

The Role of the European Union in Socio-economic Integration of Immigrants Residing in Azerbaijan: Current Problems, Tendencies, and Perspectives

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The chosen study mainly concerns on the migration issue, which has become a phenomenon in the European Union's political economy in the contemporary era, within the recent years, which identifies the role of migrants in Azerbaijani labor market and other areas of economic integration involving the current trends, challenges, and perspectives in the political or socio-economic fields. The long-brewing Civil War in Syria created a large-scale trajectory of migrants, resulting in a massive influx of refugees from Turkey to Greece and then to Germany. Recently, the issue of migration is now transforming into a phenomenon among the member states of the European Union prompting them to take immediate action and make crucial decisions in the country's political economy. As a result, modern migration can play a pivotal role both for the EU and for Azerbaijan in the direction of flow of people, capital and services, remittances, improving socio-economic well-being and the cheap labor force in the international labor market. The key criterion of the study is to identify specific ways in which persons or migrants who are involved in the migration process can be able to also contribute to the sustainable economic development of the region by positively influencing IDPs on the local population, labor market activities, and overall political and economic activity. The main idea behind the research is to investigate the economic integration of immigrants in Azerbaijan through its original theoretical and empirical study of migration that plays an important role in the EU's political economy. The research aims to better regulate labor migration processes in Azerbaijan with the help of the European Union and to optimize the impact on labor productivity in the country by providing economic integration of migrants in the local labor market. The main focus of this study is to identify the role of the European Union in the economic integration of immigrants in Azerbaijan, the legal migration and migration process, based on the Joint Declaration on Resettlement Partnership launched between the EU and Azerbaijan.

Keywords: European Union, Azerbaijan, labor migration, immigrants, political economy, local labor market

Introduction

At present, Azerbaijan considers the establishment and strengthening of cooperation with the European Union in both energy and socio-economic spheres as one of the priorities of its foreign policy. It should be noted that since 1991, the EU has allocated about 333 million euros for Azerbaijan within the framework of

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various humanitarian and technical projects, as well as food and emergency support ones. In recent years, there have been major shifts in the migration policy of Azerbaijan, confirming economic development and the economic integration of migrants, among which the inclusion of migration legislation in the Unified Migration Code of the country is particularly considered important. Recently, the number of short-term migrants to Azerbaijan has been increasing, with 54,000 temporary residence permits issued in 2015 and 48,500 in 2016, and the vast majority of whom are citizens of Turkey, Russia, and Georgia. However, to apply for the permanent residence permit requires a temporary living permit in the country for at least two years. In 2016, at least 15,100 people immigrated to Azerbaijan and more than 3,200 permanent residence permits were issued for them (see Appendix 1).

Azerbaijan is currently taking appropriate measures and decisions based on the Joint Declaration on Partnership with the European Union (MOBILAZE) to ensure transparent and efficient organization of migration, in particular, labor migration. The project called MOBILAZE aims to support the implementation of the Mobility Partnership Program between the European Union and Azerbaijan, with a special focus on strengthening the country's capacity to effectively develop and implement the government's national migration policy. The project is being implemented by the International Center for Migration Policy Development (ICMPD) with nine executive partners from seven EU member states, namely Bulgaria, the Czech Republic, Latvia, Lithuania, the Netherlands, Poland, and Slovakia. Azerbaijan started implementing this project on January 15, 2016. The five-component project mainly encompasses the development of analytical skills to formulate an informed migration policy, legal migration to Azerbaijan and other countries, document security, asylum decision-making procedures, return, and reintegration (International Centre for Migration Policy Development [ICMPD], 2016). The importance of this program transparently implemented by the EU to boost up the integration of migrants in the socio-economic life of the country and the enforcement of economic activities in the local labor market should have to be emphasized. Recently, migration policy and its direct impact on economic life have been identified as a topical issue in the country.

Relevancy of the Study

The main objective of the research is the provision of the economic integration of migrants in the labor market of Azerbaijan through the engagement of the EU. Therefore, the study content is to determine the role of the European Union in the economic integration of immigrants in Azerbaijan, to achieve the proper development of legal migration and labor migration. The study is characterized as a kind of new research topic in recent years, based on the processes of economic integration and labor migration of foreign migrants in the local labor market of Azerbaijan. The research provides new points for the organization of effective economic integration of foreign migrants in the Azerbaijani labor market and the correct and transparent organization of labor migration for the development of the country's economy and in-depth analysis of possible trends, current problems, and prospects. The main object of the study is a project to support the development of migration processes applied by the European Union to Azerbaijan. The study cited the MOBILAZE support project and the International Center for Migration Development, funded by the State Migration Service and the European Union. As a result of the Syrian Civil War and the refugee crisis that followed the Arab Spring of 2011, the EU's migration policy has been re-examined by many European and even local political researchers, interlocutors, and economists. However, from the point of view of Azerbaijan, the chosen study has not been fully studied before and in this respect, can be characterized as incomplete. In recent years, a sharp influx of migrants to

Azerbaijan has been observed both in terms of education and work, and at the same time, the government agencies impose a number of obligations on educational institutions for the transparent organization of migration.

Discussion and Analysis

Nowadays, the European model can be successfully noted in the migration policy and the regulation of migration issues. The main criterion of the mentioned model for the admission of immigrants is the recruitment of qualified and educated foreign personnel to be successfully assimilated with locals in the region. From this point of view, Azerbaijan should take appropriate steps and implement an action plan to attract qualified and educated personnel to the labor market, which can play a crucial role in the development of the country's economy. At the same time, the opportunities for Azerbaijani migrants and members of the diaspora living abroad to use their social, educational, and economic potential for existing economic purposes as much as possible have to be taken into account.

In recent years, the “Strategic Roadmap for the National Economy and Key Sectors of the Economy” provides for the implementation of the necessary work to further develop 11 key sectors related to the labor market policy of the country. In this regard, the following eight key sectors as well as three other supporting sectors have been identified in Figure 1.

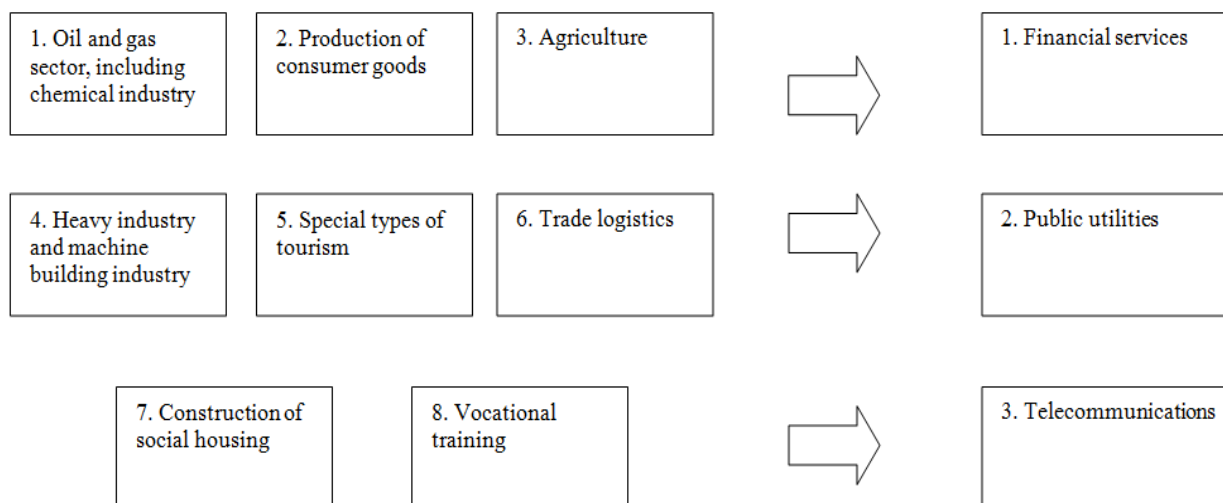


Figure 1. Eight main and three other supporting sectors to be developed according to the “Strategic Roadmap for the National Economy and Key Sectors of the Economy” of Azerbaijan (Source: Strategic Roadmap for the National Economy and Key Sectors of the Economy, composed by author).

It should be noted that the labor quota for foreigners, introduced in 2010, is used, among other things, as a tool to protect the local workforce. Article 61.2 of the Migration Code of the Republic of Azerbaijan stipulates that one of the main conditions for foreign labor to engage in paid employment in the country is the availability of vacancies that are not claimed by a citizen of the Republic of Azerbaijan with vocational training and qualifications. This is mainly related to the introduction of labor market testing in the local labor market taking into account the foreign labor force in Azerbaijan. In general, a party intending to employ a foreign national must apply to the relevant state authorities in order to obtain a permit on behalf of foreign employee to legally reside in the country.¹

¹ To get acquainted with the legislation and policy related to labor migration, you need to look at the ICMPD (2016).

One of the main factors enticing immigrants to Azerbaijan is the country's economic development, which in recent years, has been characterized primarily by a significant increase in per capita gross domestic product (GDP) and a reduction in poverty compared to previous years. In 2000, the growth rate of the national economy was the highest in the world, and compared to all other countries in 2006, a record figure was achieved in this area, constituting 34.5% (SSCA 2017; World Bank 2018). Moreover, due to the significant increase in the number of births compared to the number of deaths in the country, the country's population is estimated at 10 million in 2020 and 11 million by 2050 (Wittgenstein 2014; UNDP 2015). Due to the development of labor migration in the country, the volume of remittances from Azerbaijan increased in parallel with the volume of remittances sent to this country, which, as a result, reached a record high of \$2.1 billion in 2012. In the same year, it was the expenditures that slightly exceeded the revenues, resulting in a negative balance. (It was set at -83 million US dollars in 2012 and -23 million US dollars in 2015) (Central Bank, 2017) (see Appendixes 2 and 3).

One of the ways to ensure future economic development is to use the potential of labor migration correctly and transparently. In this regard, the development of Azerbaijan's non-oil sector and the private sector, the attraction of foreign and local labor in the local market is of particular importance. At the same time, opportunities for sustainable business support should be used to the full. On the other hand, investment in education is considered one of the most promising strategies for increasing medium and long-term productivity in the country. For the current period, Azerbaijan lags behind other middle-income countries in terms of enrollment in higher education in the country (20%) (ICMPD, 2016).

It is an undeniable fact that the immigration of foreigners is mainly due to the desire to find a job in the local labor market. Thus, relocations for education and asylum only cover a very small part of the immigration process. In this regard, Azerbaijan is gradually becoming a country of labor immigration for short-term migrants. Recent innovations and developments in the construction and oil sectors are attracting a growing number of foreign workers to this country. Migration systems are mainly characterized by the development of multifaceted historical, cultural, economic, and social ties of each nation state. In this regard, one of the main priorities of the study is to accurately identify the role of migrants living in Azerbaijan in the labor market, the emerging trends related to their economic integration and adaptation, and the proper development of relevant opportunities. At present, the country is undertaking the clear-cut measures, such as the process of diversification and transparency of the migration system, proper and effective management of labor migration, and so on. Therefore, Azerbaijan, in turn, further strengthens cooperation with the EU member states including Germany, France, the Netherlands and Sweden to regulate relocation in both directions and increases the level of partnership. In addition, temporary or periodic migration processes in the country are inclined to intensify. At the present time, determining the role of migrant workers in the local labor market of Azerbaijan and scrutinizing their impact on local GDP, the proper organization of labor migration are assessed as key factors in the development of the country's economy. In this regard, the researcher identified the issue of migration, which has become a phenomenon in the political economy of the European Union in modern times and its role in the economic integration of migrants living in Azerbaijan in the labor market and other areas.

The recent influx of foreign immigrants or labor force into the country is forcing Azerbaijan to take the necessary measures to properly regulate labor migration and, at the same time, to ensure their proper economic integration into the local labor market. In the end, the researcher points out that the attraction of highly

qualified personnel or immigrants to the European political and economic system plays an important role in increasing labor productivity and the GDP of the host country. At the same time, this empirical approach considers it necessary to increase the socio-economic well-being of immigrants living in the country and ensure their social regulation and entrepreneurial rights.

Problems

The one of limitations of the research is mainly related to the threat of illegal labor migration in the country. In this regard, the state migration service (SMS) should have to undertake the necessary measures in this sphere and conduct scientific and statistical research. The main problem in the current period is the effective economic integration of foreign personnel in the country. Therefore, the opportunities for foreigners to do business with local employees and participate in the oil and non-oil sector should be increased so that they can apply their skills in the field of innovation to adapt to the local labor market and contribute to the country's economic development. In the context of the sustainable economic integration of immigrants in the local labor market in the country, the provision of social benefits should also be applied to highly-qualified migrant workers in Azerbaijan.

Pursuant to this, the involvement and support of returning migrants, especially in the non-oil sector (tourism, hospitality, construction, logistics, education, etc.) and the stimulation of entrepreneurship among foreign immigrants can be important in the development of labor productivity in the country. Another limitation is the regulation of the migration balance in Azerbaijan. Thus, in 2016, at least 15,100 people immigrated to Azerbaijan and at least 28,600 people emigrated from this country. Hence, it can be assumed that the negative migration balance is at least 13,500 people.

Along with all these difficulties, taking into account the current economic situation, it is inevitable that Azerbaijan will be facing difficulties in achieving one of the main goals of state policy, or more precisely, in attracting highly qualified foreign labor force to the country. In this regard, the process of involving highly qualified immigrants as a foreign labor force should be stimulated in order to meet the demand for skilled labor of the country, especially in the non-oil sector of the economy.

Conclusion

As in the world practice, migration has already become a socio-economic reality in Azerbaijan. There are still shortcomings in ensuring a transparent flow of immigrants to the country, and appropriate reforms are being carried out in this direction, using Western experience to create a unified migration mechanism. Illegal immigration still poses certain problems and urgent measures have been taken in this direction. Another important issue facing Azerbaijan is the attraction of educated personnel from abroad to the oil and non-oil sector. In this regard, state-important measures are being taken to attract highly qualified immigrants as foreign labor to meet the country's demand for skilled labor, especially in the non-oil sector of the economy. Azerbaijan should attract more foreign students to higher education institutions. Gaining a degree in Azerbaijan will also make it easier for those who have the opportunity and support entrepreneurial ideas to enter the labor market. Thus, appealing and supporting return migrants, in particular for positions in the non-oil sectors of the economy (tourism, engineering, education, etc.) and encouraging entrepreneurship will help Azerbaijan boost up its socio-economic development.

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Appendix 1

Table 1

Citizenship and Number of Immigrants Who Came to the Republic of Azerbaijan for Permanent Residence in Recent Years in 10 Countries of Origin

Country origin	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Georgia	238	158	403	68	35	48	7	696 ^b	490	782	1.134
Russia	1.394	1.269	2.024	1.580	1.706	1.655	1.628	1.098 ^b	623	930	910
Turkey	7	8	267	38	4	3	4	398 ^b	160	164	214
Iran	4	7	32	6	5	-	-	120 ^b	106	144	145
Kazakhstan	94	92	196	157	177	183	229	130 ^b	81	103	132
Ukraine	127	105	174	130	97	103	73	173 ^b	72	99	126
Turkmenistan	171	159	204	154	62	37	36	91 ^b	48	50	124
Uzbekistan	111	77	96	70	53	58	62	93 ^b	68	95	116
Kyrgyzstan	12	10	11	18	4	13	33	42 ^b	16	33	46
Pakistan	-	-	22	-	-	-	-	45 ^b	22	30	19
Other	74	69	168	71	85	81	100	243 ^b	173	219	267
CIS countries	1.956	1.749	2.781	2.155	2.166	2.111	2.134	1.668 ^b	926	1.336	1.493
Other	276	205	816	137	62	70	38	1.461 ^b	933	1.313	1.740
Total	2.232	1.954	3.597	2.292	2.228	2.181	2.172	3.129^b	1.859	2.649	3.233

Notes. Source: State Migration Service (SMS) and the Ministry of Internal Affairs (MIA).

^b = after change; “-” = information not available; returned citizens of the Republic of Azerbaijan are not included. The number of temporary residence permits issued in the country was not taken into account.

Appendix 2

Table 2

The Volume of Remittances Sent to and From the Country in 2008-2016 (in the Amount of One Million US Dollars) According to the Central Bank of the Republic of Azerbaijan

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Volume of imports into the country	1.416	1.182	1.338	1.772	1.852	1.579	1.709	1.183	564
Annual shifts	18.8%	-16.6%	13.2%	32.4%	4.6%	-14.7%	8.2%	-30.8%	-52.3%
Volumes of exports from the country	399	522	840	1.138	1.892	1.579	1.523	943	490
Annual shifts	45.9%	30.9%	60.8%	35.5%	66.2%	-16.6%	-3.5%	-38.1%	-48.1%
Balance	1.017	659	498	633	-40	0	186	240	75

Appendix 3

Table 3

The Volume of Remittances Sent to and From the Country in 2008-2016 (in Millions of US Dollars) According to the World Bank

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Volume of imports into the country	1.518	1.255	1.410	1.893	1.990	1.733	1.846	1.270	643
Annual shifts	19.8%	-17.4%	12.4%	34.2%	5.1%	-12.9%	6.5%	-31.2%	-49.4%
Volumes of exports from the country	567	638	954	1.280	2.073	1.903	2.031	1.293	-
Annual shifts	40.2%	12.5%	49.4%	34.2%	62.0%	-8.2%	6.8%	-36.3%	-
Balance	951	617	457	613	-83	-169	-185	-23	-

Note. Source: Central Bank 2017, Expert estimates, International Center for Migration Development, MOBILAZE support project research calculations.