

Studies in International Economics and Business

**UKRAINIAN ECONOMY
GROWTH IMPERATIVES**

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Introduction

This scientific work is a monographic research devoted to the search for directions for solving the issue of improving the quality of economic growth in our country. This scientific work is unique in that it unites the efforts of leading scientists from different fields of science that represent the advanced scientific views and schools of KNUTE.

The two interrelated sections of the monograph, which, undoubtedly, have theoretical significance and practical relevance, are united by a single task – to comprehensively study the problem of achieving economic growth while taking into account foreign economic and intrinsic factors in Ukraine's development, to propose effective methods of creating stable interactions in different branches of economic activity between all interested parties in a competitive market.

The first section of the monograph is devoted to the study of external economic factors as regulators of the economic development of our country. National business entities are still weakly exploiting the opportunities for emerging and strengthening their positions in markets that require demonstrating sustainability and readiness for work in global value-added systems. In this regard, we found it useful to analyze the features, benefits and prospects of vertical integration interactions in various fields of activity. Options for reforming the national customs system are proposed as well. Particular attention is paid to the legal aspects of regulating economic relations in conditions of fair competition.

The second section of the monograph is the logical continuation of the first. The section analyzes topical issues of development of the Ukrainian economy. The authors study trends, achievements, difficulties and ways to stimulate e-commerce and digital governmental procurements, automate marketing on the example of restaurant business, and the problems of recreational management and audit in Ukraine.

On behalf of the entire editorial board, we express our sincere gratitude to all the scientists who have contributed to the creation of the monograph, thus contributing to the development of the scientific foundations for the theory and practice of improving the quality of our society's economic development.

The preparation of the monograph's contents was attended to by scientists of the Kyiv National University of Trade and Economics. Since the issues and individual conclusions presented in the monograph are of a controversial nature, the authors are open to communication and suggestions on further direction for scientific study. The authors of individual chapters are:

Mazaraki Anatolii – Chapters 1 and 3 (in co-authorship);
Duginets Ganna – Introduction, Chapters 1 and 3 (in co-authorship),
Conclusions;
Sevruk Iryna – Chapter 2;

CHAPTER 15. INTERNATIONAL LABOR MIGRATION AS A FACTOR OF ECONOMIC DEVELOPMENT

In the conditions of integration and globalization, the dominating tendency of world economic relations is growing international labor migration, which is determined by the rapid increase in the volume, high dynamic, fast reaction to changes in society and the economy. According to the latest data of the World Bank, more than 247 million people, or 3.4% of the world population, live outside their countries of birth (Migration and Remittances Factbook, 2016).

Economic and political changes taking place today in Ukraine have influenced significantly on strengthening of the international integration processes and increasing the labor force mobility. The many industrial enterprises reduction, military conflict in the east, ill-conceived and untimely reactions of the state on the crisis in the sectors of the economy, accompanied by the appearance of large-scale unemployment and social tension, signing the agreement on a visa-free regime with the European Union have increased the potential of the migration mobility of the population of Ukraine.

Issues of international labor migration in Ukraine are exacerbated by its special geographical position and geopolitical location, the strengthening of integration processes, first of all, in the European space. It should be noted that the advantageous geopolitical location provides to Ukraine great potential for the development of both the regions and the state as a whole, creates additional conditions which are associated with attracting international flows of human resources, the number of which has increased significantly in recent years.

According to the Ministry of Foreign Affairs of Ukraine in 2016, about 5 million Ukrainians are on the legal terms abroad and this tendency grows (The Ministry of Foreign Affairs called the number of Ukrainian that legally drove out for a border, 2016). Taking into account an ambiguousness and importance of the impact of international labor migration on the economy, regulating migration processes is an integral part of the national development strategy of Ukraine.

According to the State Statistics Service of Ukraine in 2005–2015 years the migration growth has been positive. In 2015, the number of immigrants into the country amounted to 30,659 persons, and the number of emigrants – 21,409 persons (State Statistics Service of Ukraine). However, special investigations and expert assessments give reason to assert that the actual number of migrant workers in dozens or even hundreds of times larger than the official. This is caused by the problem of illegal immigrants, which only in 2015 State Migration Service of Ukraine has identified 5,111 persons (Indicators of activity of the State Migration Service for 2015, 2015).

The main destinations of Ukrainian labor migrants in 2015 were the United States, Poland, Germany, Australia and Canada (Migration of Ukrainians:

5 countries, where go mostly, 2016). However, the entry of migrants to Ukraine in 2014 took place from Russia, Moldova, Turkmenistan, Azerbaijan, Uzbekistan etc. (State Statistics Service of Ukraine).

Due to the difficult political situation between Russia and Ukraine and the abandonment of Russia's customs privileges for Ukrainians, the number of migrants in this corridor is steadily declining, although it remains at the forefront.

The main areas of employment Ukrainian labor migrants, according to a study conducted by the International Organization for Migration project are: construction (about 50%), agriculture (11%), manufacturing (12%), transport and communications (5%), trade (5%), hotel, restaurant or tourist business (5%), health industry (2%) and personal services (8%) (Migration as a factor of development in Ukraine, 2016).

Number of international migrants by region in 2010–2015 are represented in the Table 15.1.

The determining characteristic of Ukrainian labor migrants is the high level of education and professional experience of labor migrants, a feature that, in general, concerns the entire Ukrainian population as a whole. In 2014, most of the labor migrants had basic or complete higher education, and 25% – vocational education (Migration as a factor of development in Ukraine, 2016).

A large number of educated and professionally experienced people (engineers, doctors, IT professionals, teachers, agronomists etc.) had emigrated and therefore cause “brain drain” from the country. This process is accompanied by a certain loss of skill (loss of skills), because the migration process often leads to the fact that skilled labor migrants engage in work activities that require lower qualifications.

Many people migrate because they were only partially employed or unemployed before they decided to migrate. This means that “brain drain” and the process of losing a qualification are factors that are force to leave Ukraine, mainly because of inconsistency with the needs of the labor market.

International labor migration is primarily caused by the large difference in levels of economic and social development, and by the peculiarities of demographic situation.

The main reasons of international labor migration are economic factors, but political, social and cultural factors are important as well. However, if in the early 90's of the XX century trips for earnings abroad were conditioned by stoppage of enterprises activity, delays in wages for many months, increased unemployment, now their goal in most cases is the desire to increase welfare, housing, financing etc. After some improvement in the economic situation, the importance of the main “pushing” factors has disappeared. Instead, nowadays people abroad live on the proposed earnings and solve material problems, in particular, buying apartments, starting business etc., which is becoming more complicated.

Table 15.1
Number of Ukrainian international migrants by regions in 2010–2015

Region	Unit	Number of immigrants						Number of emigrants					
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
Europe	persons	20,845	21,385	26,833	23,408	21,219	14,935	11,314	10,173	9,766	10,594	9,411	8,874
	% to the total	67.66	67.49	35.14	43.27	49.70	48.71	77.09	69.74	67.27	47.75	43.57	41.45
America	persons	881	912	2,232	1,698	1,106	932	1,136	1,228	890	1,041	1,784	1,694
	% to the total	2.86	2.88	2.92	3.14	2.59	3.04	7.74	8.42	6.13	4.69	8.26	7.91
Asia	persons	8,776	9,076	39,309	24,322	16,874	11,529	2,178	3,060	3,568	9,203	9,024	9,550
	% to the total	28.48	28.65	51.48	44.96	39.52	37.60	14.84	20.98	24.58	41.48	41.78	44.61
Africa	persons	282	287	7,949	4,640	3,480	3,233	25	111	268	1,338	1,354	1,262
	% to the total	0.92	0.91	10.41	8.58	8.15	10.55	0.17	0.76	1.85	6.03	6.27	5.89
Australia and Oceania	persons	26	24	38	32	19	30	24	16	25	11	26	29
	% to the total	0.08	0.08	0.05	0.06	0.04	0.10	0.16	0.11	0.17	0.05	0.12	0.14

Source: compiled by the authors on the basis of State Statistics Service of Ukraine (State Statistics Service of Ukraine).

Analyzing the motives labor migration can be distinguished the most important factors that push migrants abroad. These include:

1. The problem of poverty, in particular because of high unemployment rate in country. The typical type of migrant, which is motivated by such factor, is a former employee of a budgetary institution or agricultural enterprise, who was unemployed or without appropriate salaries.
2. The desire to ensure the welfare of future generations. The main reason for this type of working abroad is an attempt to make money not only on

current consumption and the maintenance of the family, but also to ensure the education of children, flats etc.

3. The desire to improve social status. Basic category that pursues this aim is intellectuals (teachers, scientists, representatives of creative professions). Labor migrations are considered not only as a means to increase financial security, but also as a factor in increasing their own social status, including the expansion of its business partners and contacts.
4. The social mode. Its consequence was the rooting of working abroad as a kind of lifestyle, of a new social culture in Ukraine. formed the previous waves of migrants, system of international contacts and communications, establishment of permanent channels of illegal employment abroad, the development of financial infrastructure in Ukraine, becomes much less risky and dangerous, besides easier than in the previous decade. Therefore, the labor migration environment supplemented with people who had no urgent need to improve the material welfare or social status but went abroad rather influenced by a kind of social fashion.
5. Future emigration. This motif has acted throughout the period of the Ukrainian labor migration, but its effect usually was not very strong, at least among those from Western Ukraine. The proportion of people who travelled to work abroad to obtain permission to reside in a particular country, usually was insignificant, and therefore in the context of the problem "of working abroad" such motivation plays a minor role.
6. Professional growth. This motif of labor migration appeared relatively recently. It is associated with the departure abroad of young people (mostly students and graduates), who seek to expand own professional experience or professional sphere of knowledge.
7. The military conflicts. The refugee problem is becoming a very important issue for the Ukrainian, which causes external and internal migration. Most refugees directed from the east and the Crimea. The most popular countries in Europe for Ukrainian refugees are Germany, Italy, Poland, and Sweden. Germany took nearly 5,600 applications for asylum, Poland took 4,000 applications for refugee status and a thousand people are looking for other forms of legalization. There are 2 thousand applications for refugee status on each in Italy and Sweden. About 10 thousand people are registered as internally displaced every week. Currently internally displaced persons in Ukraine, according to official data, there are about half a million. Their number continues to grow every week (The most Ukrainian refugees in Europe choose Germany for asylum).

The growing scale of labor migration leads to a rapid increase of remittances between countries. Migrants traveling for a temporary or permanent place of residence and for earning a living abroad carry out transfers to their countries of origin, as the level of income and living in the home is usually low.

Money transfers of labor migrants, which in each case contribute to solving financial problems of a particular family or household, under the conditions of large-scale development of labor emigration flows, have a significant impact on the socio-economic and financial development of both the recipient country and the world community as a whole.

In 2016, remittances inflows totalled USD 5.4 billion (or 5.8% of GDP) and increased by 5.3% compared with the previous year (National Bank of Ukraine). Money transfers serve an important indicator for investigating the economic effect of international labor migration, their amount, dynamics and intended use acquiring a special meaning.

However, the structure of private remittances in Ukraine (Table 15.2), indicating that during the 2008–2015 years they were received through correspondent bank accounts, international payment systems and informal channels.

The amount of remittance inflows through the banking system grew by 13.6% – to USD 2.3 billion, and its share in total remittances amounted to 42%. The amount of remittance inflows through the international payment systems remained nearly unchanged compared with the previous year and totalled USD 2.1 billion. According to the NBU's estimates, in 2016, remittance inflows to Ukraine through informal channels (transfers in cash or in kind between households) exceeded USD 1.0 billion, or nearly 19.0%, of total remittances in Ukraine (National Bank of Ukraine). The popularity of informal channels caused by mistrust of the banking system in general, unwillingness to show their income and insufficient financial literacy. The experience of other countries shows that increasing the share of transactions sent through official channels, increases the ability of banks to provide loans to enterprises, which should stimulate economic growth (What we know about regional distribution of remittances?, 2015).

In 2016, remittances received as compensation of employees (from individuals, who work abroad less than a year) totalled USD 3.6 billion, that is 4.3% higher, compared with 2015. Its share amounted to 66.4%. Private transfers (as form of remittances) rose by 7.1% compared with 2015, and totalled USD 1.8 billion. The share of remittances from individuals who work abroad more than a year increased to 60.4% of the total private transfers (in 2015 – 59.7%).

Private money transfers from international migrants every year come from virtually all leading countries of the world (Table 15.3).

The volume of private money transfers in Ukraine indicate that in the years 2008–2015 the largest their percentage came from Russia. The USA is the next largest country in private money transfers in Ukraine. Germany, The United Kingdom, Cyprus, Italy, Greece, and Israel also occupy leading positions (National Bank of Ukraine).

Today money transfers impact significantly on the economy of Ukraine:

1. It plays an important role in the financial system and allows to stabilize the balance of payments and minimize the risk of exchange rate, thus reducing dependence on international organizations.
2. They can attract more money in certificates of deposit and bond issues.

Table 15.2

**The structure of private remittances in Ukraine
for the period 2008–2015 years, USD millions**

Description	2008	2009	2010	2011	2012	2013	2014	2015
Total remittances	6,177	5,370	5,862	7,019	7,526	8,537	6,489	5,154
of which:								
– through banks accounts	3,275	2,832	2,959	3,252	3,278	3,293	2,410	2,006
in % of total revenues	53.02	52.74	50.48	46.33	43.56	38.57	37.14	38.92
– through international payment systems*	2,097	1,825	2,126	2,804	3,213	4,084	3,190	2,135
in % of total revenues	33.95	35.29	36.27	39.95	42.69	47.84	49.16	41.42
– through informal channels	805	713	777	963	1,035	1,160	889	1,013
in % of total revenues	13.03	13.28	13.25	13.72	13.75	13.59	13.70	19.65
including:								
1. Compensation of employees (excluding taxes and expenses in the host country)	3,024	2,855	3,373	4,022	4,619	5,652	4,318	3,452
of which:								
– through informal channels	414	352	455	569	654	780	593	649
2. Personal transfers	3,153	2,515	2,489	2,997	2,907	2,885	2,171	1,702
including:								
Remittances from individuals who work abroad more than a year	2,140	1,643	1,560	1,890	1,749	1,531	1,165	1,016
of which:								
– through informal channels	391	361	322	394	381	380	296	364
Other personal transfers	1,013	872	929	1,107	1,158	1,354	1,006	686
Memorandum items: remittances in % of GDP	3.4	4.6	4.3	4.3	4.3	4.7	4.9	5.7

Source: compiled by the authors on the basis of National Bank of Ukraine data (National Bank of Ukraine).

Table 15.3

Volume of private money transfers to Ukraine from the leading countries of the world for 2008–2015, USD millions

Countries	Volume of private money transfers to Ukraine							
	2008	% to the total	2010	% to the total	2013	% to the total	2015	% to the total
Russia	1,833.2	29.68	1,619.1	27.62	2,703.7	31.67	1,158.2	22.47
USA	620.1	10.04	577.9	9.86	642.5	7.53	515.0	9.99
Germany	316.5	5.12	381.7	6.51	417.6	4.89	269.6	5.23
Greece	248.2	4.02	303.3	5.17	335.0	3.92	244.9	4.75
The United Kingdom	332.9	5.39	254.1	4.33	244.9	2.87	244.4	4.74
Cyprus	218.7	3.54	242.1	4.13	325.4	3.81	191.3	3.71
Italy	340.1	5.51	281.9	4.81	304.7	3.57	170.6	3.31
United Arab Emirates	68.9	1.12	95.1	1.62	131.1	1.54	106.8	2.07
Israel	72.3	1.17	68.1	1.16	101.9	1.19	96.8	1.88
Singapore	34.0	0.55	48.4	0.83	102.8	1.20	82.3	1.60
Canada	88.2	1.43	107.3	1.83	115.6	1.35	74.8	1.45
Spain	214.9	3.48	146.5	2.50	104.5	1.22	67.0	1.30
Switzerland	149.7	2.42	162.3	2.77	120.1	1.41	62.4	1.21
Netherlands	69.3	1.12	75.3	1.28	101.0	1.18	60.8	1.18
France	41.6	0.67	47.2	0.81	67.5	0.79	59.0	1.14
Kazakhstan	40.3	0.65	49.1	0.84	80.6	0.94	55.1	1.07
Turkey	52.3	0.85	52.4	0.89	60.0	0.70	52.0	1.01
Panama	22.4	0.36	28.3	0.48	63.9	0.75	50.1	0.97
Portugal	108	1.75	76.6	1.31	54.2	0.63	44.0	0.85
China	35.8	0.58	40.3	0.69	63.2	0.74	39.9	0.77
Belgium	43.3	0.70	40.2	0.69	56.2	0.66	38.2	0.74
Norway	27.8	0.45	40.3	0.69	67.8	0.79	38.1	0.74
Hong Kong	31.0	0.50	41.4	0.71	55.9	0.65	35.8	0.69
Poland	34.0	0.55	26.1	0.45	40.4	0.47	35.0	0.68
Czech Republic	30.2	0.49	27.5	0.47	35.7	0.42	34.9	0.68

Source: compiled by the authors on the basis of State Statistics Service of Ukraine (State Statistics Service of Ukraine).

3. It improves the population abundance and as a consequence reduces poverty in the country. They also encourage individual savings funds that leads them to create savings accounts and to direct money to enterprises.
4. The largest number of private remittances is directed to consumption. According to the State Statistics Service of Ukraine, daily necessities, durable goods, housing, education and family savings are the main use of remittances earned by migrant workers.
5. Private remittances of migrants have positive impact on the multiplier effect. About 30 countries have been able for 10 years to double their GDP. Remittances is the main factor of this. For example, in Tajikistan, only official remittances amounted 120% of GDP in 2008 (Haidutsky, 2015).

Today personal remittances of migrants are one of the most stable sources of foreign capital in the country, considerably passing ahead direct foreign investments, portfolio investments and international technical help (Haidutsky, 2007, pp. 20–34). The analysis of the foreign direct investment and private remittances in Ukraine shows that the amount of private money transfers in Ukraine in 2016 amounted to 5,435 billion US dollars and foreign direct investment received only 3,336 billion US dollars. Therefore, private money transfers in 2016 that were received is in 1,6 times more than foreign direct investment.

Foreign direct investment is very vulnerable to external and internal factors as opposed to private remittances, which are more stable, less responsive to the political and economic situation in the country. In our opinion, the main problems hindering the attraction of foreign direct investment to Ukraine include political and economic instability, imperfect and volatile legislation, lack of proper infrastructure, limited domestic sales opportunities due to low incomes, high cost of credit resources, unequal competition conditions through protectionism, high tax burden and difficulties in administering taxes, high levels of economic shadowing, and others.

According to the IOM survey of migrant workers showed that most remittances of migrants directed to savings (42%), which in the future may be directed to opening of own business, investing in securities or shares, purchasing durable goods or consumer goods etc. This will not only improve the welfare of workers but also increase the number of tax deductions to the state budget and improve the situation on the local labor market (Migration as a factor of development in Ukraine, 2016).

Another positive consequence of labor migration is to reduce the pressure on the labor market. Emigration of labor force leads to a decrease in the unemployment rate in Ukraine. According to the State Statistics Service of Ukraine in the country in 2014, there were 1,847.1 thousand unemployed people of working age, representing 9.7% of the economically active population

in this age group (State Statistics Service of Ukraine). This situation on the labor market simply forces the inhabitants to emigrate.

Under certain conditions it may be a positive impact of migration on the educational level. Being in another country, workers can improve their qualifications, skills and educational level, join the advanced management and production experience of foreign entities. Thus, there is the increasing of the human resources competitiveness, which after returning home can use their acquired knowledge for the benefit of the state. However, this situation is possible only if the migrant worker successfully found work in another country by specialty. Labor migration increases the demand for higher education in Ukraine, because money earned abroad, are often used for teaching migrant children or themselves in higher education.

The negative impact on the educational level of the population of Ukraine is causing the problem of "brain drain". Because of the out flow abroad skilled personnel in Ukraine is deteriorating the development of scientific and technological progress. The emigration of specialists leads to a reduction efficiency of the production process, reducing the number of implemented scientific and technological developments.

Because of emigration of labor force from Ukraine there is a weakening of the national economy, as competitive part of the population migrates abroad, which, in turn, negatively effect on employment potential, which is the main factor of social and economic development of society. Already, some of the areas of the national economy are experiencing an acute shortage of workers in various fields, which may eventually threaten national security.

The negative manifestations of Ukrainian labor migration should include the fact that moving to another country can be danger to direct workers. Since workers are deprived of adequate social protection, there is a danger of being in unfavourable conditions of existence and work.

There is a list of risks associated with the movement of Ukrainian labor force abroad in the social sphere. For example, activation of migration processes leads to destruction of families of migrant workers if the period of stay abroad one of its members reaches several years. Another negative phenomenon, caused by labor migration, is the so-called "social" orphanhood of children, when they are doomed to lonely growth despite the fact that their parents are alive.

To our opinion the analysis of the impact of migration on the socio-economic development of Ukraine will be incomplete if not to take into account the trend of increasing number of foreign citizens working in this country.

Positive characteristics of foreign workers staying in Ukraine are: cash transfers, exchange of professional and cultural experience, contribution to GDP Ukraine. However, there are negative aspects: the outflow of currency to support families at home and increase unemployment rate in Ukraine.

To study the macroeconomic influence of international migration on the economy of Ukraine was built multifactor regression model.

In terms of factors influencing the growth of the economy, in particular the growth of the gross domestic product (GDP), it was selected foreign direct investment (FDI), private money transfers (R), unemployment rate (U), number of immigrants (Im), number of emigrants (Em), social security expenditures (Exp) and the national (hryvnia) exchange rate compared to US dollar (ER).

The calculation of the influence of these factors on the resulting variable – GDP, based on their dynamics of 2002–2015, allowed to obtain the following equation of linear multiple regression:

$$GDP = b_1 + b_2 \cdot xFDI + b_3 \cdot xR + b_4 \cdot xIm + b_5 \cdot xEm + b_6 \cdot xExp + b_7 \cdot xU + b_8 \cdot xER + b_9 \cdot \ln GDP, \quad (15.1)$$

where GDP – value of the model;

b_1 – constant;

$b_2 \dots b_n$ – regression coefficients in front of dependent variables of the equation, $\ln GDP$ – natural logarithm of GDP per capita.

The calculation of the impact of international labor migration on the economy of Ukraine, using the proposed multi-regression model, shows that gross domestic product will grow by 3.28% if at the same time increase by 1% all investigated factors (Table 15.4).

Table 15.4

The results of the econometric analysis of the impact of labor migration and other factors on economic growth in Ukraine

Variable	Marking a variable	Coefficient of elasticity	Interpretation ¹
Money transfers	R	0.41	Positive impact
Foreign direct investment	FDI	0.01	Weak positive impact
Social security expenditures	Exp	0.10	Positive impact
Unemployment rate	U	-0.02	Minor negative impact
Number of immigrants	Im	-0.02	Minor negative impact
Number of emigrants	Em	0.13	Positive impact
National exchange rate	ER	-0.11	Negative influence

¹ – >0.5 $i \leq 1$ – minor positive impact; >0.1 $i \leq 0.5$ – positive impact; >0 $i \leq 0.1$ – weak positive impact; 0 – no effect; <0 $i \geq -0.1$ – insignificant negative impact; <-0.1 $i \geq -0.5$ – negative influence; <-0.5 $i \geq -1$ – minor negative impact.

The model shows that the volume of private money transfers has a significant influence on the gross domestic product, far exceeding the impact of foreign direct

investment, with an increase in their volume by 1%, Ukraine's GDP will increase by 0.41%. However, taking into account the abovementioned, private money transfers account for a sufficiently large share of GDP, it can be assumed that their positive impact can be increased. The absence of such influence can be explained by the fact that private money transfers are not sufficiently involved in the country's economy, and therefore Ukraine needs an effective regulatory policy for their receipt and use. Also, the data of the Table 15.4 show that an increase in the number of immigrants by 1% has a negligible negative impact, while an increase in the number of emigrants by 1% will have a positive impact on Ukraine's GDP.

In order to investigate the interdependence of the selected factors, a correlation analysis was conducted that characterizes the degree of linear dependence of the indicators. According to the results of this analysis, it can be concluded that the volumes of private money transfers are closely interconnected with all investigated factors in Ukraine. This suggests that any change in the volume of private money transfers will lead to significant changes in other indicators that also impact on GDP. However, their greatest interdependence is observed with the volume of emigration, foreign direct investment and social protection expenditures.

However, there are negative effects of remittances on the economies of the donor. One of these is the formation of a larger economy dependent on donor emigration workforce, reduction of possible government investment or foreign investment (Nagaytseva, 2005).

The negative effects of international labor migration on the economy of the donor is the fact that because of the prevalence of illegal component migrants are not involved in the formation of social funds, which increases financial stress in the social security of the population of the donor, and in the case of returning in the pension age to the native country there is a problem of pensions, which may cause social discontent in society.

After analyzing the main tendencies of the domestic labor movement, one can distinguish the following consequences of the emigration of Ukrainians (Table 15.5).

This study shows that in order to minimize the negative effects of labor migration one of the main directions of Ukraine's migration policy should be the involvement of personal remittances and their implementation in the economy of Ukraine (Figure 15.1).

Here are the instruments for attracting remittances of migrants at the national level:

- to increase % rates in bank deposits, which are replenished by money transfer;
- special state program on creation investment funds that accumulate monetary contributions of immigrants and finance highly profitable projects in the private and municipal sector;

- to reduce the cost of money transfer to Ukraine services (reduction commission %);
- improving the system of statistics of remittances (surveys);
- promoting collective transfer (creation special bank programs, creation of joint investment funds, bond issue for the diaspora);
- distribution of information and free consultations on the use of Internet banking and mobile banking.

Table 15.5

Positive and negative consequences of emigration of Ukrainians

Positive Consequences	Negative consequences
Receipt of money transfers	Loss of labor
Attraction of private investment	Loss of highly skilled personnel
Reducing unemployment	Loss of public funds for training, refresher training for a migrant
Improving the well-being of migrant families	Illegal labor migration does not make deductions to pension and social funds
Possibility of self-realization of the migrants	The collapse of families, the problem of "orphanhood"
Ability to improve the skills of the migrant	Return of migrant children of retirement age
Reducing tension in the labor market	Outflow of currency sent by members of the migrant's family
Ability to cooperate with foreign companies	The deterioration of the demographic situation
Exchange of professional and cultural experience	Increasing pressure on the domestic labor market as a result of the creation by foreigners of a competitive environment for local labor

Source: developed by the author.

Reducing the cost of remittance from abroad is an important direction of migration policy, because the high transfer costs are forcing people to use informal channels of transfer. The solution of this problem may be increasing the number of operators and international companies.

We suggest to use such additional tools at the supranational level to reduce the cost of remittance from abroad:

- removing barriers about sending money to Ukraine through the online payment system PayPal, which is the most common method of online payments in the world;

- signing or improving agreements with international payment systems and international electronic payment systems (Web Money, Opal Transfer etc.) about reducing rates for their services and expanding the boundaries of their actions on remittances in Ukraine;
- to create their own international electronic payment system with most favourable tariffs for transfers in Ukraine;
- signing agreements with foreign banks to establish lower fees for international transfers between bank accounts.

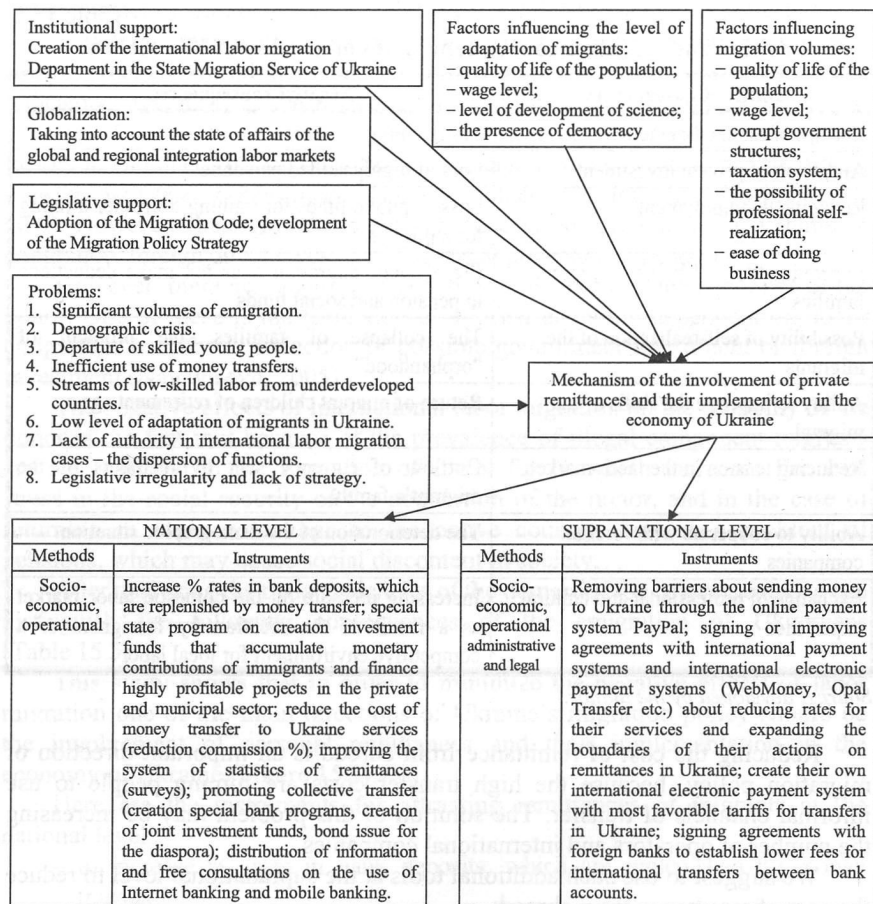


Figure 15.1. Mechanism of the involvement of personal remittances and their implementation in the economy of Ukraine.

Source: developed by the authors.

The cooperation between citizens, entrepreneurs and executive authorities will help to fulfil all the set tasks. The implementation of these migration policy tools, developed on the basis of the best practices of the world's leading economies, in particular migration regulations, will contribute to the effective work of the mechanism for regulating international labor migration in Ukraine.

Thus, the impact of international labor migration on the development of Ukraine is rather ambiguous. Because of effectiveness of the state migration policy, the ability to adequately manage the external flow of the working population and ensure the prerequisites to prevent the negative effects of the international movement of labor depends on how much can be positive socio-economic impact of migration.

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