

International Migration in Latin America
and the Caribbean
Contributions from Mexican Meeting

**INTERNATIONAL SYMPOSIUM ON
INTERNATIONAL MIGRATION AND DEVELOPMENT
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Mission

- To bring up some of the conclusions and results of the *Expert Group Meeting on International Migration and Development in Latin America and the Caribbean*
- Mexico City, Nov. 30- Dec.2, 2005

Sponsorship of the meeting

- CONAPO-Mexico
- United Nations Population Division
- UNFPA
- CELADE- Population Division of ECLAC.

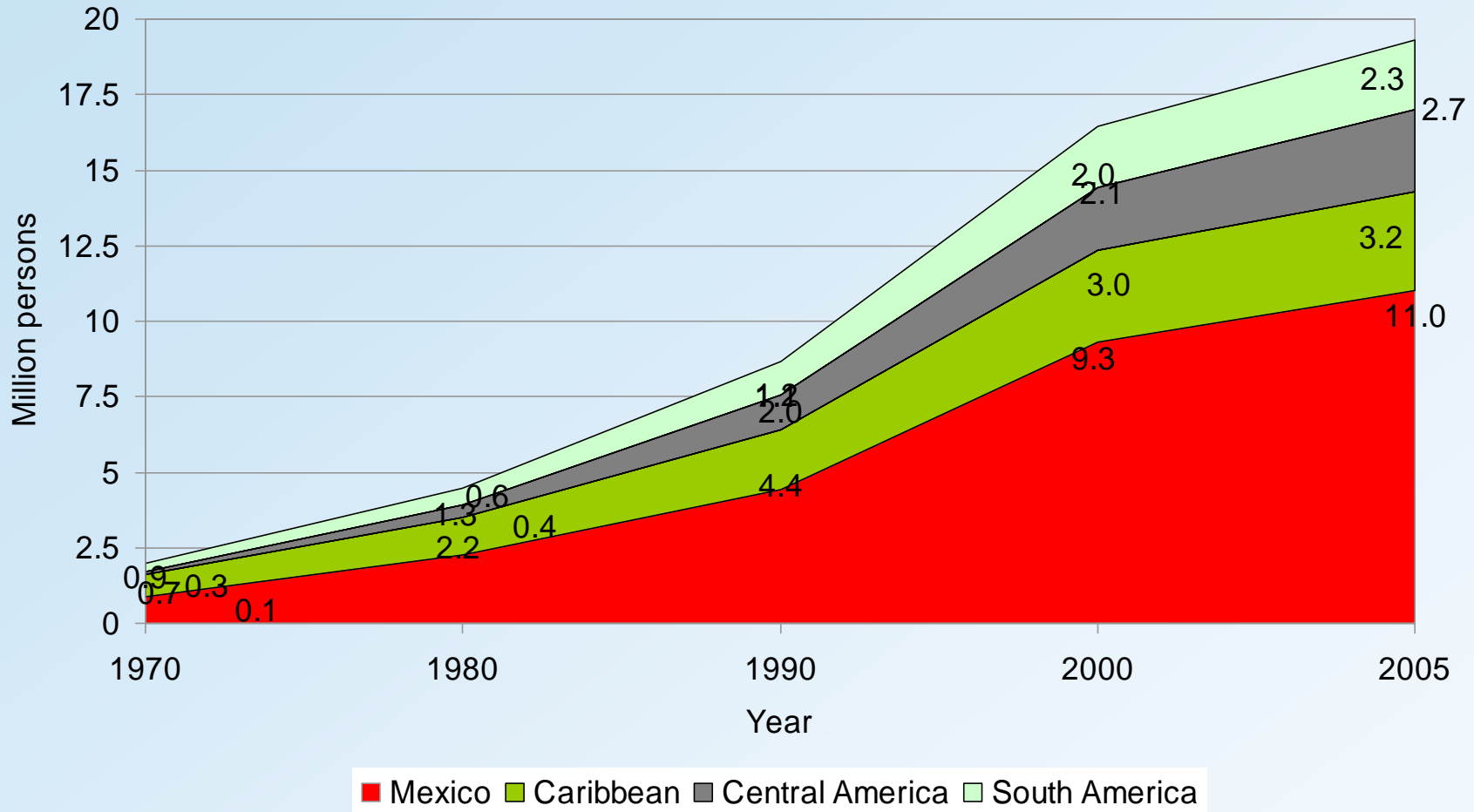
Main questions

- How can international migration be made to work for development?
- How had international migration in the LAC region worked for development?
- What has happened in the past 20 years as regards migration and development?

High Increase of Migration

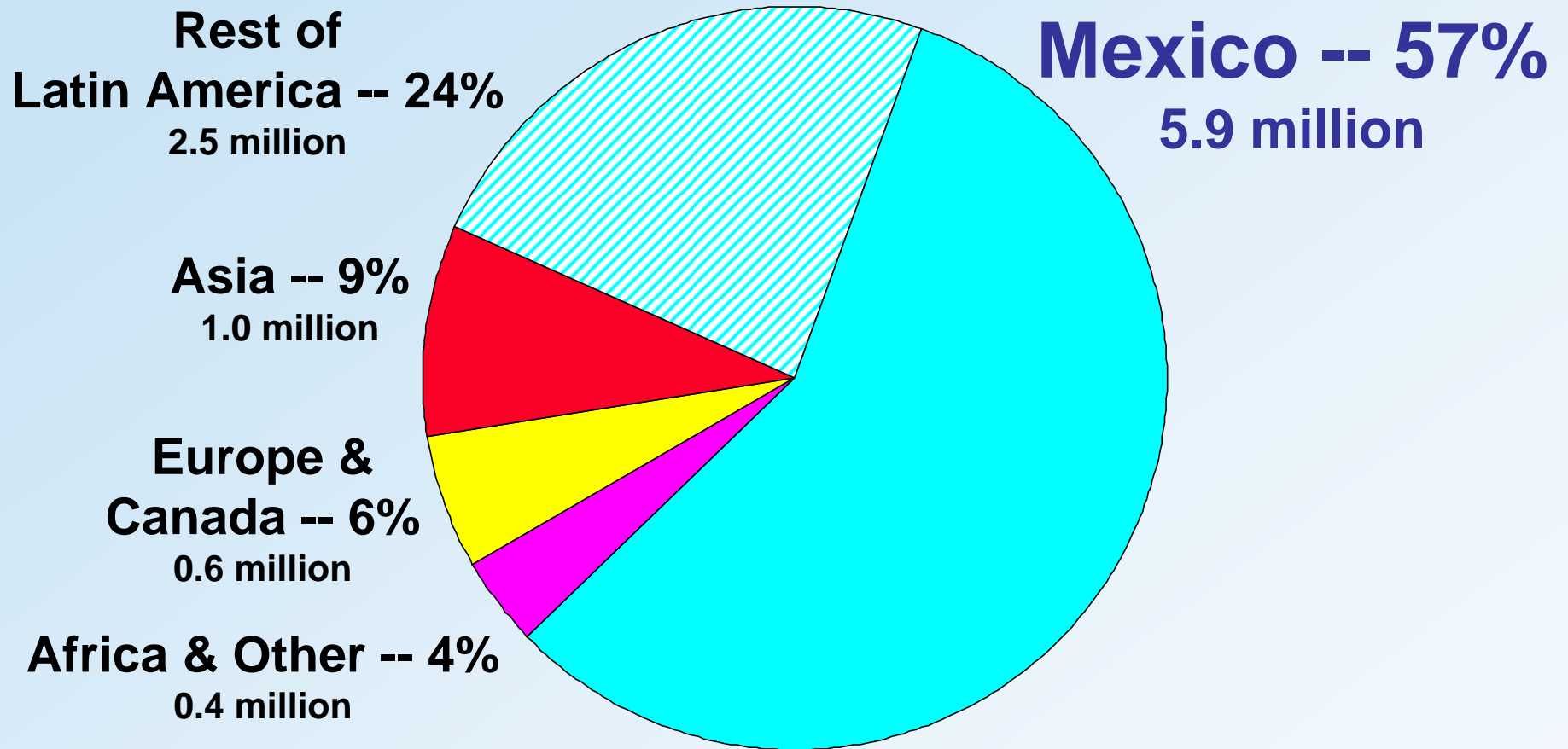
- Most Latin American Countries are sending countries
- The volume of LAC flows of migration have greatly increased in recent years
- Patterns of origin and destination have undergone a process of transformation
- The U.S. is the primary destination, followed by other developed countries

Population of Latin America and the Caribbean Resident in the United States, 1970, 1980, 1990, 2000 and 2005



Source: Estimates based on Bureau of Census, 15-percent sample 1970, 5-percent sample 1980, 1990 and 2000, Current Population Survey (CPS), March 2005.

Undocumented Are Largely Latin American

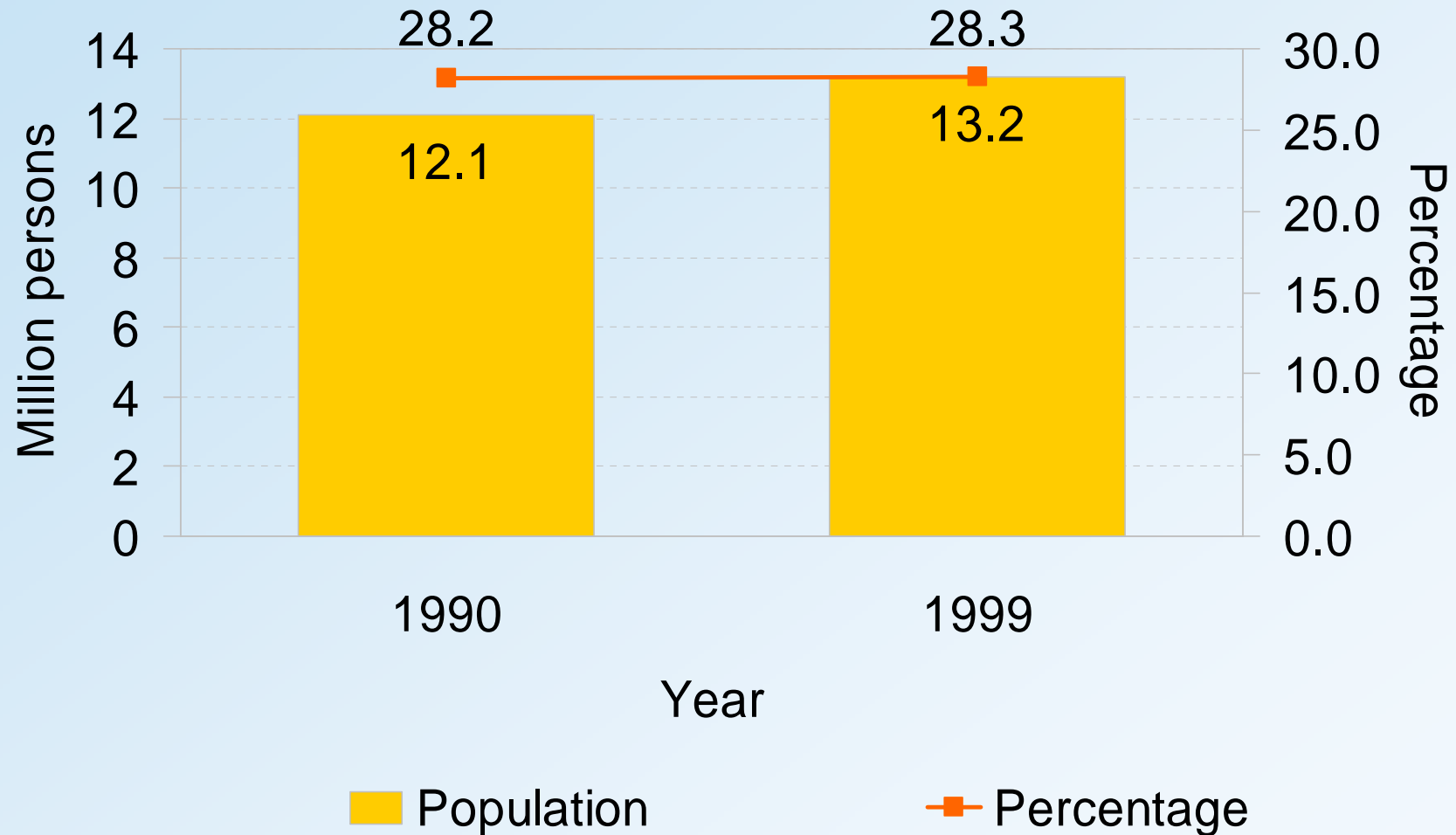


10.3 Million in March 2004

Stunted Development

- Economies become foreign market-oriented
- Assymetries between them and developed countries mantained or increased
- Many countries suffered serious economic crises, with a strong impact in poverty levels
- Some of them defaulted or almost defaulted on their debt
- Many had to renegotiate far-reaching reform packages that severely limited employment growth, lowered wages and incomes, and curtailed growth of domestic markets.

Poverty in Latin America and the Caribbean 1990 and 1999

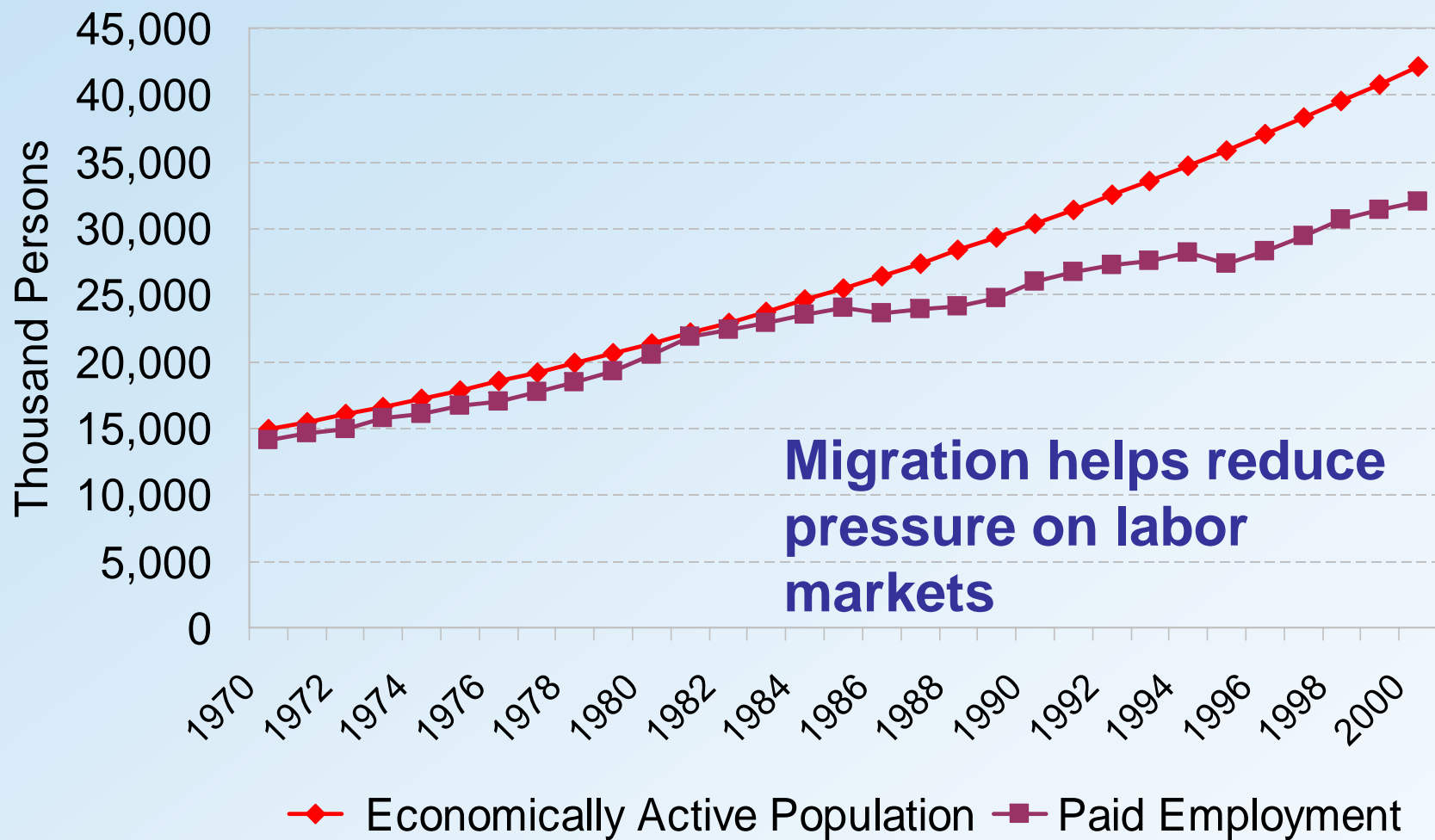


Source: World Development Indicators 2003, The World Bank

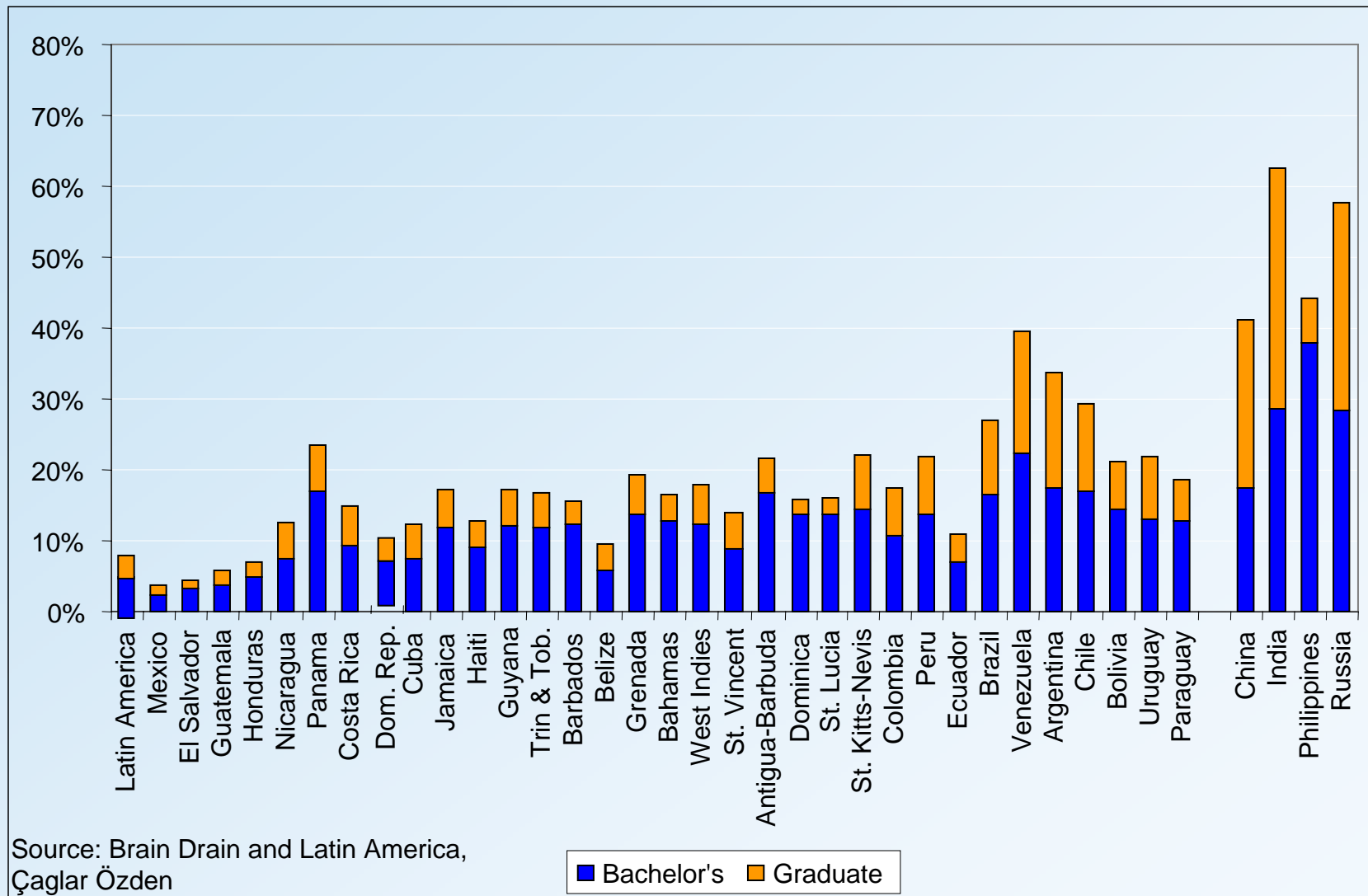
Some examples

- Poverty in Ecuador rose from 34% to 71% between 1995 and 2000
- Mexican economic crisis of December 1994 increased extreme poverty from 21% to 37% between 1994 and 1996

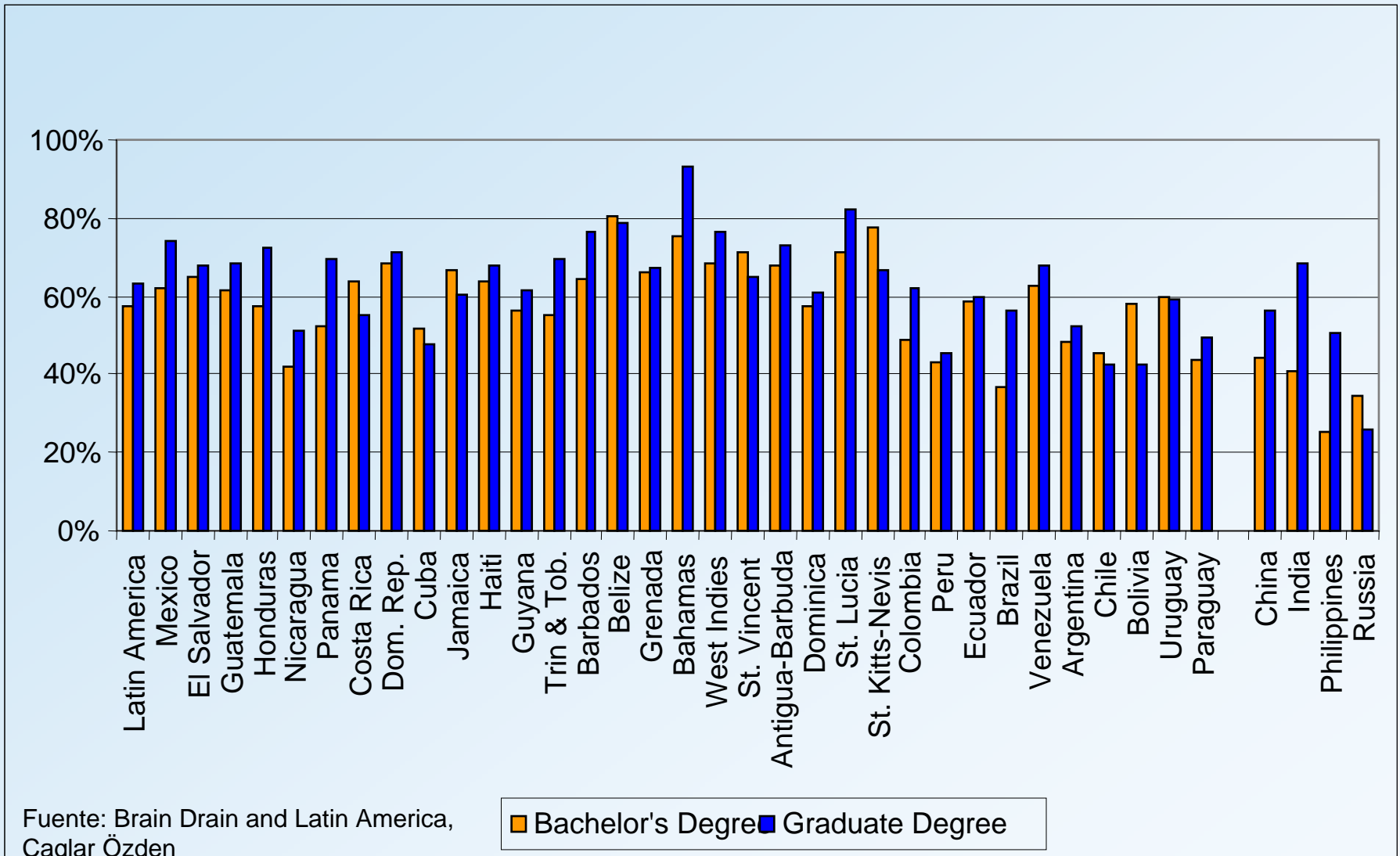
Economically Active Population and Paid Employment in Mexico, 1970-2000



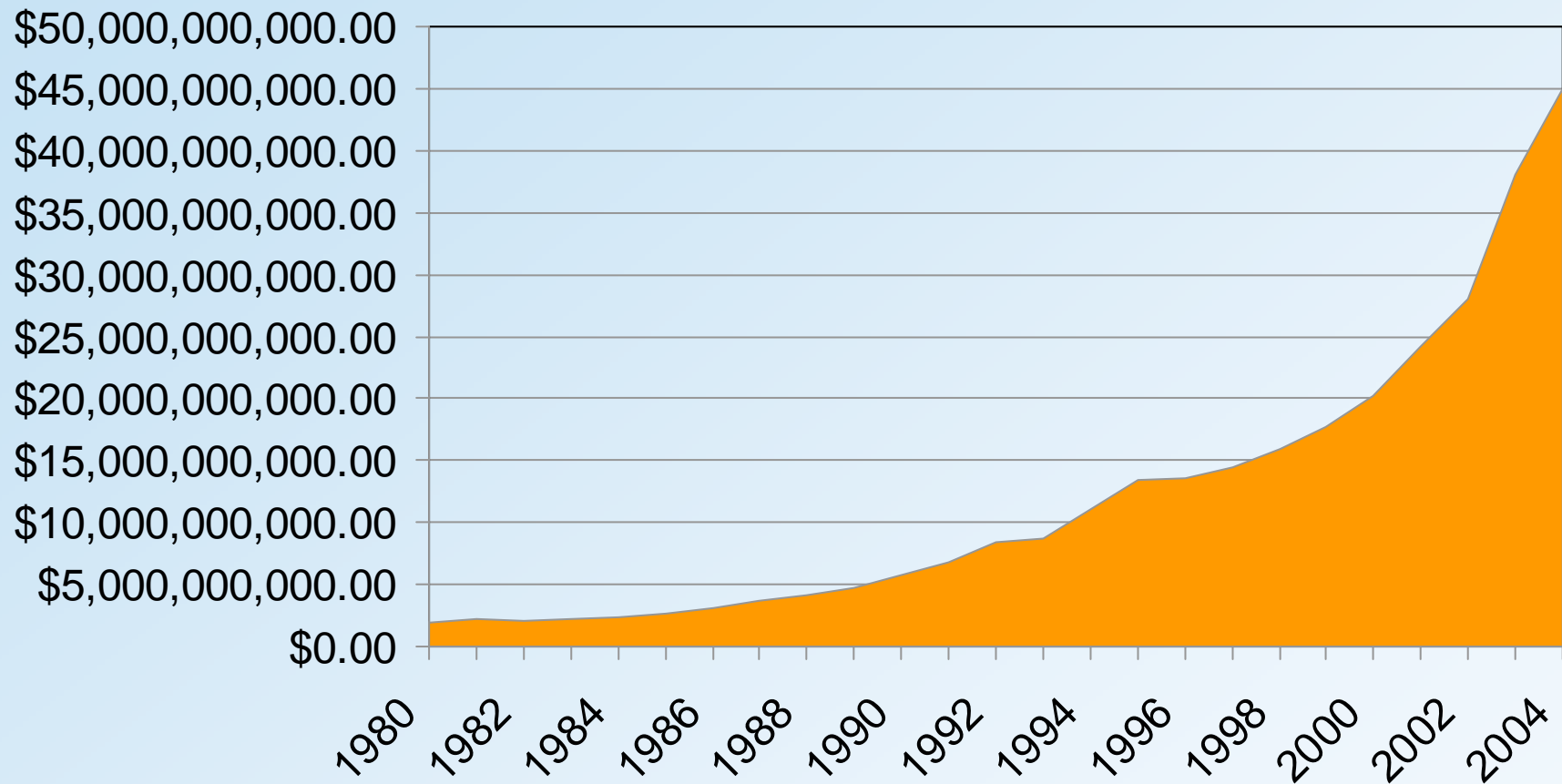
Educational Composition 1980s Arrivals



Percentage Educated in the US 1980s Arrivals



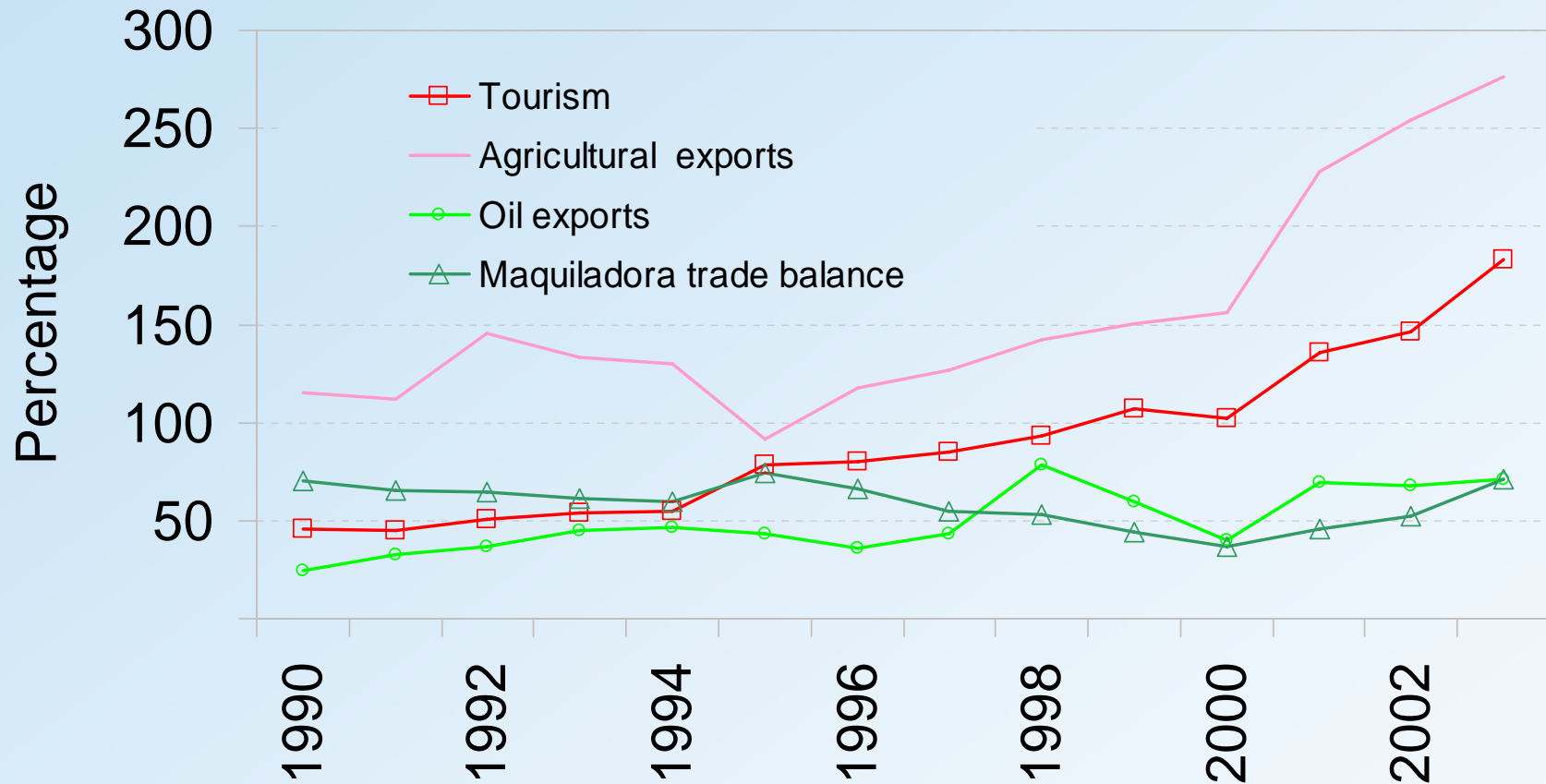
Remittances to Latin America and the Caribbean, 1980-2004



Remittances Play Critical Role as Source of Foreign Exchange

Source: Orozco, Remittances in the Latin American and Caribbean Region.

Mexico. Remittances as percentage of Other Sources of Foreign Income, 1990 - 2003

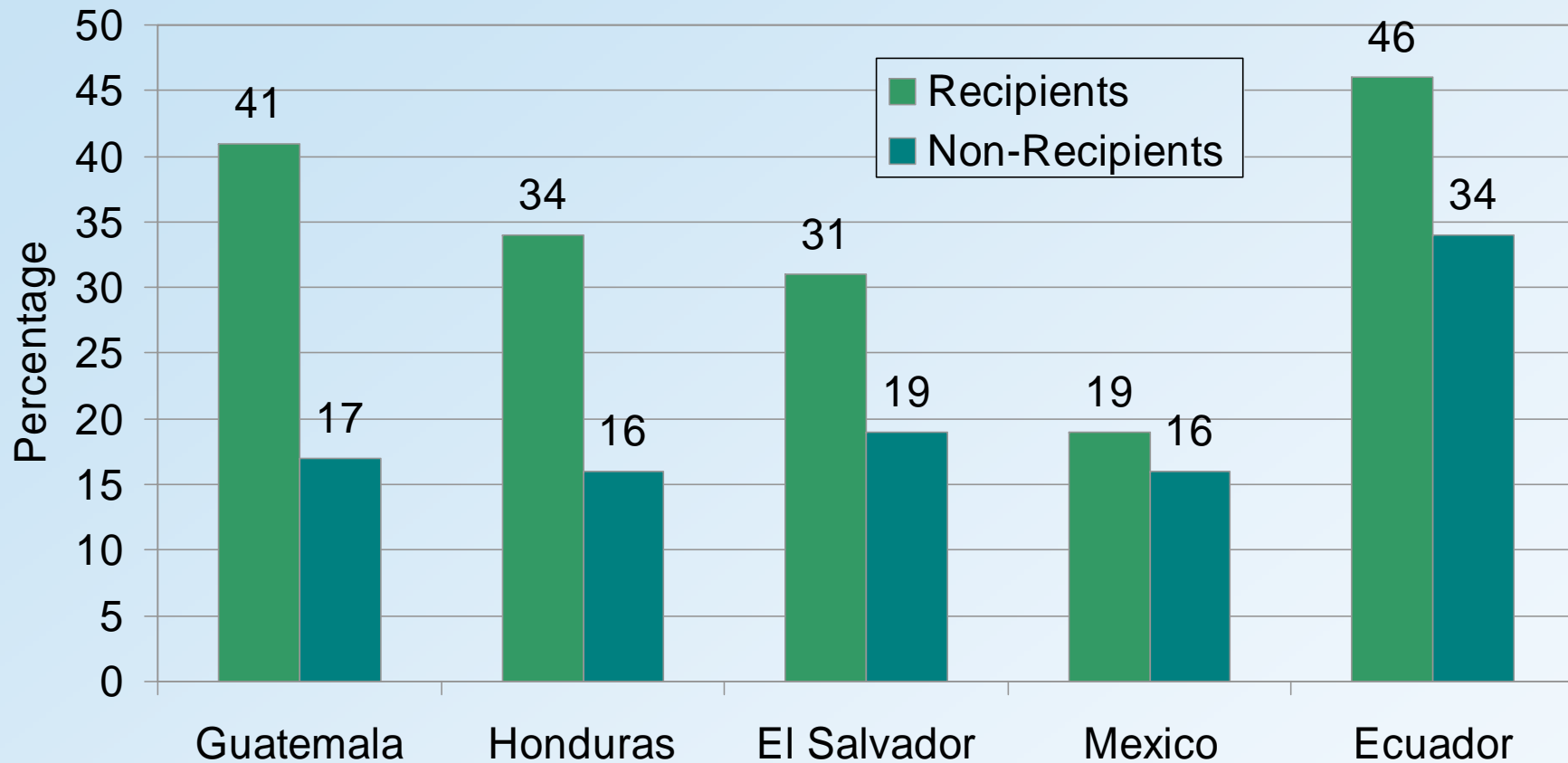


Source: Drawn up on the basis of data from Banco de México, *Indicadores económicos y página WEB*, several years.

Importance of remittance

- Help provide foreign currency
- Contribute a major share of national income
- They have a macroeconomic impact that tends not to decrease with economic downturns
- Remittances have multiplying effects and the potential to generate wealth, not just to receptors (homes and communities)

Households With Bank Accounts

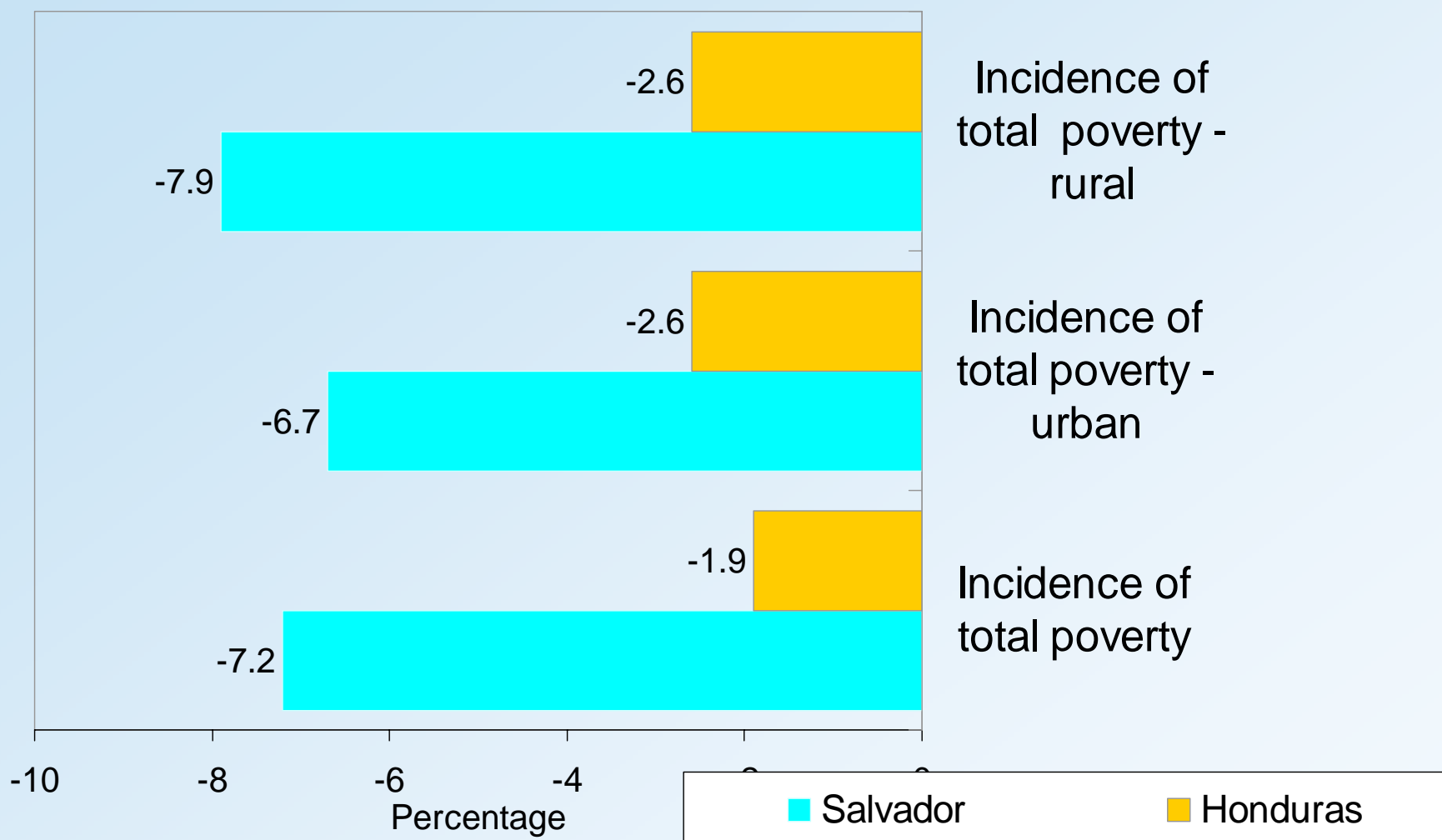


Remittances contribute to enabling financial citizenship

Migration and poverty

- Remittances contribute to reduce poverty levels, but strategies to overcome this serious social problem demand structural changes that facilitate sustainable productive expansion and the population's economic and social mobility.

El Salvador and Honduras. Remittance Impact on Poverty Reduction



Source: Crecimiento Exportador y Remesas en Centroamérica: Efectos macroeconómicos y en la pobreza, Marco V. Sánchez C.

El Salvador and Honduras

- Poverty in El Salvador y Honduras has fallen considerably as a result of remittances, but there has not been a significant increase in total production
- Flows of private capital, including remittances, have led to an appreciation of the real exchange rate, reducing the effect of commercial reforms on the profitability of the export sector

El Salvador and Honduras

The capacity to generate foreign currency in those countries depends primarily on remittances-rather than on export capacity.

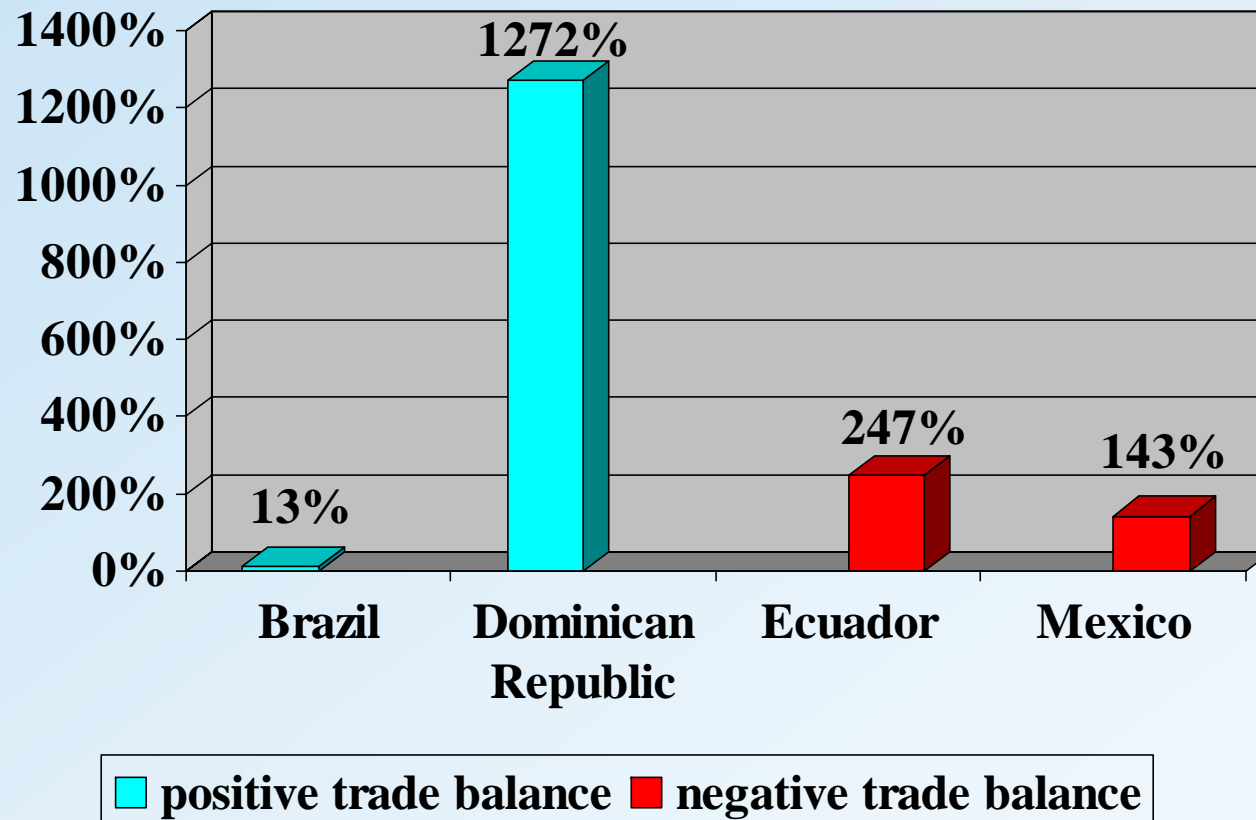
Although the appreciation of the exchange rate has benefitted sectors that produce non trading goods and services, the increase in internal consumption has not had a dynamic effect on total production or aggregated employment.

Remittances could be an aspirin

The sustained growth of remittances could reproduce this productive inertia in the long term through the appreciation of the exchange rate, which would adversely affect the export sector.

In a situation in which the “remittance disease” persists, the productive apparatus might prove incapable of rapidly adjusting to a fall in remittances (for whatever reason) which would create a negative outlook for poverty

Remittances as percentage of the trade balance (2004)



Source: The World Bank

Conclusiones

- Remittances have a positive effect on the income of the families that receive them and contribute to improve their quality of life.
- The global volumes of remittances received in many countries constitute important sources of foreign exchange

Conclusions

- Remittances play a critical role as a source of foreign exchange, but its volume does not provide a solution to the challenges of development.
- The structural problems of poverty and inequality go beyond controlling remittances. Moreover, its effect depends on the ability of the productive base of the local economy to absorb external savings.

Development depends directly on a development policy.

- It was agreed that remittances cannot resolve regional and national development problems which by definition demand broader state participation, as well as increasing private investment flows. In the same way, these economic transfers cannot replace Official Development Assistance funds.

Migrant Transfers May Have Undesirable Effects

- By the reduction of exports derived from an appreciation of the national currency.
- They can have inflationary effects
- And generate dependency and social inequality.

Conclusions

Within a context of globalization and profoundly asymmetric regional integration, the balance between the costs and benefits of international migration, in the medium and long term, in developing countries may be very different to that of developed countries.

- In order to understand how migration may act in favor of development, it is not enough to classify countries as receivers or senders; the degree of development and the way they are inserting in the global economy must also be taken into account.