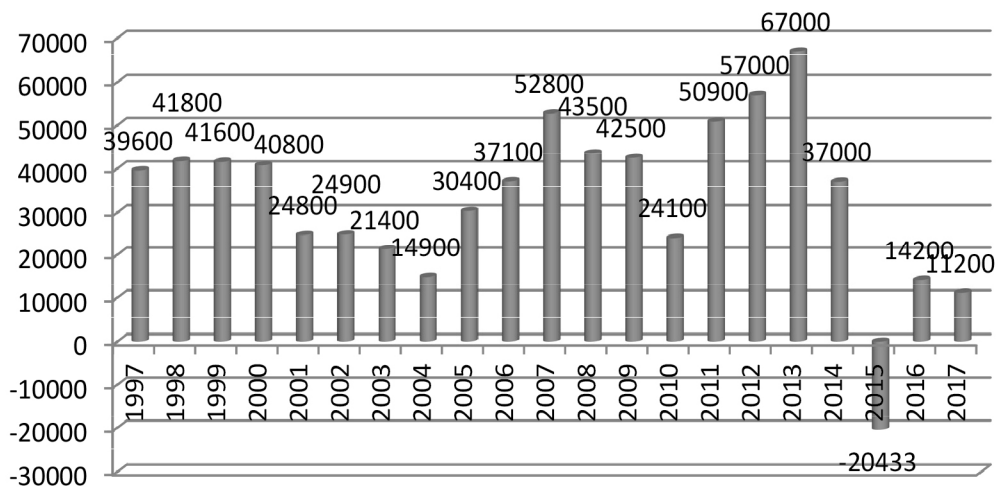
The aim of the research is to analyze a complete picture of Uzbekistan’s integration into international labor market in the last 27 years and gradual development tendencies.

Migration has particular implications for Uzbekistan mainly due to its state of demographic development. Three vital characteristics create a favorable condition for migration of labor from Uzbekistan:

- Population growth rate of 1,6% per annum
- Young population with 30% aged under 15
- Low level of urbanization with 50% of population living in rural areas.

During the first decade of independence, migration was characterized by ethnic migration, as Russians, Belarusians, Tatars and Ukrainians returned to their homeland. Particularly, ethnic migration of Russians and Belarusians accounted for 45-48%, Tatars 16-17%, Ukrainians 5-6%, Jews 5-9%, Germans 2-3%, and Uzbeks 7-8%. However, by 2000s ethnic migration turned into labor migration of predominantly ethnic Uzbeks searching for jobs to Russian Federation (Максакова Л., Мамадалиева Х., 2014, p.14-17).

The statistics show that a big number of labor emigrants from Uzbekistan are sent to Russian Federation. In turn, Uzbek citizens constitute the largest share of the migrants in Russia.



Graph-1 Net migration from Uzbekistan to Russian Federation, people (2001-2017)

Absence of strict restrictions for migrants coming to Russian Federation, non-visa entrance for Uzbek citizens, their ability to speak and understand Russian language and culture paved the way to increase the number of migrants from Uzbekistan to Russia. In 2018 about 1.5 million labor migrants left Uzbekistan to work in Russia. Uzbek migrants usually work in light and food industry, engineering, construction and service sector. In fact, 45.2% of them work in construction, 12.9% in services, 8.6% in processing, and 8.2% in agriculture (Зайончковская Ж.А., 2008, p.33). These numbers show that almost half of the migrants from Uzbekistan are construction workers where the chance of accidents is high which makes the tasks of preventing such accidents and to countering consequences very important.

Moreover, analyses and observations in recent years show that migrants from Uzbekistan to Russia experience some problems and difficulties in: registration of the license, full payroll calculation with employer, creation of decent working conditions by employers, attraction to heavy work overtime, as well as social protection in manufacturing. Under such circumstances, the importance of establishing inter-state relations, setting up legal bases for such relations, as well as protecting the social rights of Uzbekistan citizens abroad increases.

Enacting the Intergovernmental agreement dated 21st Dec 2017 “About centralized involvement of the citizens of the Republic of Uzbekistan for carrying out a temporary work in the territory of the Russian Federation” creates a mutually beneficial opportunity to determine the number of migrant workers, their qualifications and the actual needs in the recipient country, as well as establish the legally guaranteed mechanism for providing minimum wage, decent living conditions, medical and social insurance, and pension payments for citizens of the Republic of Uzbekistan. According to the information of the Russian Ministry of Internal Affairs, the number of citizens of Uzbekistan has approximately reached 3,4 million people, 1,5 million of them labor migrants and accounts for 10% of the total number of migrant workers in the country. Moreover, half of the labor patents registered in Russia during 2017 were issued to workers from Uzbekistan and numbered 800 thousand. If the number of Uzbekistan citizens sent by the Foreign Employment Migration Agency (FEMA) in a centralized way stood at 922 in 2017, in 2018 this number reached 50 thousands (Зайончковская Ж.А., 2008, p.33).

In conclusion, some factors like high demographic pressure in Russia, reduction in oil reserves and the subsequent decline in oil exploration, development of new sectors, higher living standards leading to decreased desire of ethnic population to perform low-level jobs will all lead to continued dependency on foreign labor. Subsequently, this situation will stimulate and intensify labor migration from Central Asian countries, and Uzbekistan in particular, where population growth rates are high and population is young, leading to the development of cooperation on migration issues.

The other major destination of labor migration from Uzbekistan is oriented towards far abroad, specifically to Korean Republic.

Developed and newly industrialized developing countries with the high demographic pressure due to declining birth rates, shrinking population and labor resources, attract cheap labor resources in order to cover the shortage of labor force for jobs that are least demanded by own population, require low skill, and have hard working conditions. At the same time, developing countries experiencing high pressure in the labor market caused by high birth rates, young population, and specifically working age population will seek to reduce the unemployment rate, enhance the sources of income, and gain the knowledge and experience by ways of stimulating labor exports.

In particular, according to the population analyses of the United Nations, the Republic of Korea during 1995-2050 will need 6.4 million labor migrants in order to maintain the number of working age population aged 15 to 64 (Bum Jung Kim., 2011, p.499). Today there are two types of labor migrants in Republic of Korea. First group consists of investors and professionals from countries like USA, Japan or Germany. The second group consists of labor migrants with low incomes and without professional training from developing countries like China, Vietnam, Indonesia and CIS countries. The Republic of Korea was experiencing high rates of economic growth and low unemployment by early 1990s when it began attracting low skilled foreign labor force for jobs which local population did not want to perform. Liberalization of immigration processes initiated by the government gave a chance of returning home for ethnic Koreans displaced during Japanese colonial period and living in China and CIS countries. Along with them, ethnic population from those countries like Russians, Tajiks, Kazakhs, and Uzbeks in particular, began to immigrate to Korea. This trend, however, led to the growing number of illegal labor migrants working at Korean companies. As result, the Korean government began to sign international agreements on employment of foreign labor force with countries supplying labor. Signing the first agreement in labor migration with Uzbekistan in 1995 led to dispatch of Uzbek citizens to Korea under the Program of Industrial Training.

Impact of the Asian crisis in 1997 on the economy of Korean Republic demonstrated that some sectors of economy could not sustain without the help of foreign labor migrants (Pak Y.B., 2004). The latter, along with the growing demand for foreign labor force in Korea, caused the supply of labor migrants from Uzbekistan to one thousand people annually.

According to the Industrial Training Program, migrants work as a trainee in the first year and as a worker during the next two years. The labor migrants who work under this program receive "D-3" visa, as an "industrial trainee". There is a special professional training center in Tashkent, which is built at a cost of USD 4 million, provided by the government of Korea. This center is seeks

to adapt and prepare migrants for work. During 1995-2007, 19,000 Uzbek citizens were sent as labor migrants under the Industrial Training Program from Uzbekistan to Korean Republic (<http://www.mehnat.uz>). However, some shortcomings of the Industrial Training Program caused inconveniences for labor migrants, because of which the number of illegal migrants grew sharply. In particular, the requirement to work as a trainee during the first year became a reason to receive less salary than usual workers get in the labor market.

This situation forced trainees to look for another work illegally. This was the reason for adopting a new law about employment of foreigners in Korea.

In 2003, Korean Republic began to employ foreign labor force based on “Employment Permit System” (EPS) or “Free Hire System” programs and created new types of special visas for labor migrants (Pak, 2004). Thus, the Korean government began to renew agreements in labor migration with foreign countries. As a result, like with other countries, the Ministry of Labor of Korean Republic signed a memorandum in 2006 with the Ministry of Employment and Labor Relations of Uzbekistan in order to send labor migrants to Korean Republic through Employment Permit System (EPS) or Free Hire System (FHS). In March 2007, two new agreements were signed following this Memorandum. First was about tests of Korean language for labor migrants who want to work in Korea. Next was about responsibilities of The Foreign Employment Migration Agency and Korean Human Resources Development Service.

There is a difference between different types of visas of EPS and FHS. Under EPS, visa E-9 was issued for foreign labor migrants and visa H-2 for returning ethnic Koreans. According to the Memorandum, ethnic Koreans in Uzbekistan older than 25 years can get H-2 visa for a period of 5 years. Labor migrants aged 18 to 39 years from Uzbekistan could get E-9 visa, which entitles to work in Korea for 5 years. It helped employers to cut down their retaining expenses and to engage labor migrants with skills and experiences for a longer period. In turn, it gives a chance to migrants to work and earn more during the additional two years.

Labor migrants, who worked for 5 years in Korea, can again apply for work permit in Korea after spending a year outside. According to the agreement, Uzbek citizens who want to work in Korea should pass tests of Korean language. The dates of test are announced a month in advance in mass media. Migrants, who successfully pass language test and medical examination, can apply for work permit in Korea. FEMA sends the list of candidates, with the encoded names to Korean Human Resources Development Service.

Korean Human Resources Development Service provides Korean Small and Medium Business Federation or Regional center supporting employment with the list of candidates. Employers should have announced their vacancies in their companies at least 14 days ago. Candidates are chosen for the vacancies according to their scores, experiences, sexes, age, and other parameters.

Human Resources Development provides labor contract to a labor migrant, which would be signed with a Korean employer. After signing the labor contracts, the migrants study at the special professional center in Tashkent. Migrants who receive their visas arrive at the Korean Republic under control of The Foreign Employment Migration Agency. Memorandum signed between Uzbekistan and Korean Republic is important for social protection of Uzbekistan labor migrants in Korea.

Employment Permit system gives an opportunity for Uzbekistan labor migrants to participate in social protection programs which government holds. Labor migrants in Korea get “insurance right of worker” which protects them from illness and injuries. Migrant workers who are injured during the working hours are entitled to compensation payments as local workers. Injured migrant worker is paid “temporary payment for disablement” which makes 70% of average salary for every missed day. Injured labor migrant, who does not recover after treatment, receives “permanent payment for disabled”.

In 2008, during the global financial crises to alleviate the problem of unemployment among the local population, quota of import of foreign labor force was reduced from 100,000 to 34,000 and quota of employment overseas Koreans was reduced twice to 17,000 people. During that year, the number of foreign labor force in Korea made 680,000 people. During the global crisis years, engineering sectors began to face the shortage of labor force. In 2009 shortage of labor force was estimated at 2.7%, but in engineering it was 4.3%. Shortage of labor force in Korea from 2.7% in 2009 reached 3.1% in 2010. Though 563,341 working places were created in 2010, 271,009 of them were vacant in 2010.

Table 1 Following sectors in Korean Republic are faced with shortage of labor force

Sectors	Shortage of labor force (%)	Shortage of labor force (thousand people)
Wood work	7.6%	1,957
Production of metal	6.1%	17,732
Plastics	5.4%	11,900
Textiles	5.0%	11,794
Food sector	4.6%	6,750

Today 76.3% of E-9 visa holders work in production, 5.8% in construction, 5.4% in agriculture, and 2% in fishing sectors (Jung-Eun Oh, Don Kwan Kang and Julia Jiwon Shing, 2001, p.30-40.). At present, there is a special training center in Tashkent, which trains Uzbekistan migrants willing to work in Korea. They are trained in machinery building, electricity, electronics, information technology, and transportation services.

During the last years 30% of E-9 visa holders were Vietnamese, 12% Indonesians, 12% Filipinos, and 11% Thais. Uzbekistan is the leader among CIS countries in terms of the number of E-9 visa holders, accounting for 6.2% of all migrants in Korea. Today Uzbekistan labor migrants in Korea are estimated at 17.000 people (Najibullah F, 2017). In 2011, number of all H-2 visa holders in Korea estimated 302,000 people and 7,888 of them were Koreans from Uzbekistan (Jung-Eun Oh, Don Kwan Kang and Julia JiwonShing, op.cit.,p.22). Thus, Uzbekistan is a leader among CIS countries in terms of number of holders visa H-2.

Table 2 Number of H-2 visa holders by nationality

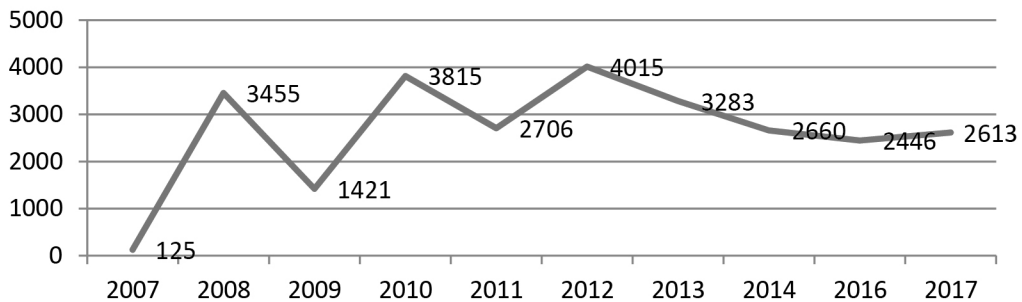
Countries	China	Uzbekistan	Russia	Kazakhstan	Others	All
number	291,300	7,888	2000	506	242	302,042
%	96.4	2.6	0.68	0.17	0.08	100

On 13 December 2012 during the visit of the members of the Ministry of Employment and Labor of Korean Republic to Uzbekistan, the memorandum between two countries was renewed. The new Memorandum included such issues like ensuring transparency to sending and receiving migrant workers by social agencies, reducing fees for money remittances and preventing illegal migration of Uzbek labor migrants in Korean Republic. Percentage of foreign workers staying illegally in Republic of Korea after entering under the Employment Permit System has been 15.8% (average) and 6.3% for Uzbekistan.

For reducing the number of illegal migrants, the Government of Uzbekistan, while signing the Memorandum, reiterated its support for the returning labor migrants who were working illegally.

4. Data Analysis

During 2007-2017 48 thousand migrants from Uzbekistan were sent to Korean Republic under Employment Permit System –EPS.



Graph 2 Number of migrants sent to Korean Republic by FEMA, people (2007-2017)

International labor migration processes will continue to evolve, particularly exports of labor force from Uzbekistan to Korean Republic, as alleviating demographic misbalance in national labor markets and achieving the self-sufficiency of people remain among the most important tasks nowadays. The resolution adopted by the Cabinet of Ministers about employment of Uzbekistan citizens abroad and increasingly extensive international relations in this field demonstrate the high level of efforts towards regulating the labor migration.

Today the government of Uzbekistan pays close attention to the problems of employment of population. The government is taking measures such as creating new jobs and retraining personnel. The 13th clause of the law “About the employment of population” which was adopted in 1992, guarantees the right of citizens of Uzbekistan to work abroad and search for job independently. This gives the chance to decrease the rate of unemployment, activate and legalize migration processes and develop the cooperation relations in the field.

Moreover, as per the Agreement signed between Foreign Labor Migration and “Chuo Sangyo Shinko” agency on 26th June 2015 under the “Program for preparing technic interns”, 17 citizens of Uzbekistan were sent to Japan for undertaking technic internship. Currently, migration cooperation is being setup with countries like Germany, Kazakhstan, Turkey, Sultanate of Oman, Czech Republic, Poland, and UAE. Signing agreements on labor migration with receiving countries creates opportunities for migrants to work legally in destination countries, to ensure their social and legal security, to prevent human trafficking, and to create the legal basis for achieving positive results in this field.

5. Conclusion

In conclusion, one would state the following:

Firstly, following the integration of Uzbekistan into the world economy, the labor market of Uzbekistan has become an inevitable participant in the international labor migration trends.

Secondly, developing or developed countries, which have shortage of labor, will continue attracting migrant workers from countries like Uzbekistan, which have excess of labor.

Thirdly, export of labor generates vital source of foreign exchange into the country and increases the skills for migrants working in industrial or high-tech areas.

Fourthly, migrant workers normally work in inferior conditions for less pay and hence require protection.

Finally, by signing intra-governmental agreements on labor security with key importers of labor, Uzbekistan is providing protection to its citizens and ensuring adequate medical treatment and compensation.

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