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THE LABOUR MARKET OF RUSSIA'S KALININGRAD EXCLAVE AMID COVID-19

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The COVID-19 pandemic, which has swept across the globe, is a serious challenge to the Russian labour market. This article examines the consequences of COVID-19 for Russia's Kaliningrad exclave and how its territorially isolated and lockdown-affected small labour market responds to drastic changes in employment, income, and consumption. Another question is how the immigrant-rich labour market will rebalance the supply-demand equation. Official statistics from the regional government and its subordinate bodies show that the Kaliningrad regional labour market has been severely battered by shutdown measures. This particularly applies to organisations operating in the most sensitive industries: manufacturing, hospitality, tourism, estate, transport, and warehousing. The unemployment has gone up, reaching a level above the national average; the number of vacancies is dwindling. Keeping the proportion of out-of-the-region workforce at the usual level may aggravate the situation. Although effective, the measures taken by the regional authorities seem insufficient for an isolated regional labour market.

Keywords:

great lockdown, COVID-19, pandemic, migration, labour market, unemployment, migrant workers, Kaliningrad region, Russia.

Introduction

In the *Great Lockdown*¹ survey, the International Monetary Fund (IMF) gives several definitions of the global crisis brought about by the spread of COVID-19. The fund's experts stress that it is unlike any other crisis. They highlight uncertainty about its duration and intensity as well as the difficulty of producing recommendations on encouraging economic activity and describing the role of

¹ *World Economic Outlook: The great lockdown*, 2020, Washington: International Monetary Fund, 158 p.

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economic policy under current circumstances. The experts believe that the crisis has to be dealt with in two phases — a phase of containment and stabilisation and that of recovery. The IMF expects a partial recovery in 2021, although the level of GDP will remain below the pre-virus trend.²

The current economic downturn, albeit different from previous ones, is another episode in the series of 21st-century crises, which have deeply transformed labour markets across the world and often increased their flexibility. In its turn, a flexible labour market adapts more easily to economic changes, including a growing unemployment rate. It has been demonstrated [1; 2] that the crisis has a diverse effect on the labour market, depending on such characteristics as sex, age, education, citizenship, and the type of employment contract. As it has been shown through the cases of Italy [3] and other OECD countries [4; 5], a highly flexible labour market means a risk of unemployment for young people and less qualified workers — people in the most precarious position as employees. Other ways for the market to adapt to shocks, without causing mass unemployment, are lay-offs and salary delays and non-payments [6; 7]. It has been argued that these consequences contribute to greater social stratification and inequality [8].

Pent-up mobility has sparked off a labour supply crisis, whereas earlier shocks led to a sharp decrease in demand for labour [9]. Lockdowns imposed around the globe have given a boost to the platform economy and short-term contracts, which have become a refuge for foreign low-skilled workers [10; 11]. Moreover, lockdowns are accompanied by the severance of international economic ties rendered impossible by the closure of borders. This blights the prospects of globalisation and opens the path for the return of nation states [12]. In the labour market, the supply shock has expedited the digitalisation of work processes, turned physical migration into virtual, and given advantage to the economies and countries excelling at information and communications technologies³ [10; 13; 14]. The COVID-19 crisis has affected non-manufacturing industries the most, whereas other crises dealt the biggest blow to production [15].

Experts say that the Russian labour market has escaped an explosive rise in unemployment [16—18]. According to the sixth edition of ILO Monitor, this scenario is very much in line with global trends.⁴ The economists from the HSE University Vladimir Gimpelson and Rostislav Kapelyushnikov study a series of surveys looking into the effect that COVID-19 has had on the Russian labour market (the surveys were conducted in May-June 2020). They conclude that the situation was the grimmest in April and May; in June, it started to improve. Gimpelson and

² *World Economic Outlook: The great lockdown*, 2020, Washington: International Monetary Fund, 158 p.

³ *Teleworking during the COVID-19 pandemic and beyond. A practical guide*, 2020, Geneva: ILO, 47 p.. URL: https://www.ilo.org/wcmsp5/groups/public/-ed_protect/-protrav/-travail/documents/publication/wcms_751232.pdf (accessed 13.10.2020).

⁴ *ILO Monitor: COVID-19 and the world of work*, 2020, Sixth edition, Updated estimates and analysis. URL: https://www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/documents/briefingnote/wcms_755910.pdf (accessed 22.09.2020).

Kapelyushinkiov stress that salaries in Russian regions are traditionally a product of the high institutional flexibility of salary setting as well as of administrative and financial barriers to prompt dismissal of employees. Small and micro-enterprises have wider opportunities to discharge workers. Thus, growing unemployment levels are more characteristic of regions where small and micro-businesses account for a significant share of the economy than of those dominated by large companies. The survey shows that the most sensitive industries are industrial production, construction, transport, commerce, and services. Studies analysing official statistics demonstrate the same⁵ [15].

The most resistant to the restrictions were the ICT industry, the public sector, and finance, which have successfully switched to remote working. The changes in the labour market have gone almost unnoticed to agriculture, public and municipal administration, the police, and large organisations.

According to the official Rosstat data, the Russian labour market reacted to the economic changes with a slight decrease in the employment rate from 59.1% in March to 58.3% in August 2020 as the unemployment rate went up from 4.7% to 6.4% and GDP plummeted by 8% at the peak of COVID-19 restriction in April–May 2020. Positive trends emerged later, including an increase in employment.⁶

The closure of borders between the Russian Federation and other countries as well as the suspension of international travel have dramatically affected the rate and structure of migrant labour supply. Earlier studies show that international labour migration often becomes a tool of ‘flexicurity’ policy [19]. At the same time, migrants run a greater risk than locals of being laid off, transferred to a part-time job, or left without wages. Surveys of migrant workers carried out in Russia in April–May 2020 show that from 20% to 65% of the respondents lost their jobs. The biggest drop in employment (40%) took place in the Moscow agglomeration where tough restrictions were imposed earlier than in other regions [20; 21]. Border regions are concerned with unemployed migrants stranded at the border and being unable to go home [20].

Experts have stressed that migrant workers all over the world were ‘taken hostage’ by this situation: most of them have lost their income and cannot return home, whereas seasonal workers cannot reach their destinations [22]. In Russia, the former constitute the most sensitive group, which struggles with two major problems — the absence of income and the expiration of permits. Human rights activists and diasporas voiced their concerns about the situation, and necessary measures were taken.⁷

⁵ *The economic and social consequences of the coronavirus in Russia and the world: an analytical newsletter of the HSE University*, 2020, no. 10. URL: <https://www.hse.ru/mirror/pubs/share/381715657.pdf> (accessed 22.09.2020) (in Russ.).

⁶ Gloomy prediction not confirmed, 2020, *Ogonyok*, no. 33, p. 14 (in Russ.).

⁷ *On temporary measures for regulating the legal standing of foreign nationals and stateless persons in the Russian Federation to counter the spread of the novel coronavirus infection COVID-19*, 2020, decree of the president of the Russian Federation of April 18, 2020, No. 274, accessed via the Consultant Plus computer-assisted legal research system (in Russ.).

Although agriculture, which relies on seasonal workers, has suffered the most from the lack of access to the migrant workforce, construction and the utility sectors (Russians rarely seek employment in these fields) have been affected as well.⁸ The demand for migrant workers has decreased in the service sector (hair salons, cleaning, transport, domestic work, etc.) and hospitality [23]. Some countries (Russian is not one of them), where industries depend crucially on imported labour, have taken measures to support migrant employment [24]. Singapore has waived foreign worker levy; South Korea has extended support measures for small and medium businesses, including tax reliefs, to migrants with work permits. Relief and stimulus measures have been taken in countries where the demand for migrants has considerably increased amid the crisis. This is the case for employees in agriculture, healthcare, and IT in Germany, Italy, the UK, and some other states⁹ [25].

Interregional labour migration is expected to increase when the peak of the pandemic has passed. In Russia, this especially applies to that from remote areas to large economic centres [26].

This article analyses the consequences of the pandemic for the Kaliningrad labour market, in view of the changes in migrant worker recruitment. The first part of the study dwells on the key measures to contain the spread of COVID-19 as well as the support initiatives, especially those that have had the strongest effect on the labour market and migration. These measures and initiatives are divided into consecutive phases. The second part examines major changes in the labour market in the first six months of 2020 and from January to August 2020. Finally, the third part investigates transformations in the rate and structure of internal and international permanent migration and changes in the recruitment of migrant workers in the Kaliningrad region in the first six months of 2020. Finally, conclusions are drawn about the efficiency of steps taken to support the regional labour market and migration; recommendations on how to improve these measures are made.

Conditions and restrictions that have affected the labour market and workforce migration in the Kaliningrad region

The restrictions imposed to contain the spread of COVID-19 in Russia and the socio-economic support measures are easily divided into consecutive phases. *Phase one*, January–March 2020, sought to limit interactions at the outer fringe of the country. To this end, the Russian-Chinese border was closed on 30 January; international visitors arriving in Russia were denied entry from March 18.

⁸ Russia: is the falling number of migrant workers hurting the economy? 2020, *InoSMI.RU*. URL: <https://inosmi.ru/economic/20200720/247779693.html> (accessed 21.09.2020) (in Russ.).

⁹ *International Migration Outlook 2020*, 2020, OECD Publishing, 369 p. Doi: <https://doi.org/10.1787/ec98f531-en>.

The exclave of Kaliningrad has close cooperation with its neighbours, where first COVID-19 cases were registered earlier than in Russia. The territory was one of the first in the country to be faced with restrictive measures. As early as March 16, the region found itself in transport isolation when Poland and Lithuania closed their borders to foreign nationals.

In *phase two* (April–May), the strictest restrictions were gradually imposed. They were accompanied by support for affected industries and the population. On 27 March, international flights were suspended. From 20 April, anyone arriving from abroad had to self-isolate. From 15 March to 15 September, the expiration of migrants' documents (patents, work permits, migrant recruitment permits, temporary and permanent residence permits) was suspended. Migrants were allowed to prolong patents without leaving Russia. A temporary ban was placed on decisions to restrict the rights of migrants and repatriates to stay in Russia.

One of the toughest restrictions was a non-working period from March 30 to May 11. To keep the economy afloat, federal support measures for strategic organisations were taken. A list of major industries and large organisations that had been most severely affected by the pandemic was compiled. These measures included federal cost-recovery subsidies, tax reliefs, loan guarantees, and subsidies for small and medium businesses and community-focused NGOs (there are 237 of the latter registered in the Kaliningrad region). According to the Government of the Kaliningrad region, as of 1 July 2020,¹⁰ 91 community-focused NGOs received subsidies totalling 36m roubles.

From 14 April, local small and medium businesses were receiving regional subsidies of 15,000–100,000 roubles, depending on the organisational type and the number of employees. Kaliningrad residents could get a financial aid of 50,000 roubles to start a business. Subsidises were granted to businesses and individual entrepreneurs with up to 15 employees. Moscow prepared financial measures to support affected organisations: 5–30m rouble loans for manufacturing companies, loan repayment holidays for individual enterprises and small and medium businesses, interest-free loans to pay salaries, tax exemption for some tax-payer categories, and soft loans with an 8.5% interest rate. In the Kaliningrad region, the latter initiative required engaging the funds of the Centre for Business Support at 0.1% for a period from three to six month. From 1 April, the regional local tax deadline was extended for businesses that had to shut down.

The federal relief measures for small and medium businesses, concerning public, municipal, and commercial leases were followed by a regional initiative shifting the first-quarter non-property tax deadline (land lease), as well as the deadline for taxes due from 1 March to 31 May, to 10 October. From 14 April, scheduled state inspections were cancelled, and a six-month moratorium (6 April–6 October) was put on lender-initiated bankruptcy cases.

¹⁰ The register of community-focused NGOs, 2020, *Official website of the Government of the Kaliningrad region*. URL: https://nko39.ru/razdel_nko/reestr.php (accessed 21.10.2020) (in Russ.).

Phase-two social measures supported various categories of citizens. On 15 April, the federal government introduced additional payments for medical staff and social workers. From April to July families with children received additional payments as well. The unemployed were drawing an increased benefit from 12 April to 1 September. On 10 April, the regional authorities announced a lump sum unemployment benefit of 10,000 roubles. People over 65 who neither switched to remote working nor took a leave of absence were eligible to claim incapacity benefit. Loan repayment holidays for private persons were introduced, and a 6.5% mortgage programme was announced for 16 April–1 November.

Phase three, which began in June 2020, saw the lifting of many restrictions and the prolongation of support initiatives. On 1 June, the state border was opened, and international flights to selected countries resumed. But, on 15 June, 14-day self-isolation became obligatory for foreign nationals arriving in Russia for work. As to the economy, restrictions on regional and businesses services were lifted on 7 June. Self-isolation was cancelled for people coming from other Russian regions on 22 June; 1 July saw the resumption of interregional railway services. Restriction removal continued until 1 October. As of the time of writing, the deteriorating situation imposed new restrictions on cafes, restaurants, and indoor playgrounds. The third-phase support measures included additional payments to unemployed parents in June–September and a 15% (instead of 20%) downpayment within the 6.5% subsidised mortgage programme. Economic tools embraced subsidies for measures against COVID-19 taken by small and medium businesses and community-focused NGOs as well as 2% loans for such NGOs and other organisations from June to 1 November 2020.

Changes in migration regulation were as follows. On 25 June, skilled international talent was allowed one-time entry to Russia¹¹; the expiration of work permits, migrant recruitment permits, and patents was resumed on 16 June.

The timeline of responses can be easily tracked based on labour market performance indicator. The extension of unemployment benefits in April 2020 led to a rise in the official unemployment rate.¹² At the same time, to qualify for a 2% loan, a business must have kept all its employees during the pandemic. This qualification helped contain the growth of the unemployment rate. Most support measures were aimed at small and medium organisations that were affected the most by the national COVID-19 response. Surveys show, however, that only one-third of economic entities have applied for support. This can be explained by inaccuracies in the law and the uncertain post-pandemic future of the businesses themselves.¹³

¹¹ Regulation of June 25 No 1671-r. Accessed via the Consultant Plus computer-assisted legal research system.

¹² Gloomy predictions not confirmed: super-unemployment called off, 2020, *Ogonyok*, no, 33, p. 14 (in Russ.).

¹³ Experts from Plekhanov Russian Economic University on the economic impact of the coronavirus, 2020, *Plekhanov Russian Economic University*. URL: <https://www.rea.ru/ru/koronavirus/Pages/koronavirus-experti.aspx> (accessed 25.09.2020) (in Russ.).

Changes in the labour market

Russia's Kaliningrad exclave has been much more affected by the federal and regional COVID-19 response than any other national territory. The region has found itself in a far less secure position. There are several reasons for it. The regional economy relies upon imports and transit of goods and raw materials. Supply and demand imbalances in global markets and closed borders have struck the import-dependent sectors of the regional economy.

The Kaliningrad regional labour market has several distinctive features, which came to the fore as the crisis arose. The first one is its small size. The population of the region was 1012.5 thousand people as of 1 January 2020, the workforce size stood at 535,800, and the number of employed persons at 512,000 people according to 2019 data. The proportion of people employed by or owning small businesses is very high in the region. In 2018, one-fifth of regional workforces, 101,400 people, ran businesses without incorporation as a company. The region's developed service sector accounts for two-thirds of the employed. In the 2000s, manufacturing was rapidly developing — specifically food production, the automotive industry, and shipbuilding. They employ 27,000 people (6% of the working population and 39% of those engaged in manufacturing). As consumption dwindles, borders remain closed, the global situation deteriorates, and internal demand declines, the region's leading industry, automotive, is suffering more than other manufacturing sectors. This circumstance has a detrimental effect on the region's socio-economic performance. Regional statistics show that the production of motor vehicles and full and semi-trailers in January-August 2020 was at 64% of the level of the same period of 2019.¹⁴ Natalya Zubarevich and Sergey Safronov cogently note that regions specialising in car manufacturing, as well as imports and exports, are among the most affected by the measures to contain the pandemic [9].

There are few large companies in the region for targeted training of specialists. This causes imbalances in labour supply and demand. Positions requiring a higher education constitute a sizable proportion in the structure of employment. A sample workforce survey shows that, in the final quarter of 2019, there were 30,700 managers and 135,900 highly skilled specialists among the 518,000 people employed in the region. This means that at least 32.1% of the employed must have a higher education. Since annual employee turnover due to various reasons is estimated at 3%, 5,000 new specialists with a university degree are needed each year. In 2019, only 3,700 students graduated with a bachelor's, specialist or master's degrees from regional universities. Some of the bachelors were admitted to master's programmes. There are projections from other regions that the demand for labour, including people with a university degree, will soon decrease. Thus,

¹⁴ The socio-economic situation of the Kaliningrad region in January-August 2020: a current affairs report, 2020, *The Kaliningrad regional branch of the Federal Service for State Statistics*, Kaliningrad (in Russ.).

the needs of the Kaliningrad economy can be met only by workforce redistribution from other regions. An acute problem is the lack of health professionals of all categories, particularly specialty doctors. The latter are not trained in the region. Medical students have had to join emergency ambulance crews in the fight against the pandemic.¹⁵ There is also a dearth of educators in Kaliningrad. As stated by the regional Ministry for Social Policy, in March 2020, unfilled vacancies for teachers of various disciplines numbered 243. The problems of remote education and the high proportion of people of older ages among teachers resulted in the resignation of over 300 educators at the beginning of academic year 20/21. This was reported by the Minister of Education of the Kaliningrad region Svetlana Truseneva.¹⁶

The territorial isolation of Kaliningrad from mainland Russia and the restrictions aimed to contain the virus were the decisive factors influencing the regional labour market amid the spread of COVID-19. The Kaliningrad labour market was forced into complete isolation, which caused it to slump much worse than those of other Russian regions. Closed borders, as well as the interregional redistribution of discharged workforces rendered impossible, have left participants in the labour market with very options and possibilities to regulate labour relations. Thus, the labour market of the Kaliningrad region has suffered the most serious damage compared to the other regions of Northwestern Russia (Fig. 1). In the first six months of 2020, the demand for labour as reported by employers was 62% below that in the same period the previous years. This decrease was the most dramatic in Russia's Northwest. The region saw a 5.8-fold increase in the number of unemployed registered with employment services and a 9.4-fold growth in the number of unemployed registered with employment services per 100 reported vacancies to reach one of the highest levels in the Northwest.

Analysis of current labour market data for January–August 2020 reveals a steady trend towards an increase in the number of unemployed registered with unemployment services, especially in the summer months. An 8.6-fold increase in the number of unemployed occurred over the same period. The number of vacancies reported by employees fell by one-third, whereas the number of unemployed per vacancy rose 10.3-fold from March to August (Table 1).

¹⁵ 'Thank you, guys, we're going home': Health Minister discloses why 350 Kaliningrad doctors have refused to work with the coronavirus, 2020, *Komsomolskaya Pravda*, 4 May, 2020. URL: <https://www.kaliningrad.kp.ru/daily/27123/4211005/> (accessed 25.09.2020) (in Russ.).

¹⁶ Over 300 teachers quit before new academic year, 2020, *Klops.ru*, August 25, 2020. URL: <https://klops.ru/news/2020—08—25/219133-v-kaliningradskoy-oblasti-nakanune-novogo-uchebnogo-goda-uvolilis-svyshe-300-pedagogov> (accessed 19.09.2020) (in Russ.).

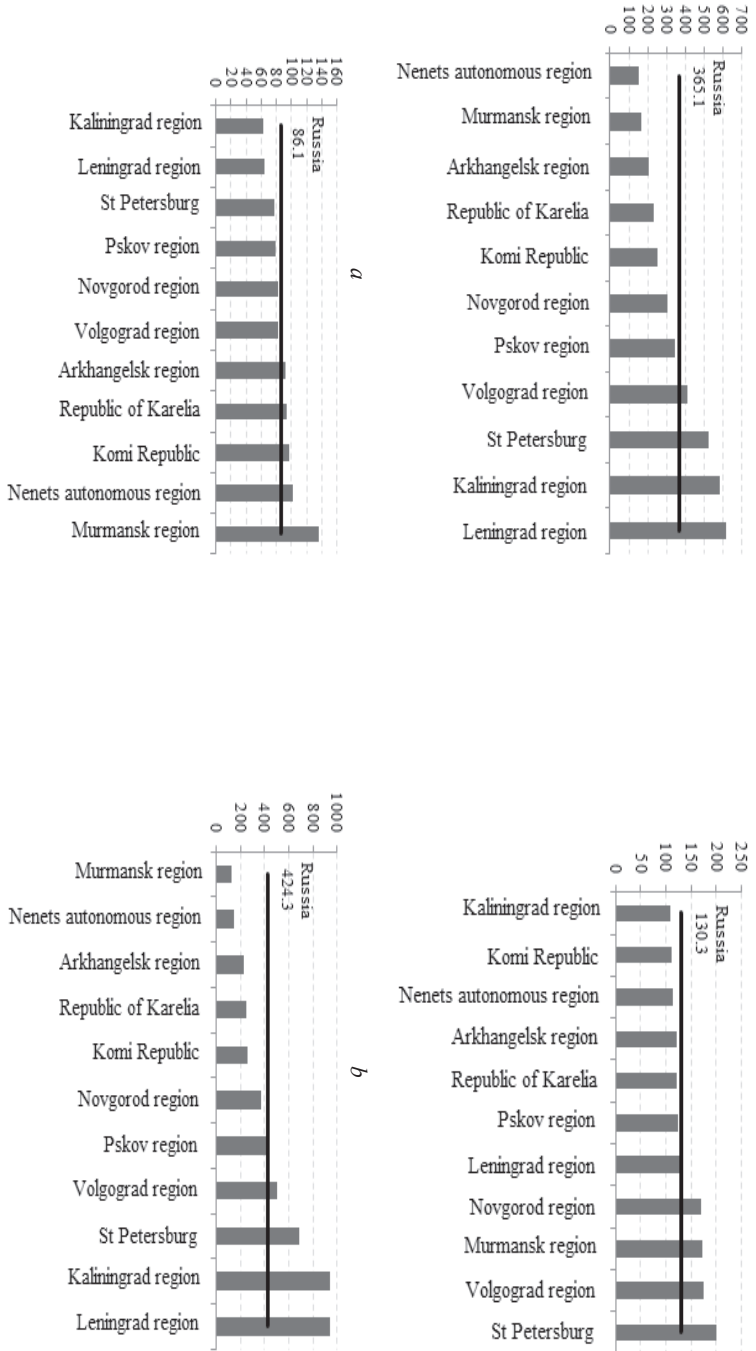


Fig. 1. Labour market indicators in Russia's northwestern regions in January–June 2020, % of the same-period 2019 levels:

a the number of unemployed registered with employment services as of June 2020; b the number of unemployed aged 15 and over; c number of vacancies reported by employers to unemployment services; d the number of unemployed registered with employment services per 100 reported vacancies

Source: prepared by the authors based on Rosstat data

Table 1

**Indicators of the Kaliningrad labour market
in March-August 2019 and 2020, people**

Month	Number of unemployed		Number of unemployed registered with employment services		Reported vacancies		Unemployed people per vacancy	
	2019	2020	2019	2020	2019	2020	2019	2020
March	5200	4937	4558	4222	15590	17800	0.3	0.3
April	5119	16248	4612	13441	16136	17072	0.3	1.0
May	4991	23522	4435	20839	17563	13235	0.3	1.8
June	4985	29132	4417	27095	17151	10639	0.3	2.7
July	5017	34983	4351	32714	17526	10999	0.3	3.2
August	4948	38866	4323	36343	17665	12701	0.3	3.1
August to March, increase/decrease (times)	1.0	7.9	0.9	8.6	1.1	0.7	1.0	10.3

Source: prepared by the authors based on Kaliningradstat data.

The first significant increase in the number of applications to the regional unemployment services happened in mid-April. The situation was under control at the time: the number of vacancies was three times that of applications. It took a turn to the worse in late April and particularly in May. At the end of May, the number of unemployed exceeded that of vacancies by 5,000. The most affected industries were commerce, real estate services, transport and warehousing, hospitality, construction, and tourism. When the lockdown was imposed, there was a continuing demand for labour in manufacturing and healthcare. In the summer months, the number of unemployed was rapidly growing as the demand for labour declined. According to employment services, the more than tenfold rise in the number of unemployed compared to March 2020 was partly accounted for by people who had been jobless for more than a year and those who were looking for work for the first time. It is reasonable to suppose that the economic restrictions have cast light on

off-the-books employment, specifically that in services. The first to be affected, off-the-books workers had to start looking for jobs. The registered unemployment rate was at 3.5% at the end of May, which is 4.4 times that of the same month the previous year. At the end of August 2020, the registered unemployment rate reached 6.8% of regional workforces. Under lockdown, the labour market of Kaliningrad performed very differently from that of an average Russian region. This is very much in line with expert forecasts.¹⁷ The situation did not improve in the summer month, nor did a rapid recovery from the crisis occur. For the population, the most painful consequences were the fall in manufacturing (by 88.6% in January — August 2020 compared to the same period of 2019) and the consumer price growth. Current statistics suggest that, in August 2020, food prices were 4% above those at the beginning of the year (in 2019, the price increased by 0.1%) over the same period. In January — August 2020, the prices of non-food items rose by 3.1%, compared to 1.6% in 2019. Although statistics on employee turnover¹⁸ do not demonstrate an overall reduction in employment in July 2020 on the same period of 2019 (100.6%), some industries suffered a precipitous decline. Among them are real estate services (88.6%), manufacturing (94.6%), services (95.8%), hospitality (95.8%), and commerce (99.2%). As stated by Kaliningradstat, the number of employees grew in administration and related services (119.6%), IT and communications (106.2%), and mining (106.1%).

The regional labour market reacted to the downturn in the economy and the pandemic-related restriction as early as the second quarter of 2020: the number of people dismissed from companies and organisations (small businesses were not considered) exceeded that of new hires by 3,600 people.

Figure 2 shows the balance between recruited and leaving employees as a percentage of the average number of employees in the second quarter of 2020 in Russia and the Kaliningrad region. The list of industries that accounted for most layoffs is very similar to that across Russia. Some regional industries, however, had dismissal rates well above the national average. These are real estate services, education, manufacturing, and transport and warehousing. The proportion of discharges was the highest in real estate services, which had a large number of surplus employees. Lockdown spurred redundancy in the industry.

¹⁷ Gloomy predictions not confirmed: super-unemployment called off, 2020, *Ogonyok*, no. 33, p. 14 (in Russ.).

¹⁸ I.e. the number of replacements in organisations; regular employees, part-time employees, and independent contractors are taken into account.

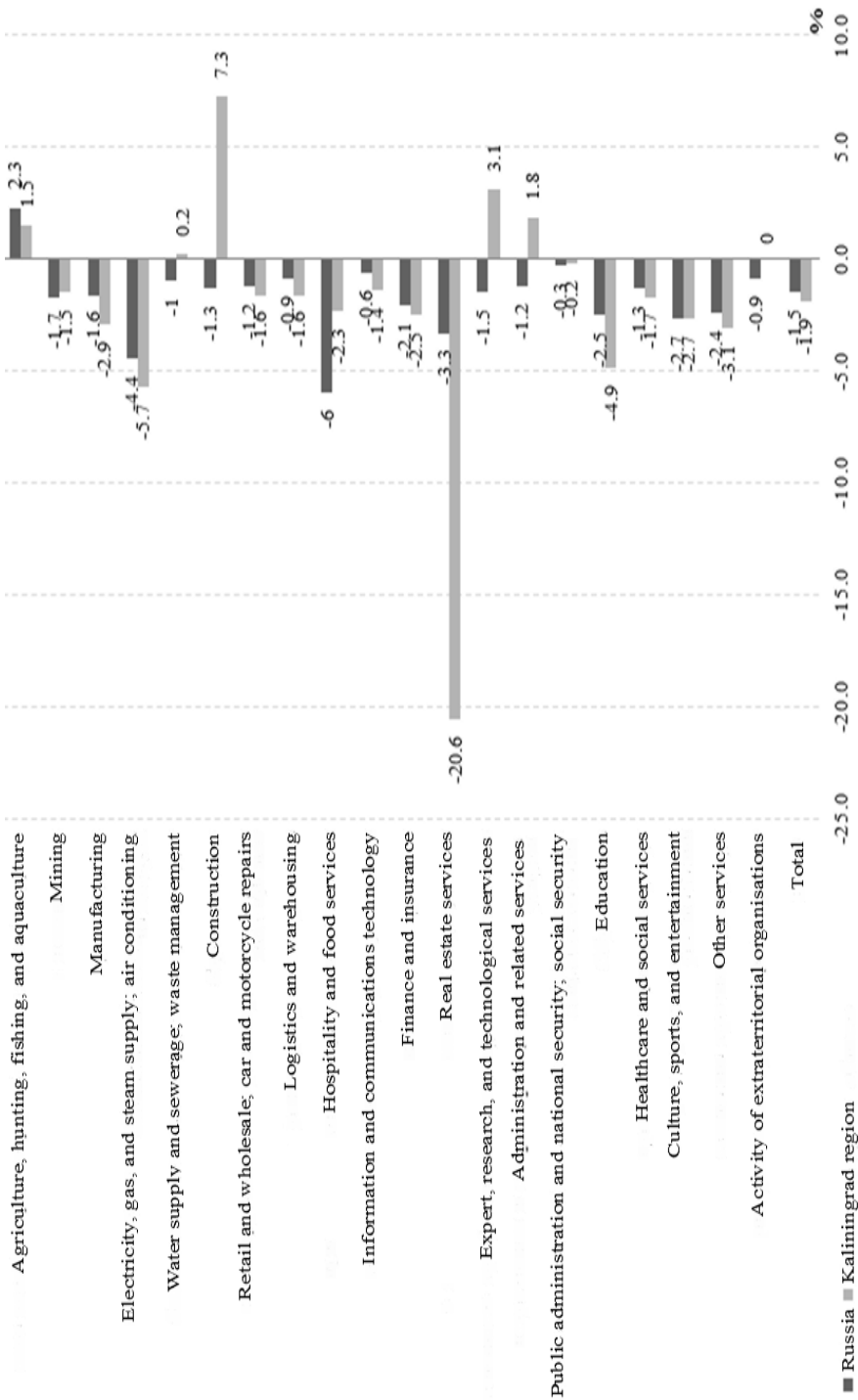


Fig. 2. Balance between recruited and leaving employees of organisations (small businesses are not included), % of the average number of employees in the second quarter of 2020 in Russia and the Kaliningrad region

The lack of teachers and healthcare professionals became even more acute during the crisis. The rate of discharges was above the average across the country in commerce, electricity, gas, and steam supply, air conditioning, IT and communications, finance and insurance, and some other service industries. Workforces, however, redistributed among industries. The employee growth rate went up in construction, agriculture, forestry, fishing, aquaculture, administration, and expert, research and technological services.

The measures to prevent mass dismissals and keep salaries in check were not very effective. This is confirmed by the analysis carried out by the Centre for Labour Market Research at the HSE University in June 2020. The findings suggest that, as the lockdown was imposed, almost 10% of Russians who had been employed before the quarantine lost their jobs.¹⁹

Labour migration

The *permanent international migration rate* was declining from February 2020 compared to the same period of 2019 (Table 2). A reduction was observed in exchange with Uzbekistan, India, and Poland: a shift from positive net migration to negative took place. As to other countries that traditionally contribute to the migration increase in the region — Kazakhstan, Kyrgyzstan, Ukraine, and Belarus, the positive net migration rate dropped by 45—75%.

On the contrary, the *interregional migration rate* increased by 17% in the first seven months of 2020 on the same period the previous year. This was a result of a reduction in the number of internal emigrants by 12% because of lockdown, while the number of immigrants remained almost unchanged. This is indicative of the recent trend towards growing migration exchange with mainland Russia. A positive, albeit not decisive, role in this trend is played by ‘Increasing the mobility of labour resources’ — the subprogram of the Kaliningrad region state program ‘Social support for the population of the Kaliningrad region’ (resolution of the Government of the Kaliningrad region of 18 November 2018 No. 848). The initiative provides reimbursement of moving-related expenses and housing subsidies. It is aimed to attract to the region specialists in IT and communications, engineering, pharmaceutical and medical manufacturing, shipbuilding, car manufacturing, ra-

¹⁹ *Teleworking during the COVID-19 pandemic and beyond. A practical guide*, 2020, Geneva, ILO. 47 p.. URL: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_751232.pdf (accessed 13.10.2020).

Table 2

Current data on immigrants, emigrants, and net migration in the Kaliningrad region in January–June 2020

Direction of migration	Immigrants, people		Emigrants, people		Net migration, people		Replacement migration, %*		Net migration, 2020, % of 2019						
	2019	2020	2019	2020	2019	2020	2019	2020	January	January – February	January – March	January – April	January – May	January – July	
		January – July	January – July	January – July	January – July	January – July	January – July	January – July	January – July	–	–	–	–	–	–
Intraregional	12149	10084	12149	10084	0	0	–	–	–	–	–	–	–	–	–
Interregional	10132	10043	6230	5494	3902	4549	225.7	248.6	189.2	154.8	154.2	122.1	108.1	124.2	116.6
International	6757	4933	2979	3701	3778	1232	218.5	67.3	111.6	83.4	54.9	31.1	27.3	28.2	32.6

Comment: * a ratio of net migration to natural decline (absolute values), %.

Source: calculated based on Rosstat and Kaliningradstat data.

dio-electronics, agriculture, and expert, research and technological services. In 2020—2021, six regional employers are participating in the programme to recruit 150 employees over two years.

In 2020, the structure of migration increase is very likely to change. Interregional migration will have a paramount role in offsetting the population decline. This type of migration accounted for half of the migration increase in January-June 2019 and 79% in 2020.

Although the age structure of immigrants is mostly advantageous to the Kaliningrad region, the stabilisation of the working-age population in 2011—2019 is still not observed [22]. Travel restrictions imposed as part of the COVID-19 response will most probably result in a drastic reduction in workforces and an even more acute labour shortage. During the pandemic, this process was aggravated by a decrease in intraregional migration (between municipalities) by 17% in January–July 2020 on the same period of 2019. The most considerable reduction occurred when the severest restrictions were in effect — in April (20%) and May (23%).

Negative changes in *temporary labour migration* also took place in the second quarter of 2020. In January–March 2020, there was no substantial drop in the number of temporary workers. On the contrary, it increased both in the Kaliningrad region (136%) and nationwide (121%). Yet in April–June 2020, this figure went down. This is explained by the fact that most migrant workers in the region originate from countries that have a visa-free arrangement with Russia. The travel restrictions were extended to these states only in the second half of March. The Kaliningrad region saw a less substantial reduction than most Russian regions did: the region's figures were comparable to those of 2018, being at 70% of April–June 2019 (Fig. 3).

Currently, there are about 13,000 migrant workers in the region. Nine out of ten migrant workers in the Kaliningrad region come from Uzbekistan. Others are citizens of Tajikistan, Azerbaijan, Ukraine, and Moldova. Most temporary migrants have primary or secondary vocational education and do manual labour. Demand for these workforces is explained by both the lack of skilled workers among the local population (corresponding training programmes were axed in the 1990s) and the reluctance of local specialists to accept the available offers (usually with low wages) [27].

Because the number of Kaliningrad residents leaving the region in search of employment decreased in the first six months of 2020 compared to 2019, net temporary labour migration rate remained positive, at 1,000 people. Kaliningradstat data show that, in 2019, 10,900 people left the region for other countries, pursuing work. Most of them are specialists in marine fishing

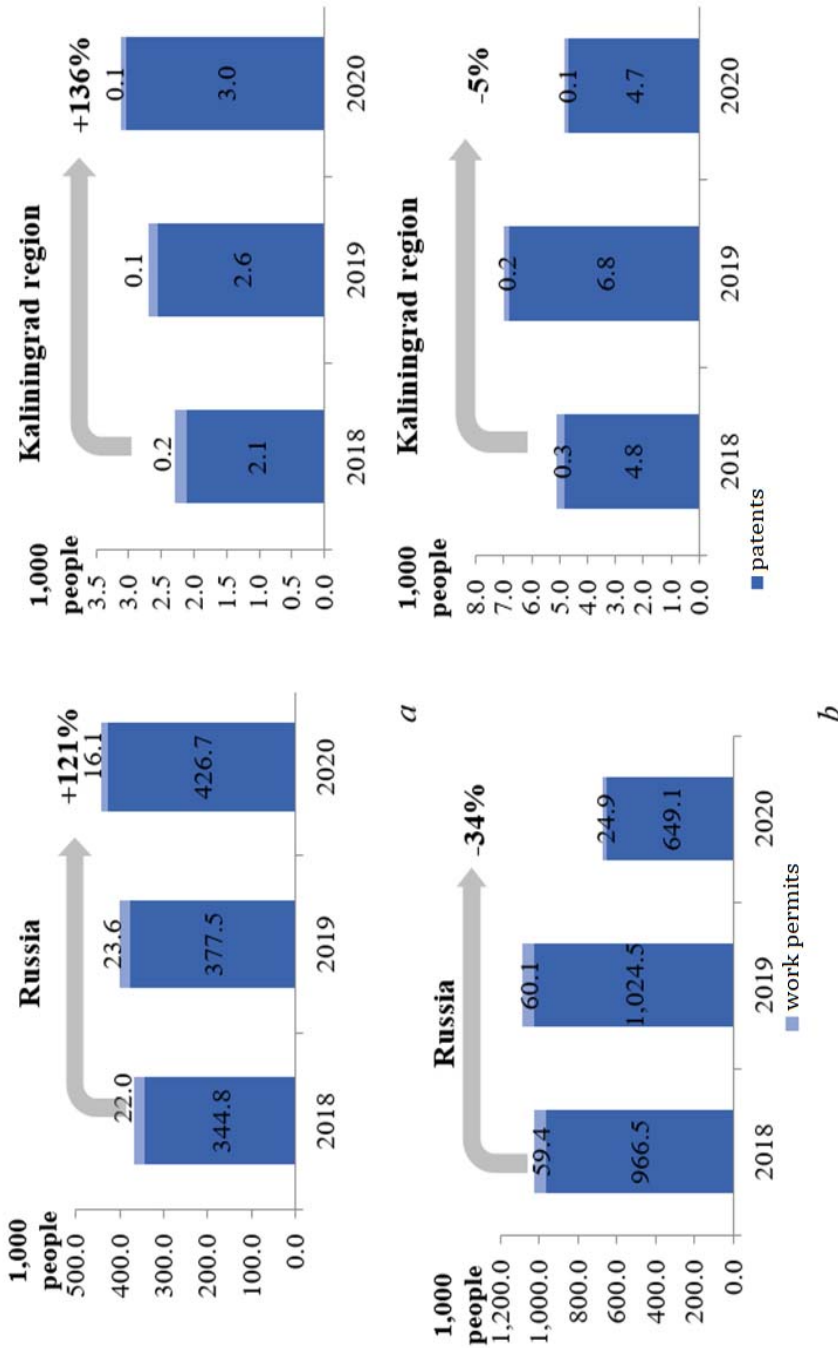


Fig. 3. Current data on the number of migrant workers in the Kaliningrad region and Russia in the first six months of 2018-2020: a — January–March, b — January–June

Source: prepared by the authors based on Rosstat data.

and seafaring, and the region has low demand for such specialists in current conditions [27]. The lack of recent data precludes an evaluation of the dynamics of labour migration from other Russian regions. According to the latest information from Kaliningradstat, Russian temporary labour migrants are replacing international migrants in the same positions. This was a goal of regional policy.²⁰

Travel restrictions have a devastating effect on ties between the exclave region and its neighbouring countries. These connections have federal significance — the Kaliningrad region accounts for 19% of gross permanent migration between Russia and Lithuania and 13% of that between Russian and Poland (although their volume is not high) [28]. Temporary cross-border migration flows are explained in most cases by economic, cultural, and recreational reasons. Data on the crossings of the Russian-Polish state border show that, in the first quarter of 2020, they decreased by 14% on the same period of 2019. Over the first six months, the decline was as sharp as 60%.²¹

Conclusions and recommendations

The federal support measures for major organisations, the population, and vital social spheres, primarily healthcare, have been mostly successful in Russia. The reduction in employment has slowed down, mass lay-offs have been prevented, and the most vulnerable groups have received aid. The above analysis demonstrated that the lockdown crisis had affected some Russian regions more than others. The Kaliningrad region found itself in a disadvantaged position because of its exclave economic and geographical situation and the local peculiarities of labour supply and demand. This study showed that the measures taken by the regional authorities simultaneously with the federal response had been prompt and efficient at first. Still, they were insufficient to compensate for the isolation of the regional labour market from the national one.

²⁰ On the Social Support for the Population national programme for the Kaliningrad region, 2020, *resolution of the Government of the Kaliningrad region* of 18 November 2013 No. 848, accessed via the Consultant Plus computer-assisted legal research system (in Russ.).

²¹ Statystyki Straz Graniczna, 2020, *Komenda Główna Straz Granicznej*. URL: <https://www.strazgraniczna.pl/pl/granica/statystyki-sg/2206>, Statystyki-SG.html (accessed 27.08.2020).

In the Kaliningrad region, the crisis arose later and has been more prolonged than on average across the country. Among the specific regional features are growing structural unemployment, falling household incomes, and rampant inflation. The region's high proportion of small and medium businesses has become the undoing of the local labour market. The effectiveness of measures to support small and medium businesses has been low. This points to a rudimentary knowledge of how these organisations respond to crises, poorly thought-out solutions, and insufficient awareness of support measures among businesses.

The 'self-isolated' small labour market of the Kaliningrad region has few opportunities for the redistribution of workforces among industries. A reduction in employment has affected not only commerce and services but also manufacturing. The study confirmed earlier findings that the regional employment structure, which is susceptible to crises, requires economic restructuring, particularly a decrease in the proportion of the population employed in services, especially commerce. Another solution is the creation of jobs in new manufacturing areas, at high value-added companies, and in innovative and community-focused service industries. It is important to use financial and economic mechanisms to regulate the labour market, for instance, by stimulating investment in the regional economy from large and medium businesses as well as by replacing migrant workers with new technology. All this will diversify the regional economy and make it more complex.

Among the consequences of the 'covidisation' of the regional labour market are the resignations of teachers and healthcare professionals — professionals that have long been in demand in Kaliningrad. This makes it necessary to revisit the range of educational programmes available in the region. The ongoing digitalisation of the labour market necessitates the development of digital skills.

The growing role of interregional migration in offsetting natural decline and a reduction in local workforce call for the expansion and better funding of programmes aimed at recruiting specialists from across Russia to fill permanent positions in the region. As the Minister of Labour and Social Protection of Russia Anton Kotyakov has emphasised, there is also a need for raising interregional awareness of new vacancies.²² It seems that relocation will benefit the regional labour market much more than temporary labour

²² Kotyakov: the unemployed should be offered jobs in other regions, 2020, *Rossiyskaya gazeta*, 31 August, 2020. URL: <https://rg.ru/2020/08/31/kotiakov-bezrabotnym-nado-predlagat-takzhe-vakansii-v-drugih-regionah.html> (accessed 19.09.2020) (in Russ.).

migration since the region's net temporary labour migration rate is still negative. Moreover, tools for temporary recruiting discharged employees from other Russian regions may prove ineffective in the exclave of Kaliningrad because of the enormous expenses incurred when travelling across the borders. These tools are likely to increase the number of emigrants looking for temporary jobs elsewhere in Russia.

The key to solving this problem are best practices of employment stimulation and labour migration management in foreign countries. For example, when facing a shortage of nurses and caretakers, the region is recommended to relax applicable administrative regulations and even temporarily freeze the patent systems.

The crisis-induced spread of digital and platform employment, which is accompanied by virtual high-skilled migration, demands a legal framework based on comprehensive studies and international best practices.

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