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## The Labor Service Cooperation between Russia and China : an Overview of the Framework

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## Introduction

On September 15, 2010 the Russian International News Agency (RIA) reported that at least 150 migrant Chinese workers involved in the construction of infrastructure on Russky Island for the 2012 APEC summit had gone on strike over unpaid salaries.<sup>1)</sup>

On December 3, 2010, China's English newspaper the China Daily reported that the Crocus International Company, contractor of the Far Eastern Federal University located in Vladivostok, hired the Chinese workers who only had tourist visas and as a result the Russian authorities have already sent all of them to Vladivostok pending deportation.<sup>2)</sup>

On November 19, 2011, Komsomolskaya Pravda reported that sixty Chinese workers took to the streets of the Siberian capital of Novosibirsk to protest over wage arrears. The protesters carried banners in Chinese that read "Give me my wages, I want to go home".<sup>3)</sup>

Chinese cyberspace is awash with news about how badly people are treated in

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1) "Russian Prosecutors probe protests by migrant foreign workers", <http://en.rian.ru/russia/20100915/160592799.html>

2) "In brief", [http://www.chinadaily.com.cn/cndy/2010-12/03/content\\_11646008.htm](http://www.chinadaily.com.cn/cndy/2010-12/03/content_11646008.htm)

3) "Chinese workers protest wage arrears in Siberia", <http://en.ria.ru/society/20111019/167855246.html>

Russia and how they managed to return to China.<sup>4)</sup> Until now studies of Chinese migration to Russia, especially to the Russian Far East (hereafter referred to as the RFE), have focused overwhelmingly on issues of security, demography, and identity, and on the Russian view of the situation. How could this happen to these Chinese workers in Russia? How did they migrate to Russia? This is an almost neglected subject in both the studies on Chinese transnational migration and migrant labor in Russia.

Since the 1980s, the Chinese have moved around China and abroad. At the end of 2010, China had about 200 million internal migrants, and 39 million Chinese lived outside China. Currently around seventy five percent of overseas Chinese live in Asia. Eighteen percent live in the U. S. A., the other seven percent is scattered around the rest of the world.

Since the late 1980s, Russia has become a new destination for Chinese migrant workers. Except for tourists, three main streams have dominated the migratory flow: traders, migrant workers and the less numerous groups of “intellectual” migrants who study or conduct research abroad or work in white-collar professions. The situation of traders in the Russian Far East in 2007 has already been described.<sup>5)</sup> In this paper answers to the above-mentioned questions are sought. The first part of this paper will provide the legal framework of laborer migration and the current migration situation between China and Russia. The second part will

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4) “Promised with good pay then be cheated to work in Russia by intermediate company”, [http://www.3158.cn/news/20110104/10/71-5331506\\_1.shtml](http://www.3158.cn/news/20110104/10/71-5331506_1.shtml)

“The experience of being cheated to work in Russia”, <http://www.notip.org.cn/article/Details.asp?LanFlag=1&NewsId=2282&classid=27&BID=44>

“The nightmare journey of Nantong farmers’ Russian sojourn”, <http://bbs.0513.org/forum.php?mod=viewthread&tid=979612>

“Eight farmers work in Russia, being beaten while demanding pay in the immigration bureau”, <http://news.163.com/08/0714/06/4GPT6R0K00011229.html>, All are in Chinese, accessed on March 4, 2012

5) Ma [2008]

present a brief history of the Chinese labor migration to Russia and its impact. The third part will outline the bilateral framework for labor migration. The final part of this paper considers the challenges caused by migration and the prospects for the labor cooperation.

## **1 Legislative framework for the labor migration processes and the current situation**

### **1.1 The Russian Federation**

#### **1.1.1 Russian migration policy**

In the post-Soviet period, international migration is the major focus of Russian migration policy. The Russian Federation is the major receiving country in the vast former USSR territory. The evolution of Russian migration policy in the post-Soviet period, as summarized by Ivakhnyuk, “is a good example for getting a better understanding of how the everlasting conflict between the need for additional human resources and anti-immigrant public moods (typical of all receiving countries), combined with the opportunistic considerations of political elites, that hampers the elaboration of a reasonable long-term migration strategy” (Ivakhnyuk [2009]).

Over the recent two decades, the Russian migration policy has been drifting from a relatively open immigration regulation based on a *laissez-faire* approach in the early 1990s to restrictive immigration laws in the early 2000s and to an “open doors” migration policy for CIS citizens in 2007. Following this pendulum-like trend we can distinguish four periods in the post-Soviet Russian migration policies : (1) 1991-1995, when the government had to develop an urgent migration legislation in response to the international migration boom, primarily for the sake of refugees and forced migrants ; (2) 1996-2001, when the focus in migration policies shifted to dominating economic migrations ; although these regulations became increasingly complicated ; (3) 2002-2005, when the national security reasons came to the

forefront as a result of huge inflows of irregular migration which brought about a tough migration policy that, in turn, provoked a further growth of irregular migration ; (4) ever since 2006, the migration policy in respect of CIS citizens radically shifted towards liberalization (Ivakhnyuk [2009] p.26).

### 1.1.2 Legislative framework

The Russian Federation, as the second largest immigration country after the United States, has a broader and more detailed migration legislation which is regulated by a greater number of normative documents including federal laws and by -laws, orders, regulations, decrees of ministries, government agencies and regional authorities.

Below are the main documents representing the current migration legislation :

- (1) Federal Law (No. 115-Φ3 issued on 25 July 2002) «On legal status of foreign citizens in the Russian Federation» (edition as of December 29, 2006 No. 258-Φ 3) ;
- (2) Regulation of the Government of the Russian Federation No.681 (issued on November15, 2006) *«On approval of the rules for issuance of permits for temporary employment of foreign citizens in the territory of the Russian Federation»*.
- (3) Regulation of the Government of the Russian Federation (No.783 issued on December 22, 2006) *«On order in defining needs in foreign labour by executive power institutions and forming employment quotas for foreign citizens in the territory of the Russian Federation»*.
- (4) Regulation of the Government of the Russian Federation (No.183 issued on March 18, 2008) *«On approval of the rules on submission of notifications by employers or requesters of works (services) on attracting and using for*

*employment foreign citizens or stateless persons arrived to the Russian Federation from countries with non-visa entrance regime with possession of work permits».*

- (5) Regulation of the Government of the Russian Federation (No. 97 issued on February 17, 2007) *«On finding cases of labor activities of a foreign citizen or stateless person temporarily sojourning in the Russian Federation beyond the territory of the subject of Russian Federation where the work permit (temporary sojourn) was issued».*
- (6) Regulation of the Government of the Russian Federation (No. 9 issued on January 15, 2007) *«On approval of the rules on implementation of migration registration of foreign citizens and stateless persons in the territory of the Russian Federation».*
- (7) Federal Law (No. 109-Φ3 issued on July 18, 2006) *«On migration registration of foreign citizens and stateless persons in the territory of the Russian Federation»* (Lukashova and Makenbaeva [2009] pp. 13-14).

### **1.1.3 The labor migration procedures**

Foreigners' access to the labor market is regulated through the issuance of work permits for the major part of migrant-workers (except nationals of Belarus and some privileged categories of foreigners).

Under Article 18.1 of the Federal Law Concerning the legal status of foreign citizens in the Russian Federation (as amended in 2009), the Russian Federal Government is entitled to establish quotas for work permits to be issued to foreign citizens. Under the law, since 2007 the Ministry of health and social development establishes an annual quota for issuance of work permits on the basis of employer's requests. Such quotas may be established with allowance for profession, occupation and qualification of foreign nationals as well as other economic and social criteria.

Under this procedure, Russian employing companies that have plans to hire foreign laborers, before applying to the Federal Migration Service (hereafter referred to as the FMS) or its regional body for a work permit for a foreigner.

- (1) Russian employing companies must furnish a required manpower statement and vacancy information to a regional employment authority and file documents before May 1 of the current year, submit to the interdepartmental governmental commission a foreign labor hiring request for the following year. Such requests will be used to determine the required vacancy amount and general foreign labor needs for the next year.
- (2) Using the data provided by the Russian employing companies, the regional employment authority prepares a register and provides such data to FMS upon request when the company applies for work permits, and the interdepartmental governmental commission considers the employment plan. Depending on the deliberation, the interdepartmental governmental commission may demand a change to the employment plan. The final quota number is determined by a regulation of the Russian Government. This quota differs between regions, categories of employees as well as different professions, countries of origin and other economic and social criteria.
- (3) Any employer intending to recruit one or several foreign nationals must obtain prior general authorization to recruit foreign employees from the local employment authorities. For this purpose, the employer must justify the use of foreign employees. The local employment authorities examine the demands of the employer and then make a proposal to the employer. The employer and the local employment authorities discuss the proposal and based on the proposal, a mutual agreement will be signed. This mutual agreement must be included to apply for an employment permit from the FMS.
- (4) The application for an employment permit from the FMS can be done by post

or through an agent. The examination takes a maximum of forty-five days ; the employer might receive the employment permit within ten days.

- (5) Once an employment permit for the employment of foreign employees has been obtained, the employer must apply for a work permit for each employee. A work permit is required for any foreign national who wishes to perform any work activity in Russia. The procedures to obtain a work permit are divided into two categories : migrant workers from the visa-free CIS countries and migrant workers from the visa-regime countries.

For a foreign citizen, coming from the visa-free CIS countries, since February 2009 a new procedure was introduced. A Russian work permit is to be issued personally to the foreign citizen rather than to the employer. Work permits for foreign citizens without a signed labor contract can be issued for a maximum of ninety days while the employer can hire any foreign citizen with a work permit. In case of employment and submission of a copy of the labor contract is given to the Federal Migration Service, the duration of work is extended and a new work permit is issued for a maximum of one year, i.e. for 9 months more.

Entry without a visa, a notification-based registration and simplified work permit procedures, as well as the right to choose an employer opened the Russian labour market for citizens of Armenia, Azerbaijan, Moldova, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and the Ukraine.

For a migrant worker from the visa-regime countries, a work permit is an absolutely necessity. The FMS may refuse to issue a work permit to a company that fails to apply to the local employment authorities or applies to the FMS less than one month after applying to the employment service or has during the current month refused to employ a Russian citizen referred by the employment service to fill the vacancy intended for a foreign national.

- (6) To employ a foreign laborer from a visa-regime country, the employer must be



registered with the FMS to be permitted to issue invitation letters to foreign employees.<sup>6)</sup> The registration is valid for one year and can be renewed. The employee, after having been granted the employment permits and work permits, will issue an invitation letter to the future employee for obtaining a work visa to enter Russia. With the work permit and the invitation letter, which have been obtained by their employer in Russia, the migrant worker will have to go to the Russian Embassy or General Consulate in their own country. The process of obtaining a work visa usually takes from eight to twelve weeks.

- (7) With the work visa, migrant workers from the visa-regime countries arrive in Russia.
- (8) There is a notification procedure which must be followed by foreign nationals and their employers. It comprises the following principles :
- ・ The FMS must be notified of arrivals and any travel within Russia. The timeframe in which the registration procedure with the FMS must be completed was 3 working days, however since 25 March 2011 ; it was increased to seven working days.
  - ・ The employer needs to send notification of the employment either directly or by ordered mail to :
  - ・ Territorial federal authority of executive authorities in the sphere of migration ;
  - ・ Executive authority responsible for employment issues within a subject of the Russian Federation ;
  - ・ Tax authorities within the area of employer's registration

An employer can use foreign workers only according to their professions and in the Russian Federation subjects mentioned in the work permits granted to foreign

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6) Without an invitation letter, one cannot apply for a work visa.

citizens. An employer risks a fine of up to Ruble 800,000 (Euro 20,000) or the suspension of its activities for up to 90 days for failing to comply fully or in part with the relevant procedures. The employer's officials may be liable to fines of up to Ruble 50,000 (Euro 1,250). A foreign employee can also be fined up to Ruble 5,000 (Euro 125), and may be deported.

The quota and work permit system was originally designed to regulate the flow of foreign workers to the regions to meet the demand of each region for a specific number of foreign workers and to protect the native employment. However, almost immediately after it was approved, the quota system started to experience deficiencies in its functioning and became a basis for corruption.

First, assigning quotas for accepting foreign labor force has caused serious problems. For example, in 2003 and 2007, the scale of quota was too large, and as a result, only forty percent and twenty percent was implemented for the respective years (Table 1), due to the fact that there has been no clear method to evaluate the actual demand for foreign labor force. Not all employers are able to plan out their demand for migrant workers precisely, and some of them simply cannot apply in time. Applications for the use of quota are frequently disarranged

**Table 1 Quotas on attraction of foreign workers to the Russian Federation in 2003-2010 (Thousand persons)**

	2003	2004	2005	2006	2007	2008	2009	2010
Total (planned number)	530,0	213,0	214,0	329,3	6,308,8	1,828,3	5,227,6	2,555,5
For the countries with a visa regime	—	—	—	—	308,8	672,3	1,250,8	611,1
For the countries with a visa free regime	—	—	—	—	6,000,0	1,155,9	3,976,8	1,944,4
Actually issued permissions	210,5	248,8	225,8	267,2	1,194,0	3,500,0	...	...
Quota performance, %	39.7	116.8	105.5	81.1	18.9	191.4	...	...

Source : Ryazantsev et al. [2011] p. 64

especially in the regional area. There are often situations when a quota applied by one employer has actually been used already by another employer. In mid-2008, the authorities were forced to increase the quota urgently, since it had met the limit already by June. By the end of the year, 3.4 million work permits were issued to foreign citizens, which were almost a double of the initially planned quota (Ryazantsev et al. [2011] pp. 63-64).

Second, the quota system in its current state is inefficient and only leads to bureaucratic complications in hiring foreign workers. For example, businesses wishing to hire migrants must receive permission almost a year in advance and request a specific “quota” from the FMS. An employer today is not responsible for applications to hire foreign workers. An employer may request a quota of a certain number of foreigners, but is not obliged to hire this number of workers. At the same time, there could be other employers that have not applied for a quota of workers, but their situation has changed because of rapid development, thereby requiring the hiring of foreign workers. In this situation, the quota system does not permit an employer to hire additional workers because of the bureaucratic difficulties in correcting the quota system. Difficulties that companies face with employing foreign skilled labor and quota determination in general may sometimes hinder new companies involving foreign capital from entering the market.

Thirdly, the complicated legal process has created illegal practices. In order to avoid this system, companies have been increasingly turning to the services of intermediary firms, which in turn make contracts with migrants, who are then sent to work for the initiating company. This practice of “outsourcing” makes it difficult to hold employers responsible for violations of the rights of migrant workers, since the connection between employer and employee is hard to prove in a court of law.

The illegal migrant-oriented services in Russia have developed over the recent decade into a prosperous industry, often supported by militia officers (fake

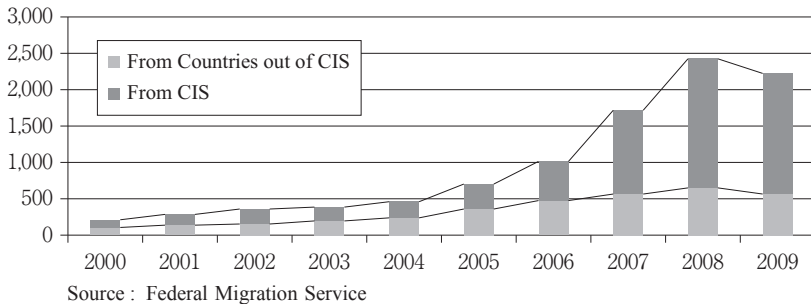
recruitment agencies, businesses specialising in issuing false registration certificates, medical certificates, work permits, migration cards) and expanding even further (Perepelkin and Stelmakh [2005]). These intermediate services firms often provide false documents, exposing migrants to risk of detention and expulsion during police checks. Some provide genuine documents, which raises questions about links between these private firms and the FMS (FIDH [2011] p. 12).

The fourth, the bureaucratized procedures lead to corruption and bribery. Employers and migrant workers met many difficulties trying to fulfill all the requirements of the law even after their arrivals. It stimulated corruption and bribery because it was much easier to employ migrants illegally than to follow the tangled bureaucratic procedures (Chudinovskikh et al. [2010] p. 24).

In order to remedy this situation, the Ministry of Health and Development for the last couple of years has been accepting orders to approve a non-quota list of positions. Since July 1, 2010, a list of highly qualified specialists was published and their employment procedures are simplified. Accordingly, a work permit may be obtained within 14 working days and the employer is exempted from fulfilling a significant number of formalities (getting a quota, employment permit to recruit foreign employees). However, this list provides mainly for only top manager positions and excludes midlevel specialists who, for the most part, are in demand when hiring foreign specialists. In July 2010 FMS started selling patents for migrants from visa-free countries for employment in private households (Chudinovskikh et al. [2010] p. 96).

#### **1.1.4 The current situation**

The Russian Federation relies heavily on migrant labor. The number is increasing (Figure 1). In 2009, there were about 2.23 million migrant workers in

**Figure 1 Foreign labor force in Russia, 2000-2009, thousand persons**

Russia, accounting for 3.1 percent of the total employed population in Russia (Federal Migration Service Russia). But if the presumed 4-5 million irregular migrants' employment is included, the real share of foreigners is estimated by experts at a level of 8-10 percent (Zaionchkovskaya et al. [2010] p. 24).

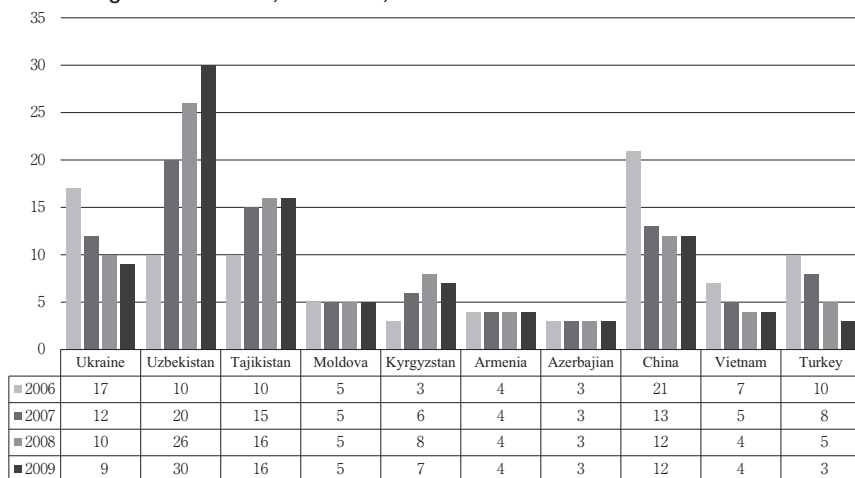
Some argue that foreigners are taking jobs away from the Russian people. However, in 2009 at the height of the world wide financial crisis Russia's unemployment rate was 8.1 percent, even though that year there were approximately one million officially reported vacancies in Russia (Chudinovskikh et al. [2010] p. 61). So the issue is not about job-snatching foreigners, but rather about the structural problem of the labor market. Eighty percent of legal foreign workers are unskilled laborers. They are doing the hardest, dirtiest and lowest-paid jobs that many Russians deem to be beneath them. Migrant workers have been occupied in five sectors throughout all periods since the 1990s: construction sector (39%), trade (18%), manufacturing (12%), agriculture (8%), and transport (4%) (*Ibid.* [2010] pp. 65-66). Foreign labor is a component of the Russian economy. It is definitely a necessary condition of its successful functioning.

Nowadays migrant workers entered Russia from more than 140 countries. After simplification of the procedure of registration and work permit reception in

Russia for citizens of the CIS countries since January, 2007, their share in the total number of foreign workers has grown and in 2008 has made more than 73%. Three countries of Central Asia were the largest suppliers of foreign workers in 2008 : Uzbekistan (643 thousand), Tajikistan (391 thousand) and Kyrgyzstan (185 thousand). From the CIS countries number of workers from Ukraine (245 thousand), Moldova (122 thousand), Armenia (100 thousand) and Azerbaijan (76 thousand) is also appreciable. Third place in the list of the labor exporting countries to Russia is China (282 thousand), Turkey (131 thousand), Vietnam (95 thousand) and the Democratic People's Republic of Korea (35 thousand) are powerful (Ryazantsev et al. [2011]).

As shown in Figure 2, the percentage of Chinese migrant workers decreased from 21 percent in 2006 to 12 percent in 2009. Table 2 shows that at the end of 2009, there were 87,384 Chinese workers in Russia, which is about 11.2 percent of the total stock of foreign workers.

**Figure 2 Percentage of migrants from the main countries of origin in total labor migration to Russia, 2006-2009, %**



Source : Federal Migration Service

Table 2 Foreign workers in the Russian Federation in 2007-2009, persons

	2007						2008						2009					
	Stock at the beginning of 2007	Inflow in 2007	Outflow in 2007	Stock at the end of 2007	Stock at the beginning of 2008	Inflow in 2008	Outflow in 2008	Stock at the end of 2008	Stock at the beginning of 2009	Inflow in 2009	Outflow in 2009	Stock at the end of 2009						
Number of foreign workers, total Out of them :	523,178	1,193,959	634,799	1,082,338	1,082,366	1,343,555	1,254,606	1,171,315	1,171,315	1,052,281	1,445,806	777,790						
From CIS countries	279,960	872,826	356,818	795,968	793,480	986,516	918,214	861,782	861,782	786,468	1,059,692	588,558						
From other countries, out of them	203,810	268,704	234,477	238,037	288,504	356,521	335,974	309,051	309,051	265,020	385,526	188,545						
Vietnam	39,343	40,441	39,812	39,972	46,521	48,680	41,953	53,248	53,248	44,226	69,262	28,212						
China	96,918	131,930	116,051	112,797	112,901	168,778	140,613	141,066	141,066	128,819	182,501	87,384						
North Korea	14,799	17,835	15,331	17,303	17,266	17,677	15,817	19,126	19,126	18,586	20,995	16,717						
Turkey	52,750	78,498	63,283	67,965	63,420	67,057	84,112	46,365	46,365	30,809	56,496	20,678						

Source : Federal Migration Service

## 1.2 China

### 1.2.1 Chinese migration policy

For over 3 decades since the foundation of the People's Republic of China, the government suppressed the movement of people both in China and abroad. During that period, overseas workers were limited to the state-owned companies' employees who were dispatched to work for foreign aid programs. Since the 1980s, the Chinese government reduced its overseas aid. So the state-owned companies started to bid for commercial projects in foreign countries. In 1985, as a part of the "Open-Door" policy, China adopted a new strategy for contracting overseas construction projects and the export of labor. The new strategy includes diversifying markets for overseas projects. The government claimed that by exporting labor, China can earn much-needed foreign currencies. It can also enable workers to learn from foreigners and improve their skills. Lastly, it can help to relieve employment pressure in China (Fang [1991]).

In 1986, China adopted a new emigration and immigration law and for the first time relaxed the exit restrictions, thus opening the door for Chinese citizens to go abroad for private reasons, such as tourism, study and work, etc.

In the beginning, only a small number of state-owned companies had the licenses to conduct overseas projects and export labor. Labor export is based on intergovernmental agreements, overseas Chinese workers are not free workers with contracts with their foreign employers, and they are still employees of the Chinese company. The foreign employers pay the majority of the worker's wages to the Chinese company. The remaining part of the wages is received by the workers after returning back to China. The Chinese workers cannot afford not to go back to China. Because if not, they will lose their homes, medical insurances, pension and all the money they have earned abroad.



### 1.2.2 The regulatory framework

Since the 1980s, with the progress of the reform and decentralization, the central government has gradually lost its monopoly in regulating emigration of workers to the local level. Some local government, being more concerned with demonstrating economic growth, positively view and actively facilitate emigration, including irregular emigration, as means for creating a flow of remittances and raising the local standard of living (Thunø and Pieke [2005]). Irregular emigration services are “sometimes regarded as local development strategies, and are, therefore accorded a certain degree of legitimacy (Xiang [2003] p. 24).

Several incidents happened to the Chinese overseas workers. Some intermediary companies took enormous fees and guarantee from workers who want to work abroad but in the end it turned out it was only a sham scheme. So with a view to protecting the legitimate rights and interests of overseas Chinese workers and regulating overseas employment intermediary activities, in 1994, after the approval of the State Council, a *Circular on Enhancing the Protection of the Legal rights of Workers on Overseas Assignments* was published. On December 20 1996, Temporary Regulations on Labor Export were issued. Three Chinese ministries (Ministry of Labor and Social Security, Ministry of Public Security, State Administration of Industry and Commerce) promulgated the *Decree No. 15 of Administrative Regulations on Overseas Employment Intermediary Activities*, effective as of July 1, 2002. These regulations are formulated in accordance with the Labor Law of the People’s Republic of China and relevant rules and regulations issued by the State Council, setting up main policies and measures for governing overseas employment intermediary activities within the territory of the country (Liu [2008]).

It was stipulated that overseas employment refers to any act of Chinese citizens of being employed, under a labor contract entered into by and between the same and

overseas employers, in order to provide services overseas and to receive remuneration thereby. Overseas employment intermediary activities refer to relevant services provided to Chinese citizens employed to work outside the boundary of the People's Republic of China, or to overseas employers who recruit Chinese citizens to work abroad. An entity engaged in said activities, when duly licensed, shall be known as an overseas employment agency (hereinafter referred to as an agency) (Liu [2008]).

A mechanism of administrative licensing is imposed on overseas employment intermediary activities. Any entity or individual shall not participate in overseas employment intermediary activities if it is not duly approved and registered. Departments of labor and social security are charged with regulating and supervising and inspecting overseas employment related activities. Departments of public security are charged with maintaining the orderliness of entry and exit in relation to overseas employment. Finally, administrative departments of industry and commerce are charged with the registration of overseas employment agencies and with maintaining and supervising the economic orderliness of the market where overseas employment intermediary activities are conducted (Liu [2008]).

As for dispatching policies for international labor cooperation, there are also some regulations jointly promulgated by the Ministry of Commerce with other ministries, such as *Regulations on Auditing Foreign Labor Cooperative Projects*, *Regulations on Management of Training of Workers sending abroad*, *Transit Regulation on Establishment of Job Introducing Organization of Sino-Foreign Joint Venture and Sino-Foreign Cooperation* and so on. These regulations and policies have also further strengthened the operational mechanism of Chinese international labor cooperation projects (Liu [2008]).

On August 4, 2010, the legalization bureau of the State Council published a draft of “*Regulations on foreign labor cooperation Management*”, and asked for the

opinions from all of its participants. At the time of publishing, the new regulations have not been formalized<sup>7)</sup>.

One thing to notice is that these regulations are mainly framed in general terms and the policy framework for labor export as a whole is far from sophisticated. Furthermore, the enforcement mechanism, alas, like for the other laws and rules in China, is weak and not accountable.

So far China does not have a law about labor export. Labor export is only controlled by regulations that are drafted by the central government in Beijing. Many ministries are involved in the labor export management, and there is no one ministry or bureau is responsible for it.

### **1.2.3 The labor migration procedures**

There are four channels for labor export :

- (1) Through Chinese companies which have overseas project contracts. In this case, laborers are referred to as project workers.
- (2) Through Chinese labor export companies licensed to provide labor services according to contracts signed with foreign partners.
- (3) As experts and skilled workers such as managers, technicians and trainers working in China's overseas companies or joint-ventures.
- (4) Some special jobs such as seaman and fisherman.

The majority of Chinese overseas migrants went abroad through the first two channels.

These companies are licensed and under supervision of the Ministry of Commerce and the Ministry of Human Resource and Social Security (Ministry of Labor).

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7) The draft of this law can be accessed at the government website.  
<http://www.chinalaw.gov.cn/article/cazjgg/201008/20100800259447.shtml>

There are websites and TV advertisements, newspaper advertisements which provide information about overseas job opportunities. A would-be migrant worker goes to the agency for an interview. According to the central government's regulations, if the two parties are satisfied, they will sign a labor contract. The would-be migrant worker will pay related fees to the agency. The agency will give the would-be migrant some job training and related knowledge about the destination country and the agency will then aid the would-be migrant with all the procedures, such as obtaining a work permit etc.

To prevent would-be migrants from falling prey to the companies and personals that pretend to recruit laborers and claim high fees, the Ministry of Commerce publishes all the names of companies with licenses. However, it seems that this kind of fraud has not ceased to occur.

However, there are some flaws in the regulations. First, in the regulations, it is mentioned that an agency can charge fees from recruited workers as providing a service ; however, there is no mention of the amount. It is only vaguely mentioned that the fees should conform to the related regulations of the price supervision authorities and commerce supervision authorities of the State Council.

Secondly, in the regulations, three contracts are needed for a migrant labor. (1) A labor service cooperation contract between the foreign employer and the agency, this is the precondition for the agency to recruit workers ; (2) the migrant worker will either sign a labor contract with the foreign employer with the aid of the agency or sign a labor contract with the agency. (3) The migrant worker will sign a service contract with the agency. However, not all the migrant have these contracts. According to a survey conducted by an NGO "Kav La'ovad" in Israel, among forty-three migrant workers, twelve percent -have never signed a written contract, and among those who signed the contract, forty-five percent have never received a copy of the contract (Hotline for Migrant Workers and Kav La'ovad

[2007] p. 22).

Thirdly, the migration service companies are faced with numerous problems, which, accordingly, cause problems for Chinese migrants. This type of job placement abroad has won popularity in China because they provide better economic opportunities. However, there are numerous cases of cheating the migrants. Cases where companies, having collected substantial sums of money, vanished into thin air together with the money were not rare. Some companies demand enormous fees, others demand large sums of money as a guarantee and deposit. Such practices are prohibited by the regulations; however, there are yet no measures to tackle them. Furthermore, if problems occur for the migrant workers, the agency will either not take responsibility to help, or they are not capable of helping.

At the time of writing, there are advertisements on the internet that claim that a work permit for Russia can be obtained for 3,000 Dollars.<sup>8)</sup> A work permit (one person, one year) for Russia costs from 7,300 RMB to 20,000 RMB.<sup>9)</sup> It is suspicious because there is no mention of the jobs, locations, etc. It is illegal if you pay this amount of money to obtain a work permit in Russia.

#### 1.2.4 The current situation

While most of China's internal migrant workers have tended to move from the poorer inland provinces to the more developed coastal provinces, workers in coastal provinces are more likely to seek work overseas. The majority of Chinese international migrant workers come from the coastal provinces of Shandong, Jiangsu and the three north-eastern provinces of Heilongjiang, Jilin and Liaoning.

According to the website of the Ministry of Commerce, by February 21, 2012,

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8) Beijing NewBridge Law Firm (<http://www.pocuu.org/0-dagongka.htm>)

9) Information from websites : <http://www.kontimost.com/visa.html>, <http://zhidao.baidu.com/question/100828318.html>, <http://www.mymai.org/0/201151454132146465.htm> (accessed on March 3, 2012)

**Table 3 Turnover of Economic Cooperation with Foreign Countries  
or Regions (million dollars)**

Year	Contracted projects		Labor services	
	Total	Russia	Total	Russia
1976—1988	4,970		1,121	
1989	1,484		202	
1990	1,644		223	
1991	1,970		393	
1992	2,403		646	
1993	3,668		870	
1994	4,883		1,095	
1995	5,108		1,347	
1996	5,821		1,712	
1997	6,036		2,165	
1998	9,243	85	2,390	128
1999	8,522	33	2,623	58
2000	8,379	45	2,813	67
2001	8,900	90	3,177	61
2002	11,194	100	3,071	86
2003	13,837	88	3,309	119
2004	17,468	192	3,753	148
2005	21,763	273	4,786	180
2006	29,993	420	5,373	243
2007	40,643	1,108	6,767	762
2008	56,612	996	8,057	381
2009	77,706	999	8,911	884
2010	92,170	1,431	8,880	67

Source : Chinese Statistic Yearbook (National Bureau of Statistics of China)

there were 3,178 companies with licenses to undertake overseas projects and 1,025 companies with licenses to export labor. Labor export companies developed late in China and the number of Chinese labor export companies is far lower than that of project companies. The turnover of China's overseas contracted projects in 2011 reached US\$ 103.42 billion, up by 12.2 percent year-on-year; and the value of newly-signed contracts was US\$ 142.33 billion, up by 5.9 percent year-on-year (Table 3). The turnover of economic cooperation with Russia, fluctuating enormously according to the Russian economic conditions, is less than 1 percent of the total number.

According to statistics from the Ministry of Commerce, labor service personnel dispatched overseas amounted to 452 thousand in 2011, 41 thousand more than that in 2010. Of which labors dispatched for contracted projects were 243 thousand, and for labor service cooperation was 209 thousand. Until the end of 2011, the total number of laborers in foreign countries was 812 thousand, 35 thousand less than in the same period of 2010 (Table 3). Compared with 81 million Filipinos—nearly 10 percent of the country's 85 million people are working abroad, China is not a country of emigrates.

## **2 Chinese labor migration to Russia : Benefits and impact**

Despite the fact that Russia has been in dire need of working-age migrants, which China can readily furnish, cross-border migration from China to Russia, especially migration into the RFE from the three adjoining Chinese provinces of Heilongjiang, Jilin and Liaoning is rather limited and has been viewed as a problem and even a threat. Rapid expansion of economic cooperation between Russia and China started after Mutual Agreements on the development of trade and economic cooperation were signed in 1988, following adoption of a resolution in 1987 by the USSR Cabinet of Ministers which gave enterprises a right to establish direct ties

**Table 4 Chinese workers employed overseas 1979–2009, persons**

Year	Chinese workers employed overseas
1979–1981	20,000–30,000
1982–1983	32,000
1984–1986	51,000
1987–1989	67,000
2008	740,000
2009	778,000
2010	847,000
2011	812,000

Data sources : Data before 1989—Yan [1995] p. 3.

2008 data : -Annual Report on China's International Labour Cooperation (2008) (Report on international labour exports 2008-2009).

2009 data-Guiding Opinion of the Ministry of Commerce on China's Overseas Investment and Cooperation in 2010.

2010 data-Regular Press Conference of the Ministry of Commerce on 18 January 2011.

2011 data-Regular Press Conference of the Ministry of Commerce on January 18, 2012.

with foreign partners (Mikheeva [1996])). Since then, direct ties between enterprises of the RFE and its counterparts have come into being. From 1988 some organizations in the RFE began to import Chinese workers (Admidin [1993] p. 146).

Local governments across the border were enthusiastic about the economic cooperation. In May 1988, 61 farmers from the Suifenhe city were sent to the Maritime to grow vegetables. This was the beginning of the Sino-Russo labor cooperation. At the end of 1988, around 700 workers were sent to work in Russia from Suifenhe city (Li Entai [2000] p. 96).

With the improvement of the Sino-Soviet relationship, people started to move across the borders. The first stage of such migration, from the late 1980s to 1991–1992, was marked by lax Russian immigration regulations and encouragement by the Chinese government. As mentioned before, the Chinese government tried to



profit from its abundant labor force and started to export labor abroad. The Chinese authorities and companies sought to use its labor to supplement Russian workers in exchange for both wages and resources such as crops, timber etc.

The employment of Chinese workers increased rapidly. By 1992, there was an active Chinese labor force in the RFE. Chinese labor occupied a prominent position in Russian agriculture, construction and forest industries.

Chinese labor occupied a prominent position in Russian agriculture because the Russians were no longer able to draft free labor from local urban centers to assist in the harvesting and processing of farm crops. The labor productivity of the Chinese farmers was nearly three times higher than that of the Russians' (Admidin [1993] p. 147). Chinese farmers built greenhouses in Russia and provided fresh vegetable and fruit which were welcomed by the local people. From the beginning of 1992, the Russian government has insisted on solving the food problem in the Far East on the basis of the regional culture, which turned out to be the death of regional agriculture. Many farms lacked working capital and land lay unused. The Regional land committee started to allow migrant farmers from China, Korea, Holland and the United States to lease land to fund farming (Duncan and Ruetschle [2002] p. 201).

Construction (especially interior finishing) remained the second most attractive sector for Chinese laborers (Minaki [1996] p. 93). As Admidin wrote: "The participation of Chinese guest workers in the construction sector of the (Khabarovsk) territory, enabled the construction of some important objects of production use and social infrastructure, including individual houses, hospitals, etc" (Admidin [1993] p. 147).

It did not take long for a big problem to emerge. A significant number of Chinese migrants used legal or illegal channels to settle in the RFE in order to conduct basic commercial activity. For example, some Chinese use legal tourist

visa to go to Russia and then stayed on illegally to sell small shipments of goods. The influx of Chinese aroused Russian nationalist anxieties.

In 1993, the issue of Chinese migration in the RFE exploded onto the Russian political agenda. The Russian press often cites the purported “Chinese invasion” in articles about migration—millions of Chinese workers/would-be settlers flooding into the RFE and potentially fanning out across Russia (based on the perceived population imbalance of China relative to Russia) (Minakir [1996] p. 93).

The Russian government and the Chinese government started to negotiate this issue. In 1992-1993, Beijing offered to take joint action in this regard. And both states strengthened border controls to prevent illegal border crossing.

The skillfully organized anti-Chinese campaign led not only to the tightening of border controls in January 1994, but also Russia terminated the agreement with China to allow Chinese to enter Russia without visas. The Chinese government, for the most part, was not opposed to the tightening of Russian immigration controls for the sake of establishing order in the border territories (Minakir [1996] p. 93).

### **3 The bilateral framework for labor migration**

The legal framework for labor migration was reinforced significantly by the three-year intergovernmental agreement of November 3, 2000, “Temporary Employment of Citizens of the Russian Federation in the People’s Republic of China and CPR Citizens in the Russian Federation,” which came into force on February 5, 2001 and is automatically renewable each year on expiry. The agreement reaffirmed the good prospects both countries have for cooperation in the sphere of labor employment and their “mutual interest” in regulating labor movement from one country to the other (Portiakov [2004]).

It was important for Russia to have a provision built into the agreement that “the host country shall be guided, in deciding on the number of workers of the other

Party to be recruited, by the demand for foreign labor on the national labor market.” The agreement sets the duration of employment at one year, subject to extension for a maximum of one year on the employer’s motivated request. The parties declared their intention to set up a working group to address issues related to the implementation of this agreement (Portiakov [2004]).

The problems of cross-border migration are deemed important enough to be highlighted in the bilateral politics between Russia and China. On May 27, 2003, a joint declaration was signed by Russia President Vladimir Putin and his Chinese counterpart, Hu Jintao, this shows considerable concern regarding the unchecked movement of Chinese people into Russia.

On June 28, 2011 China and Russia held the two nations’ first working-group meeting on labor cooperation in Moscow. Chen Jian, visiting Chinese Vice Minister of Commerce, and the Russian Federal Migration Service deputy chief Yegorova Yekaterina, exchanged views on promoting and regulating the labor cooperation between the two countries. The two sides agreed on three principals for enhancing cooperation in this field -to crackdown on illegal migrant workers, to educate migrant labors to comply with local laws, and to protect the labors’ rights and interests. Chen emphasized that as an important component of the Sino-Russian economic and business cooperation, the healthy development of the labor service cooperation would bring benefits to the two countries’ economic ties. This was the two nations’ first working-group meeting on labor cooperation since the signing of the China-Russia Short-term Labor Agreement in November 2000. Chen stressed that China hopes the working group could help establish a pragmatic and efficient mechanism, which would play an active role in strengthening bilateral collaboration in labor services.<sup>10)</sup> However, we have no details about the meeting

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10) “China, Russia launch labor service cooperation mechanism”, [http://news.xinhuanet.com/english2010/china/2011-06/29/c\\_13954935.htm](http://news.xinhuanet.com/english2010/china/2011-06/29/c_13954935.htm)

nor the impact of the working-group meeting, we must therefore wait.

#### **4 Labor Migration Management Cooperation on the governmental level**

Till the end of 2007, China had sent 320,000 migrant workers to Russia. At the end of 2007, 31,000 Chinese workers were in Russia. Migrant workers in Russia are less than one percent of the total Chinese overseas migrant workers. Most of them have not received higher education. They concentrate in agriculture, forestry industry, husbandry and mining industries. Most of them are engaged in low-skilled manual heavy work. Chinese scholars pointed out that the low levels of labor cooperation have reasons on both sides of the border (Yu and Yu [2010]).

On the Russia side, the frequent changes in laws and regulations had some negative influences on the Chinese labor service export. The Russian laws and regulations change too frequently and the quota system aimed at decreasing the migrant workers from “far abroad” countries clearly added more difficulties for China to export labor to Russia. Meanwhile, some Russian partners for labor cooperation are simply untrustworthy (Yu and Yu [2010]).

On the Chinese side, China’s domestic policy also influenced the labor cooperation. In the beginning of the 1990s, taking advantage of geographical closeness, China ventured into the Russian labor market, and has taken a big share in the contract project and agriculture sector in the RFE. However, since 1994, China has started tax reform, eliminating the dual-track exchange rate policy<sup>11)</sup> and increasing the export tax, and started to adopt a license and quota system for more than 10 kinds of labor export related businesses. All of these measures also made

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11) A dual-track system, co-existing of an official exchange rate and an internal settlement rate (ISR) for foreign trade-related transactions was introduced in 1981. The dual-track exchange rate system therefore was eliminated in 1994 when the Chinese authorities unified the official rate with the swap rate.

labor export more difficult. The labor service export companies lost their enthusiasm. Furthermore, China does not have a law concerning labor export. Only several administrative rules and regulations from the MOC exist. The macro controls for labor export are incomplete. There are neither measures to protect the legal rights for overseas Chinese workers nor sufficient policies to promote and support labor export (Yu and Yu [2010]).

The Chinese labor export companies are not competitive by means of finance. Regarding project tending, because of Chinese companies lack of capital, and do not have enough financing capacity and its low technology and management level, they failed to win big projects in Russia (Lin [2005] p. 76, Yu and Yu [2010]).

## 5 Challenges for future labor cooperation

On the Russian side, there are still suspicions about Chinese migrants and about Chinese expansionist intensions. The Russians express concerns that Chinese workers are taking their jobs away. The Chinese side has more concerns about the opportunities and efficiency of emigration.

Problems stemming from visa and work permit regulations on the Russian side were reiterated in interviews with Chinese government officials in Suifenhe, Heihe, Dongning. Chinese officials expressed a strong interest in increasing bilateral labor cooperation, but said they felt helpless when confronting Russia's bureaucracy. Chinese scholars point to Russia's high tariffs and nontransparent tariff policies for production materials and personal goods brought to Russia by Chinese workers as further obstacles to increasing bilateral labor cooperation (Li Chuanxun [2005] p. 14).

To obtain a visa for less than 180 days, a worker needs to pay a 30 percent fee in addition to the visa price. In addition to paying for the visa, workers must pay a number of taxes, including pension taxes (Xia [2007]).

The time and money that go into acquiring formal registration cause many workers to enter Russia on tourist visas. Quite a few are detained by Russian police, which causes problems for enterprises in Russia, particularly when agricultural laborers are unable to collect the harvest on time (Xia [2007]).

Many problems about labor service export have happened. According to research by a Russian scholar, some Russian employers sell the permit to hire Chinese workers illegally, or let the Chinese workers look for jobs by themselves. Some Chinese workers cannot get their pay as promised, so they had to change jobs (Li Chuanxun [2005] p. 11).

In some areas of the RFE, particularly Primorskii Krai, quotas for Chinese workers are set below the market demand because immigration service officials share alarmist perceptions and seek to minimize the flow of Chinese labor into the country.

The problem of the low level of Chinese investment in Russia is more or less tied to Russian migration policies. Since China's foreign investment resources are limited, the average amount of the committed capital from Chinese companies and entrepreneurs in their Russian investment is 100,000 dollars, which is far below the Chinese outward investment of 1 million dollars. The average amount of investment of a Chinese company in the RFE is even smaller, ranging from 24,400 dollars to 89,600 dollars depending on the region (Li Chunxun [2005] p. 5). The investment is primarily in small scale trade companies, forestry businesses, farms. However, due to the prevailing Russian laws that govern small business activity, the effective utilization of the invested capital can be provided only by the personal control of its use. Hence, if the region wants to receive real capital investments from the Chinese, it must inevitably accept Chinese immigration (Minakir [1996]).

In the situation that the shortage of cheap manual workers in the Russian market is intensified by the restrictions in issuing work visas, the Russian government's original intention in decreasing the importation of migrant workers was

to decrease the unemployment rate among Russians. However, this policy has failed. The two different categories of migrants which aimed at attracting more migrant from CIS countries and limiting the migrants from “Far abroad countries” also failed. In the case of the RFE, it is too far away from Central Asia where the majority of migrants come from. Most of them stay in European Russia and West Siberia. So due to the labor shortage, the RFE has to depend on Chinese labors.

Last but not least, some Chinese migrants’ safety and security are not well protected in Russia. They suffer from Russian Neo-Nazis skin-heads attacks and sometimes racketeering from the police. In the worst case, some employers plotted with the police to harass and deport the migrant workers, so they did not have to pay the workers’ remunerations.

For the future development of labor cooperation, with all the problems about the migration policies and practices in both countries, both countries need to improve their legislation and enforcement. Labor migration management needs to be reinforced by a broadening of co-operation between the two countries. The urgent needs for manual labor in Russia provides possibilities to attract both documented and undocumented migrant workers and therefore turns labor intermediaries into a profitable business. Although no one agrees that undocumented working activities should continue, under the circumstances that the legal channel is too time-consuming and inefficient, all the factors result in a continuation of the current situation unless the governments take some measures to tackle it.

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