REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN IN 2015- 2016: ACCELERATING THEIR GROWTH

CEMLA
CENTER FOR LATIN AMERICAN MONETARY STUDIES

remittances & financial inclusion

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LATIN AMERICA AND THE CARIBBEAN

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1

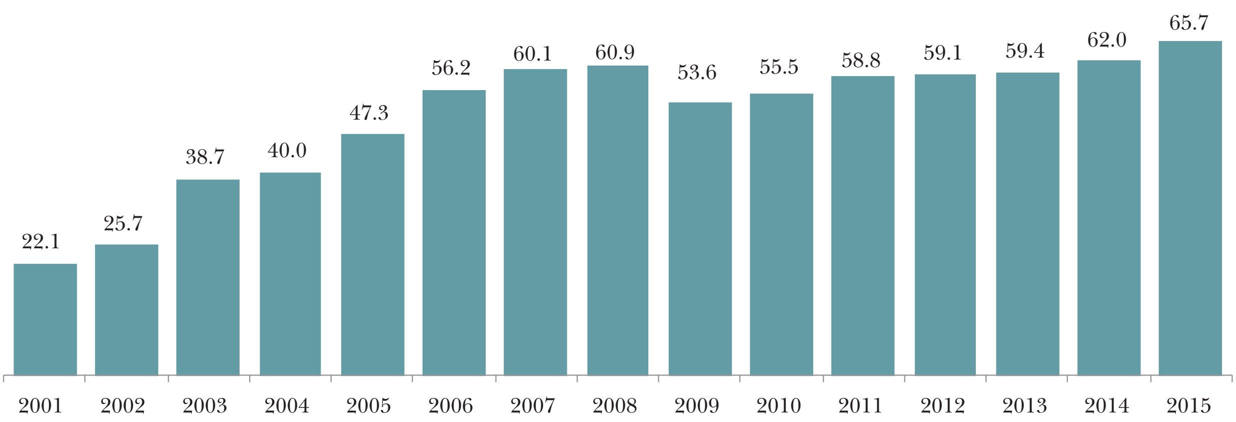
REMITTANCES IN 2015

For the second year in a row, remittance flows to Latin America and the Caribbean (LAC) in 2016 exceeded previous record levels, reaching USD 65,657 million with a growth rate of 5.9% on the previous year. This is the highest growth rate recorded in the past four years.[1]

After the fall that remittance flows to the region experienced in the aftermath of the 2008/2009 global financial crisis, the recovery of these flows has been modest but constant over the next years, slowing down in 2012 and 2013 but without falling

Figure 1

REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN (2001-2015)
USD billions



Source: Authors' elaboration based on figures from central banks and the International Monetary Fund.

1 This report uses country figures for *workers' remittances* as published by the respective central banks. As a result, these figures may differ from those presented in previous versions of this report. Figures from the International Monetary Fund (IMF) are used in the cases of Venezuela, Trinidad and Tobago, and Belize, while figures from the World Bank and the IMF are used in the case of Suriname.

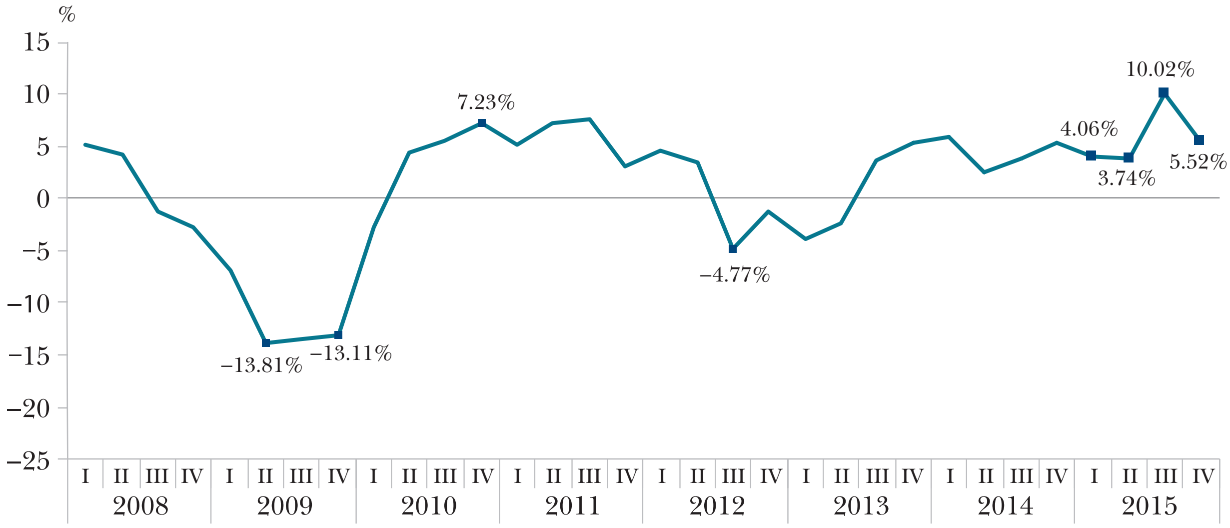
again in annual terms. Since then, the growth rate has recovered to the point that remittance flows reached a record high in 2015, the result of an extraordinary increase observed especially during the third quarter of that year.

Total annual remittance growth rates for the first two quarters of 2015 were 4.1% and 3.7% respectively, as shown in Figure 2. Remittances continued to grow during the third quarter, reaching a rate of 10.0%. This is the highest rate recorded since the fourth quarter of 2006. The strong growth observed during the third quarter of the year was particularly driven by exceptionally high remittance inflows in Mexico, Colombia, Brazil and Paraguay. The last quarter of the year showed an average quarterly growth rate of 5.5%, similar to the growth observed at the beginning of the year.

Figure 2

REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN (2008-2015)

Interannual growth rate



Source: Authors' elaboration based on figures from central banks, the International Monetary Fund and the World Bank.

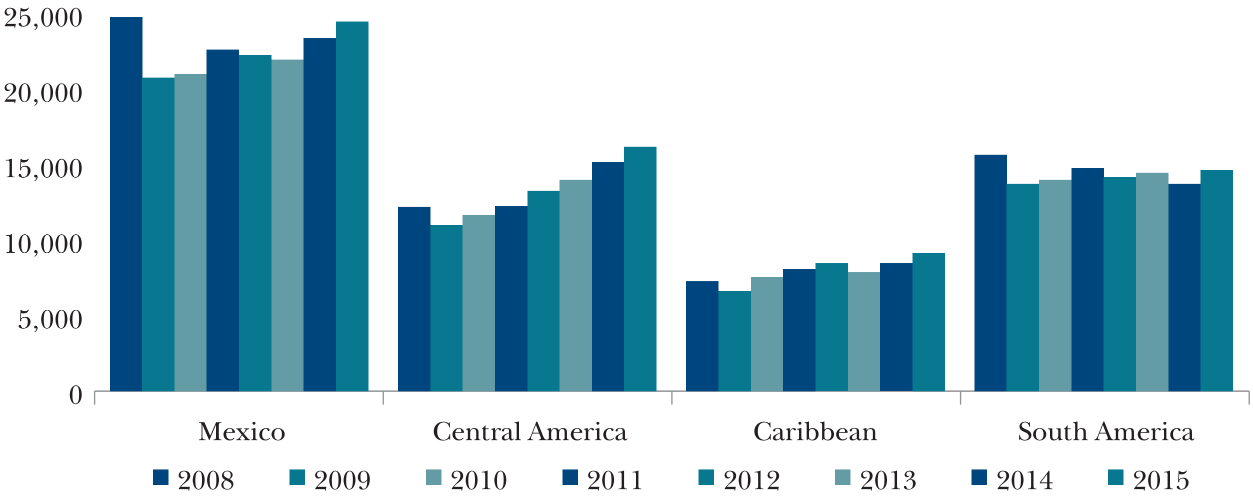
Differences in the destination of migration flows and in the economic conditions in migrants' host countries mean that every country of origin, even at the subnational level, exhibits specific patterns in their remittance inflows. Hence, these countries must be grouped into subregions in order to better identify and analyze the dynamics of these flows. For the purposes of this analysis, the LAC region will be subdivided into Mexico, Central America, the Caribbean and South America.

1.1 Mexico

During 2015, Mexico received more than a third (37.8%) of all remittances to LAC; very close to the previous record figure of 2007. After several years of stagnation, remittance flows received by Mexico in the past two years indicate a definitive recovery,

Figure 3

REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN (2008-2015)
USD millions



Source: Authors' elaboration based on figures from central banks and the International Monetary Fund.

reaching USD 24,785 million in 2015, which is equivalent to a growth rate of 4.8% on the previous year.

Interannual growth rates of remittances to Mexico were positive for all quarters in the year. They reached 4.8% and 3.0% in the first and second quarters respectively and grew further during the third quarter, reaching 9.6%. The extraordinary growth in the third quarter was mostly the result of a major depreciation of the Mexican currency in that quarter which led more Mexican migrants to send remittances to their home country as the new exchange rated allowed families to receive greater amounts in local currency. The interannual growth rate for the last quarter decreased to 1.8%. Nevertheless, it should be taken into account that remittances received during the same period of the previous year had been extraordinarily large and therefore the annual comparison makes them look lower than they actually were; in fact, the amount of remittances received in this quarter was close to the highest historical values observed until now.

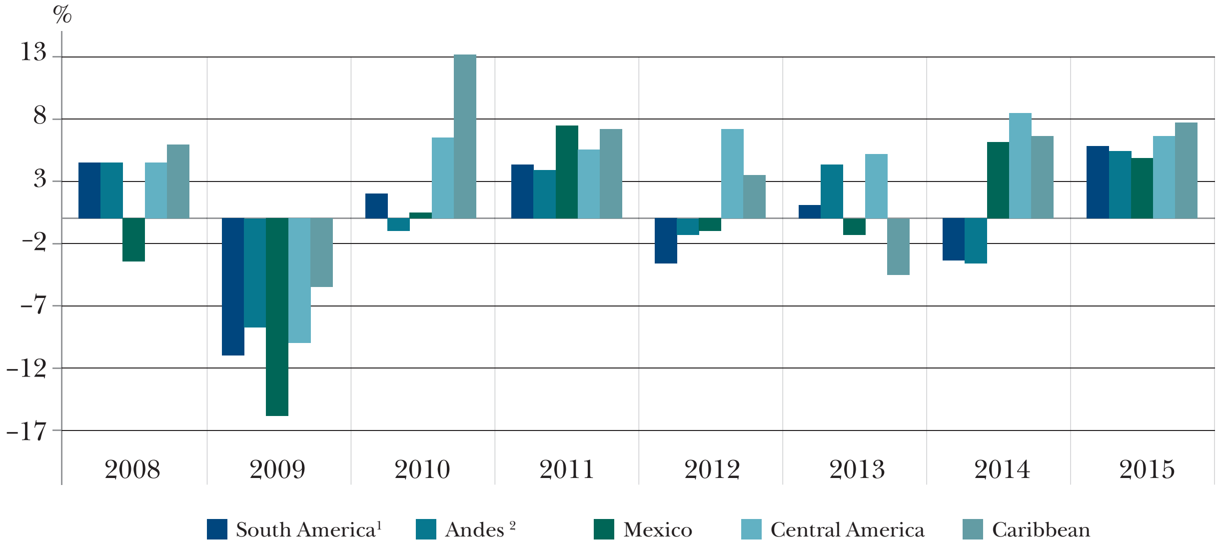
1.2 Central America

As in the previous five years, remittances received by the Central American countries increased significantly in 2015. The growth rate of these flows in 2015 compared to the previous year was 6.6%, similar to the average for the past five years. This represents a total annual remittance income of USD 16,741 million in this subregion. The growth was the result of stronger annual growth in Guatemala (13.4%) and Honduras (8.8%), offset somewhat by negative growth in remittances received by Panama (−27.5%) and Costa Rica (−7.3%).

Figure 4

REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN (2008-2015)

Annual percentage variation



[1] Includes all South American countries. 2 Includes Bolivia, Colombia, Ecuador, Peru and Venezuela only.
Source: Authors' elaboration based on figures from central banks and the International Monetary Fund.

In quarterly terms, the behavioral pattern displayed by the subregion was cyclical, which is typical for Central America, with a growth rate of 8.1% in the first quarter of the year compared to the previous quarter, 3.2% in the second quarter, and 6.7% and 8.4% in the last two quarters of the year respectively. This behavior was strongly influenced by Guatemala, Honduras and El Salvador, which usually follow this pattern.

After the international financial crisis, this region experienced a rapid growth in remittances associated with extraordinary amounts of money being sent to Haiti in response to the earthquake in 2010, which continued in 2011. Growth rates of remittances received by this subregion were close to zero afterwards. However, positive growth rates were observed starting in the second half of 2013. This trend continued in the following years. In 2015, remittances received by the Caribbean countries increased by 7.6%, reaching a total of USD 9,508 million. As was the case in previous years, the Dominican Republic and Haiti are the countries that have influenced this result most strongly, with annual growth rates for of 8.5% and 11.1% in 2015 respectively.

1.4 South America

A greater diversity in terms of the countries of origin of remittances received by this subregion (which include the United States, Spain and other neighboring countries) results in remittance flows behaving differently than the remainder of LAC. However, the influence of the United States and Spain as the main sources of remittances received by these countries is significant.

Heterogeneity in this subregion can also be observed in the different economic conditions of its countries. This results in wage differences that foster intraregional migration and the corresponding remittance flows from countries like Argentina and Brazil to Bolivia or from Paraguay and Venezuela to Colombia. However, the significance of these intraregional flows within the regional total is relatively small.

Although other subregions displayed growth in the remittances received in 2014, there was a fall in this subregion in that year. However, the trend reverted in 2015 and remittances grew by 5.7% in annual terms, with income from remittances amounting to USD 14,886 million. The countries contributing most significantly to this growth were: Brazil (15.6%), with positive growth for the first year since the crisis; Colombia (13.2%), with income from remittances continuing to grow; and Paraguay (9.3%), which the previous year had displayed negative annual growth rates.

Displaying the completely opposite behavior than in 2014, the South American region recorded a negative annual growth rate of 1.7% in the first quarter of 2015. This trend reverted during the following quarters. The third quarter of the year saw the highest interannual growth with a rate of 14.8% compared to the same quarter of the previous year.

In 2015, 73.3% of the remittances sent to South America were received by the Andean countries (Bolivia, Colombia, Ecuador, Peru and Venezuela). In the last year, the Andean subregion registered a positive growth rate of 5.3%, with this subgroup of countries receiving remittances totaling USD 11,000 million. The growth observed is mostly due to remittances received by Colombia, somewhat offset by the fall in remittances received by Ecuador (−3.4%).

2

THE DETERMINANTS OF REMITTANCE FLOWS

In order to better understand the changes that have taken place in the amounts of remittances received by the region, we must analyze migration, employment and wage trends in the main destinations of migrants from Latin America and the Caribbean (United States, Spain and, to a lesser extent, other countries in the region). These trends determine the chances of migrants to obtain employment, generate income and send remittances. Furthermore, understanding the economic situation and needs of their families as remittance recipients also helps to explain the behavior of these flows. That said, these variables and their relationship with remittances received by the region in 2015 will be analyzed below.

For some migrants in the region, traveling to the United States or Spain is too costly and these migrants increasingly choose other countries in the region as their destinations; especially, neighboring countries where the income they can generate is higher than what they can earn in their country of origin.

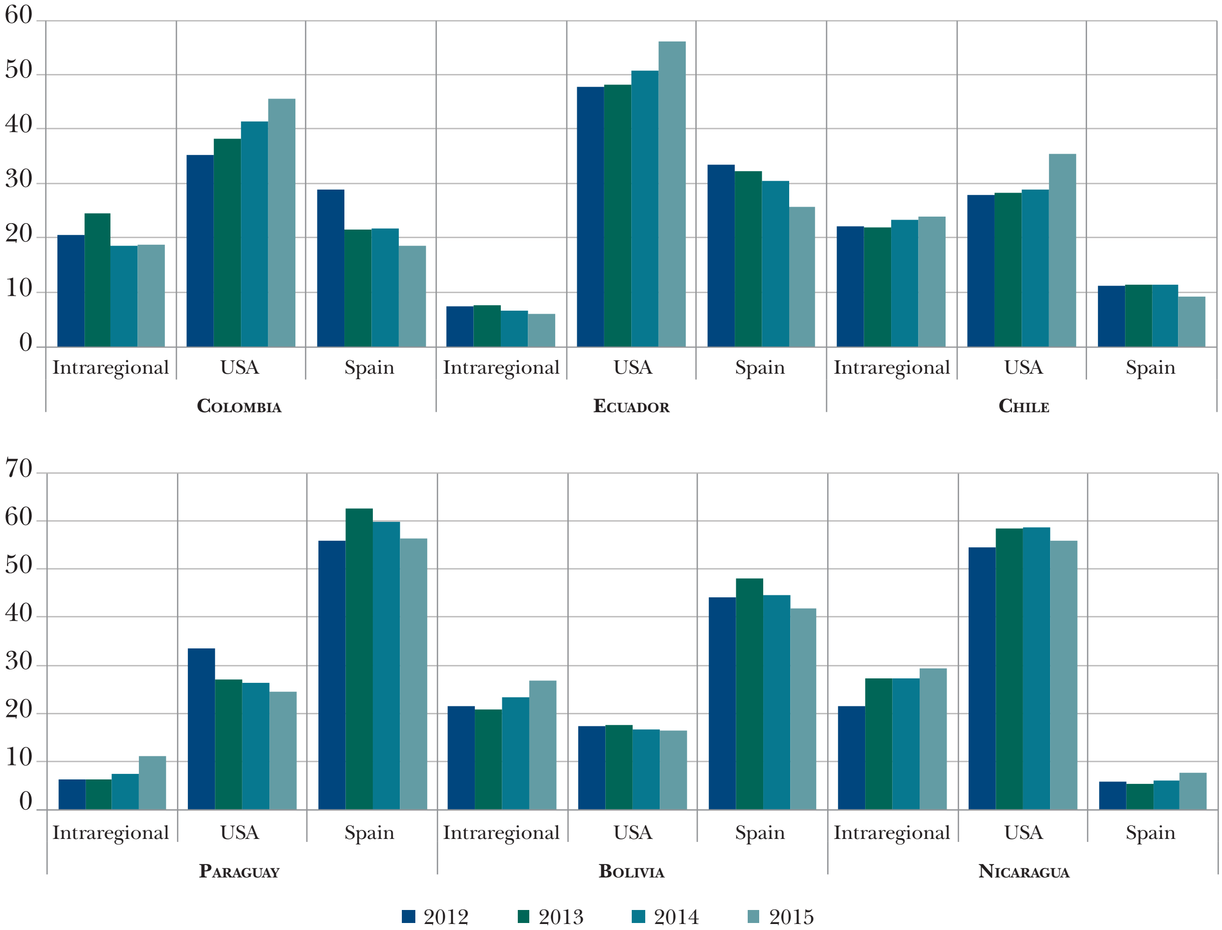
Only some countries in the region (such as Colombia, Ecuador, Chile, Paraguay, Bolivia and Nicaragua) publish information on remittance inflows by country of origin. According to the information available since 2012, remittances sent from Spain exceed those received from United States in countries such as Paraguay and Bolivia; in the cases of Ecuador and Colombia, although the proportion of remittances from Spain is still very significant (between 20% and 30%), most remittances come from the United States (more than 40%). In other countries such as Chile and Nicaragua, remittances from Spain are definitely smaller than those from other countries like the United States or intraregional sources (such as Costa Rica for Nicaragua, or Argentina for Chile.)

With regards to intraregional remittances, these are very significant for Bolivia, Chile, Nicaragua and Colombia, with figures exceeding 20% of total inflows over the past four years. For other countries like Paraguay and Ecuador, the proportion of intraregional remittances is lower, amounting to less than 10% of total inflows.

Figure 5

REMITTANCES TO SELECTED COUNTRIES OF LATIN AMERICA AND THE CARIBBEAN, 2012-2015

Percentages



As remittances from Spain decreased in Colombia, Ecuador and Chile in the period between 2012 and 2015, they were replaced by remittances from the United States, while intraregional remittances remained relatively stable.

Also, in Paraguay, Bolivia and Nicaragua, decreasing remittances from Spain and United States were offset by a growth in remittances from neighboring countries, that is, the proportion of intraregional flows received by these countries increased.

2.1 United States

The United States harbor the largest number of migrants from Latin America and the Caribbean of all migrant hosting countries. According to information available at the end of 2015, an estimated 21.4 million[2] migrants from the region were living

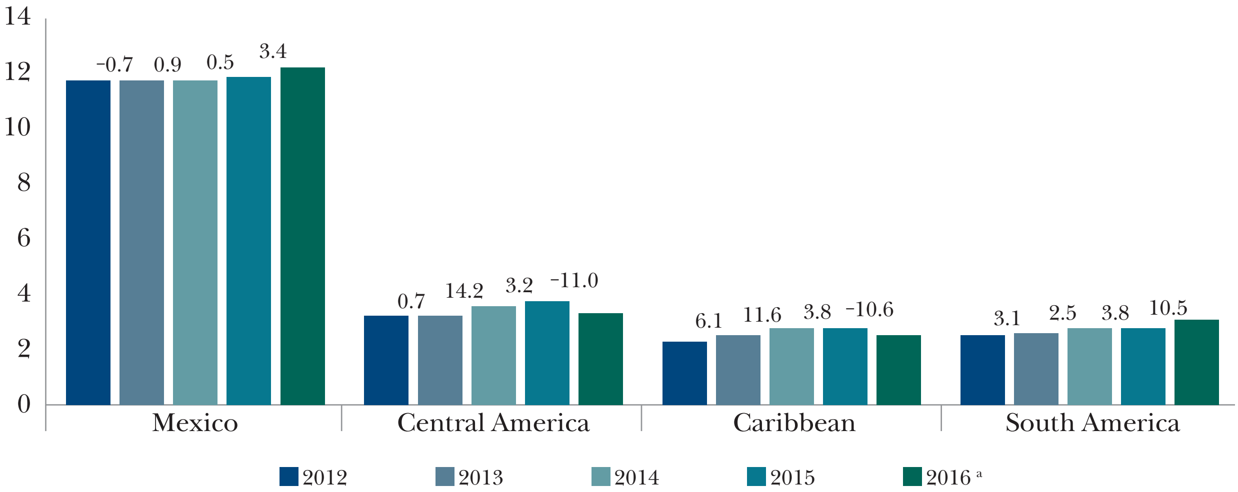
2 Figures from the Current Population Survey of the U.S. Census Bureau and the U.S. Bureau of Labor Statistics.

in the United States, which is 1.5% more than in 2014. This may partly explain the increase in remittances received by the region overall in the past year.

As shown in Figure 6, increase in the migratory stock in the U. S. is the result of higher levels of migration from Mexico (5.6%) and South America (5.1%) compared to the previous year. Meanwhile, the total number of migrants in the United States from the Caribbean and Central America decreased by 3.8% and 10.1% respectively. This decrease limited the growth of remittances to the region as a whole.

Figure 6

LAC MIGRANT POPULATION IN THE UNITED STATES
(2012-2015)
Million people and percentage annual growth rates



Note: the values appearing over the bars indicate the annual growth rate. a Estimate.
Author's elaboration based on information from the Current Population Survey of the U. S. Census Bureau.

It should be highlighted that, for the past five years, the number of migrants from South American countries to the United States have recorded positive growth rates, with the most significant increase registered in 2015. This could be an indication that migrants have replaced European countries, such as Spain, for the United States as their preferred destination as a result of economic recovery indicators being better in the latter country than in the European region.

Of the total number of migrants from LAC living in the United States at the end of 2015, 57.8% originated from Mexico, with a total of 12.4 million people; that is, 660,000 more than the previous year. Furthermore, the number of Central American migrants represents 15.7% of the total number of LAC migrants in the U. S., with a total of 3.3 million people. Migrants from the Caribbean amounted to 2.7 million people, representing 12.7% of all migrants from LAC living in the United States. Finally, the South American migrant population in the United States is estimated to be 2.9 million people, which corresponds to 13.6% of all LAC migrants in that country.

The financial crisis of 2008-2009 affected the labor market in the United States with a strong decrease in the demand for migrant workers from the region. However, an economic stabilization and recovery process could be observed starting in 2010. This allowed employment growth rates to be positive for workers from LAC in the United States.The employment growth rate observed for 2015 was 3.9%, an increase on the growth rate observed the previous year. Participation of migrants from the region in the United States workforce in 2015 amounted to 26.2 million people, of which 93.8% were employed and the remaining 6.2% were unemployed.[3] That is, the number of unemployed migrants in 2015 was 8.0% lower than the previous year, reflecting labor market improvements in this host country (Figure 7).

As Figure 8 shows in regard to wages, the average weekly wage of LAC migrants in United States in 2015 reached USD 604, the highest figure observed in the past 15 years, with a 1.8% annual growth rate compared to the previous year. However, annual growth rates for wages in 2015 were still below the rates observed prior to the financial crisis of 2008-2009.

2.2 Spain

According to the figures from the Municipal Population Register of 2014 of the National Statistics Institute, 37% of the foreign-born population living in Spain originated from countries of Latin America and the Caribbean. That year, the number of migrants from the region in Spain amounted to 2.3 million people,[4] and this figure was similar in 2015.

Between 2010 and 2014, overall migration from Latin America and the Caribbean to Spain and Europe decreased annually. In 2015, migration displayed a very small growth, at approximately the same level observed the previous year; despite this, Spain remained the second source of remittances arriving in LAC, especially those whose destination was the Andean countries of South America.

Similar to the past six years, the first three quarters of 2015 recorded negative growth rates of LAC migrants in Spain:[5] −3.5%, −2.8% and −2.3% respectively. However, there

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3 Figures from the Current Population Survey of the U.S. Census Bureau and the U.S. Bureau of Labor Statistics; in <http://www.census.gov/cps/ >.

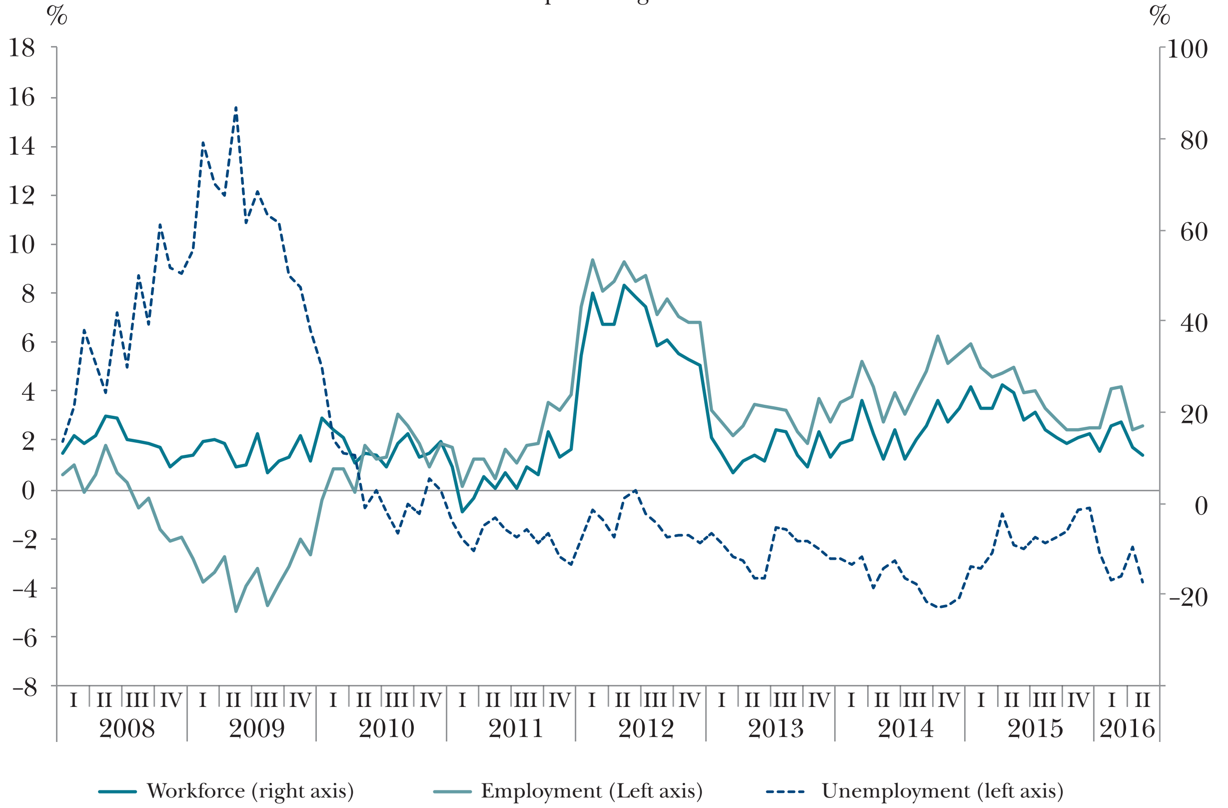
4 Figures compiled in the study "Remittances and financial inclusion. Analysis of a survey on migrants from Latin America and the Caribbean in Spain". This study points out that there is a high share of women in the population of Latin American origin in Spain, and considerable diversity in terms of countries of origin. In this regard, in 2014 the population originating from Ecuador (438,979) was the largest group from Latin America and the third group of all migrants (behind those from Morocco, with 774,549 people, and Romania, with 726,142 people). Among Latin American migrants, Ecuadorians are followed by people from Colombia with 363,667 individuals, Argentina with 259,870, Peru with 191,706 and Bolivia with 177,149.

5 In this report, the migrant population from Latin America and the Caribbean in Spain includes both

Figure 7

EMPLOYMENT AND LATIN AMERICAN WORKFORCE IN THE UNITED STATES (2008-2016)

Annual percentage variations

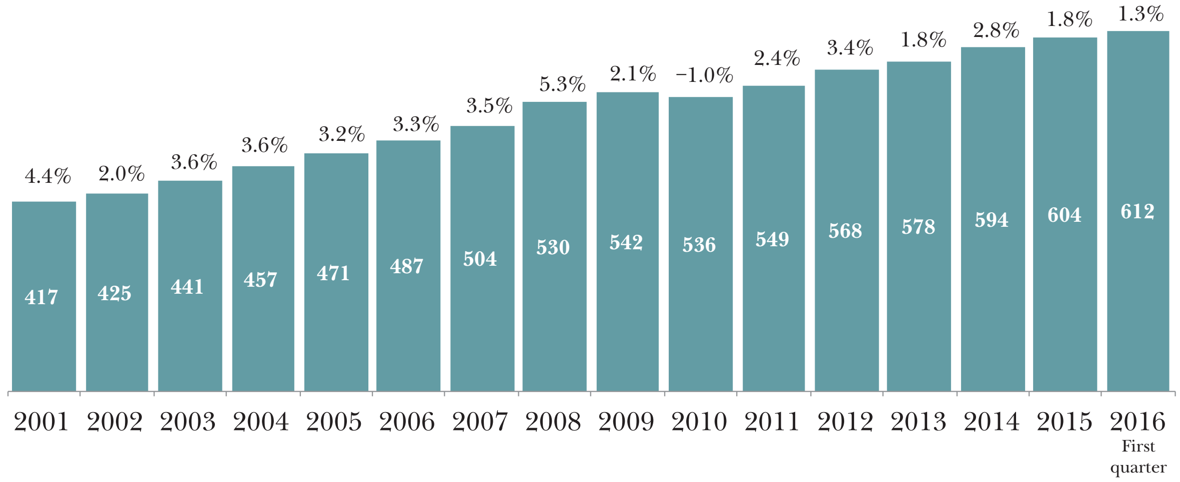


Note: 2016 figures are preliminary.
Source: Authors' elaboration based on figures from the U. S. Bureau of Labor Statistics.

Figure 8

AVERAGE WEEKLY WAGE OF WORKERS FROM LATIN AMERICA AND THE CARIBBEAN IN THE UNITED STATES (2001-2016)

Dollars and annual percentage variations



Note: 2016 figures are preliminary.
Source: Authors' elaboration based on figures from the U. S. Bureau of Labor Statistics.

was a positive growth of 8.9% in the last quarter. As a result, the annual growth rate in the number of these migrants to the Iberian country was practically unchanged from the previous year, with a 0.1% annual growth rate for 2015. In the case of men, the annual growth rate of migrants from Latin America and the Caribbean was slightly negative (0.23%), while the annual growth rate for women was slightly positive (0.34%). In both cases, the pattern by quarters was the same, decreasing in the first three quarters of the year and recovering strongly in the last quarter, when the number of male migrants from LAC to Spain grew by 10.4% and female migrants by 7.8% compared to the previous year (Figure 9).

The most significant falls in migratory flows to Spain were registered for people from Peru, Bolivia, Ecuador and Colombia, with decreases between 16.0% and 21.0%. In 2015, the countries with the largest proportions among LAC migrants to Spain were: Ecuador (17.8%), Colombia (14.8%), Bolivia (10.3%) and Argentina (7.5%).

Migration of people from Latin America and the Caribbean to Spain and, in turn, the amount of remittances they send, are linked to economic conditions in the host country, where the labor market has yet to recover from the crisis that started in 2009. This has affected migrant workers from Latin America and the Caribbean in Spain whose employment rate in 2015 fell by 8.0% compared to the previous year. However, it should be pointed out that migrant employment grew by 3.5% in the last quarter compared to the previous year, which could be an initial sign of recovery of the labor market for LAC migrants living in Spain.

The drop in employment also resulted in a decreasing size of the migrant workforce from LAC in Spain, which fell by 12.3% in 2015 compared to 2014. At the end of the year, there were approximately 1.1 million LAC migrants of working age living in Spain. Encouraged by the growth in employment observed in the last quarter of the year, the workforce fell at a slower rate in that quarter; however, not sufficiently to reach positive annual growth rates. Furthermore, the number of unemployed migrants also decreased to a rate of 17.6% compared to the previous year. This, together with the decrease in workforce, reflects the fact that migrants losing their employment are leaving this host country.

Statistical figures show that, for the most part, migrants work in the construction (men) and services (women) industries. Hence, wages in these industries in Spain can provide an approximation of the changes in income of LAC migrant workers in this country. In this regard, wages in the construction industry in 2015 fell by 1.2% compared to the previous year, while wages in the services industry grew by 1.7% (Figure 11).

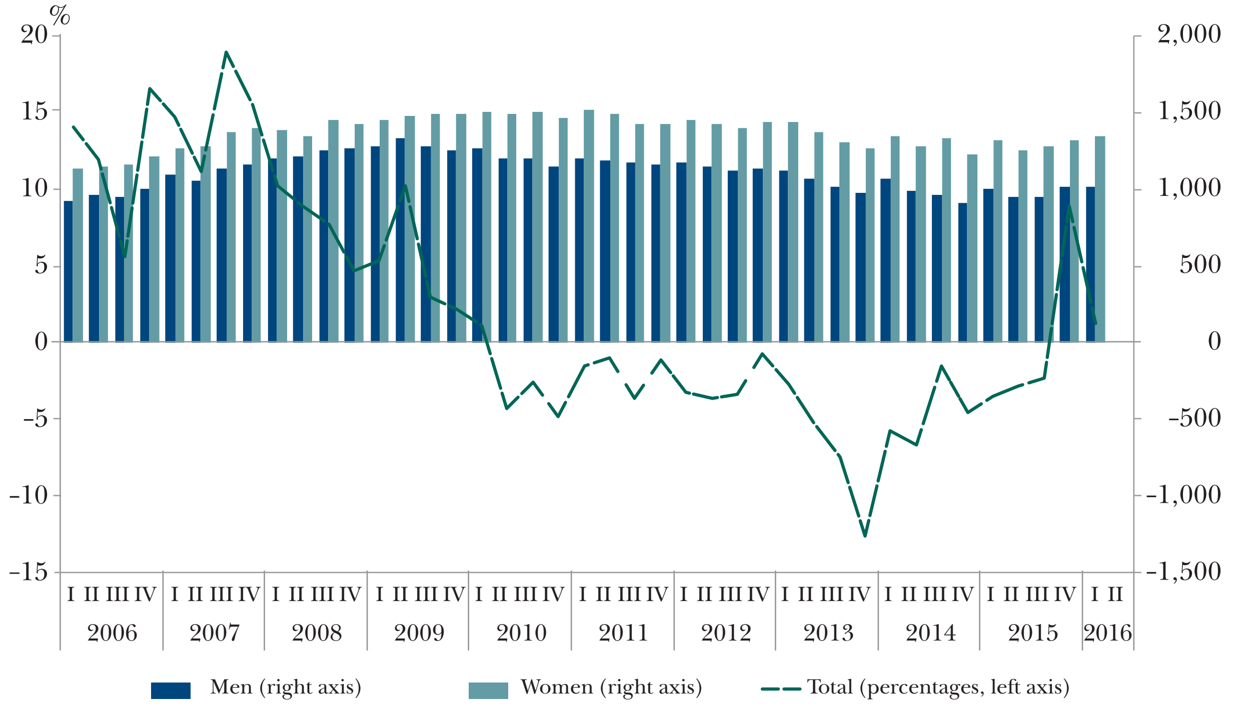
The recovery of employment levels among LAC migrants in Spain, though small and late in the year, together with a lack of wage growth in the industries in which

migrants living in Spain as well as Spanish nationals whose country of birth is in Latin America and the Caribbean.

Figure 9

POPULATION FROM LATIN AMERICA AND THE CARIBBEAN IN SPAIN (2006-2016)

Thousands of people and interannual growth rate

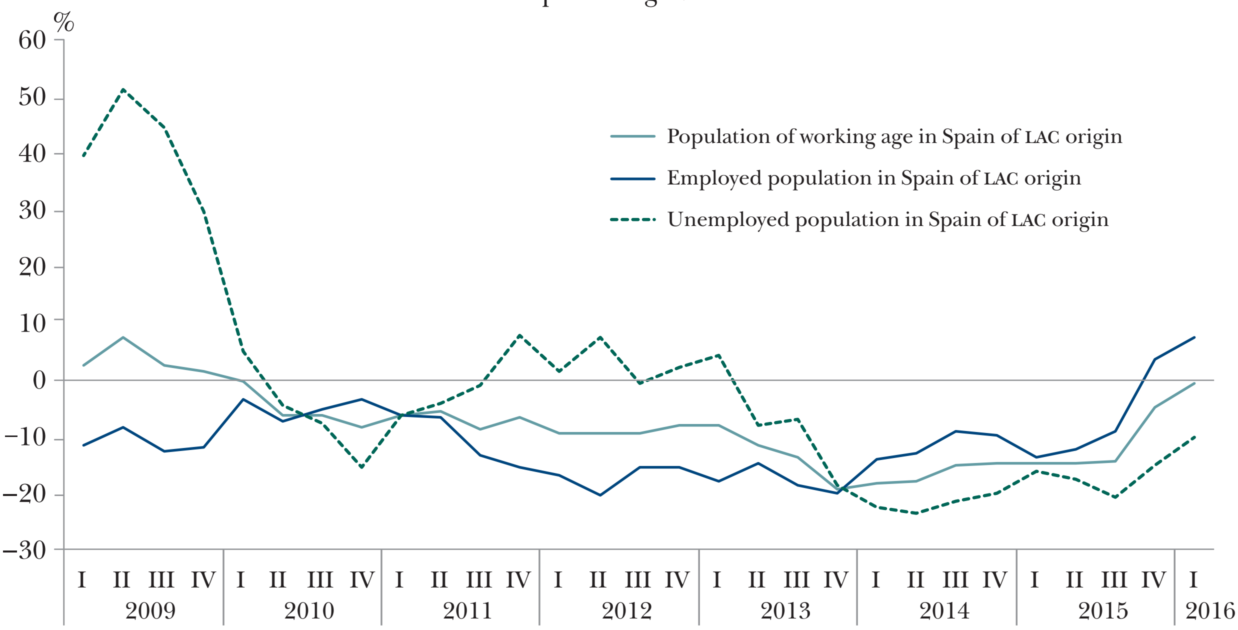


Note: Figures for 2016 are preliminary.
Source: Authors based on figures from the Spanish Statistics Institute".

Figure 10

EMPLOYMENT AND WORKFORCE IN SPAIN (2009-2016)

Annual percentage variations

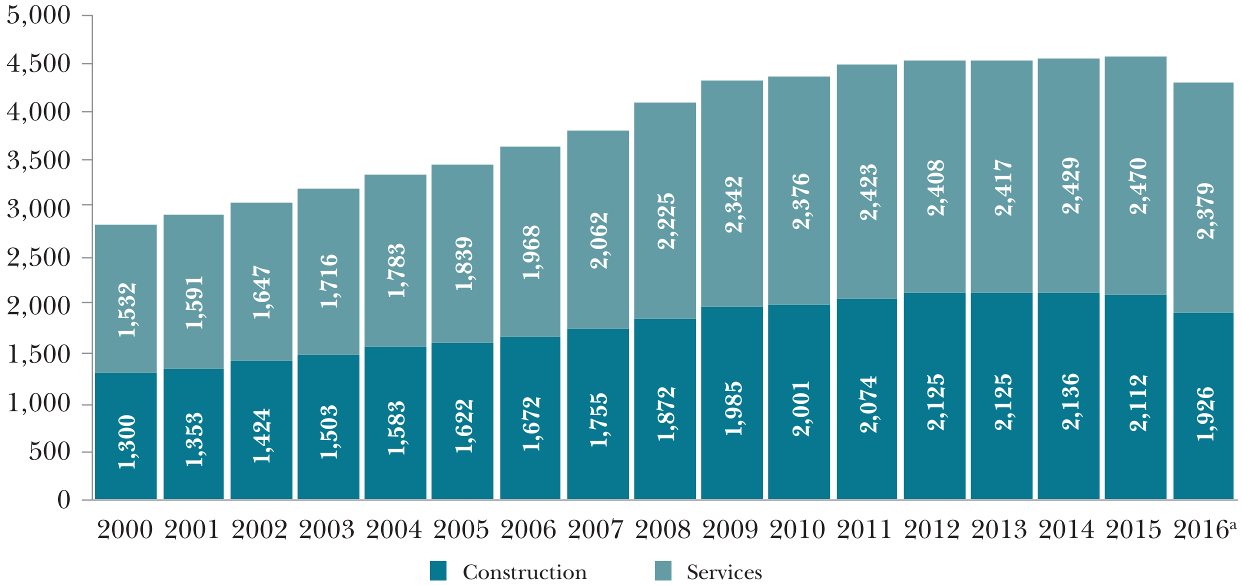


Note: Figures for 2016 are preliminary.
Source: Authors' elaboration based on figures from the Spanish Statistics Institute.

they work, can partly explain the smaller growth of remittances received by South American countries (except in Colombia, Brazil and Paraguay), which to a great extent come from this part of the world.

Figure 11

MONTHLY WAGES IN SPAIN PER INDUSTRY (2000-2016)
Euros per month



[a] Estimate.
Source: Authors' elaboration based on figures from the Spanish Statistics Institute.

2.3 At origin: Latin America and the Caribbean

The state of the economy (in particular, exchange rates and inflation) in countries receiving remittances affects the purchasing power of the families benefiting from these flows. Given that most of these transfers are used for everyday expenses, it also affects the amounts that migrants decide to send.

With regards to exchange rates, remittances are sent in foreign currency (US dollars, Euros or other currencies) and need to be exchanged into local currency[6] before they can be spent by the recipient. Additionally, consumption by the recipient is impacted by changes in local prices which affect the purchasing power of the families receiving these transfers.

In this regard, figures regarding exchange rates in the region indicate that the aggregate value[7] of currencies in Latin America and the Caribbean has depreciated by

6 Except in those countries where the dollar is a commonly-used currency.

7 Regional and subregional figures regarding the depreciation or appreciation of local currencies

14.9%. This, in combination with the growth observed in remittances, allowed beneficiaries to receive remittance amounts in local currency up to 20.8% higher than those received in the previous year. The largest depreciations can be registered for South America (25.0%), especially in Brazil (48.1%) and Colombia (41.2%), and in Mexico (20.3%). Earnings in remittances due to the depreciation of the exchange rate were more significant in these regions.

Furthermore, inflation in the remittance recipient economies decreases the purchasing power of beneficiary families. That is, they can purchase less with the money they receive. In this regard, aggregate inflation[8] across the region was 9.5% in 2015. This, combined with currency depreciation and the growth of remittances, led to a 17.1% increase in purchasing power of the beneficiaries of remittances compared to the previous year. At the subregional level, the increase in purchasing power of beneficiaries of remittances in South America and Mexico was 13.54% and 12.2% respectively. Meanwhile, in Central America and the Caribbean, growth and depreciation of currencies in these countries were insufficient to counteract the effects of inflation. As a result, families receiving remittances witnessed their purchasing power decrease by 6.2% and 4.7% respectively compared to the previous year.

Remittances are a very significant source of foreign currency for many countries in the region and even in those cases where total flows appear to be small compared to the flows received in countries such as Mexico, Dominican Republic, Colombia and others, they represent a significant percentage of the gross domestic product (GDP). This explains the great importance of these resources for the economic well-being of many families in the region. This is the case, for instance, of countries like Haiti, Honduras, El Salvador, Jamaica, Guatemala, Nicaragua and Guyana, where income from remittances exceeded 9% of GDP in 2015.

According to recent observations, the significance of remittances in relation to GDP continues to grow in most of the countries of Latin America and the Caribbean. Although growing at a slow rate, the increase is coherent with the growth observed in such flows, with few exceptions such as Guyana, Ecuador, Panama, Argentina, Trinidad & Tobago and Costa Rica, where the weight of remittances in the GDP seems to have decreased to less than one per cent.

were calculated by weighting variations in value of remittances in local currency in each country, in regard to participation in regional and subregional remittance flows.

8 Regional and subregional inflation figures were calculated by weighting variations in the consumer price indexes of each country, in regard to participation in regional and subregional remittance flows.

Table 1

REMITTANCES (2014-2015) TO LAC BY COUNTRY: TOTAL AMOUNTS, GROWTH RATES AND IMPORTANCE RELATIVE TO GDP
USD millions and interannual growth rates

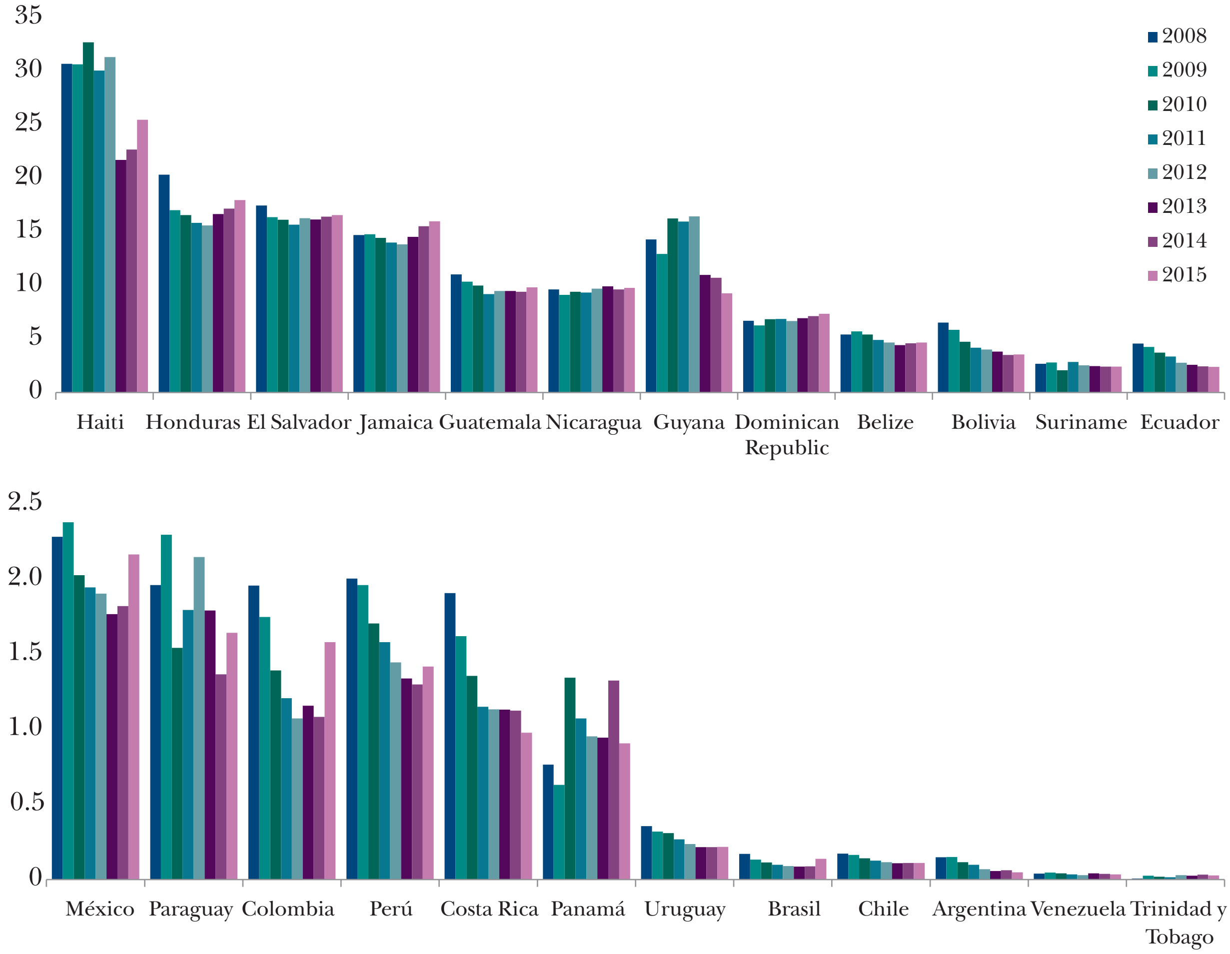
	Amount of remittances in 2015 (in USD millions)	*Growth rate of remittances: 2014-2015[a] (percentage)*			*Remittances as a percentage of GDP, 2015 (percentage)*
		In dollars	*In local currency*	*In local currency and adjusted for inflation*	
South America	14,886	5.7	30.7	24.8	0.4
Argentina	283	−15.2	−3.6	−15.7	0.0
Brazil	2,459	15.6	63.9	56.3	0.1
Bolivia	1,178	1.3	1.4	−2.5	3.5
Chile	265	−7.8	5.8	1.4	0.1
Colombia	4,635	13.2	54.4	47.1	1.6
Ecuador	2,378	−3.4	−3.4	−7.1	2.4
Guyana	294	−11.0	−10.8	−10.5	9.3
Paraguay	461	9.3	27.5	23.9	1.6
Peru	2,725	3.4	16.3	12.3	1.4
Suriname	7	−24.1	1.1	−5.4	2.4
Uruguay	117	−5.6	10.7	1.9	0.2
Venezuela	83	−12.6	−12.6	−60.6	0.0
Central America	16,471	6.6	9.0	7.0	7.2
Belize	82	5.7	5.5	6.1	4.7
Costa Rica	517	−7.3	−8.1	−11.6	1.0
El Salvador	4,270	3.3	3.3	4.1	16.6
Guatemala	6,285	13.4	12.4	9.8	9.8
Honduras	3,650	8.8	16.5	12.9	18.0
Nicaragua	1,193	5.1	10.3	6.0	9.8
Panama	473	−27.5	−27.5	−27.6	0.9
Caribbean	9,508	7.6	14.2	10.5	8.2
Dominican Republic	4,961	8.5	12.3	11.4	7.4
Haiti	2,196	11.1	25.4	16.6	25.5
Jamaica	2,226	3.1	8.4	3.5	16.0
Trinidad and Tobago	126	0.0	−0.5	−5.0	0.0
Mexico	24,792	4.8	25.2	21.8	2.2
Mexico	24,792	4.8	25.2	21.8	2.2
LAC	**65,657**	**5.9**	**20.8**	**17.1**	**1.3**

[a] Regional and subregional aggregate figures were calculating by weighting subregions' individual variations in their share of regional remittance subtotal.
Source: Author's elaboration based on figures from central banks and the International Monetary Found.

Figure 12

REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN (2008-2015)

Percentage of GDP



Source: Authors' elaboration based on figures from central bands and the International Monetary Fund.

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REMITTANCE INCOME IN 2016: A NEW REGIONAL RECORD

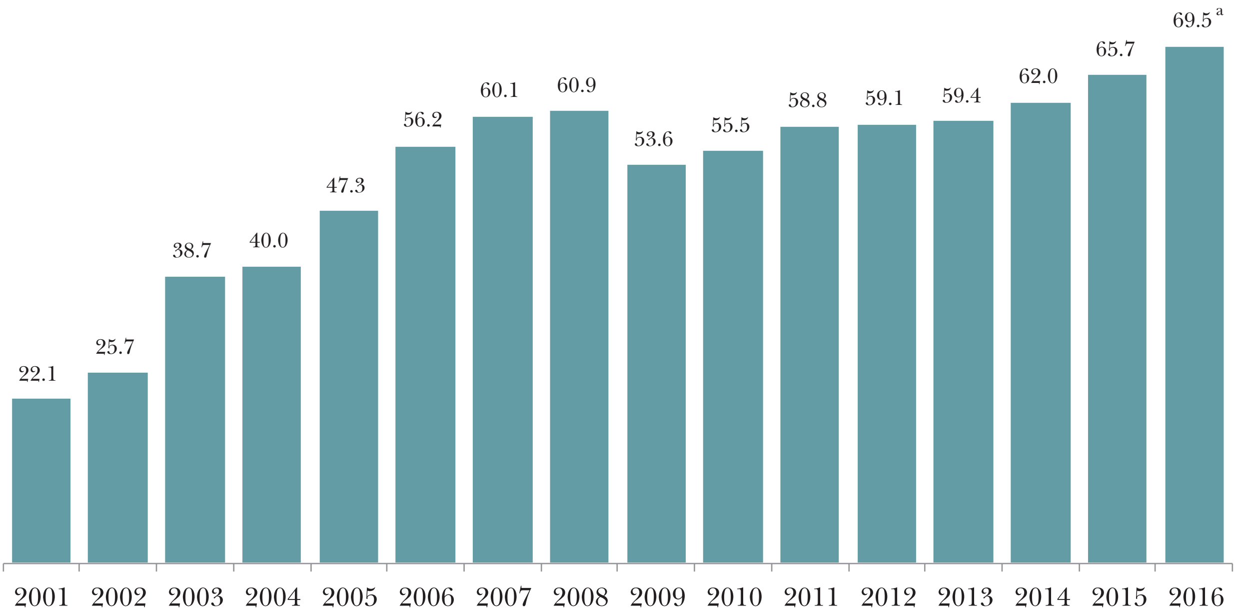
Information available at the start of the third quarter of 2016 indicates that income from remittances for all LAC countries has increased significantly this year, so far maintaining the positive trend observed in 2015. In fact, income from aggregate remittances this year is estimated to increase by an approximate rate of 5.9%, similar to the growth observed in 2015. Thus, remittance flows to Latin America and the Caribbean will reach another record high in 2016, of USD 69,500 million. However, the growth trend will not be uniform across the region. Specifically, the increase of remittances in South American countries is expected to be moderate, while pronounced growth is expected in those countries in which remittances are mainly received from migrants in the United States, such as Mexico, Central America and several Caribbean countries. In comparison, the increase in remittances will be lower in those economies where this income mostly originates in Europe and Asia, as well as in those countries where the origin of remittances has a strong intraregional component.

The factors that explain this continued growth in remittances received by the countries in the region can be found in the increase in income levels of several groups of Latin American migrants in the United States and, in particular, increases in the total wage bill. The latter, in turn, reflects an increase in the average wage of these workers and, in some cases, greater levels of employment or a better composition of this employment through an increase in the proportion of full employment.

Another factor that favors the growth of remittances in 2016 is –as has been the case in 2015– the strength of the US dollar in the exchange markets and, in particular, the depreciation of most currencies in the countries of the region against the US dollar. Considering that, in many cases, such depreciation does not significantly impact the levels of internal prices, the U. S. dollars received through remittances increase the purchasing power of the beneficiary households. This effect of increasing purchasing power has leads to a growth of remittance transfers since such income in the beneficiary households is not only spent to cover daily consumption expenditures but also as investments into property or businesses by members of the beneficiary household or by the migrant in their country of origin or the acquisition of durable consumer goods. There are countries in the region, especially in South America, where income from remittances sent from Europe and, in particular, Spain, makes up an important share of total remittance inflows. Although the Euro has depreciated against the US dollar, in many cases the effect of this depreciation has been offset by the decreasing relative value of local currencies in recipient vis-a-vis the US dollar.

Figure 13

INCOME FROM REMITTANCES IN LATIN AMERICA AND THE CARIBBEAN
US$ Thousands of millions



[a] Estimate.

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