

## The Demographic Challenges of Russia's Arctic

By Marlene Laruelle, Washington

### Abstract:

As Russia seeks to develop its arctic regions economically, it must address its broader demographic challenges. In particular, greater resource extraction in the arctic will lead to an influx of migrants, mainly Central Asians and Chinese. Such population shifts will challenge key aspects of Russia's current identity.

### Two Arctics

As it tries to shape the economic development of its Arctic regions, Moscow must address larger trends affecting the country, such as the population crisis and challenges to the way the central government manages its far flung provinces. Russia is currently the only country in the world to be undergoing a dramatic demographic crisis in peace time—the population dropped from 148.5 million in 1992 to 141 million in 2009. It is the only developed country that is desperately short of educated personnel despite extensive inbound migration flows. How is it possible to exploit subsoil riches when the majority of Arctic regions are depopulating? Where is the labor force, required for everything from handling construction tasks to managing complex technological processes, going to come from? How will Moscow reshape the human geography of a country in the process of economic and cultural fragmentation?

In contrast to the other Arctic countries, for Russia the major population issue in the North does not pertain to indigenous groups, but instead to the Russian population (which also includes numerous Ukrainians and Belarusians): more than 80% of Russia's Arctic population is European and urban. The collapse of the centralized Soviet system has had an immense impact on the Arctic settlements. Between 1989 and 2006, one out of every six people emigrated from the Arctic. Between the censuses of 1989 and 2002, the regions of Magadan and Chukotka lost more than 50 percent of their populations, the Taimyr autonomous district 30 percent, Nenets 25 percent, and even the Murmansk region, despite being much better endowed, lost more than 20 percent. Yakutia has escaped relatively untouched with a depopulation of only 12 percent. The reduction of federal salaries, which once offered bonuses sometimes as high as 250 percent of the base salary for spending five years in the High North, accelerated the departures. The absence of work prospects, few opportunities for the children, the exorbitant prices of basic goods, the chronic shortage of heating, gas, and electricity, and the poor links with the rest of the country have pushed millions of Russians to relocate from the arctic since the fall of the Soviet Union.

Examining things on the micro scale, however, makes it possible to trace more subtle trends. All the

towns linked to hydrocarbon or mineral extraction had positive migration rates during the 2000s. As such, the Yamalo-Nenets autonomous district registered positive figures, with a population increase of 4 percent, largely due to the natural gas boom. Migrations between Arctic regions have also been considerable. Small towns or rural settlements have been abandoned and the inhabitants have moved to larger towns, able to provide a greater range of services. Ghost towns have grown in number, creating pockets of poverty in which the populations, dependent mainly on barter trade, do not have enough revenues to migrate. In the second half of the 2000s, the migration figures steadied somewhat, even if the region remains one of Russia's most "in motion," with young generations seeking better educational or professional opportunities and ready to move if necessary to pursue them. In cooperation with the World Bank, the Russian government organized resettlements to some more southern towns for Chukotka's non-working populations, however the logistical success has been limited and resettlers have experienced difficulties adapting. Indeed place-specific social capital is not easy to rebuild and many people refused to leave the region where they have built their lives despite the deterioration in living conditions.

Given these dynamics, it is necessary to distinguish between two Arctics: regions in crisis that have a declining Russian population and in which Russians and indigenous populations live in difficult social conditions; and regions in full economic boom whose populations are more educated, younger, more prone to migrate, and with more foreign migrants.

As shown in Timothy Heleniak's works, migrations in the Arctic zones are much more about labor market turnover than a one-way exodus. Indeed the development prospects for the Arctic presume a labor force that, in view of the country's negative demographic dynamics, is lacking today. The average age in Russia will go from its 2005 figure of 40 years to 46 years by 2030, which is a mere 15 years less than male life expectancy and 10–15 years less than the legal retirement age (55 years for women and 60 for men). This demographic situation impacts directly on the workforce. A study conducted by the Russian Regional Policy Institute revealed

that by 2020, the country is expected to create 7 million new jobs thanks to the industrial projects underway, but it will lose a million working-age individuals per year. The rate of replacement of Soviet generations entering retirement is thus by no means guaranteed, threatening the creation of new jobs.

### Migration Inflows and Outflows

Although the figures on migration are difficult to collect and interpret, all the experts agree that Russia has become the second-largest receiving country of migrants in the world, after the United States. According to Russian statistics, between 1992 and 2006 3.1 million persons emigrated from Russia and 7.4 million immigrated there, giving the country an increase of 4.3 million inhabitants. UNDP and Census Bureau figures are higher and, depending on the calculations used, Russian statistics show a migration increase of about 6 million people in the first fifteen years after the Soviet Union's collapse. The majority of Russian emigrants left for Western Europe, Israel, Canada and the United States, while the majority of immigrants came from among the 25 million Russians of the Near Abroad who left their republics to settle in Russia.

However, the prevailing pattern of "repatriation" or "ethnic return" of Russians in the 1990s changed in the 2000s: fewer ethnic Russians from the Near Abroad immigrated, while the number of post-Soviet citizens belonging to the titular nationalities increased. Estimates vary from 5 to 15 million persons, but a range between 7 and 10 million seems most likely. The majority of these migrants are from Central Asia (Tajikistan, Uzbekistan, and Kyrgyzstan) and the Caucasus (mainly Azeris), speak Russian more or less well, and organize their migration through family and regional networks. Migrants from other countries require a visa to enter the country: the Chinese in particular (but also the Vietnamese), who reportedly number about half a million, and are for the most part situated in the Far East.

Today the Russian Arctic is experiencing a double pattern of massive net in-migration from foreign countries and net out-migration to the rest of Russia. The oil and gas regions of Tiumen and Khanty-Mantsy have become privileged destinations for Central Asian migrants, in particular the Tajiks and Uzbeks seeking employment on extraction and construction sites. Already at the start of the 2000s, half the workers on some construction sites in the Far East were foreigners, as were from 70 to 90 percent of salaried workers in the Tyumen region. Russia's thirst for labor is only going to increase. Developing the Yamal megaproject, for instance, will require about 50,000 workers. There are reportedly already close to 20,000 foreigners work-

ing there on infrastructure construction sites. The state nuclear agency Rosatom has been criticized for employing illegal migrants in its nuclear power plants, for not only do these migrants work in unsafe conditions for low salaries, but are untrained and so threaten the safety of the plants. Lastly, the city of Norilsk reportedly has a population of 50,000 migrants, mainly from Azerbaijan, Dagestan, and Central Asia. The Arctic's difficult working conditions, and in particular the increase of shift-work (short-term rotations spent on extraction sites while living at a base city), will necessitate the use of migrants—undemanding populations that come for the financial incentives on offer and not for the quality of life.

Russia also lacks qualified labor. The country combines two contradictory patterns: a high level of schooling, but a low level of human capital. It is the only country in the world where the population has a high percentage of college graduates, but low levels of GDP per capita, declining labor productivity, few new patents, and weak "social capital" (participation in voluntary associations, trust in society, subjective well-being, and strong levels of self-assessed personal control over one's own life). In 2009, a group of top businessmen led by Severstal Group CEO Aleksey Mordashov launched an appeal to President Medvedev requesting more skilled workers. According to their surveys, 54 percent of Russian CEOs view staff shortages as the biggest impediment to growth. This tendency will only intensify when large deposits such as Shtokman and Yamal are under production, and it thwarts the development potential of the Arctic regions, which necessitate advanced technologies and highly specialized know-how.

The large Russian industrial projects of the years to come will require a highly-skilled population. These people could come from Ukraine, where there is high unemployment among graduates, especially in engineering sectors; Azerbaijan, where the oil-related professions have been developed for a long time; or the "Far Abroad," that is, Asia or the Middle East. The arrival of graduate engineers from Central Asia is unlikely, since there are few of them and when they emigrate, they target neighboring Kazakhstan because it is closer geographically and culturally. The competition between Moscow and Astana to harness Central Asian graduate labor will continue to grow in the coming decade.

### Policy Changes Needed

In 2010, Moscow relaxed migration requirements for CIS countries, which are the main providers of migrants, but this alone will not be enough to fulfill the needs of the economy. Large Russian companies, for their part, have begun lobbying in favor of a pro-active migration

intake policy, while keeping a low profile on the topic to avoid arousing xenophobic tendencies within Russian society. In any case, a favorable migration policy for CIS countries will not be enough to compensate for the shortages of cadres, as such migrants are mainly unskilled. In coming years the Russian economy will require a targeted policy, as in Canada and Australia, of enticing graduates from Asia, the Middle East, or maybe Central and Southern Europe, with attractive living conditions and salaries. The need to adopt policies aimed at training engineers and management staff at Russian universities is also making itself felt in the growing urgency of offsetting the departure of older workers educated during the Soviet era.

Within the country's demographic trajectory, it remains difficult to determine the long-term role that migratory populations will play, particularly their ability to permanently settle in Russia. If the Arctic extraction and shipping projects become reality, they will draw labor into previously sparsely populated areas. Voluntary migration in response to demand is less destabilizing than uncontrolled large-scale shifts in population, but it will drastically change the ethnic composition in urban areas. Although, for the moment, a large share of the migrants either wish to stay in Russia only for a few years, in order to build up enough capital to return home, or to adopt seasonal strategies (working from March to November), the European and U.S. patterns show that a large share of the migrants eventually settle in the host country and build their lives in it. These migrants are therefore destined to form a growing share of the Russian population, and indeed of its work force.

#### *About the author*

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#### *Suggested Reading*

Timothy Heleniak, "Changing Settlement Patterns across the Russian North at the Turn of the Millennium," in M. Tykkyläinen, and V. Rautio (eds.), *Russia's Northern Regions on the Edge: Communities, Industries and Populations from Murmansk to Magadan* (Helsinki: Aleksanteri Institute, 2008), pp. 25–52.

### **Polar Islam**

The best symbol of these changes is Norilsk's Nurd Kamal Mosque, the northernmost Muslim house of worship in the world which was inaugurated in 1998 for the town's growing Muslim community. Given that the numbers of indigenous peoples and ethnic Russians are shrinking in the north, the future of Arctic Russia is probably that of a "Polar Islam." It can also be supposed that Chinese migrants already based in the Far East might be looking to settle further to the north. Two migration spurts, one of Chinese and another of Central Asians, might thus enter into competition with one another. This is already the case in the large towns of the Far East, where Central Asians have taken over construction sites once worked by Chinese in recent years. The capacity of Russian society to reformulate its identity and to build a new citizenry is therefore going to be crucial. If Russia's Arctic develops economically, it would mean a rapid increase in Russia's Muslim and Central Asian population, an identity dilemma that Moscow is currently unable to resolve.

The famous "modernization challenge" evoked by Dmitry Medvedev is therefore at play here. Stuck in an unprecedented demographic crisis, which has a decisive impact on Russia's workforce, particularly the educated workforce, Russia cannot envision an Arctic future without a major migratory policy based on an American or Canadian model. But implementing such a policy presumes that the Kremlin keeps the lid on the Pandora's box of Russian nationalism and takes up the fight against rising xenophobia.