

THE ROLE AND FUNCTION OF PERSONAL REMITTANCES OF UKRAINIAN AND MOLDAVIAN LABOUR MIGRANTS FOR DEVELOPMENT OF UKRAINE AND MOLDOVA

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Abstract: *This paper presents the results of research concerning the personal remittances of Ukrainian and Moldavian labour migrants from abroad during the period 2000-2016, using data from the World Bank. The paper also compares the personal remittances sent to Ukraine and Moldova with the total Gross Domestic Product of Ukraine and Moldova, and the role and function of personal remittances of Ukrainian and Moldavian labour migrants for public and private finance in their countries of origin. The following stages of research were used: analysis of benefits for the socio-economic development of Ukraine and Moldova gained from personal remittances of Ukrainian and Moldavian labour migrants abroad; drawing conclusions about the importance of remittances both for the families of Ukrainian and Moldavian labour migrants and for the states, as well as the general socio-economic development of the countries and its public and private finance in particular.*

Keywords: *Ukraine, Moldova, personal remittances, labour migrants.*

JEL Classification: *F2, F22, J6.*

1. Introduction

This paper presents the results of research concerning personal remittances sent back to Ukraine and Moldova by Ukrainian and Moldavian labour migrants working abroad during 2000-2016.

Data from the World Bank concerning personal remittances sent from abroad by Ukrainian and Moldavian labour migrants during 2000-2016 have been used.

This paper is the continuation of a series of publications concerning labour migration abroad in recent years, and children of labour migrants. Among these publications are the papers “Human capital depreciation of female immigrants and ways to restore lost human capital” (Koshulko, 2018); “Children of female immigrants in Turkey: numerical analysis of data” (Koshulko, 2017a); “Research into the dilemmas concerning the employment of immigrants in their professions abroad and the depreciation or restoration of their human capital” (Koshulko, 2017b); “Slavic women in Turkey: from past to present” (Koshulko, 2017c); “Challenges of Ukrainian female immigrants and their children in host countries” (Koshulko and Kobets, 2017); “Women from North move to South: Contemporary migration from the Former Soviet Union countries to Turkey” (Koshulko, 2016a); “Discourse about Women-Immigrants from Former Soviet Union Countries as a Special Social Group in Turkey” (Koshulko, 2016b); “The role of Ukrainians in the economic growth of Poland” (Koshulko and Koshulko, 2016); “Gender inequality as one of the largest problems of Slavic women in Islamic world” (Koshulko, 2016c); “Reflections on the features of accumulation of the Human Capital of representatives of female and male genders” (Koshulko, 2016d); “Ukrainians in the Light of Migration Crisis in Europe” (Koshulko, 2016e); “Exploring of the Human Capital Depreciation of Ukrainian Labor Migrants Abroad: Results of a Survey” (Koshulko, 2015a); “Issues in countries of the former Soviet Union as the driving force for female migration to Turkey” (Koshulko and Onkal, 2015); “The “Value of Life and Labor” of Ukrainian Migrants Abroad” (Koshulko, 2015b); “The positive and negative aspects of Ukrainian labor migration for Ukraine and Receiving Countries” (Koshulko, 2015c).

2. The personal remittances of Ukrainian and Moldavian labour migrants from abroad according to data and explanations of the World Bank

This research on the personal remittances sent from abroad by Ukrainian and Moldavian labour migrants is very important and topical because it shows the full amount of the remittances and real benefits for the socio-economic development of Ukraine and Moldova overall and for families of Ukrainian and Moldavian labour migrants in particular.

According to explanations of the World Bank, “personal remittances are the sum of personal transfers and compensation of employees. Personal transfers, a new item in the Balance of Payments Manual 6th Edition, represents a broader definition of worker remittances. Personal transfers include all current transfers in cash or in kind between resident and nonresident individuals, independent of the source of income of the sender (and regardless of whether the sender receives income from labour, entrepreneurial or property income, social benefits, and any other types of transfers; or disposes assets) and the relationship between the households (regardless of whether they are related or unrelated individuals)”.

Table no. 1 shows the amount of personal remittances received (% of GDP) in Ukraine and Moldova during 2000-2016, using data from the World Bank (The World Bank, 2018a; The World Bank, 2018b).

Table no. 1. Personal remittances, received (% of GDP) in Ukraine and Moldova during 2000-2016, using data from the World Bank

Years	Moldova (% of GDP)	Ukraine (% of GDP)
2000	13,783	1,34
2002	19,412	2,812
2004	26,994	2,887
2006	34,499	2,879
2008	31,182	3,768
2010	30,161	4,805
2012	27,269	4,807
2014	26,003	5,508
2016	21,694	6,589

Source: The World Bank [16-17]

Using data from the World Bank (The World Bank, 2018a; The World Bank, 2018b), it is possible to analyse the amount of personal remittances to Ukraine and Moldova during 2000-2016 as a percentage of annual GDP of the countries.

The amount of personal remittances to Moldova was 13.783% of GDP in 2000, in 2002 - 19.412%, in 2004 - 26.994%, in 2006 - 34.499%, in 2008 - 31.182%, in 2010 - 30.161%, in 2012 - 27.269%, in 2014 - 26.003%, and in 2016 - 21.694%.

This shows that personal remittances to Moldova amount to a significant part of the country's GDP, rising from 13.783% of GDP in 2000 to 21.694% in 2016.

The amount of personal remittances to Ukraine was 1.34% of GDP in 2000, in 2002 - 2.812%, in 2004 - 2.887%, in 2006 - 2.879%, in 2008 - 3.768%, in 2010 - 4.805%, in 2012 - 4.807%, in 2014 - 5.508%, and in 2016 - 6.589%.

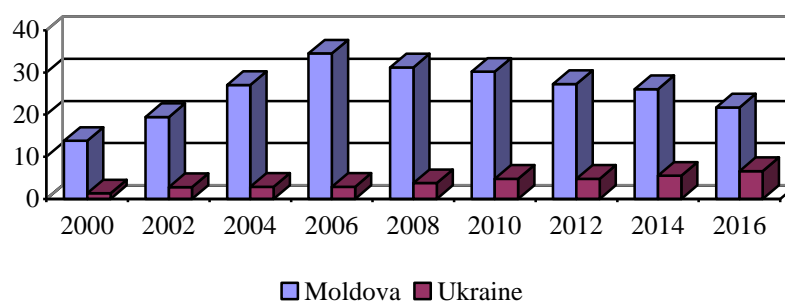
This also shows that personal remittances to Ukraine amount to a significant part of the country's GDP, rising from 1.34% in 2000 to 6.6% in 2016.

It is possible to conclude that the amount of personal remittances in 2000 to Ukraine was 1.34% of GDP and to Moldova 13.783% of GDP; in 2002 to Ukraine it was 2.812%, and to Moldova - 19.412%; in 2016 to Ukraine it was 6.589%, and to Moldova - 21.694%.

3. Comparison of personal remittances to Ukraine (data of the World Bank) and Moldova during 2000-2016, using data from the World Bank (% of GDP)

Data from the World Bank show significant rises in the amount of personal remittances received in Ukraine and Moldova during the period 2000-2016, as the remittances have increased from 1.34% of GDP in 2000 to 6.6% of GDP in 2016 to Ukraine, and from 13.783% of GDP in 2000 to 21.694% of GDP in 2016 to Moldova (Figure no. 1).

Figure no. 1. Differences in personal remittances during the period 2000-2016 (% of GDP)



Source: The World Bank [16-17]

So, the personal remittances to Ukraine and Moldova make a significantly additional part to GDP of the countries - from 1.34% in 2000 to 6.6% in 2016 to Ukraine, and from 13.783% of GDP in 2000 to 21.694% in 2016 to Moldova.

4. The importance of the remittances for both the families of the Ukrainian and Moldavian labour migrants and the socio-economic development of Ukraine and Moldova

The importance of the remittances for the families of the labour migrants is very high because sometimes only the remittances is a source of surviving for the families of the labour migrants. In this case, the remittances for the families of the labour migrants allow them to survive in conditions of unemployment or low salaries in comparison to high living expenses, or to have better conditions of life in Ukraine and Moldova. Therefore, the importance of the remittances for the families of the labour migrants is very high.

The importance of the remittances for the socio-economic development of Ukraine and Moldova is a very high too because it can be used as investment for opening a small and a middle-size business in Ukraine and Moldova, and thanks to the remittances from abroad, some of families of Ukrainian and Moldavian labour immigrants and ex-labour immigrants can also invest money in some innovative projects for Ukraine and Moldova, such as solar panels, for example, with the aim of the socio-economic development of Ukraine and Moldova and their families.

5. Explanations of types of transfers of the personal remittances to Ukraine and Moldova

Explanations of the types of transfers of the personal remittances to Ukraine and Moldova are:

The official channel of sending personal remittances through the Ukrainian and Moldavian banking systems and those of other countries within the banking system of the World Bank;

The unofficial channel of sending personal remittances through the hands of the Ukrainian and Moldavian migrants, via members of their families or friends, or via intermediaries.

It seems that the latter, unofficial, way is more common and acceptable for the Ukrainian and Moldavian labour migrants because this avoids the payment of additional fees for transfer of the remittances.

6. Conclusions

The paper presents the results of research based on the data of the World Bank concerning analysis of personal remittances to Ukraine and Moldova during the period 2000-2016.

Thus, according to the results of the research, the percentage of the personal remittances to Ukraine compared to GDP of Ukraine in 2000 was 1.34% of GDP, in 2002 - 2.812%, in 2004 - 2.887%, in 2006 - 2.879%, in 2008 - 3.768%, in 2010 - 4.805%, in 2012 - 4.807%, in 2014 - 5.508%, and in 2016 - 6.589%.

The amount of personal remittances to Moldova was 13.783% of GDP in 2000, in 2002 - 19.412%, in 2004 - 26.994%, in 2006 - 34.499%, in 2008 - 31.182%, in 2010 - 30.161%, in 2012 - 27.269%, in 2014 - 26.003%, and in 2016 - 21.694%.

The personal remittances to Ukraine and Moldova make a significantly additional part to GDP of the countries from 1.34% in 2000 to 6.6% in 2016 to Ukraine, and from 13.783% of GDP in 2000 to 21.694% in 2016 to Moldova.

The importance of the remittances for the families of the Ukrainian and Moldavian labour migrants is a very high because sometimes only the remittances is a source of surviving for the families of the labour migrants.

In this case, the remittances for the families of the labour migrants allow them to survive in conditions of unemployment or low salaries in comparison to high living expenses, or to have better conditions of life in Ukraine and Moldova.

The importance of the remittances for the socio-economic development of Ukraine and Moldova is a very high too because it can be used as investment for opening a small and a middle-size business in Ukraine and Moldova, and thanks to the remittances from abroad, some of families of Ukrainian and Moldavian labour immigrants and ex-labour immigrants can open a legal business in Ukraine and Moldova or invest money in some innovative projects for Ukraine and Moldova such as solar panels, for example, with the aim of the socio-economic development of Ukraine and Moldova.

There are the official channel of sending personal remittances through the Ukrainian and Moldavian banking systems and those of other countries within the banking system of the World Bank, and the unofficial channel of sending personal remittances through the hands of the Ukrainian and Moldavian migrants, via members of their families or friends, or via intermediaries. It seems that the latter, unofficial, way is more common and acceptable for the Ukrainian and Moldavian labour migrants because this avoids the payment of additional fees for transfer of the remittances.

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