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## **CARIM EAST – CONSORTIUM FOR APPLIED RESEARCH ON INTERNATIONAL MIGRATION**

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### ***The demographic and economic framework of circular migration in Moldova***

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## 1. Introduction and definitions

In Moldova, the term “circular migration” is primarily related to labour migration as about 95% of Moldovan nationals staying temporarily abroad are in the economically active population<sup>1</sup> (source: Moldovan Labour Force Survey - LFS).

Although the term is widely used in research the media and legal acts, there is no clear definition of what it means and how it can be measured. Despite this, the European Commission (EC) and the International Organization for Migration (IOM) assist the Government in establishing circular migration schemes with the most important Moldovan countries of destination including Russia and Italy (table 1).

**Table 1. The Moldovan economically active population living abroad by country of destination, thousand persons, 2006 and 2011**

Country of destination	2006	2011
<b>Total</b>	<b>310.1</b>	<b>316.9</b>
Russia	192.5	204.8
Italy	54.7	58.4
Turkey	12.4	7.4
Israel	3.4	6.4
Ukraine	8.3	5.1
Portugal	9.6	4.4
Greece	6.1	2.4
Romania	4.5	2.4
Other countries	18.6	25.6

Source: LFS - Moldova

During this process, some definitions arise. In the agreement on circular migration signed with Italy, it is stipulated that “for a period of time, no longer than 9 months, having a residence permit that cannot be renewed, the Moldovan seasonal worker can be employed by several employees” and “if the seasonal worker returns to Moldova when the residence permit expires, then that worker has priority when asking the permit for the next year”.

Therefore, on the basis of the above agreement, a circular migrant is a person who goes abroad, works legally there for no more than 9 months. He or she then returns to Moldova and has priority in returning to Italy again later on. A similar agreement is expected to be signed with the Russian government as well.

Unfortunately, available data cannot offer estimates for the number of circular migrants according to the above definition. Thus, this note will offer estimates based on a broader definition of IOM: “the fluid movement of people between countries, including temporary or long-term movement which may be beneficial to all involved, if occurring voluntarily and linked to the labour needs of countries of origin and destination.”<sup>2</sup>

It is important to note that the IOM definition says nothing about the legal status of labour migrants.

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<sup>1</sup> The economically active population includes all employed and unemployed people aged 15 years and over. Unemployed people include those who are not employed but who are actively looking for a job.

<sup>2</sup> IOM Key Migration Terms, available at <http://www.iom.int/jahia/Jahia/about-migration/key-migration-terms/lang/en>.

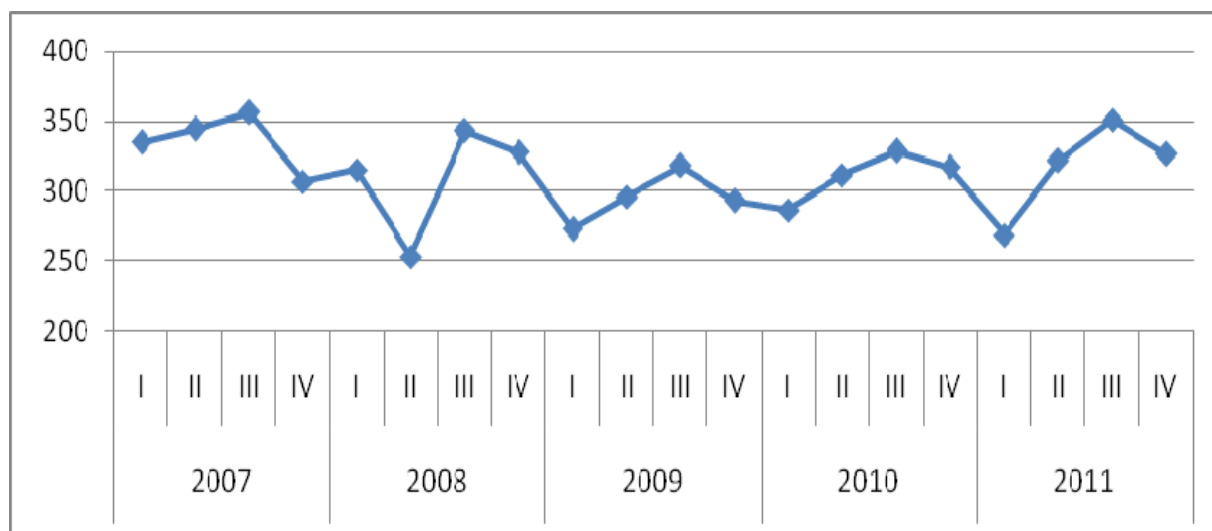
Travelling to Russia – where 63% of Moldovan labour migrants lived in 2010 – is not expensive and there is no need to have a visa to enter the country. Then, according to Russian law, Moldovan citizens can stay legally on the Russian territory for no more than three months and in some conditions for one year.<sup>3</sup> Therefore, all Moldovan labour migrants working in Russia are potentially circular ones, “fluid movement between Moldova and Russia” being affordable. Still, in real life things do not always follow the law. Migrants working in Russia talk about a service offered by employees of railway companies and border police. For a fee<sup>4</sup>, employees of railway companies take migrants’ passports and travel to Moldova and back, delivering them to their owners, with the necessary stamps. In this way migrants avoid exiting Russia every three months<sup>5</sup>, under the risk of losing their jobs (especially during a recession). Bribing police officers and agents of the Federal Migration Service is another way to avoid travelling home every three months. For Moldovans working in Italy access to “fluid movements” is more restrictive: travel costs are higher, plus many migrants stay there illegally. One important factor that has a big impact on promoting the circular migration of Moldovans working in the EU is that many of them regained Romanian citizenship, which allows them to travel freely.

## 2. Size of circular migration

LFS being a continuous, longitudinal, and representative survey, it is possible to obtain some estimates of how many Moldovan migrants are involved in circular migration.

Figure 1 indicates a clear seasonal trend in Moldovan labour emigration.

**Figure 1. Moldovan economically active population living abroad, thousand persons, 2007-2011 (quarter data)**



Source: LFS - Moldova

The easiest way to obtain an estimate of circular migrants is to calculate the difference between the stock of labour migrants in the third quarter (highest during the year) and the stock of labour migrants in the first quarter (the lowest). Following this formula about 43,000 migrants can be counted for 2010.

Unfortunately, this estimate has its limits. First, it does not account for the fact that the stock of migrants abroad includes “first-time migrants”, who should not be counted as circular migrants.

<sup>3</sup> Except for high-skilled workers, who can stay there for up to three years.

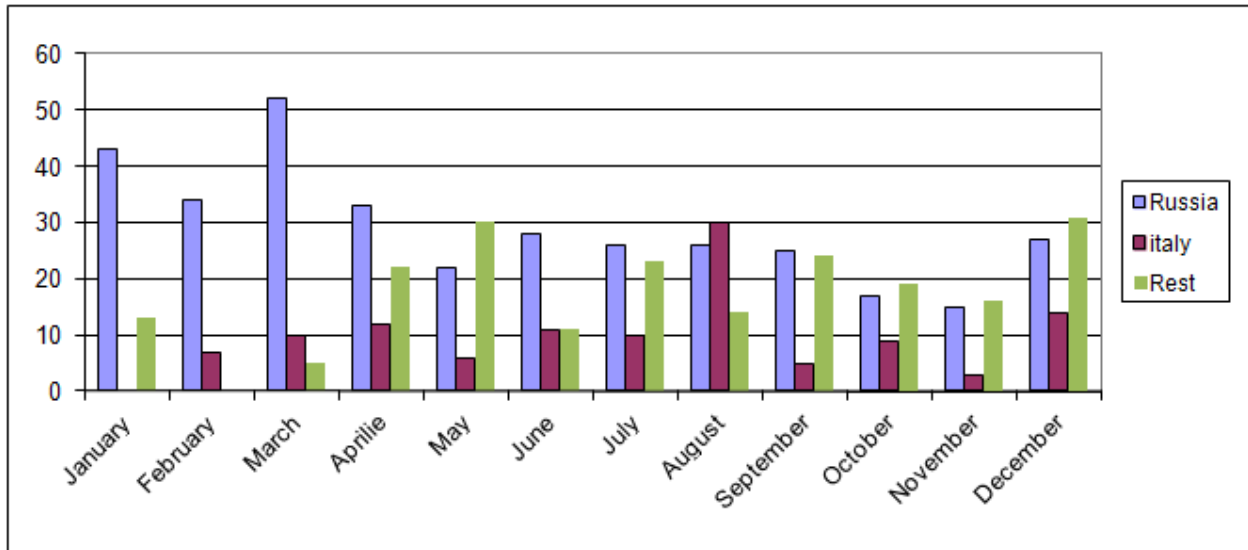
<sup>4</sup> About 4000 Russian rubles (125 USD).

<sup>5</sup> Except for cases when migrants have working permits for three months, that can be renewed up to three times.

Second, in terms of this approach, the number of circular migrants is underestimated as the stock number of migrants staying in Moldova (during short visits) is unknown.

Fortunately, the LFS rotation scheme helps overcome these problems. Using LFS data it is possible to see if a migrant returned to Moldova in three, nine or twelve months after first observation. According to these data, in 2010, the return rate<sup>6</sup> of Moldovan labour migrants was of about 13% after three months, 19% after nine months and 17% after twelve months, with different patterns according to country of destination. (figure 2).

**Figure 2. Moldovan economically active population’s return rate (9 months after the first observation) by country of destination, values in %, 2010 (month data)**



Source: LFS - Moldova

Applying the highest return rate (19%) to the average numbers of labour migrants staying abroad by countries of destination in 2010, gives us: about 18,000 circular migrants in Italy, 101,000 in Russia and 21,000 in another 38 countries<sup>7</sup>. Therefore, there were about 140,000 Moldovan circular migrants in 2010.

As to Russia, we know that usually, Moldovan migrants return home by the end of autumn when many seasonal jobs begin to shut down or become difficult to carry out: construction, agriculture and street commerce. Plus, the autumn is the time when most celebrations take place in Moldova.<sup>8</sup> In addition, as in other post-Soviet states, the celebration of the New Year is very important; so many migrants return in December and stay in January, because of the Russian holidays.<sup>9</sup>

One specific group of circular migrants is that of students participating in Work & Travel programs in the US. They spend four months working abroad: end of May, beginning of September. Though, not all participating students are circular migrants because about 20% of them do not return and they choose to stay illegally in the US.<sup>10</sup>

<sup>6</sup> The return rate is the ratio between the number of return migrants and the average number of migrants living abroad at time t (\*100 individuals).

<sup>7</sup> Mainly Turkey, Ukraine and Romania.

<sup>8</sup> As Moldova has a strong agricultural tradition, the life-cycle is still strongly linked to the seasonal pattern.

<sup>9</sup> Usually, Russians have about two weeks of holidays in January.

<sup>10</sup> Source: US embassy in Chisinau.

### 3. Characteristics of Moldovan circular migrants<sup>11</sup>

It is difficult to say when a person becomes a migrant. It is well known that Moldovans search for work abroad because of the lack of well-paid jobs at home. There are two major groups of migrants: a) those who decide to migrate temporarily when big amounts of money are needed (for current or planned expenditures) and b) those who have plans to spend more time abroad and even settle there.

Migrants from the first group usually go to Russia for seasonal work and become circular migrants. Those from the second group mostly go to the EU and the US. They try to stay there as long as possible even illegally, working and trying to find a way to settle abroad<sup>12</sup>.

On average a circular migrant is aged 35 years: only about 20% are in the 15-24 year bracket. About 66% of circular migrants are men; the share of married migrants is also 66%. Almost 45% of circular migrants have secondary vocational education, 22% secondary lower, 17% secondary and 14% have higher education.

Circular migrants work abroad mainly as craft and related trade workers (46%) and unskilled workers (33%) in construction (58%) and the household sector (15%). About 12% work in the commerce as service, shop and market sales workers.

After returning to Moldova, in 2010, 40% of circular migrants were employed. Among them, 33% were working in commerce, 31% in agriculture, 19% in construction and 17% in public administration and education.

Most circular migrants employed after their return to Moldova were unskilled workers (65%) or qualified agricultural workers (19%) with an informal job (79%).

The main reasons why labour migrants return to Moldova are: vacation (23%), solving problems with documents (18%), family responsibilities (18%) and the end of the working contract/working permit (16%).

### 4. Conclusion and policy recommendations

Circular migration has both positive and negative consequences for Moldova. Circular migrants sent to Moldova 31%<sup>13</sup> of remittances in 2010. By searching for work abroad they reduce the unemployment among men from rural areas. Their constant movement between Moldova and the EU or Russia fuels the transportation sector. For example, the passenger flow through the Chisinau International Airport has increased 3.8 times over the last 10 years, Russia and Italy holding the main share as destinations<sup>14</sup>.

Experience gained abroad by circular migrants is an important factor that shapes the living habits of their family members, staying in Moldova. Almost all major Italian brands are present on the local market, from food to luxury products, imports from Italy increasing on average by 24% yearly, in the last 10 years.

There are programs for supporting returned migrants to start businesses in Moldova, investing their money and skills acquired abroad. For example, the “Pare 1+1” program<sup>15</sup> is addressed to migrants

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<sup>11</sup> Source: LFS-2008, 2<sup>nd</sup> quarter, <http://www.statistica.md/pageview.php?l=en&idc=350&id=2570>

<sup>12</sup> Regaining Romanian citizenship (for those in the EU) or migrating to Canada (for those in the US), for example.

<sup>13</sup> Based on the assumption that circular migrants, on average remit the same amount of money as the rest of migrants, an assumption supported by data of the Labour Migration Survey.

<sup>14</sup> Source: Chisinau International Airport, <http://www.airport.md/passenger-en/>.

<sup>15</sup> The name of the program refers to the idea that for each Leu of remittances invested by migrants, the Government will offer an additional Leu.

and their family members who would like to start/develop their business. The program informs migrants about its advantages, trains them and offers 50% of the money needed to start/develop a business. In 2011 the program assisted 73 projects, offering about 1.1 million USD. Unfortunately, the number of applications is still very low as migrants prefer to return abroad than starting an economic activity at home. Buying apartments or building houses is considered a more secure investment.

One major negative impact of circular migration is that many young people, family members of migrants, receiving remittances and/or having the possibility to work short-time abroad, do not want to work in Moldova because of low wages. This way, the local labour market does not make full use of the potential offered by young Moldovans. The social security system has not enough resources to cover all requests, including migrants' requests, particularly for those who apply for social assistance (e.g. pension) but who have not contributed.

Circular migration has also caused a shortage of skilled workers with secondary vocational education, though in the beginning it solved oversupply problems in this labour sector.

To conclude, circular migration solves some problems in reducing unemployment and poverty, supplying additional labour for seasonal work in Moldova. It reduces the social impact on families left home, but it also creates conditions for serious future structural imbalances.

The Moldovan Government undertakes efforts to make migrants keep their relations with Moldova. It even encourages them to return for good. But the differences in income levels between host countries and Moldova are too large, so these efforts do not have the desired effect.

Expectations are pessimistic. It is assumed that circular migrants will keep in contact with Moldova only while they have family members there. Moreover, integration policies developed in host-countries are expected to speed-up the process of breaking links with the home-country.

Last, but not least: the economic crisis makes circular migration more expensive. Travelling between Moldova and the host-country implies both financial costs and the risk of losing the job.