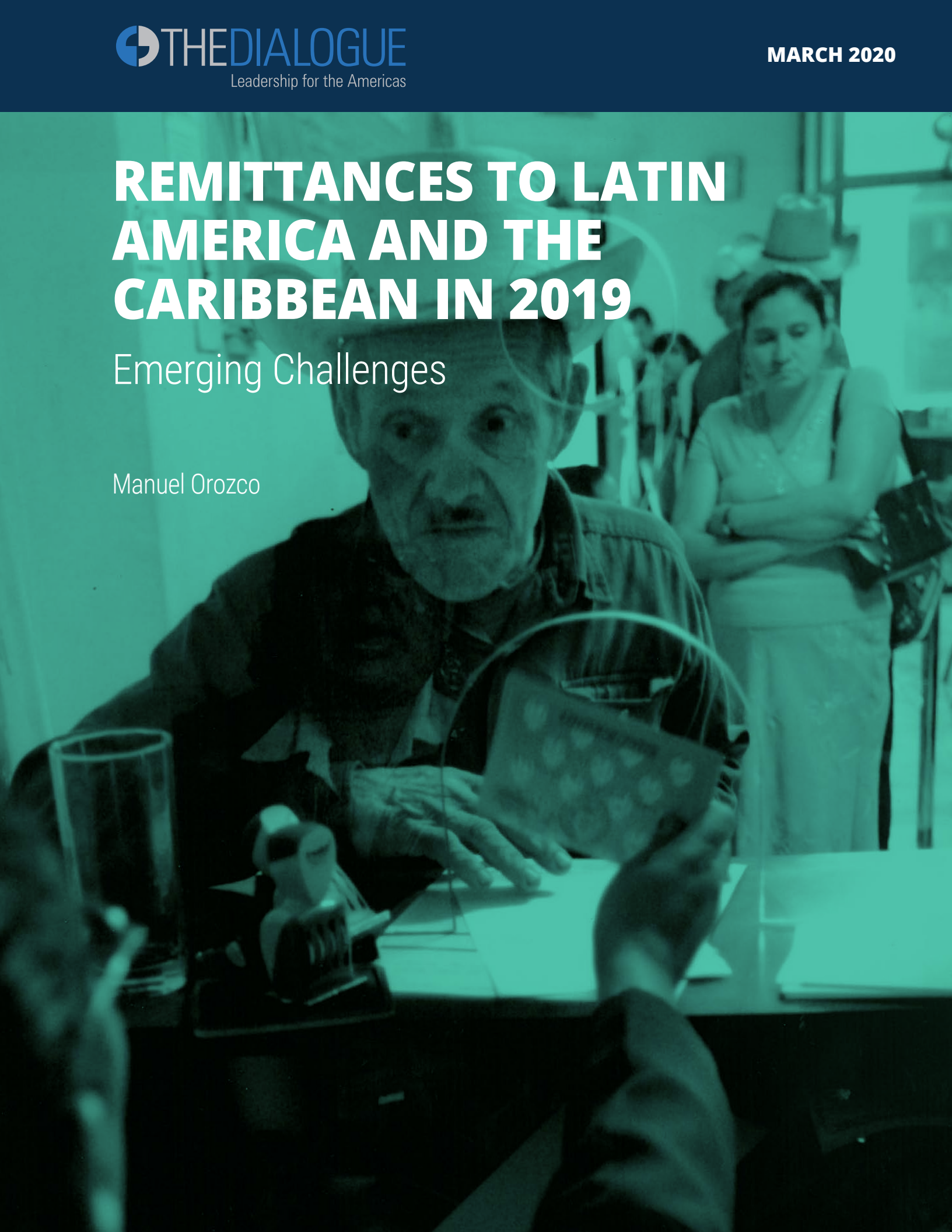


REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN IN 2019

Emerging Challenges

Manuel Orozco



© 2020 Inter-American Dialogue.

Photo credit: Manuel Orozco / Public Domain

Layout: Kathryn Klaas with Daniela Sáez / Inter-American Dialogue

This report is a product of the Migration, Remittances and Development Program at the Inter-American Dialogue. The views and recommendations contained herein are solely the opinions of the author and do not necessarily reflect the consensus views of the board, staff, and members of the Inter-American Dialogue or any of its partners, donors, and/or supporting institutions. The Inter-American Dialogue is a non-partisan organization deeply committed to intellectual independence, transparency, and accountability. While donors are encouraged to participate in Dialogue activities, they do not influence our work in any way. Financial supporters have no control over the writing, methodology, analysis or findings of the Dialogue's research efforts.

Report Contents

Introduction	2
I. Trends in Family Remittances in 2019	3
II. Remittance Growth Across Key Countries.....	4
Mexico	5
Central America: El Salvador, Guatemala, Honduras.....	6
Nicaragua.....	8
Venezuela	9
III. International Migration Patterns and Immigration Policy.....	10
Expulsion and Exclusion from Origin Countries	11
Restrictive Immigration Policies in Destination Countries.....	12
United States Policies on Immigration.....	12
Immigration Decline with Higher Out-migration Patterns	15
Cutting Foreign Assistance.....	17
‘Safe Third Country’ Agreements.....	18
Restrictive Immigration Policies in Mexico and South America	18
Mexico	18
Chile	19
Peru	19
Ecuador.....	19
IV. Making Remittances and Development Work.....	20
Appendix	21

Introduction

This report presents the annual trends of family remittances to Latin America and the Caribbean in 2019. Overall, we find a continued but slowed growth in the flow of funds.

This continued growth is possibly associated with political deterioration in several countries that resulted in increased out-migration and the need to send funds to relatives. This context combined with restrictive immigration policy throughout the region, reduces the number of potential, new remittance senders by limiting their entry into the sending country while at the same time making existing immigrants send more money out of fear.

The following are some of the findings reported in this study:

- Remittances reached nearly \$100 billion in 2019
- These flows grew at 8.2%, and show a slowing trend that began in 2017
- The countries experiencing the highest remittance growth are also those where political problems are driving migration
- Venezuela registers the highest growth followed by Brazil, Honduras, Nicaragua, and Guatemala
- Restrictive immigration policies in countries where political conditions are driving migration and remittance-sending may impact future flows
- Despite the slowdown, these flows contributed to preventing greater economic shocks from the regional slowdown
- Relative to regional GDP, remittances are 2% for a second consecutive year in 2019 against near 0% GDP growth in the Americas
- Central America and the Caribbean are among the most income dependent regions on remittances
- 40 million households receive money in the Latin America and Caribbean region, of which 2.3 million are Venezuelans

The main factors explaining the continued but slowed growth in remittances are largely explained by intervening factors including: a rise in migration associated with political instability in the region, migrants sending more frequently to their relatives, and anti-immigrant policies in the United States and other restrictive migration policies in Mexico and South America.

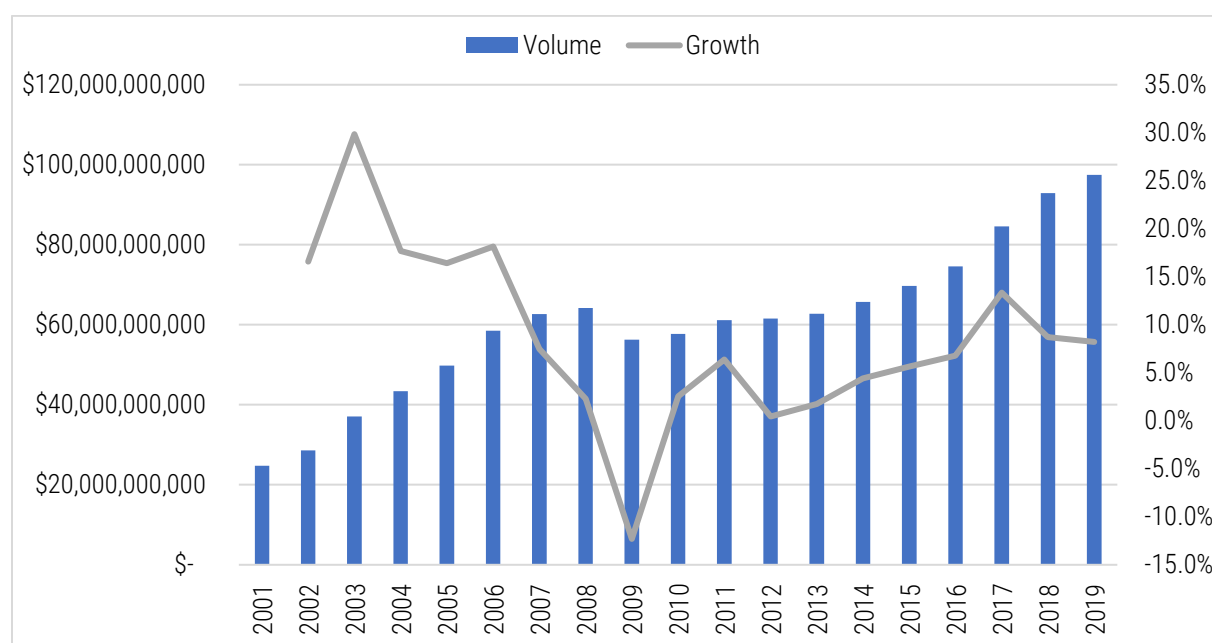
In turn, this slow remittance growth may have implications for economic performance in several Latin American and Caribbean countries given that remittances represent a notable share of GDP for the most politically unstable countries in the region.

I. Trends in Family Remittances in 2019

Family remittances to Latin America and the Caribbean grew 8.2% in 2019, a drop from the growth occurred in 2018. The slowing growth is associated with remittances to Mexico having decelerated from 11.2% to 7% as well as from significant reductions from other important remittance recipient countries such as El Salvador, Haiti, and Colombia. Venezuela, Nicaragua, Guatemala and Honduras continued to grow above 2018 levels, which strongly indicates the impact of politics and regime fragility on out-migration and remittance sending.

FIGURE 1. ANNUAL REMITTANCE FLOWS TO LATIN AMERICA AND THE CARIBBEAN: VOLUME AND GROWTH, 2001-2019

Source: The World Bank (2019) and the Central Banks of 24 countries.



In 2019, remittances also represented the largest share of GDP in the region's most politically unstable countries: Honduras, Nicaragua, Guatemala and Haiti. This increase is particularly indicative of the important role remittances play in these countries' macroeconomic stability given the decrease these countries experienced in remittance growth during 2019. We look at the relationship between political stability and remittance trends in greater detail further on in the report.

Given changing trends in the region immigration policy (see Section C of this report), we foresee continued growth over the next five years, albeit at a slower pace than what was observed for the 2015-2019 period.

During this period (2015-2019) remittances grew at 7%, similar to the 20-year trend of 7% year-on-year growth recorded since 2000. Given the decrease in growth in 2019, future remittance flows for 2020-2024 will show a smaller, yet continued growth of over 5%.¹

¹ These estimates were calculated prior to the COVID-19 outbreak. We expect remittance growth to slow even further in response to circumstances related to the pandemic. Further analysis on COVID-19's potential impacts on remittances is available at <http://www.thedialogue.org/analysis>.

TABLE 1: FAMILY REMITTANCES GROWTH AND SHARE OF GDP, 2019

Source: Central Bank Data and INEC data for Panama.

Country Name	Volume	Year on Year Growth	
	2019 (US\$)	Growth 2018	Growth 2019
Venezuela, RB	3,115,900,211	17.8%	28.1%
Brazil	2,962,000,000	8.0%	15.5%
Honduras *	5,424,040,000	9.5%	14.0%
Nicaragua *	1,699,840,000	7.3%	13.2%
Guatemala	10,508,310,000	11.0%	13.1%
Dominican Republic	7,087,180,000	9.3%	9.0%
Panama	493,150,000	0.9%	8.0%
Ecuador *	3,250,250,000	6.3%	7.2%
Colombia	6,772,510,000	12.9%	7.0%
Mexico	36,045,524,000	11.2%	7.0%
Guyana *	299,776,693	5.7%	5.0%
Trinidad and Tobago *	145,643,739	2.6%	5.0%
Suriname *	545,007	-26.6%	5.0%
Belize *	97,138,376	2.5%	5.0%
Argentina *	532,851,342	11.4%	5.0%
Cuba	1,531,537,875	4.8%	5.0%
Haiti *	3,346,270,000	13.4%	4.5%
Costa Rica *	518,200,000	-5.0%	3.8%
El Salvador	5,650,210,000	7.3%	3.3%
Peru	3,325,920,000	5.4%	3.1%
Jamaica *	2,376,130,000	1.6%	1.3%
Paraguay *	568,430,000	-3.1%	-0.1%
Uruguay *	104,286,000	5.6%	-0.9%
Bolivia	1,318,220,000	-1.2%	-3.8%
LAC region	97,173,863,242	9.0%	8.2%

Notes: * Estimates; ** Venezuela 2018, 2019 remittance data is Inter-American Dialogue estimate based on survey data; previous years are unavailable. For GDP growth and Remittances GDP, Inter-American Dialogue estimates based on World Bank figures for GDP and economic growth from the Economic Commission for Latin America and the Caribbean.

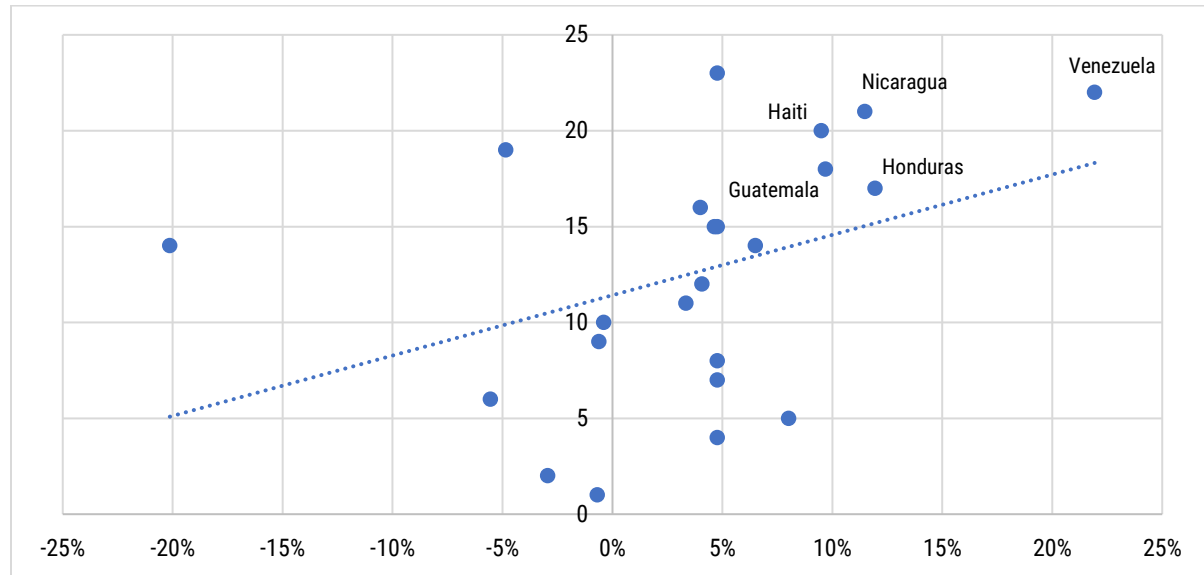
II. Remittance Growth Across Key Countries

One of the key drivers of remittances to Latin America and the Caribbean is migration from politically unstable countries. Political tensions and crises in 2019 in several Latin American and Caribbean countries such as Haiti, Nicaragua, Bolivia, Brazil, Dominican Republic, Ecuador, Honduras, Uruguay, Argentina, Colombia, Chile, Costa Rica and Guatemala set a trend in motion that reshaped the political debate as well as the policy outcomes to come to ensure stability in the region.

In many of these countries, out-migration has been a consequence of deteriorating political conditions. One effect of this migration wave is a greater volume of remittances being sent to relatives. Overall, we find that countries where remittances were higher, are also among those that are least democratic or politically stable. To illustrate, this section looks at transfers to several countries experiencing political challenges and also points to the slowdown in remittances to Mexico.

FIGURE 2. REMITTANCE GROWTH AND RANKING ON THE DEMOCRACY INDEX, LATIN AMERICA AND THE CARIBBEAN, 2019

Source: Democracy Index, The Economist 2020.



Mexico

Over time, remittances to Mexico have increased in large quantities relative to their volume, reaching 36 billion in 2019.

That number represents a 4.2% increase from the previous year, but a drop from the 12% growth in 2017. Remittance flows to Mexico had been increasing, pointing not necessarily to new migration, but rather to more migrants are remitting and are also sending higher amounts.

In a previous study we showed that the percentage of all Mexican migrants sending money increased from 50% in 2006 to 66% in 2016, suggesting that as Mexicans are staying longer they continue to remit.² Moreover, we also found shifts of mobility of Mexicans within the United States to states where the percentage of migrants sending was higher. More importantly, the average remitted from those states, Florida, New York and Georgia is 20% higher than what Mexicans in California remit.³

Our previous research has shown that migrants’ fears of being deported have prompted them to increase the total amount of money sent annually, mostly by increasing the number of transactions sent. In previous years, migrants’ falling expectations of returning home have shaped their intention to remit, prompting them to send higher volumes annually by sending remittances more frequently. Specifically, our research has shown that the “Trump fear factor” explains why remittances have increased despite restrictions on entering the US; those staying longer not only have increased the volume of money sent, but are also sending more out of fear of being deported.⁴

However, the drop in year-on-year growth in 2019 points to two realities that may discontinue this trend in the future.

² Orozco, Manuel, Remittances to Latin America and the Caribbean in 2016 <https://www.thedialogue.org/wp-content/uploads/2017/02/Remittances-2016-FINAL-DRAFT-1.pdf>

³ Ortega, Paulina and Manuel Orozco Remittance Flows from the US to Mexico at the State Level: Drivers and Trends, 2019.

⁴ Orozco, Manuel.

First, the constraints posed by stiff policies that contain migration at the Mexican and Central American borders will reduce the pace of immigration and affect remittance sending. Mexican migration, in fact, has already been on the decline.

Second, and more specific to the Mexican case, the average amount sent may decrease relative to previous years because it may become financially unstable to continue sending such amounts. Mexican migrants have historically remitted less than 20% of their income, but between 2016 and 2018 they were sending above that threshold, largely relying on savings. Remitting at these higher amounts may not continue because migrants' income has not increased proportionally to the increased amount sent due to fear.

Therefore, Mexican migrants' sustained effort to send more money may slow down over time, which will affect aggregate remittance indicators. The table below shows that while the volume of remittances and the number of transactions grew at practically the same rate in 2019, the average principal remitted grew at a smaller pace, further explaining the drop in Mexico's total annual volume growth.

TABLE 2: MEXICO GROWTH IN REMITTANCE VOLUME, TRANSACTIONS AND PRINCIPAL AMOUNTS, 2015-2019
Source: Central Bank of Mexico.

Year	Volume growth	Transaction growth	Principal growth
2015	5%	5%	0%
2016	9%	8%	1%
2017	12%	7%	5%
2018	11%	7%	4%
2019	7%	6%	1%

Central America: El Salvador, Guatemala, Honduras

Remitting to Central America is largely a function of migrants sending more money, mostly out of fear, and, to some extent, by more migration. Regarding the latter factor, the political situation in Central America, especially in El Salvador, Guatemala, and Honduras, continues to be a key factor driving migration, and, in turn, affects people's decision to remit.

Overall, recent studies have shown that the main reasons driving migration from El Salvador, Guatemala, and Honduras include family ties, particularly those established through remittances, poor economic conditions at the household and macroeconomic level, and victimization.

A 2019 study by Creative Associates showed that 25% of people from these countries have considered emigrating. Generally, people who have considered migrating reported being exposed to tough economic situations and have been victimized to a greater extent than those who had not considered emigrating. They also have larger transnational family ties than those who have not thought about migrating.⁵ The study identified 12 situations related to these factors that are more frequently experienced by those who have considered migrating than those who have not (Table 3).

Across the region, the individual experiences and characteristics associated with thoughts of migrating include: being young, living in a low-income household, being a low skilled worker, being unemployed, being a skilled worker with at least a high school education, having an unfavorable outlook on the future economic situation, having been victimized, and having transnational ties. Youth are twice as likely to consider migrating than their older counterparts.

⁵"Saliendo Adelante: Why migrants risk it all," www.saliendo-adelante.com

TABLE 3. CHARACTERISTICS OF THOSE CONSIDERING MIGRATING FROM EL SALVADOR, GUATEMALA AND HONDURAS, 2019

Source: Creative Associates, 2019, "Saliendo Adelante: Why migrants risk it all," www.saliendo-adelante.com

INDICATOR	El Salvador	Guatemala	Honduras	All three countries
Percentage of people who would consider emigrating	23.9%	17.8%	33.0%	25.0%
Demographic				
Being between 18 and 29 years old	37.5%***	44.1%***	42.0%***	41.1%
Have at least a high school education	62.0%***	55.2%***	50.4%***	55.2%
Victimization, Crime and Insecurity				
Has been a victim of a crime or knows a family member / someone close who has been	25.0%***	26.2%	22.3%***	24.1%
Economic				
Believes that conditions are worse off now than before	46.4%***	44.1%***	64.6%***	54.0%
Believes that conditions will be worse next year	17.2%	23.4%	50.4%***	33.6%
Unemployed	11.5%***	9.7%***	13.5%	11.9%
Household lives on less than \$400 monthly and can't make ends meet	32.3%***	35.9%***	39.4%*	36.3%
Occupation as laborer	26.0%	43.4%***	37.6%	35.4%
Transnational				
Has a relative living abroad (United States)	66.1%	50.3%	76.3%	66.9%
Receives remittances	35.4%***	27.6%***	45.8%***	38.1%
Has been deported	2.1%	1.4%	6.2%***	3.9%

Note: *** statistically significant at 1%, ** at 5% and * at 10% level

A range of economic issues influence whether residents from these countries consider migrating. Living in a household earning less than \$400 a month that can't make ends meet makes people 1.24 times more likely to consider migrating. Believing that conditions are worse off today than they were last year makes people 1.67 times more likely to think about migrating. Labor market conditions also matter.

Regarding transnational ties, having a relative abroad does not make a person more likely to think about migrating but receiving remittances does. In all three countries, receiving remittances has greater statistical significance than having a relative abroad. However, the statistical interaction⁶ between receiving remittances and having a relative abroad is significant and yields a 71% chance that the person has thought of migrating.

As with Mexico, another factor that explains the increase in funds remitted relates to the greater volume of money being sent due to the fear factor. First, as in the Mexican case, 2019 growth in remittance volumes does not match transaction growth. Transaction growth was lower and not associated with migration levels, but rather with more migrants already in the US sending money, and sending higher amounts, largely out of fear of deportation.

Of the nearly 200,000 person-to-person transfers carried out in 2019, the number of new immigrants (of which, less than two-thirds start remitting the same year they arrive) was 78,000, or 2% of all migrant remitters. At the same time, the number of transactions increased by an average of 6%. In other words, we estimate that 90,000 migrants from El Salvador, Guatemala, and Honduras sent at least 20% more than the average amount typically remitted. This accounts for the difference in the increases in volume.

⁶ In statistical analysis, two variables interact when a particular combination of variables yields results that would not be anticipated based on the main effects of those variables.

TABLE 4: REMITTANCES TO EL SALVADOR, GUATEMALA AND HONDURAS 2019

Source: Central Bank data; Author’s estimates on migration.

	Volume growth	Transaction growth	Increase in transactions	Migration increase
Guatemala	13.1%	4.3%	63,256	32,218
El Salvador	3.3%	4.9%	62,381	26,843
Honduras	14.0%	8.8%	68,647	19,153
All three countries			194,284 ^a	78,214

^a We estimated 75% out of 114,070 as individual p2p transactions, accounting for the increases in the frequency remitted.

However, it is important to highlight that lower migration, combined with the possibility that migrants’ capacity to send higher amounts eventually may wear out, could lead to declines in transaction growth. In fact, while remittances to the region have exhibited annual growth over 10%, individual person-to person-transactions have not shown the same increase (see table below).

As deportations continue (and pending the potential return of those under temporary protected status), apprehensions at the border increase, and immigration declines, the slowdown in remittance volumes is likely to continue and spread. It is worth pointing that Honduran outmigration continues to be strong and may explain some of the growth in remittance volume.

TABLE 5: PERSON TO PERSON TRANSACTION GROWTH IN EL SALVADOR, GUATEMALA AND HONDURAS

Source: Central Bank data.

	2014	2015	2016	2017	2018	2019
El Salvador	-1%	3%	4%	2%	3%	5%
Guatemala	11%	12%	10%	6%	1%	4%
Honduras	11%	8%	4%	-11%	5%	9%

Nicaragua

The political crisis in Nicaragua has forced thousands of people to move abroad. In a recent December 2019 survey, 9% of Nicaraguan households said they have had a relative leave the country since the ongoing political crisis began in April 2018. This number amounts to 140,000 people.⁷ Many of these individuals have fled to Costa Rica, Spain and the United States. In turn, many have sent money to their relatives upon arrival.

In the Nicaraguan case, the growth of remittances is explained by both migration and increases in the amount remitted. In another study of remittance recipients in Nicaragua, we found that 10% of Nicaraguans said the amount they receive in remittances had changed since the crisis, and they report receiving \$240 a month on average. This compares with the \$220 reported among those who said their amounts had not changed. We also found that remittances are being sent more frequently, to the point that the 10% who said the amount they received following the crisis had changed are receiving an average of US\$3900 annually compared to the US\$2760 the other 90% receive.⁸

The growth of remittances to Nicaragua is notable given the fact that the inflows of migrants caring for their relatives has been the country’s only positive macroeconomic indicator as the economy has continued to decline because of the political crisis. As of 2019, remittances came to carry 14% of the country’s GDP, up from 11% in 2018.

⁷ Orozco, Manuel. Based on survey with 1010 individuals conducted by Borge y Asociados, December 2019.

⁸ Data on remittance recipients collected among people receiving remittances at AirPak facilities, December and January 2020.

Venezuela

Remittances to Venezuela historically have not much presence in the country's balance of payments, similar to the way in which migration had been relatively small compared to its population. The World Bank, for example, reported amounts under \$100 million in the first decade of 2000. However, remittances have become more relevant as the country has fallen deeper into crisis.

For countries like Venezuela, a smaller share of its migrant population is sending money due to the lack of prevailing payment systems, lack of regular access to a trusted money carrier, and/or the fact that money is not as practical as "in kind" materials. A Consultores21 study pointed to 40% people receiving remittances regularly. That would equal 2.8 million recipients. Typically, countries with severe economic crises or with state fragility issues receive no more than US\$2400 a year.

The amount received in countries with state fragility issues is higher than in other places with severe violent internal conflict, such as Zimbabwe, Haiti, Somalia, and South Sudan, among others. Moreover, given the current economic conditions in Venezuela -with the dramatic loss of per capita income and with the significant loss through exchange rate controls- amounts sent would reflect cost of living conditions.

However, because the need for foreign currency has grown in light of a drastic decline in oil revenue and productivity overall, Venezuela is becoming a dollarized economy, and family remittances are increasingly taking on more importance as a source of money.

Therefore, with a cash strapped economy, money received from relatives -even in small amounts- is contributing to survival. Based on these studies, statistics from surveys,⁹ and the increase in migration in 2019, Ecoanalítica stressed that remittances could have increased to up to \$3.7 billion in 2019.¹⁰

Although Ecoanalítica does not offer a good methodological explanation, under the new foreign exchange environment, a 30% increase in migration would increase the remitting scenario substantially, at least to US\$3.5 billion.

The flow of remittances to Venezuela is now an important commodity and the second largest source of foreign earnings after oil. This is related to the changes in the Venezuelan currency, foreign exchange restrictions that increase access to foreign currency for money transfers and business operators, and the fact that migration is likely to continue (with 50% of migrants, on average, saying they will bring their relatives, not only as a crisis driven factor, but because of transnational ties).

The table below is based on statistics from international migration estimates as well as our own surveys on the average amount of remittances transferred, their average frequency, and the propensity to remit among 70% of adult migrants.

We estimate that remittance flows are reaching over 2 million recipient households,¹¹ which equates to more than 35% of the country's households. In fact, given the economic situation in the country, remittances now account for 5% of the country's GDP.

⁹ Orozco, Manuel. Latin American and Caribbean Migration from Weak and Failing States, 2019.

¹⁰ <https://www.voanoticias.com/a/remesas-venezuela-exportacion-petroleo/5118750.html>

¹¹ Many migrants, at least 35%, say they sent remittances to an additional household, and, on the aggregate, the overlap may account for a reduced number of unique recipient households.

TABLE 6: VENEZUELAN MIGRATION AND REMITTANCES

Source: Manuel Orozco, 2018. Data based on surveys conducted in Chile, Colombia, Panama to Venezuelan migrants. Interviews with money transfer operators. For 2019, <https://r4v.info/es/situations/platform>, and RMRP, Refugees and Migrants from Venezuela, 2020, <https://reliefweb.int/sites/reliefweb.int/files/resources/72254.pdf>.

	Country where migrants reside							Receiving households, 2019	Annual Remitted (US\$)
	Venezuelan migrants			70% send 20-25% of their income, US\$					
	2018	2019	2020	2018	2019	2020			
Costa Rica	36,000	39,600	43,560	27,216,000	29,937,600	32,931,360	24,948	1,200	
Panama	79,990	87,989	96,788	75,590,550	83,149,605	91,464,565	55,433	1,500	
Brazil	50,000	212,400	361,000	47,250,000	200,718,000	341,145,000	133,812	1,500	
Chile	84,586	371,200	472,000	79,933,770	350,784,000	446,040,000	233,856	1,500	
Colombia	870,000	1,400,000	2,009,000	191,835,000	308,700,000	442,984,500	882,000	450	
Ecuador	200,000	330,400	659,000	50,400,000	83,260,800	166,068,000	208,152	400	
United States	433,630	446,639	460,038	819,560,700	844,147,521	869,471,947	281,383	3,000	
Peru	700,000	860,900	978,000	286,650,000	352,538,550	400,491,000	542,367	650	
Spain	202,859	270,000	297,000	306,722,808	408,240,000	449,064,000	170,100	2,400	
Rest of countries	579,424	480,872	323,614	547,555,680	454,424,135	305,815,261	302,949	1,500	
World	3,000,000	4,500,000	5,700,000	2,432,714,508	3,115,900,211	3,545,475,633	2,835,000	1,250	

III. International Migration Patterns and Immigration Policy

Migration flows are central to the growth of remittances. However, as we have pointed out, their contribution to growth in remittance flows has resulted more from immigrants living in the host countries, than from new and larger migration. This section shows how in the balance, more people will immigrate but on more difficult circumstances.

Our research points to an emerging trend shaped by what we call the global politics of exclusion and expulsion in migrant home and host countries. These politics are making migration more likely, yet more complicated and complex. In turn, while people will emigrate, their ability to enter and stay in destination countries may depend on how host countries receive or expel them in the short term.

Overall, migration is likely to continue, occurring in countries where political instability is largest. Concurrently, policies constraining migration will increase or expand, which in turn may contract the growth of migration.

TABLE 7. LATIN AMERICAN AND CARIBBEAN MIGRATION, 1990-2020 EST.

Source: UNDESA. Orozco, Manuel, 2019, "Latin American and Caribbean Migration from Weak and Failing States"

Origin country	1990	2000	2010	2020 est.
Migrants	13,271,542	22,110,620	31,751,744	39,881,313
LAC Growth		5%	4%	2.10%
Growth from fragile states				5%

Note: Fragile states include, Haiti, Cuba, Central America, Nicaragua, Venezuela, Bolivia, and Colombia.

Expulsion and Exclusion from Origin Countries

The wave of international migration shaping the region may continue its growth pattern through at least 2022 for certain groups of countries.

Migration from Haiti, Cuba, Central America, Nicaragua, Venezuela, and Colombia show signs of continued mobility within the Americas, specifically towards Brazil, Colombia, Costa Rica, the Dominican Republic, Ecuador, Panama, Peru, and the United States to a smaller extent.

It is likely that migration from other countries in the region such as Guyana, Paraguay, and Bolivia, will also increase in the near future. Looking at prevailing trends, migration from Latin American and Caribbean countries may be above 5% through 2022. This figure represents more than double the population growth rate in destination countries.

This growth is largely shaped by a continued State deterioration in [fragile states](#). In most cases, this problem is associated with a chronic underperformance of governance, and it is linked to systematic abuses of authority, social fragmentation, corruption, and mushrooming organized crime networks.

Moreover, these factors are accompanied by a worsening of all sources of potential economic growth. We observe chronic deceleration among key economic growth indicators such as exports of agricultural products and raw materials, tourism, and free trade zones.

The factors that determine migration and influence the intention to migrate across the region, including transnational ties and political conflicts, are and will be strong factors of continued and growing migration.

As we highlighted above, Central American migration will continue to be driven by three broad dynamics: [victimization](#), [transnational ties](#), and [an inability to earn decent incomes](#). In the case of Haiti, migration is driven dramatically by State failure and transnational ties. Nicaragua and Venezuela are continuously pushing people out because of the State's direct threats to people, as well as due to economic crises

This mobility has subsequently created a growing network of people connecting other people. For example, our work on [Venezuelan migrants in four host countries](#) showed that more than half of Venezuelans were planning to stay in those countries and not return home. The same pattern was observed among Haitians and Nicaraguans. In turn, these transnational networks ensure a pattern of continuity in short term migration, at least during the subsequent three years.

As this critical mass of foreign-born people increases, one of the resulting realities is resistance among host societies to tolerate their visitors to the extent to externalize anti-immigrant, nativist sentiments, reducing visa entry, residency or temporary permanency permits.

As migrants arrive to countries like Panama, Ecuador, or Chile, which historically are not migrant host countries, the political discourse is being shaped by the challenges surrounding efforts to make inclusive public policies. The main constraint parallel to this reality of out-migration are the strong, anti-immigrant policies in the United States, which may prevent migration to continue at the same magnitude, especially from Central American countries.

Restrictive Immigration Policies in Destination Countries

Be it by design or consequence, migrant host countries in the Americas have focused on a restrictive approach to cross border mobility of people from the Latin American and Caribbean region. The most emblematic case is that of the US. However, other countries in South America have also focused on restricting the entry and/or stay of foreign nationals.

United States Policies on Immigration

The Trump administration has sought to change and enforce a considerable number of policies aimed at reducing immigration. These policies have affected hundreds of thousands of people from across the world, including those with legal migration status in the US. As we discussed in previous sections, their impacts on remittance flows can be seen in increases in the average frequency of transactions.

The Trump administration has implemented at least 10 policy efforts regarding migration, including cutting foreign aid to El Salvador, Guatemala, and Honduras. Some of these policies are implemented through diverse tools (i.e. executive orders, administrative policies and memorandums or proclamations). These policy areas include:

1. Extreme vetting
2. Limiting number of refugees
3. Deferred Action for Childhood Arrivals (DACA)
4. Ending Temporary Protected Status (TPS)
5. Border enforcement: Building a wall and zero tolerance policy
6. International policies
7. Freezing foreign aid
8. Domestic asylum procedures
9. Immigration guidelines and procedures
10. Deportations and raids
11. Sanctuary jurisdictions

Overall, there is considerable engagement by the judiciary (district courts, judges, the Supreme Court) in shaping, allowing, or denying policies from being implemented.

The following two tables summarize these policy issues according to implementation status and impacts.

TABLE 8. SUMMARY OF TRUMP ADMINISTRATION POLICIES ON IMMIGRATION

Source: Inter-American Dialogue, Remittance Industry Observatory Newsletter December 2019, available upon request.

Policy	Includes	Implementation Status	High Involvement of Courts
Extreme vetting	Banning nationals, especially from Muslim-majority countries from entering the US	Active ban on: Tourist for Libya & Yemen; some government officials for Venezuela; all, except student and exchange visitors for Iran; immigrant visas for Somalia; all for North Korea, Syria.	Courts were very much involved in shaping the final, implemented ban
Limiting refugees	Impacts of travel ban on refugees, changes in numbers (caps) for refugee reception.	Cap lowered to lowest number of refugees since 1970's.	
Deferred Action for Childhood Arrivals (DACA)	Ending DACA.	DACA is still in place. Has been used as a political negotiation tool.	Case regarding DACA's constitutionality is waiting to be heard by the Supreme Court.
Temporary Protected Status (TPS)	Ending TPS for El Salvador, Haiti, Honduras, Nepal, Nicaragua, and Sudan and ~400,000 people.	Termination dates postponed. Employment authorizations continue through beginning of 2021.	Terminations postponed by courts.
Border enforcement	Building a wall along the US southern border and zero tolerance policies	Segments of the wall are slowly being built. The many zero-tolerance policies have been stopped by court proceedings. Wall budget has been used as a political negotiation topic.	Pressure in courts, House, and Congress to end zero tolerance practices.
International policies	Pressuring home and transit countries to enter safe third countries agreements or harbor migrants seeking asylum in the US as part of the US 'Migrant Protection Protocols' policy	Safe third country agreement in place in El Salvador, Guatemala, Honduras. Mexico harbors migrants seeking asylum in the US as part of the Migrant Protection Protocols policy.	
Freezing foreign aid	Freezing foreign aid on the grounds that countries are not stemming out-migration	Aid to El Salvador, Guatemala, Honduras was frozen in 2019, then reinstated following their implementation of safe third country agreements.	
Domestic asylum procedures	Changes in directives and trainings (i.e. credible fear, grounds for asylum), Prompt Asylum Case Review pilot procedures, creation of VOICE program and reallocation of funds.	Some continue to be implemented.	
Guidelines & procedures	For example, changes on definition of public charge, specialty occupations, and other guidelines and procedures.	Some implemented, some held in courts. Change in "Public charge" regulation will allow visa and green card applications to be denied if the applicant would be eligible for public benefits like food stamps or government housing programs.	Some procedures held by courts. Supreme Court ruled in favor of public charge regulation.
Deportations, Raids	Increased arrests, increased attention on raids.	Ongoing.	
Sanctuary Jurisdictions	Withholding or conditioning access to federal programs. Publication of non-cooperative jurisdictions report.	Some implemented, some held in courts.	Some implemented, some held.

The Trump administration’s policies on immigration have had political impacts in the domestic and international spheres as well as social impacts on migrants, their families, and communities. Their employers have also felt the effect of these policies. The following table summarizes these impacts.

TABLE 9. IMPACTS OF TRUMP ADMINISTRATION’S POLICIES ON IMMIGRATION

Source: Inter-American Dialogue, Remittance Industry Observatory Newsletter December 2019, available upon request.

Policy	Impact
Extreme vetting	<ul style="list-style-type: none"> Demonstrations in airports, travelers with status or visas, including residents, stranded. Overall entry denials increased during FY2018-19, but denials of nationals from banned countries were minimal. Of all denials, 0.45% were for Iran, 0.03% for Yemen, 0.03% for Syria, 0.02% for Somalia, 0.02% for Libya.¹²
Limiting refugees	<ul style="list-style-type: none"> All refugee arrivals were frozen for 3 months in 2017. Between 150,000 to 180,000 refugees not received. * Annual cap for FY2020 refugee admissions set to 18,000, its lowest since 1977.¹³
Deferred Action for Childhood Arrivals (DACA)	<ul style="list-style-type: none"> Over 700,000 DACA recipients with uncertain status.¹⁴ Continued uncertainty and instability among migrants, communities, employers, and academic institutions. The program did not lapse, but was in a grey area, which may have pushed out around 80,000 participants.
Temporary Protected Status (TPS)	<ul style="list-style-type: none"> Over 400,000 people have no certainty regarding their status as TPS continuation depends on court decisions.¹⁵ Uncertainty among migrants and pushback from communities, employers.
Border enforcement	<ul style="list-style-type: none"> Worrisome conditions for migrants being detained. Over 2,000 children separated from their families, and some stranded in the system. Pentagon and other organizations have re-allocated funds in order to start building a wall. Lack of transparency and lost trust in the administration’s commitment to human rights.
International policies	<ul style="list-style-type: none"> Over 55,000 migrants seeking asylum in the US have been returned to Mexico to wait under unknown conditions or status.¹⁶ Raised questions about the U.S as a defender of the rule of law and human rights. Organization have denounced MMP and taken legal action.¹⁷
Freezing foreign aid	<ul style="list-style-type: none"> Negative impact on development work,¹⁸ especially in countries where migration is largely driven by insecurity and violence. Loss of trust in US foreign policy and confidence in aid disbursements.
Domestic asylum procedures	<ul style="list-style-type: none"> Lack of access to due process (i.e. curbing access to lawyers), lack of transparency on policy implementation. Risk of valid asylum cases being rejected.
Guidelines & procedures	<ul style="list-style-type: none"> Lack of transparency. Higher denial rates, at least for H1B visas, uncertainty among migrants, communities, employers.¹⁹
Deportations, Raids	<ul style="list-style-type: none"> At least 90 raids and 7,000 arrests by raids.²⁰ Uncertainty among migrants, communities, employers.
Sanctuary Jurisdictions	<ul style="list-style-type: none"> Social divisiveness, greater activism, including among local politicians.

* Conservative estimate: average refugees welcomed to the US since 1989 (Office of Admissions – Refugee Processing Center), plus remainder of cap from 2016. Higher estimate: compared to 2016 cap, we define high involvement as a ruling or case that has stopped a policy from being implemented, almost all policies have been brought to courts one way or another (personal cases, questioning budgets, by states, etc.).

¹² <https://www.dhs.gov/immigration-statistics/yearbook/2018/table37>

¹³ DHS Annual Flow Report, March 2019 and WhiteHouse.gov

¹⁴ USCIS Yearly and Active DACA Recipients Report, June 2019

¹⁵ USCIS TPS per country pages and <https://fas.org/sqp/crs/homesecc/RS20844.pdf>

¹⁶ https://www.dhs.gov/sites/default/files/publications/assessment_of_the_migrant_protection_protocols_mpp.pdf

¹⁷ <https://www.aila.org/infonet/deprivation-medical-care-to-children-cbp-custody>

¹⁸ <https://www.npr.org/sections/goatsandsoda/2019/09/30/764349336/in-quatemala-a-bad-year-for-corn-and-for-u-s-aid>

¹⁹ National Foundation for American Policy. <https://nfap.com/wp-content/uploads/2019/10/H-1B-Denial-Rates-Analysis-of-FY-2019-Numbers.NFAP-Policy-Brief-October-2019.pdf>

²⁰ ICE News Releases

These policies have had a dramatic impact on Central America has been dramatic. Four major effects derived from these policies include the following.

First, a decline in unauthorized migration, and people leaving because of economic conditions or insecurity, as explained in the previous section.

Second, a spur of out-migration among residents of El Salvador, Guatemala, and Honduras out of fear that once this anti-immigrant policy fully materializes, the options for family unification would subside.

Third, a cutting of foreign assistance at a time where more efforts are needed to address the root causes of migration.

Fourth, a disproportionate burden on governments of origin and transit countries to sign safe country agreements.

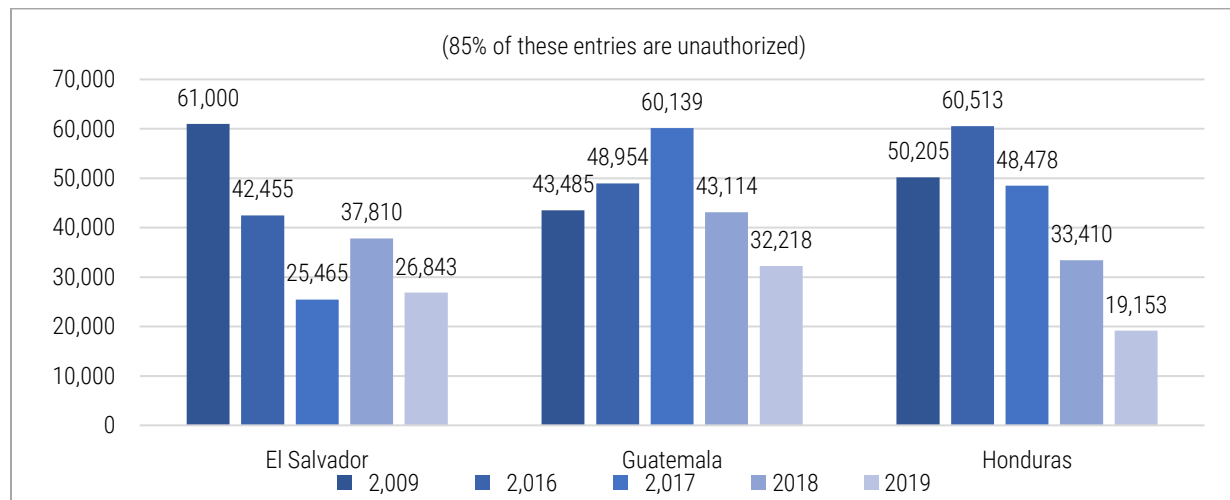
Immigration Decline with Higher Out-migration Patterns

Unauthorized immigration into the US from El Salvador, Guatemala, and Honduras has been the byproduct of a combination of factors, including a demand for foreign labor in the US. More important, however, is that the volume of people entering has not been as high nor as large of a threat to the national interest as some have stressed.

Although the volume of people leaving El Salvador, Guatemala and Honduras has increased, those who successfully cross the border without migration authorization has been on the downturn for some countries, despite the causes pushing people out. In 2019, the number had dropped to 82,000 unauthorized crossings. This number is lower than the volume of migrants deported or removed from these three countries back into their homelands, indicating that net entry (i.e. unauthorized and authorized migration minus voluntary or not homeland return) is negative.

FIGURE 3: ANNUAL IMMIGRATION TO THE US BY COUNTRY OF ORIGIN

Source: Author's estimates.



However, the number of apprehensions increased dramatically, to a total of 368,818. Those being apprehended include mostly family groups and unaccompanied minors, rather than individual adults. Part of the increase in apprehensions is due to an increase of people leaving in 2019 in larger numbers.

Considering the intention to migrate and the number of people actually leaving, the percentage of people who actually migrated relative to the percentage who thought of doing so increased from an estimated 28% to 45% between 2018 and 2019 (see table 10).

TABLE 10: PEOPLE THINKING OF MIGRATING AND PEOPLE WHO MIGRATED

Source: Author's calculations.

	El Salvador	Honduras	Guatemala	All three countries (2018-2019)
People who are thinking of leaving (a)	380,767	678,868	667,881	1,727,516
2018				
People actually leaving the NT (b)	148,297	153,357	179,681	481,335
Migration relative to intention (%) = (b) / (a)	38%	20%	25%	28%
Annual increase in labor force	51,600	100,331	214,110	365,041
Legal entry (permanent residency) (c)	16,014	6,997	9,188	
2019				
People actually leaving the region (e)	123,699	318,681	340,727	783,107
Migration relative to intention (%) = (e) / (a)	32%	47%	51%	45%
Annual increase in labor force	52,374	101,836	217,322	370,517

The increase was mostly associated with fears of people not being able to reconnect with their families in light of tightening migration policies and deciding to migrate in an attempt to cross the border before policies took effect.

FIGURE 4: APPREHENSIONS OF ADULTS AT THE US BORDER

Source: US Customs and Border Protection. <https://www.cbp.gov/newsroom/stats/sw-border-migration/fy-2019>; <https://www.cbp.gov/newsroom/stats/sw-border-migration/of-sw-border-inadmissibles-fy2019>.

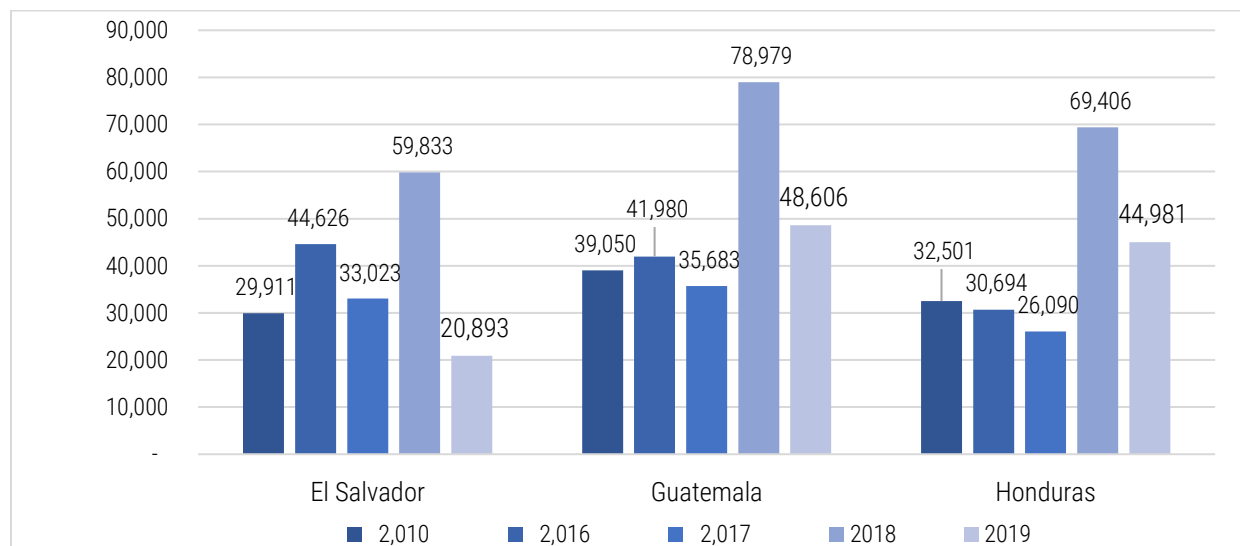
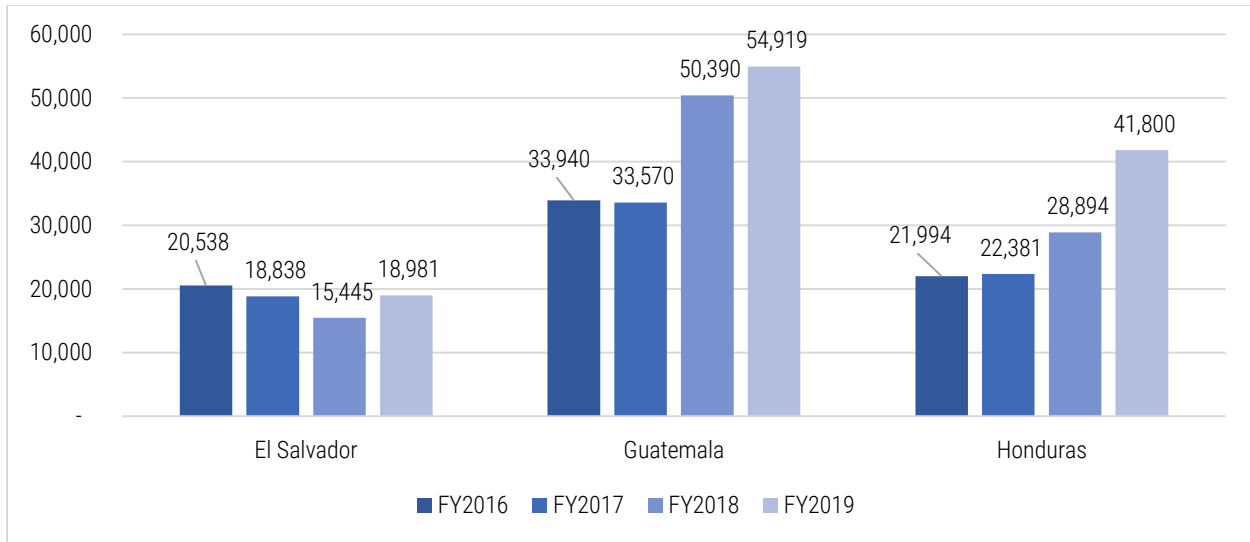


FIGURE 5: CONTINUED DEPORTATIONS ARE HIGHER THAN UNAUTHORIZED ENTRY

Sources: US Immigration and Customs Enforcement, <https://www.ice.gov/sites/default/files/documents/Report/2017/iceEndOfYearFY2017.pdf>; <https://www.ice.gov/doclib/about/offices/ero/pdf/eroFY2018Report.pdf>; <https://www.ice.gov/sites/default/files/documents/Document/2019/eroReportFY2019.pdf>.

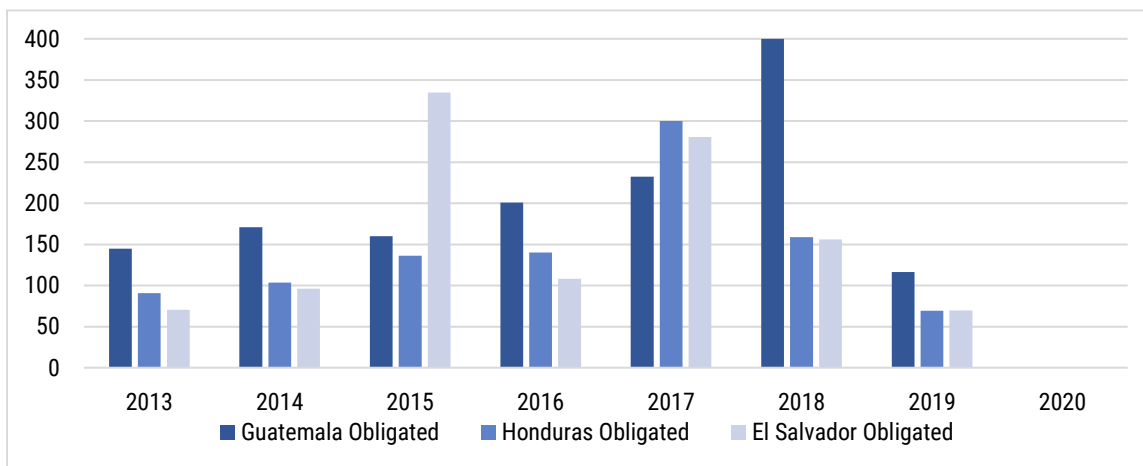


Cutting Foreign Assistance

One of the controversial issues surrounding the wide range of US policies restricting immigration in 2019 involved cutting foreign assistance to El Salvador, Guatemala, and Honduras. The Trump administration in March 2019 moved to freeze all aid disbursements and reallocate 2018 funding to other countries. In mid-June 2019, some aid was restored and in October 2019, \$150 million was reinstated specifically for implementing safe third country agreements, \$50 million of which was channeled directly to the United Nations High Commissioner for Refugees programs in two of the countries.²¹

FIGURE 6. US FOREIGN AID TO SELECT CENTRAL AMERICAN COUNTRIES, OBLIGATED US\$ MILLION

Source: US State Department country data.



Note: Obligated amounts are in many ways similar to “under contract” amounts.

²¹ <https://www.washingtonexaminer.com/news/trump-reinstating-150m-in-aid-to-central-america>

‘Safe Third Country’ Agreements

Another of the Trump administration’s initiatives included pressuring origin and transit countries to help execute US migration policies aiming to curb asylum and securing the southern border. The administration’s move to negotiate safe third country agreements with El Salvador, Guatemala and Honduras is part of an effort to prevent asylum-seekers arriving at the US south border from setting foot on US soil before their case is adjudicated.²²

This policy was strategic because these three countries are home to a large majority of the migrants entering the US through the southern border (71% for FY2019), many of whom seek asylum upon arrival. Safe third country agreements with these countries would force the majority of those seeking asylum at the border to wait outside US territory.

All three Central American countries have since signed safe third country agreements with the US. Guatemala was the first country to sign an agreement in July 2019 and began receiving migrants later that same year.²³ Honduras and El Salvador signed in September 2019, but less information is available regarding any progress on implementation. It is worth noting that Guatemalan president, Alejandro Giammattei, campaigned on revoking this deal, which was signed by his predecessor; however, shortly after taking office in January 2020, his administration announced that Guatemala would continue to act as a safe-third country.²⁴

Restrictive Immigration Policies in Mexico and South America

The effort to limit immigration and the duration of migrants’ stay also includes countries from Latin America. Here we identify some trends among a few of the migrant host countries in the Americas.²⁵

Mexico

Under the Trump administration, Mexico has been under increased pressure from the US to secure Mexico’s national borders or be faced with heavy tariffs. This has translated into a stronger military presence at Mexico’s southern border and along migratory routes and an increase in deportations.

Following pressure from the US, the López Obrador administration created a National Guard and deployed units to checkpoints on migrant routes, especially along the southwest Mexican border. However, the Mexican administration decision also coincided with growing criticism among public opinion about the increase of foreigners into Mexico.

The National Guard has been granted the authority to ask individuals to show their migration documents, leading migrants to take more remote and dangerous routes to avoid detection. Private bus companies are now required to review passengers’ migration documents, and risk smuggling charges or sanctions if they do not comply. Subsequently, deportations have increased between 2018 to 2019, up 58% for migrants from El Salvador, 44% for Hondurans, 30% for Nicaraguans, 179% for Cuban, and deportation of Haitians increased from 2 migrants to 116.²⁶

²² Safe third country policies require that asylum-seekers apply for protection in the first safe country (that is, any of the agreement signatories) they arrive at, based on the premise that they are facing an emergency or crisis.

²³ <https://lahora.gt/dubon-merecemos-conocer-la-profundidad-de-los-acuerdos-que-firmo-guatemala/> AND <https://www.chicagotribune.com/hoy/ct-hoy-presidente-guatemala-migratorio-estados-unidos-20191003-jprxof473bf3fhnvp6ctxf7zey-story.html>

²⁴ <https://www.nytimes.com/reuters/2020/01/22/world/americas/22reuters-usa-immigration-guatemala.html>

²⁵ This section was written with research support from Michelle Faverio.

²⁶ https://www.wola.org/analysis/mexico-southern-border-report/#ftnt_ref42

Chile

After rapidly becoming a key migrant host country of people from countries like Haiti, Venezuela or Colombia, in 2019, the Chilean Immigration Department passed new migration legislation requiring nationals of Brazil, China, Cuba, Haiti, and Peru to file applications for permanent residency in-person at government “Chile Atiende” offices. In contrast, nationals of all other countries have the option of applying in-person at Chile Atiende offices or applying online.²⁷

Tent cities line streets near the Chilean Consulate in Tacna, Peru and along the Chile-Peru Chacalluta border.²⁸ Venezuelan migrants find themselves stranded on the Chile-Peru border following refused entry into Chile.

In both cases, migrant populations struggle to obtain medical attention due to a lack of social guarantees.²⁹

Peru

Beginning in July of 2019, Peru requires Humanitarian Visas (lasting 6 months with access to healthcare, education, and training) from Venezuelan migrants entering the country. The day before the policy change, over 8,000 Venezuelans entered Peru at Tumbes,³⁰ compared to a daily average of 1,500-2,000.³¹

Although visas are free, obtaining the necessary documentation for the application comes as a large financial expense to migrants – passports and criminal records costing approximately \$400 combined in a country that has a monthly minimum wage of roughly \$6.³²

Ecuador

Ecuador has implemented new regulations requiring Venezuelan migrants to present a passport and a clean criminal record in order to enter the country (Decree 826). Prior to the policy change, Venezuelans were provided a 2-year humanitarian visa, granting them access to social services.³³

Following a large influx of migrants, Ecuador’s institutional capacity is strained – leaving many migrants without access to health care, education, housing, and causing some to become victims of sexual and gender-based violence. New regulations have driven migrants to take irregular routes and methods into Ecuador, including smuggling and trafficking, making them vulnerable to greater risks.³⁴

²⁷ <https://www.extranjeria.gob.cl/vivir-en-chile/permanencia-definitiva/>

²⁸ <https://www.pressenza.com/2019/10/from-openness-to-protectionism-immigrants-in-chile/>

²⁹ <https://www.reuters.com/article/us-chile-venezuela-immigration/about-200-mostly-venezuelan-migrants-stuck-at-chile-peru-border-idUSKCN1TL320>

³⁰ <https://news.un.org/en/story/2019/06/1040591>

³¹ <https://www.reuters.com/article/us-venezuela-migration-peru/venezuelans-rush-to-peru-border-ahead-of-migration-crackdown-idUSKCN1TF2CQ>

³² <https://www.thenewhumanitarian.org/news/2019/07/09/peru-tougher-rules-venezuelan-migration>

³³ <https://www.reuters.com/article/us-venezuela-politics-colombia/venezuelan-migrants-flood-into-ecuador-ahead-of-new-visa-restrictions-idUSKCN1VG1SX>

³⁴ <https://reliefweb.int/report/ecuador/fragile-welcome-ecuador-s-response-influx-venezuelan-refugees-and-migrants>

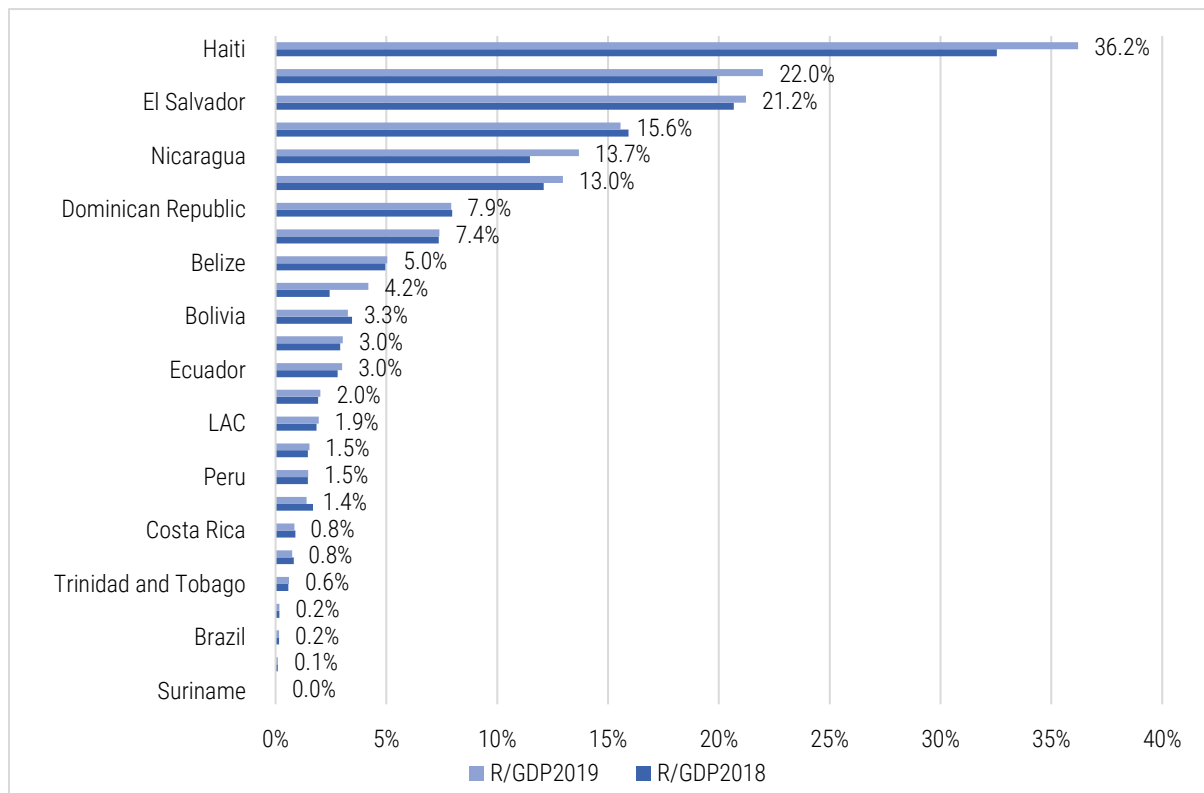
IV. Making Remittances and Development Work

Family remittances are extraordinarily important for most Caribbean and Central American countries. In fact, among countries in Latin America and the Caribbean, 10 of the countries where remittances represent over 5% of gross domestic product are in the aforementioned regions.

Although these 10 countries only contribute 5% to the Latin American and Caribbean economies, their dependence on remittances amounts to 14%. That is, of the 2% contribution of remittances to the entire Latin American and Caribbean region, remittances account for half of that coming from these ten small countries.

FIGURE 7: INCOME DEPENDENCE ON REMITTANCES: REMITTANCES AS SHARE OF GDP, 2019

Source: Author's estimates.



This migrant labor force keeps their homelands integrated into the global economy through their support. However, these are predominantly the countries where migration is being slowed, either through design or policy consequence. Development policies are to be aligned with the foreign policy interest as well as with immigration policies in ways that they support each other for the largest number of beneficiaries.

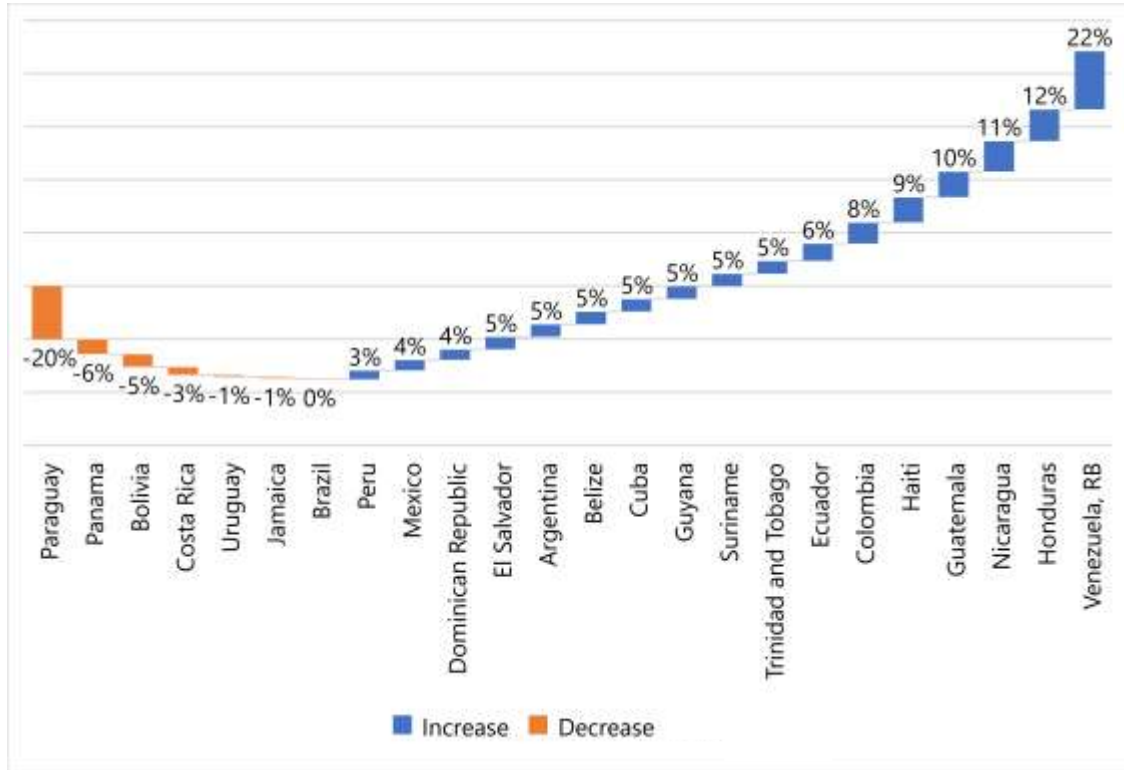
The impact of remittances on economic growth and development is a positive one, for which evidence has been provided in many instances and cases. Migration overall decreases with greater wealth in low income societies. Therefore, bringing stability in many fragile migrant sending countries, and making migration a more rational process, is reinforced with a development effort to create wealth.

Triangulating development, migration and stability is central to ensure a positive impact of remittances and migration beyond issues of instability.

Appendix

APPENDIX 1: GROWTH IN REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN, 2019

Source: Author's estimates.





www.thedialogue.org

Inter-American Dialogue
1155 15th Street NW, Suite 800
Washington, DC 20005
202-822-9002
remittances@thedialogue.org
thedialogue.org/remittances