



Ukrainian Economic Migration

Presentation at 12th Europe-Ukraine Forum

In 2017 we saw the trend of growing Ukrainian labour migration to Poland.

We collected all available data to answer the following questions:

- How many Ukrainians work abroad;
- What is the impact of labour migration on the Ukrainian economy;
- What policies could help in managing labour migration.

We published our research paper in April 2018 <https://ces.org.ua/migration/>
This presentation contains updated data where available.

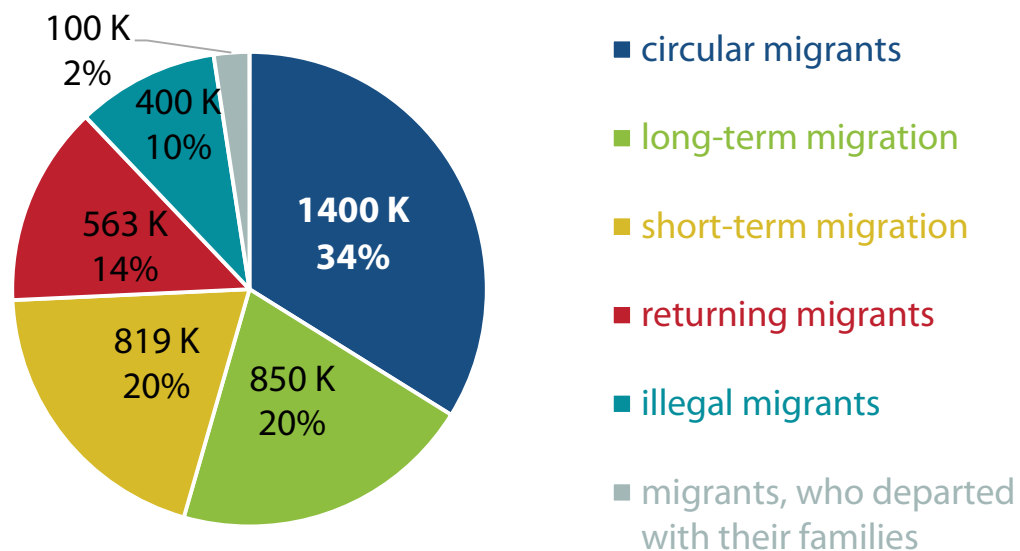
How many Ukrainians work abroad?

We estimate that **4 million** Ukrainians are involved in labour migration

~2.6-2.7 million of them are abroad at any given time.

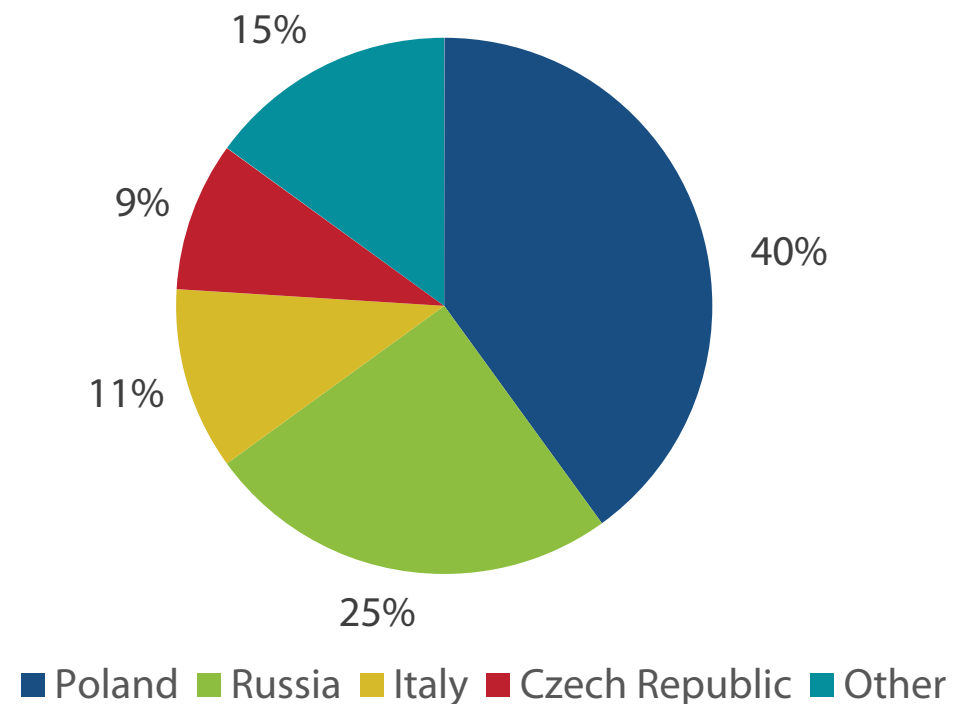
Structure of the Ukrainian labour migration

Distribution of labour migrants, by type



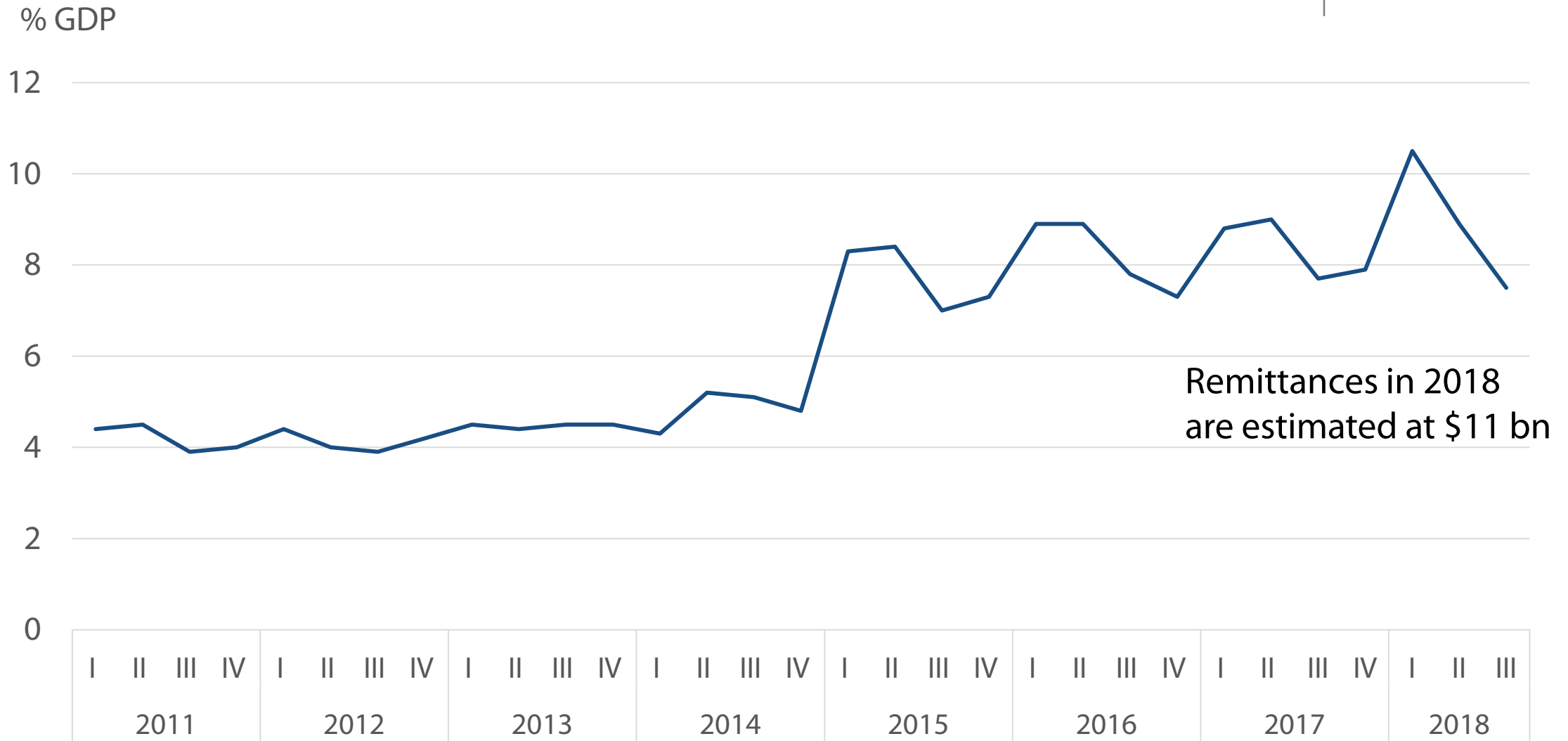
Source: survey by State Statistics Service in 2012 and 2017, IOM, Eurostat, the Federal Migration Service of the Russian Federation, CES calculations

Distribution of labour migrants by destination, %



Source: survey by State Statistics Service in 2017

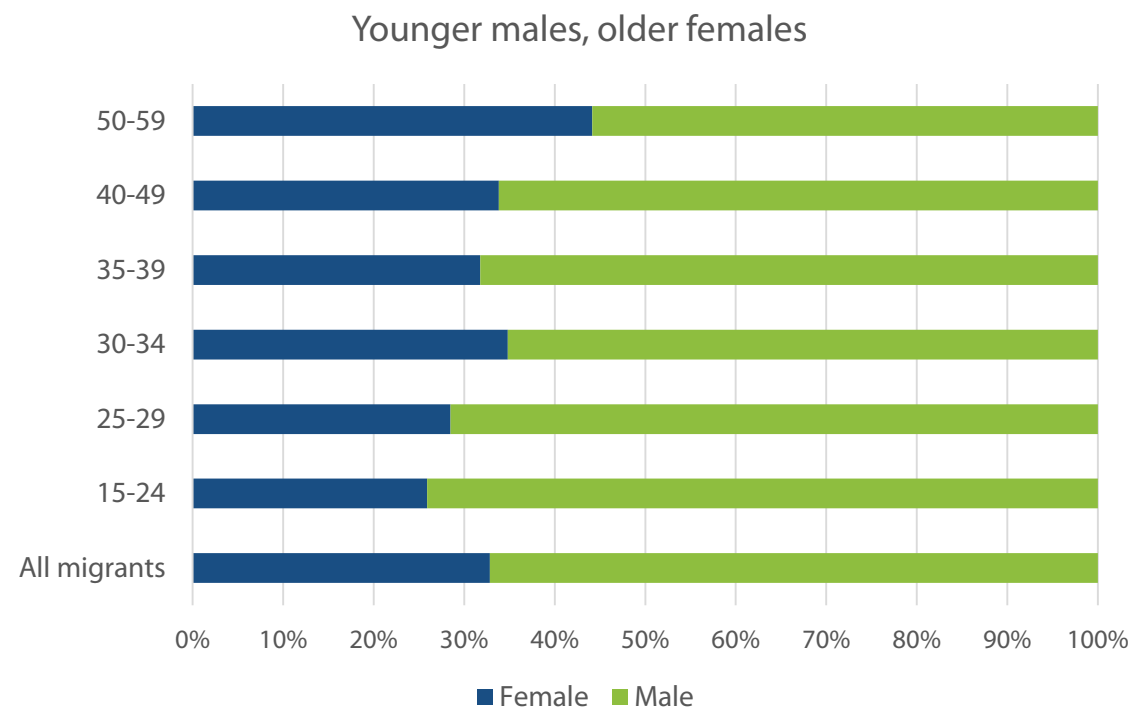
Remittances to Ukraine



Source: National Bank of Ukraine

How does average Ukrainian migrant look like? (1)

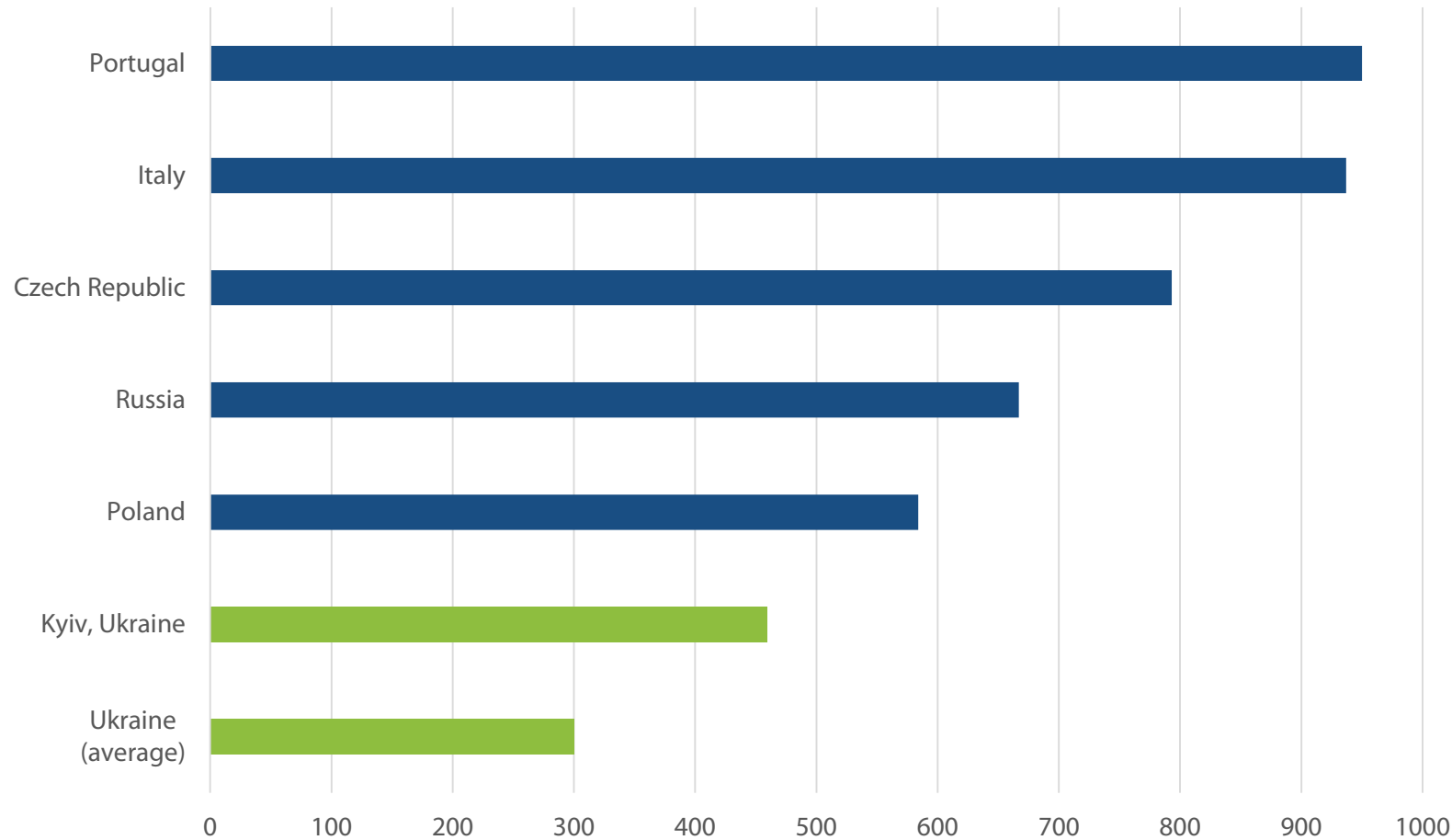
- **70%** come from Western Ukraine
- Only **16%** have university-level education (compared to 48% of employed Ukrainians)
- **60%** intend to return to Ukraine



Sources: research by State Statistics Service, opinion poll by "Rating", CES calculations

What does average Ukrainian migrant look like? (2)

Average monthly salary of Ukrainian migrants, USD



Source: survey by State Statistics Service in 2017, CES calculations

- Median time spent abroad is **3 months**
- **Only 38%** signed official contract
- Most work between **41 and 60 hours** a week

- Number of Ukrainian migrants in Poland increased from **200 thousand** in 2012 to **900 thousand** in 2017.
- Much of the increase can be attributed to the growth of **circular** migration mostly due to change in legislation that made it easier to employ Ukrainians.
- According to Barclays, Ukrainian migrants' contribution was equal to **0.35 p.p.** of Polish GDP in 2014-16
- But the growth of migration has **slowed down** in the first half of 2018, and as Poland has changed its migration laws **further decline is expected**

- Ukraine has **the biggest number of IT specialists** in Eastern Europe and it continues to grow.
- Reasons for migration are different from those of an average migrant, as IT specialists are more motivated by **safe and stable life** abroad, whereas average migrant is more motivated by financial factors.
- The majority of IT migrants are relatively **young**, between ages of **21 and 30**
- Only **13%** of IT specialists intend to return to Ukraine, compared to **60%** of the general public.

TYPE OF MIGRATION

POSITIVE

NEGATIVE



SHORT-TERM / CIRCULAR
(5-7% of working population)

impact on exchange rate

↓ of poverty

potential for investments

↓ of unemployment

inflation of wages (certain types of work, which are in deficit)

↓ of the amount of human capital

deterioration in public finances

stratification of the population



LONG-TERM
(5% of working population)



potential for investments from diaspora

↑ of trade volumes with recipient countries

↓ of the amount of human capital

negative demography

↓ of remittances

TYPE OF MIGRATION	POSITIVE	NEGATIVE
 <p>HIGH-SKILLED (0,1% of working population)</p>	<p>investment flows/ availability of venture capital</p>	<p>↓ of the quality of human capital and of labour productivity waste of government expenditure on migrants' education</p>
 <p>RETURNING MIGRANTS (3% of working population)</p>	<p>↑ of the quality of human capital flow of technology and innovations ↑ of labour productivity ↑ of the amount of human capital</p>	<p>inflationary impact on the real estate market pressure on social security system</p>

Dealing with migration: experience of other countries

- Central and Eastern European countries experienced large increase in outmigration after accession to the EU
- Policies employed by these countries to counteract migration included:

Policy	Effect
Attracting qualified migrants and members of diaspora back.	In Lithuania a program managed to attract more than 100 professionals from diaspora to work in public service
Attracting immigrants from poorer countries.	Although Estonia faced large emigration in the 1990s, now its population is growing due to immigration from Ukraine, Russia and Belarus
Encouraging migrants to invest in the infrastructure of their home country.	In Moldova such investment program attracted more than \$770 thousand in investments.
Developing links with diaspora	Ireland has developed a successful diaspora engagement policy and as a result it attracts many migrants back

1. Improve information collection

1. Make information collection regular and track changes in characteristics of migrants
2. Conduct a census to understand the characteristics of current population

2. Increase positive effects of migration

1. Improve access to financial services
2. Improve transport links with most popular migration destinations
3. Provide legal and financial advice to migrants
4. Use diaspora to develop trade links
5. Encourage entrepreneurship in the migrants families

3. Reduce negative effects of migration

1. Increase the efficiency of government spending

4. Promote internal migration

1. Provide information on employment in other regions for the job seekers

5. Improve international migration cooperation

1. Encourage official employment of foreigners in Ukraine
2. Cooperation with most popular destination countries to encourage legal status and employment of Ukrainians.

1. Around **2.6 -2.7 million** Ukrainians are working abroad at any given time.
2. A large part of them are involved in **circular or returning migration**.
3. **Poland** is the most popular destination for migrants.
4. Remittances constituted **9% of Ukrainian GDP** in the 9 months of 2018.
5. Ukrainian migrants generally are **low-qualified, work long hours in insecure jobs**, but **earn significantly more** than they would in Ukraine, but there are **exceptions** such as IT specialists.
6. There are still many things **Ukraine can learn** from the countries who have experienced migration in the past.



Hlib Vyshlinsky, Executive Director

hlib.vyshlinsky@ces.org.ua

www.ces.org.ua