# Current Perspectives on Remittances to Latin America and the Caribbean in 2013

## Introduction

This briefing presents year-end data on remittance flows to Latin America and the Caribbean in 2013 and considers the possible impact of immigration reform on remittances and on the lives of migrants more generally. Last year, family remittances experienced little growth for most of the major remittance recipient countries. This may be a byproduct of immigration controls and deportations, demography, regulatory constraints and a slow recovery from the recession.

## Remittances to Latin America and the Caribbean in 2013

Migrant remittances to Latin America and the Caribbean have not grown substantially from 2012. Total volume to the region was 60 billion, slightly decreasing to -1%. Examining country performance on an individual basis, three major growth groups emerge: high, moderate and negative-growth countries. The reasons for this growth are associated with dynamics related to US immigration policy, demographics, and economic growth in some countries. There is not a single explanation, but rather a combination of factors and trends.

The table below shows three distinct groups of remittance receiving countries in the region with 2013 remittance flows. The first group consists of those countries with a negative growth rate, and it includes Mexico among others. In the second group is comprised of countries with modest growth, between 0 and 3%, and includes leading recipient countries like Colombia, El Salvador, the Dominican Republic and Jamaica. Higher growth countries include Guatemala, Honduras, Nicaragua and Costa Rica.

**Table 1: Remittance flows to Latin America and the Caribbean, 2013**

| Countries | (US$,000,000) | Growth | Trend | Deportations | Demographic growth | Spain/ Argentina | R/GDP (%) | GDP Growth (%) |
|---|---|---|---|---|---|---|---|---|
| **Paraguay (S.Am)** | 755 | -0.061 | Negative | | 1.73 | X | 10 | 13 |
| **Uruguay (S.Am)** | 187 | -0.030 | | | | | | 4.5 |
| **Mexico** | 21687 | -0.034 | | 241,493 | 1.23 | | 2.5 | 1.5 |
| **Ecuador (And)** | 2392 | -0.024 | | 1,616 | 1.6 | X | 5.2 | 3.8 |
| **Peru (And)** | 2727 | -0.019 | | | 1.25 | X | 2.0 | 3.2 |
| **Brazil (S.Am)** | 1970* | -0.009 | | | | | | 2.4 |
| **Jamaica (Carb)** | 2052 | 0.007 | Modest | 1,119 | 0.21 | | 14.9 | 0.1 |
| **Colombia (And)** | 4107 | 0.008 | | 1,429 | 1.32 | | 2 | 4.0 |
| **D. Republic (Carb)** | 3228 | 0.022 | | 2,462 | 1.26 | | 8 | 3.0 |
| **El Salvador (C.Am)** | 3969 | 0.015 | | 21,602 | 0.66 | | 17 | 1.7 |
| **Panama (C.Am)** | 601 | 0.010 | | | | | | 7.5 |
| **Costa Rica (C.Am)** | 608 | 0.050 | Substantive | | | | | 4.5 |
| **Guatemala (C.Am)** | 5105 | 0.063 | | 47,769 | 2.52 | | 11.4 | 3.5 |
| **Honduras (C.Am)** | 3225 | 0.091 | | 37,049 | 2.03 | | 2.15 | 3.0 |
| **Nicaragua (C.Am)** | 1088 | 0.060 | | 1,383 | 1.46 | | | 5.0 |
| **Bolivia (And)** | 1208 | 0.104 | | | 1.65 | | | 5.5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Haiti (Carb)** | 1,864 | 0.134 | | | | | 20 | 4.0 |
| **Argentina (S.Am)** | 991 | 0 | No data available (2012 numbers for LAC volume calculation) | | | | | |
| **Belize (C.Am)** | 112 | 0 | | | | | | 0.7 |
| **Venezuela (And)** | 803 | 0 | | | | | | 1.2 |
| **Suriname (Carb)** | 113 | 0 | | | | | | 3.9 |
| **Cuba** | 1200 | NA | | | | | | 3 |
| **Guyana (Carb)** | 405 | 0 | | | | | 24 | 4.8 |
| **T.&Tobago (Carb)** | 129 | 0 | | | | | | 1.6 |
| **LAC** | 60403 | -0.0146 | | | | | | 2.6 |

Source: Central Bank of each country. *These figures highly underestimate the flows. The volume estimated is circa 7 to 8 billion remitted by 1 million Brazilians worldwide, who send over US$7,000 a year.

Some of the factors impacting growth in remittances to Latin American and Caribbean countries are listed below. These factors impact growth in diverse ways for each country, as they interact with other variables.

**Table 2: Variables influencing growth**

| Decrease | Increase |
|---|---|
| • Continuation of deportations<br>• Decreased migration (demographic growth; economic growth)<br>• Economic downturn in Spain and Argentina<br>• Undocumented migrants remitting less due to earning less | • Temporary guest worker migration to the US<br>• Education/training<br>• Frequency of sending<br>• Strong migratory wave from Central America (minus El Salvador) |

*Negative Growth Countries*

Negative growth for Ecuador, Paraguay and Peru is associated with economic issues in Spain and Argentina, respectively. In Spain, immigrants are facing increasing hurdles and some are deciding to return home.[1] For Ecuadorians, Colombians, Peruvians and Paraguayans in Spain, the unemployment rate is over 35%.[2] Paraguay's negative growth is also influenced by some return migration and less outmigration from that country after registering continued economic growth. In 2013, Paraguay's GDP grew at 13%, reflecting an upturn in export commodities.[3]

The Argentinean economy has also faced major downturns, slow growth and growing inflation, affecting Paraguayan immigrants' purchasing power and ability to remit. Some remittance businesses have faced difficulties growing in this market, particularly on the payout side.

In the case of Mexico, two factors have affected remittance sending in particular. The first is a decline in migration partly influenced by continued deportations and the second is a decline in earnings among undocumented Mexican immigrants.

First, the number of new remitters is relatively small, amounting to just over 100,000 people. Actual annual migration from Mexico has declined dramatically due to deportations and border apprehensions, which together amount to nearly 700,000 Mexicans. Because of increased but controlled temporary work visas mostly in agriculture (H2 visas), growth is quite small. New remitters in 2013 may amount up to 120,000; considering estimates of between 117,000 and 106,000 in 2012. This increase is mostly linked to temporary work, fewer undocumented border crossers and fewer visa overstayers.

[1] World Bank, June 2013. "Global economic perspectives"

[2] http://www.larepublica.pe/25-04-2013/desempleo-de-la-inmigracion-en-espana-llego-al-3921

[3] Periódico Ultima Hora, January 30th, 2013. http://www.ultimahora.com/se-espera-otra-superzafra-sojera-y-nuevo-record-exportacion-carnica-n754974.html

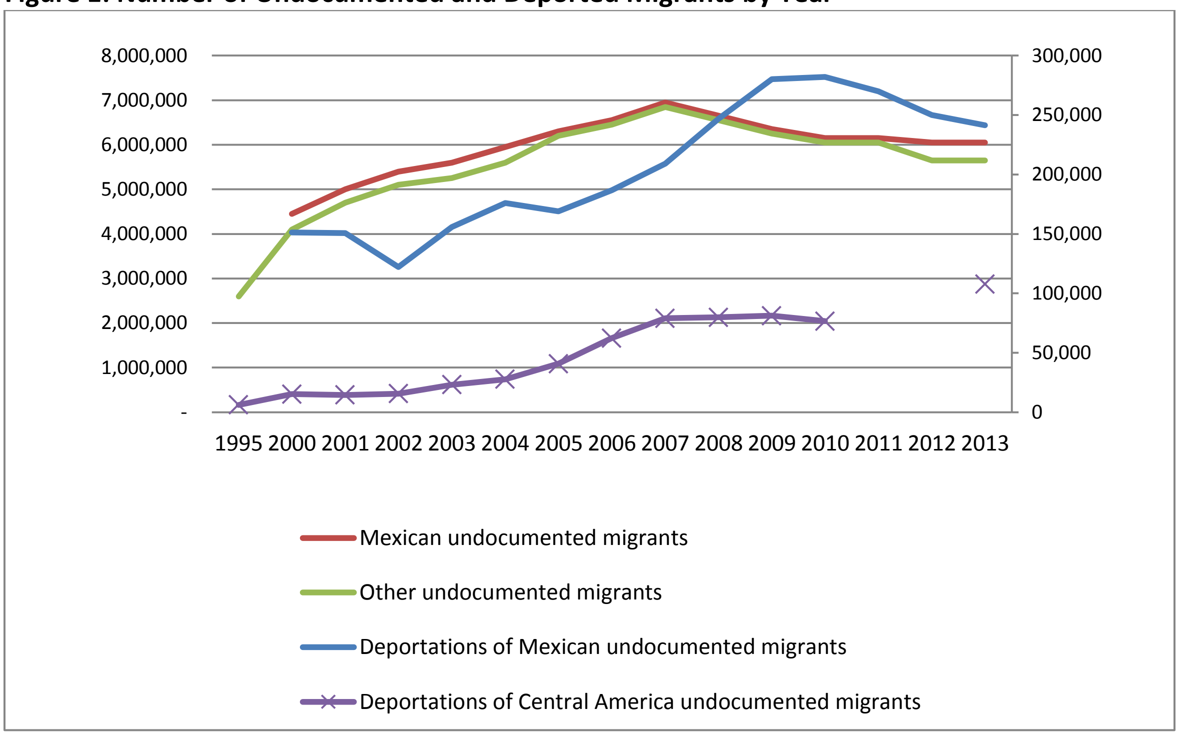
Table 3: Migration from Mexico to US, 2012

| Source of entry of Mexican immigrants | 2012 | 2013(*) |
|---|---|---|
| **H2 visas** | 237,790 | 244,790 |
| **Visa overstayers (7% of all tourist and BCC visas)** | 75,250 | 77,507 |
| **Cross border entry** | 425,208 | 437,964 |
| **Apprehensions** | (265,755) | (273,728) |
| **Deportations** | (366,292) | (377,281) |
| **Estimated total Mexican annual migration (*)** | 106,200 | 109,386 |
| **Number of new P2P transactions (*)** | 117,000 | 120,000 |

Sources: US Department of State, US Immigration and Custom's Enforcement Agency, Border Patrol and (*) estimations by the author.

As the figure below shows, the number of undocumented migrants deported has continued in the hundreds of thousands, while migration from Mexico is not increasing and the number of undocumented migrants in the U.S. has declined.

**Figure 1: Number of Undocumented and Deported Migrants by Year**




Sources: Removal statistics: www.ice.gov/removal-statistics/. Undocumented Migrants: PEW Research, September 2013[4].

In the second case, the number of undocumented migrants with lower earnings has increased. Eighty percent of the undocumented have earnings under US$25,000, and in turn, it becomes more stringent to send remittances in high amounts. They typically remit only 10% of their income. Thus, some of the decline is not only associated with migrants but also with the quantity remitted.[5]

**Table 4: Migrant legal status and personal income in the United States**

| Legal status | Less than US$25,000 | Over US$25,000 |
|---|---|---|

[4] PEW Research Center, 2013. "Population Decline of Unauthorized Immigrants Stalls, May Have Reversed"
[5] Survey of 1000 Migrants, IAD, 2013

| | | |
|---|---|---|
| **No papers** | 11% | 10% |
| **TPS** | 13% | 9% |
| **Permanent resident** | 19% | 7% |
| **Naturalized citizen** | 12% | 6% |

Source: Tinker survey, 2013.

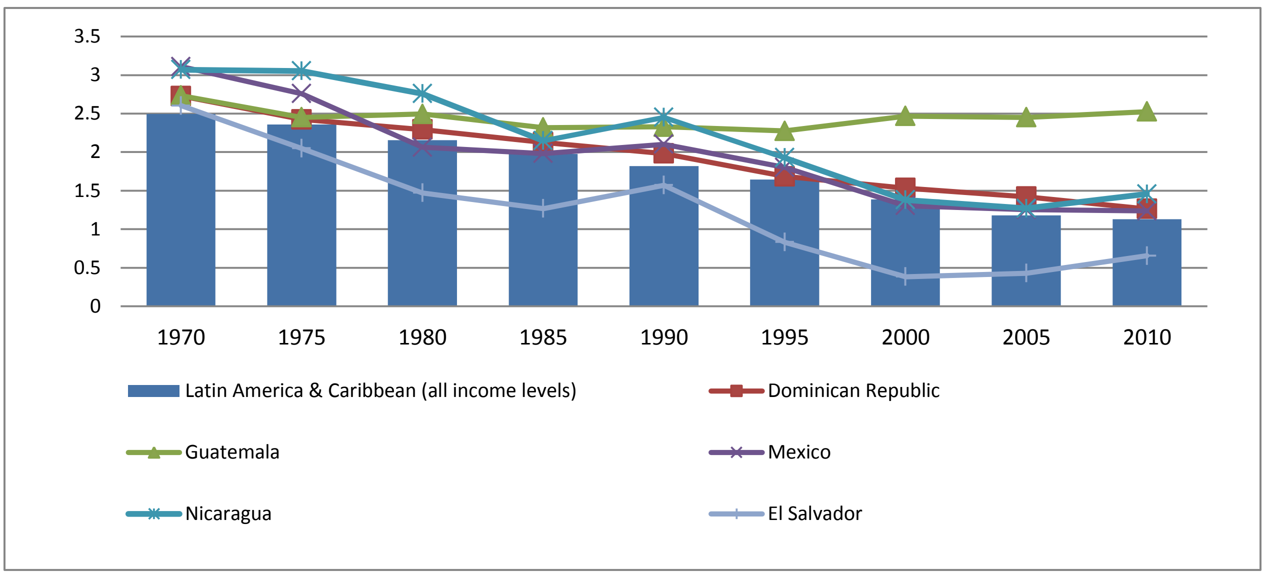
In turn, the average amount remitted by a Mexican migrant has dropped to 2.5% from 2012 and 9% from 2010. In fact, survey data shows that Mexican immigrants are sending 9% less than in 2010, but more frequently, that is 13 instead of 12 times a year.[6]

*Moderate growth countries*

Jamaica, Colombia, Dominican Republic and El Salvador registered modest growth of less than 2.5%. The reasons for this modest growth are associated with a combination of three factors that interact diversely depending on the country: lower migration rates, growing deportations, and economic performance in the host country.

Latin America and the Caribbean have experienced slower demographic growth rates with increasing numbers of aging people. The byproduct is mixed because the size of the labor force increases and in turn offers opportunities for economic growth. However, slower growth means less people will be migrating (unless atypical situations occur, such as emergencies or crises). Jamaica's decline is mostly associated with slower demographic growth and a modest migration growth rate. Between 2010 and 2013, migration from Jamaica only increased 3%, or 1% per year (see Table 4).

**Figure 2: Population Growth in LA and selected countries**




Source: World Development Indicators – World Bank database.

In addition to slower migration growth for Colombia and the Dominican Republic, the economic downturn in Spain affected the flow to these countries, where more than 15% of its migrants reside.

[6] Orozco, Manuel. Survey of Central American and Mexican immigrants, August 2013.

El Salvador's slow remittance growth, on the other hand, is a byproduct of large and continued deportation rates with slower demographic growth. While economic pressures to migrate are strong, with fewer people available and larger deportations, the number of senders decreases.

**Table 5: World migration stock from countries with modest remittance growth in 2013 (thousands)**

| Country | 1990 | 2000 | 2010 | 2013 | 2010-2013 |
|---|---|---|---|---|---|
| Jamaica | 648 | 893 | 1,063 | 1,095 | 3.0% |
| El Salvador | 1,272 | 994 | 1,465 | 1,526 | 4.2% |
| Colombia | 1,051 | 1,436 | 2,330 | 2,448 | 5.1% |
| D. Republic | 518 | 933 | 1,259 | 1,194 | -5.1% |

Source: United Nations, Department of Economic and Social Affairs (2013). Trends in International Migrant Stock: Migrants by Destination and Origin (United Nations database, POP/DB/MIG/Stock/Rev.2013).

*High growth Countries*

Six countries showed substantive increases, four of them in Central America. The Nicaraguan case is both a mixture of migratory pressures and demand for labor in Costa Rica. Guatemala and Honduras, which have experienced high deportation rates, have also experienced high emigration rates. Many experts in Honduras claim that as many as 70,000 Honduras attempted to leave the country in 2013.[7] The worsening violence and crime conditions in these two countries in particular have led to a wave of emigration in significant numbers. The number of people leaving has thus increased largely because of violence.

**Table 6: Estimated Migration to the United States from Central America, 2010**

| | *Flow of migrants in 2010*[a] | *Immigrant visa approved at post*[d] | *Undocumented*[e] *[C+D]* | *US-Mexico undocumented border crossers* | *Visa overstayer [B-C]* | *Non-immigrant visas issued*[b] | *Deportations at border*[c] |
|---|---|---|---|---|---|---|---|
| | ***C+D*** | *A* | *B* | *C* | *D* | *E* | *F* |
| **Costa Rica** | 2,226 | 949 | 1,277 | 217 | 1,059.6 | 45,323 | 133 |
| **El Salvador** | 18,615 | 7,640 | 10,975 | 1,623 | 9,351.3 | 30,455 | 995 |
| **Guatemala** | 15,550 | 4,860 | 10,690 | 4,896 | 6,829.9 | 59,368 | 3,001 |
| **Honduras** | 11,965 | 3,236 | 8,730 | 2,532 | 6,197.3 | 38,057 | 1,552 |
| **Nicaragua** | 6,380 | 1,432 | 4,948 | 354 | 4,594.3 | 16,518 | 217 |
| **Panama** | 2,984 | 602 | 2,382 | 162 | 2,220.1 | 31,502 | 99 |
| **Region** | 60,267.83 | 18,719 | 41,549 | 9,785 | 31,764.1 | 221,223 | 5,997 |

Sources: [a] Author's estimates (see methodology); [bd] U.S. Department of State, Report of the Visa Office 2012; [c] *2012 Yearbook of Immigration Statistics*; [e] migrants who are not immigrant visa holders. For further information read, Manuel Orozco, *Migration and development in Central America: Perceptions, policies, and further opportunities*, November 2013.

[7] Security and Migration in Central America and Mexico, Project Meeting. IAD, Honduras, 2013.

## US Immigration Reform

Although no legislation has passed, the debate on immigration reform continues to generate a great deal of political interest in 2014. At stake are US border enforcement, workplace verification, family reunification policies, and of course, the estimated 11 million undocumented immigrants currently living in the United States.[8] The implications for migrants are substantive they continue to live in the margins and without much possibilities to integrate in the US polity.

### *Prospects for Immigration Reform in 2014*

Those who have been watching and waiting for immigration reform may feel a sense of frustration and discouragement that it has been delayed so long. Louis DeSipio, professor of political science at the University of California at Irvine, argues that Boehner's plans for immigration reform "will likely continue to be unsuccessful in 2014 … [because] the House rank and file cannot accede to his leadership, some out fear of primary challenges from the right and some based on traditional nativism." [9] Moreover, even if there is a sense of moving forward, the question is whether a piecemeal approach will prevail in the legislation, that is, a step-by-step approach with triggers (as Boehner has hinted at)[10]. DeSipio notes that a piecemeal approach may prove to be nothing more than "chimera." The latest news on Boehner's attempts to put the subject on the floor suggests the difficulties that lie ahead.[11] [12]

### *What do Migrants Think of Immigration Reform?*

While the immigration debates draws from American views of voters, few people have stopped to consider the views of migrants themselves. A summer 2013 study of Latin American and Caribbean migrants conducted by the Inter-American Dialogue sheds light on how closely migrants are following the issue, who might stand to benefit from legalization, what they are willing to do to regularize their status, and how their remitting habits may be affected.[13]

First, Latin American and Caribbean immigrants are well informed about the immigration debate, and are prepared to take the steps potentially required to regularize their status. **Ninety-eight percent of migrants surveyed reported that they had heard about the immigration reform debate in the United States**. Fifty-seven percent of survey respondents said that they would be among the beneficiaries of a potential immigration reform. Of this, Mexicans and Hondurans were the most likely to report benefiting. Los Angeles and Chicago, home to large Mexican immigrant populations, registered the largest potential impact.

**Table 7: Beneficiaries of a Potential Reform by Country of Origin, 2013**

[8] For a more detailed discussion of the 11 million estimate, see http://www.pewresearch.org/2013/04/17/unauthorized-immigrants-how-pew-research-counts-them-and-what-we-know-about-them/

[9] The Latin American Advisor, January 16, 2014.

[10] http://www.latimes.com/nation/politics/politicsnow/la-pn-house-gop-principles-immigration-reform-20140108,0,7778446.story#axzz2qfjODOvS

[11] http://www.washingtonpost.com/politics/boehner-immigration-reform-stalls-because-gop-has-widespread-doubt-about-obama/2014/02/06/233b497a-8f55-11e3-b46a-5a3d0d2130da_story.html

[12] For an analysis of the GOP immigration principles amidst dwindling prospects for reform, see http://migrationpolicy.org/article/republican-congressional-leaders-shelve-immigration-reform-2014

[13] Results for this section are based on a survey of 1,000 Latin American migrants living in New York, Chicago, Miami, Los Angeles, and Washington, DC conducted by the Inter-American Dialogue in the summer of 2013.

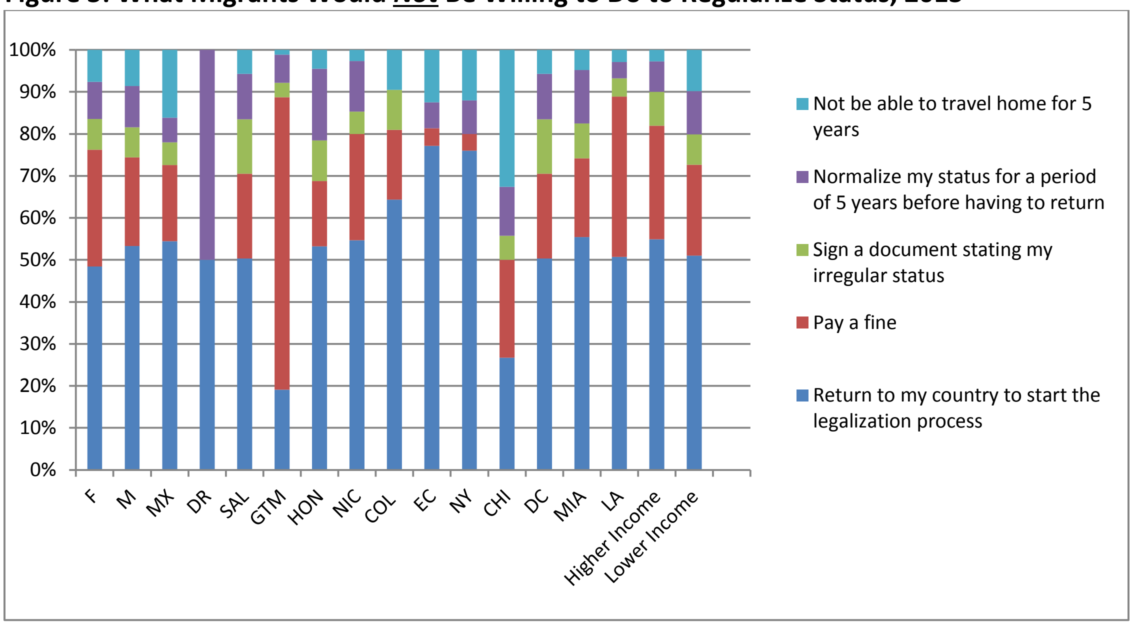
| | Would you be among the beneficiaries of a potential reform? (% of respondents by nationality) |
|---|---|
| Mexico | 72.7 |
| Dominican Republic | 2.7 |
| El Salvador | 58.0 |
| Guatemala | 69.1 |
| Honduras | 80.8 |
| Nicaragua | 52.3 |
| Colombia | 35.0 |
| Ecuador | 49.5 |

Source: Survey of 1000 Migrants, IAD, 2013.

Second, **there is an understanding that the legalization process would require time, effort, and money.** The majority of migrants surveyed expect that the legalization process would require registration, applications, and even fines. However, migrants expressed concern about some potential requirements of an immigration reform bill.

Third, many said they would not be willing to return to their home country to start the legalization process.

**Figure 3: What Migrants Would *Not* Be Willing to Do to Regularize Status, 2013**




Source: Survey of 1000 Migrants, IAD, 2013.

How might an immigration reform bill that were to regularize undocumented migrants possibly impact remittances? Undocumented migrants would likely have access to a wider range of opportunities – better paying jobs, better access to social and financial services – that would help them improve their financial position. This, in turn, may allow them to remit more.

Survey results shed light on the effects of a potential immigration reform on remittances. Regardless of nationality, **more than half of respondents thought they would be able to send more money home if an immigration reform bill were to pass**.[14] A slightly larger share of women estimated sending more,

[14] Of those who believe they would eligible to regularize their status under an immigration reform.

whereas men had a larger share that expected their remittance frequency and amount would stay largely unchanged. Table 8 outlines the potential impacts of regularization on remittances.[15]

**Table 8: Potential Impacts of Regularization on Remittances to Latin America and the Caribbean**

| Indicator | |
|---|---|
| **a) Ave. size of remittance ($)** | 200 |
| **b) Ave. remittances per year (#)** | 13 |
| **c) Ave. sent per year (a x b) (USD)** | 2470 |
| **d) Undocumented migrants who say they would send more money (%)** | 72% |
| **e) Undocumented population (of which 80% remits)** | 9,360,000 |
| **f) Potential LAC population size sending more (#)** | 6,739,200 |
| **g) Potential increase in average sent yearly (c x 15%)[controlling for increases income)** | 2840 |
| **h) Estimated Current Volume Remitted by those undocumented** | 23,119,200,000 |
| **i) Potential increase in annual remittances to LAC due to immigration reform ($)** | 2,496,873,600 |
| **k) Total sent** | 25,616,073,600 |
| **l) Increase if ALL undocumented migrants regularize** | 11% |

Source: Survey of 1000 Migrants, IAD, 2013; Pew Hispanic Report on undocumented, "Population Decline of Unauthorized Immigrants Stalls, May Have Reversed."

Legalization or regularization of status would improve migrants' employment, thereby enabling them to send more remittances. For example, 20% of undocumented migrants have been refused a job specifically because they do not have papers. Nearly 15% of migrants with TPS or work permits have been refused work for because of their migratory status. Moreover, 59% of migrants who have US citizenship are earning over $25,000 a year, whereas 87% of migrants without their papers are earning less than $25,000 a year. **Legal status – along with other factors such as education level and professional skills – appears to be playing a role in terms of migrants' earnings.**

## Conclusion

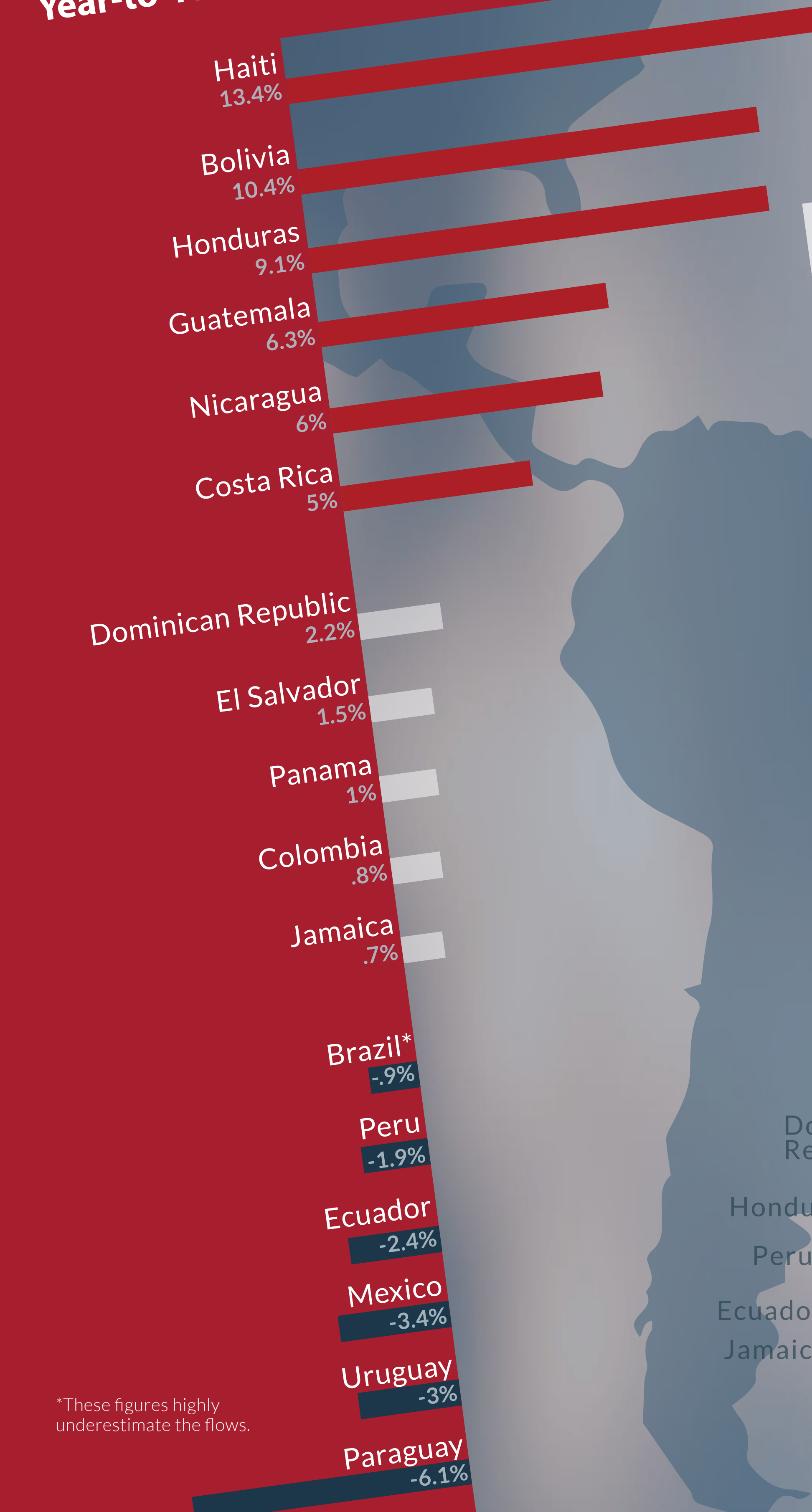
This memo has presented year-end data on remittance flows to Latin America and the Caribbean in 2013 and analyzed the possible impact of immigration reform on remittances and on the lives of migrants more generally. Last year, family remittances experienced little growth for most of the major remittance recipient countries. In considering prospects for remittances in 2014, immigration reform, economic growth, and demographic trends will be the key areas to watch.

[15] This is meant to be an estimate. It is important to note that the accuracy of the approach is limited by survey sample size, the accuracy of the 10% estimate, and by the specific regularization requirements that emerge from any bill.

# Remittances to Latin America & the Caribbean in 2013

For more information, view *"Current Perspectives on Remittances to Latin America and the Caribbean in 2013"* by Manuel Orozco.

## Year-to-Year Growth Rates, 2012-2013



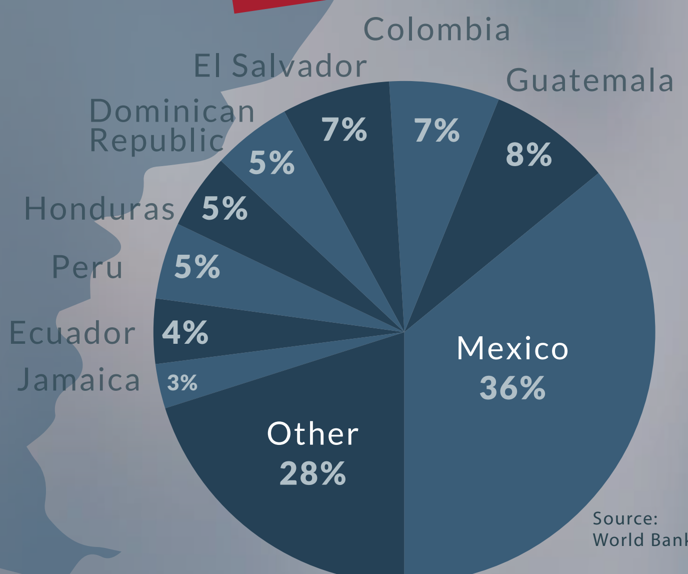

*These figures highly underestimate the flows.

**Percent Increase from 2012 to 2013**

- Substantive
- Modest
- Negative

**In 2013, Latin American Remittance Inflows Totaled**

# $60 Billion




Source: World Bank