Unclassified **STD/SES/WPTGS(2009)15**

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development **03-Nov-2009**

English - Or. English

STATISTICS DIRECTORATE

STD/SES/WPTGS(2009)15
Unclassified

Working Party on International Trade in Goods and Trade in Services Statistics

BILATERAL DATA ON REMITTANCES FOR OECD COUNTRIES

16-18 November 2009, OECD Headquarters, Paris.

Item 6.2. of the Agenda.

This document presents for information and discussion the results of the ad-hoc questionnaire sent by OECD to member countries in December 2008, complementing work done by Eurostat in 2007, in order to obtain more direct information on main remittance corridors and to improve the understanding of the whole picture regarding remittances. Besides, it informs about international initiatives aimed at improving the measurement of remittances, in particular, the recent launch of the International Transactions in Remittances, Guide for Compilers and Users (RCG) authored by members of the Luxembourg group, coordinated by the World bank and the IMF, and published by the IMF.

Contact person: Fabiana CERASA, Email: fabiana.cerasa@oecd.org

JT03273391

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format

English - Or. English

BILATERAL DATA ON REMITTANCES FOR OECD COUNTRIES

1. Introduction

1. Political and economic interest in remittances has been growing in the last few years in both developed and developing countries, because of the potential for these flows to reduce poverty. The importance of migrant remittances in the global development agenda was recognized at the G8 summit in Hokkaido, Japan, in 2008, and at the 2007 G8 conference on remittances in Berlin.

2. Remittances are heterogeneous flows, characterized by numerous small transactions conducted by individuals through a large variety of channels, many of which are informal. In this context, improving the measurement of remittances is essential and at the same time challenging.

3. In order to support economies to improve the quality of remittances data and address practical compilation issues, the *International Transactions in Remittances Guide for Compilers and Users of Remittances (RCG)* was published in June 2009. The *RCG* is the first manual providing detailed guidance on the compilation of remittances.

4. After discussion at WPTGS in September 2008, in December 2008, complementing work done by Eurostat in 2007, OECD sent an ad-hoc questionnaire to member countries in order to obtain more direct information on main remittances corridors and to improve the understanding of the whole picture regarding remittances. In addition to its existing annual collections and publications, OECD asked member countries[1] to provide data on *Workers' Remittances*, *Compensation of Employees* and *Net compensation of employees*[2], for the period 2005-2007[3], vis-à-vis total World and the three major destination/source countries. It should be noted that data collected by member countries usually reflect flows officially recorded within the framework of the Balance of Payment. Money sent through informal or illegal channels is usually not recorded, and therefore, those flows will not be reflected in the statistics presented in this note.

5. There are two main aims of this paper: to present the results of this survey, conducted jointly with Eurostat, which is addressed in the first section; while the second section highlights the international initiatives aimed at improving the measurement of remittances, in particular, the launch of the RCG authored by members of the Luxembourg group and published by the IMF.

---

1 OECD sent the survey to OECD-non EU countries (Canada, Japan, Korea, Mexico, New Zealand, Norway, Switzerland, Turkey, USA), and used Eurostat source for the OECD-EU countries.

2 *Net compensation of employees* is defined as compensation of employees minus taxes and social contributions related to *Compensation of Employees*, and minus transport and travel expenditures related to short term employment. It was included in this survey because with *Personal transfers* it is a component of *Personal remittances* in BPM6.

3 Results are presented for 2005 and 2006, as Eurostat data mentioned were collected in 2007 and cover 2005 and 2006.

2. Results of the survey

6. OECD sent the survey to OECD-non EU countries (Canada, Japan, Korea, Mexico, New Zealand, Norway, Switzerland, Turkey, USA), and used Eurostat source for the OECD-EU countries. In total, 2 countries (7%) provided only data vis-à-vis total World, and 21 countries (70%) replied providing also bilateral data. The remaining 7 countries (23%) didn't provide any data.

7. According to IMF, total workers' remittances sent worldwide increased from 100 bn USD in 2005 to 117 bn in 2006. OECD countries sent 78 bn USD in 2006, vs 68 bn USD in 2005, almost 70% of the total in both years. Among OECD countries, it is noticeable the position of USA, with 34 bn USD sent in 2006, followed by Spain, UK and Italy. These countries account for almost 50% of workers' remittances sent worldwide.

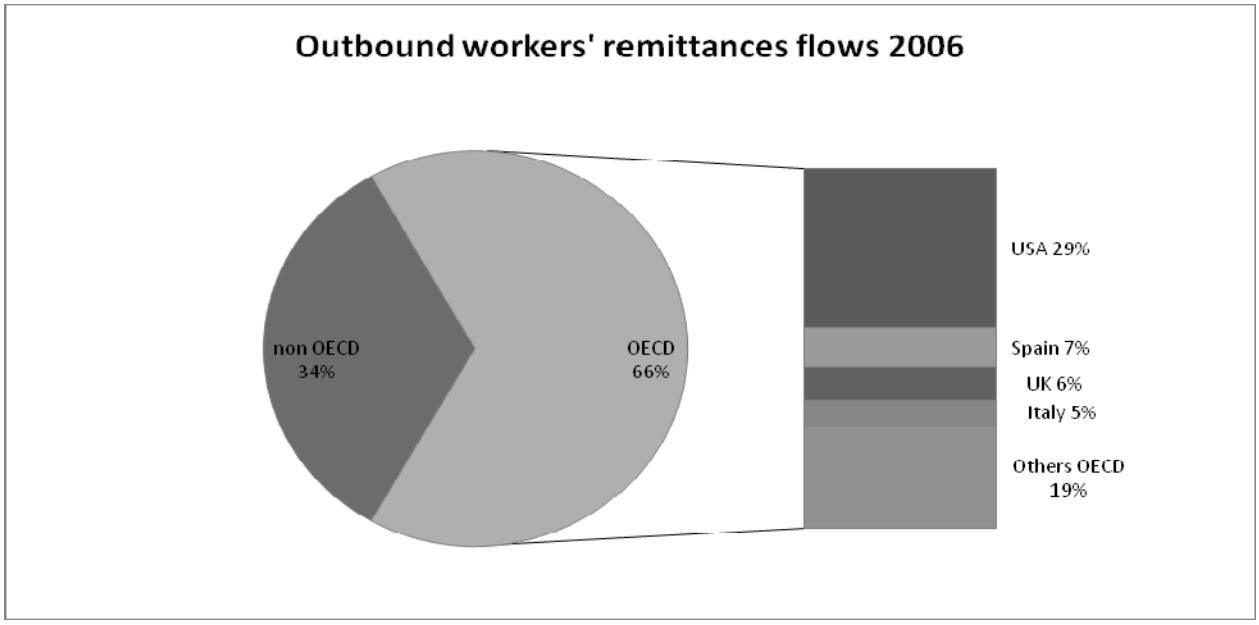
Outbound flows (Debit) of workers' remittances, mn USD			
	2005		2006
All Countries*	99 853	All Countries*	117 259
OECD Total**	67 826	OECD Total**	77 728
OECD as % of World	68%	OECD as % of World	66%
USA	3 1345	USA	34 433
UK***	6 764	Spain	8 578
Spain	6 123	UK***	7 136
Italy	4 827	Italy	5 703
Germany	3 650	Switzerland	3 715
Switzerland	3 339	Germany	3 680
France	3 110	Japan	3 152
Canada	1 664	France	3 110
Japan	851	Canada	1 406
Netherlands	849	Netherlands	1 004
Korea	839	Korea	982
Austria	805	Austria	837
Portugal	695	Portugal	766
Greece	630	Greece	629
New Zealand	554	Ireland	575
Belgium	416	New Zealand	470
Ireland	378	Belgium	429
Czech Rep	291	Czech Rep	393
Denmark***	263	Denmark***	270
Sweden	255	Sweden	258
Hungary	98	Hungary	107
Luxembourg	68	Luxembourg	81
Poland	13	Poland	13
Turkey	…	Turkey	…
Finland	...	Finland	…
Slovak Rep	…	Slovak Rep	…
Norway	…	Norway	…
Australia	…	Australia	…
Iceland	…	Iceland	…
Mexico	…	Mexico	…

Source: OECD Statistics on International Trade in Services: Volume I, Detailed Tables by Service Category

*Source IMF BOPS

**OECD Total is evaluated as the sum of the available data

***Source EUROSTAT



8. The major outbound workers' remittances corridors identified through this survey for the OECD countries are presented in the following table. Spain, which is the second biggest sender after USA, is at the top of the list in this table both in 2005 and 2006, with the corridors Spain-Colombia and Spain-Ecuador. Unfortunately, US bilateral data on outbound workers' remittances are not available[4].

Major workers' remittances corridors, Outflows, mn USD

	2006	2005
Spain→Colombia*	1 685	1 290
Spain→Ecuador*	1 454	1 231
Germany→Turkey*	1 016	1 041
France→Portugal*	1 004	1 154
France→Morocco*	985	947
Italy→Romania*	975	812
Spain→Bolivia*	925	571
Italy→China*	879	1 179
UK→India*	799	791
UK→Ireland*	727	706
Japan→Brazil	700	3
Japan→China	667	82
Italy→Philippines*	652	305
Japan→USA	603	366
Portugal→Brazil*	437	333

Source: OECD survey on remittances

* Source EUROSTAT

[4] Unofficially estimates based on modelling techniques put US→Mexico workers' remittances plus compensation of employees flows in excess of 10 bn USD in 2005 (Cerasa at al 2009).

9. As regards workers' remittances received, worldwide they grew from 153 bn USD in 2005 to 181 bn USD in 2006, the OECD countries' contribution being 40 bn USD in 2005 and 46 bn USD in 2006, equal to about 25% of the total both years. Among the biggest OECD receivers, Mexico is at the top, with 24 bn USD received in 2006.

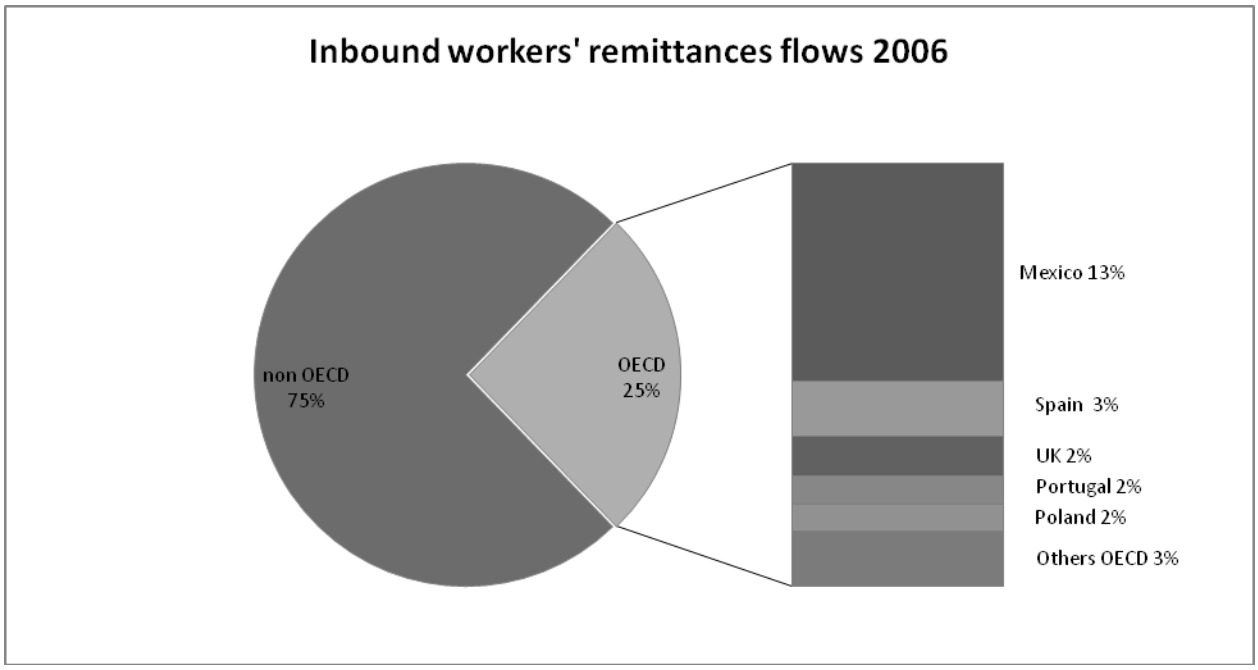
Inbound flows (Credit) of workers' remittances, mn USD			
2005		**2006**	
All Countries*	153 009	All Countries*	180 715
OECD Total **	39 522	OECD Total **	46 070
OECD as % of World	26%	OECD as % of World	25%
Mexico	20 284	Mexico	23 742
Spain	5 343	Spain	6 068
UK***	4 270	UK***	4 372
Portugal	2 826	Portugal	3 045
Poland	1 822	Poland	2 955
Greece	863	Greece	1 143
Turkey	851	Turkey	1 111
Japan	733	Japan	1 026
France	510	France	440
Austria	398	Austria	415
New Zealand	352	New Zealand	335
Italy	289	Italy	312
Canada	282	Canada	302
Sweden	222	Sweden	222
Switzerland*	202	Switzerland*	209
Czech Rep	100	Korea	138
Korea	64	Czech Rep	128
Hungary	61	Hungary	54
Ireland	25	Belgium	27
Belgium	20	Ireland	19
Luxembourg	4	Luxembourg	6
Denmark	…	Denmark	…
USA	…	USA	…
Germany	…	Germany	…
Finland	…	Finland	…
Netherlands	…	Netherlands	…
Slovak Rep	…	Slovak Rep	…
Norway	…	Norway	…
Australia	…	Australia	…
Iceland	…	Iceland	…

Source: OECD Statistics on International Trade in Services: Volume I, Detailed Tables by Service Category

*Source IMF BOPS

**OECD Total is evaluated as the sum of the available data

***Source EUROSTAT



10. With the corridor Spain-UK, Spain is still at the top position of the major corridors of workers' remittances inflows, immediately followed by remittances flowing from France to Portugal. Again, unfortunately, bilateral data for Mexico, the biggest receiver among OECD countries in both 2005 and 2006, are not available. Spain shows up also at the fourth and at the sixth position with corridors Spain-US and Spain-France.

Major workers' remittances corridors, Inflows, mn USD

	2006	2005
Spain←UK*	1 445	1 136
Portugal←France*	1 228	1 130
UK←Saudi Arabia*	771	753
Spain←USA*	722	1 135
Portugal←Switzerland*	666	647
Spain←France*	613	569
UK←Germany*	501	491
Greece←USA*	460	322
UK←Netherlands*	410	402
Japan←USA	333	231
Portugal←USA*	280	272
Greece←Germany*	218	118
France←Switzerland*	196	182
Austria←Germany*	177	171
Japan←China	125	98

Source: OECD survey on remittances
* Source: EUROSTAT

11. According to IMF, compensation of employees (CoE) sent worldwide grew from 85 bn USD in 2005 to 95 bn USD in 2006. OECD countries contributed to about 70% of that, with 60 bn USD sent in

2005 and 65 bn USD in 2006. The biggest sender in both years is Switzerland, followed by USA, Germany and Luxembourg. These countries account for almost 40% of CoE sent worldwide, both in 2005 and 2006.

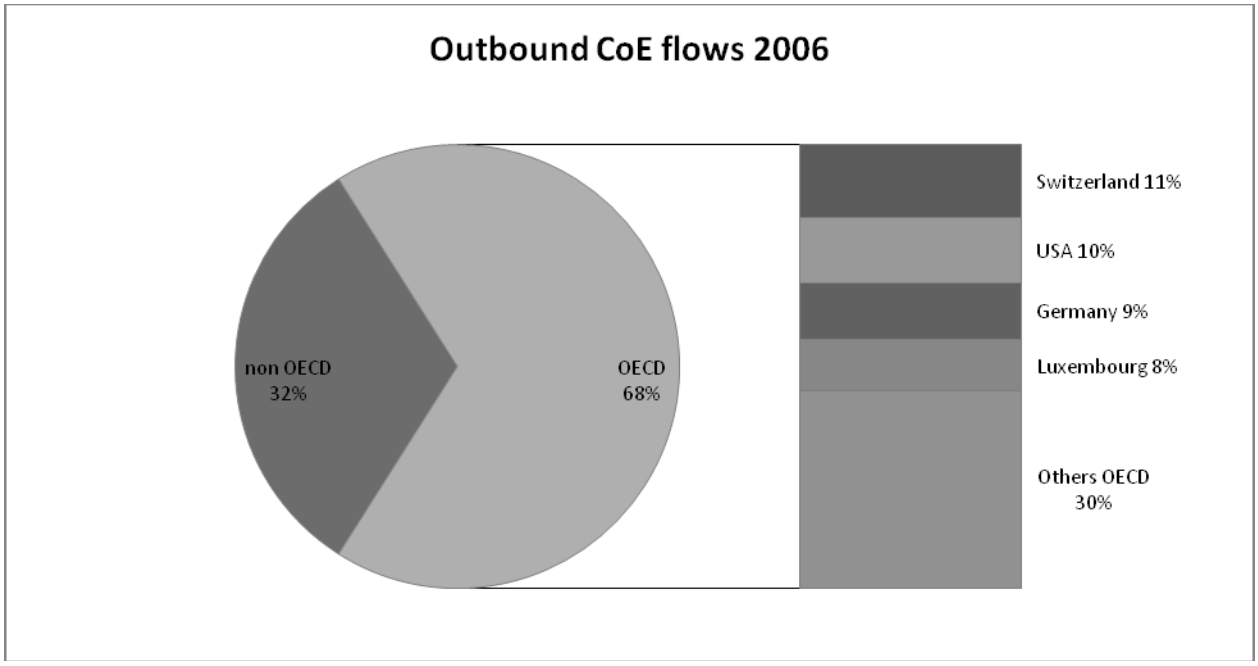
Outbound flows (Debit) of CoE, mn USD			
	2005		2006
All Countries*	84 883	All Countries*	95 144
OECD Total **	59 524	OECD Total **	64 703
OECD as % of World	70%	OECD as % of World	68%
Switzerland	9 967	Switzerland	10 650
USA	9 290	USA	9 489
Germany	8 351	Germany	8 308
Luxembourg	6 548	Luxembourg	7 435
UK	2 883	UK	3 319
Italy	2 714	Netherlands	2 972
Netherlands	2 670	Italy	2 642
Norway	2 169	Czech Rep	2 633
Belgium	2 013	Norway	2 595
Czech Rep	1 903	Belgium	2 129
Spain	1 538	Spain	1 863
Denmark	1 489	Denmark	1 757
Austria	1 317	Austria	1 403
Australia	1 085	Australia	1 283
France	1 065	Ireland	1 276
Ireland	1 063	France	1 105
Hungary	815	Hungary	872
Poland	573	Poland	775
Sweden	535	Sweden	578
Portugal	435	Portugal	444
Japan	298	Greece	354
Greece	274	Finland	306
Finland	249	Japan	180
Korea	119	Korea	141
Turkey	96	Turkey	107
Slovak Rep	39	Slovak Rep	48
Iceland	24	Iceland	39
Mexico	…	Mexico	…
Canada	…	Canada	…
New Zealand	…	New Zealand	…

Source: OECD Statistics on International Trade in Services: Volume I, Detailed Tables by Service Category

*Source IMF BOPS

**OECD Total is evaluated as the sum of the available data

***Source EUROSTAT



12. Among the main outbound corridors of compensation of employees, at the top in both years was the corridor USA-Mexico, as expected, with 7 bn USD sent in 2006. It is followed by Germany, with flows to Poland and France, and by Luxembourg, with flows to France, Belgium and Germany.

Major CoE, Outflows, mn USD		
	2006	2005
USA→Mexico	6 998	7 006
Germany→Poland*	3 600	3 799
Luxembourg→France*	3 415	3 054
Germany→France*	2 248	2 273
Luxembourg→Belgium*	2 196	1 990
Luxembourg→Germany*	1 788	1 557
Belgium→France*	1 341	1 314
Czech Rep→Slovak Rep*	1 138	…
Netherlands→Bel-Lux*	1 098	936
Denmark→Sweden*	932	750
UK→Germany*	708	702
USA→Canada	476	435
Netherlands→Germany*	462	395
Ireland→UK*	442	371
Czech Rep→Ukraine*	440	…

Source: OECD survey on remittances

* Source: EUROSTAT

13. Finally, compensation of employees received, according to IMF figures, increased from 76 bn USD in 2005 to 83 bn USD in 2006, with OECD countries receiving about 70% of the total, precisely 54 bn USD in 2005 and 57 bn USD in 2006. Among the biggest receivers, France is at the top of the list in both years, followed by Belgium, Germany and Poland. These countries accounted for almost 40% of total remittances received worldwide.

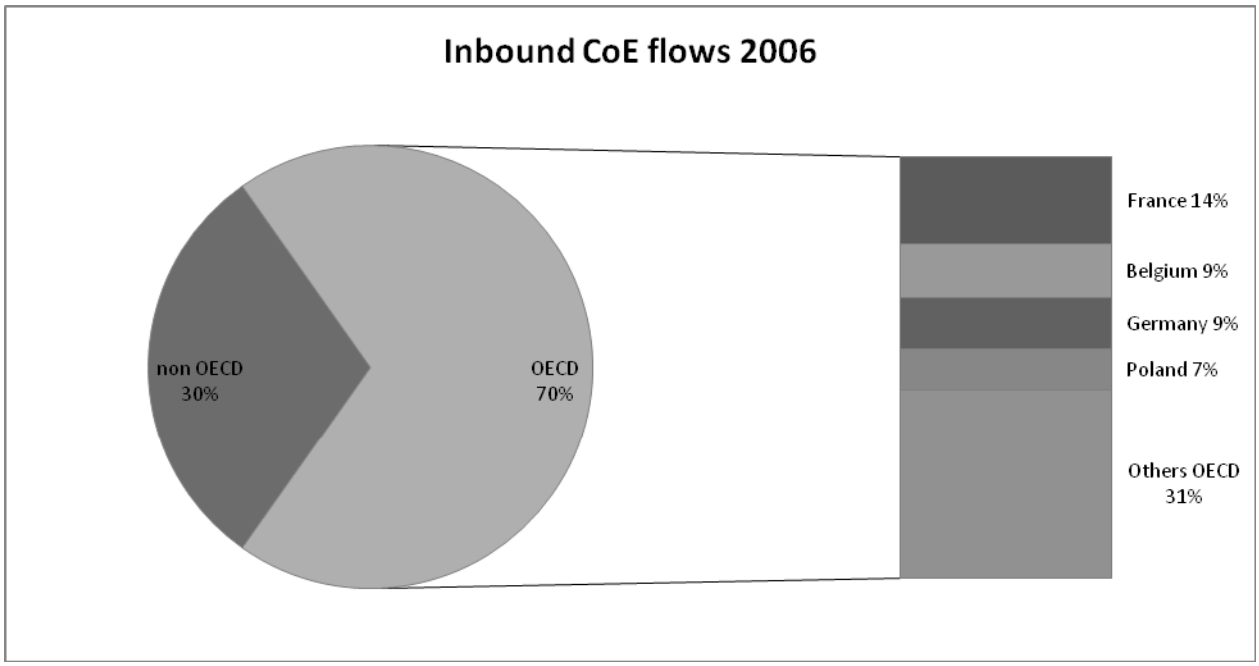
Inbound flows (Credit) of CoE, mn USD			
2005		2006	
All Countries*	76 460	All Countries*	82 603
OECD Total **	54 075	OECD Total **	57 470
OECD as % of World	71%	OECD as % of World	70%
France	11 415	France	11 864
Belgium	6 865	Belgium	7 228
Germany	6 640	Germany	7 108
Poland	4 674	Poland	5 508
USA	2 890	USA	2 880
Italy	2 027	Italy	2 244
Austria	1 918	Hungary	2 015
Hungary	1 853	UK	1 947
UK	1 772	Austria	1 875
Switzerland	1 624	Switzerland	1 694
Mexico	1 374	Spain	1 509
Spain	1 317	Luxembourg	1 354
Luxembourg	1 257	Mexico	1 310
Netherlands	1 203	Netherlands	1 186
Slovak Rep	943	Slovak Rep	1 086
Czech Rep	919	Czech Rep	1 049
Australia	906	Denmark	982
Denmark	865	Australia	936
Korea	745	Finland	697
Finland	691	Korea	685
Norway	505	Norway	528
Ireland	487	Ireland	519
Greece	357	Greece	401
Sweden	348	Sweden	380
Portugal	235	Portugal	263
Japan	171	Japan	150
Iceland	74	Iceland	72
Turkey	…	Turkey	…
Canada	…	Canada	…
New Zealand	…	New Zealand	…

Source: OECD Statistics on International Trade in Services: Volume I, Detailed Tables by Service Category

*Source IMF BOPS

**OECD Total is evaluated as the sum of the available data

***Source EUROSTAT



14. In the following table, the major compensation corridors for OECD countries are shown, with France also at the top position in this table, with flows coming from Switzerland, Luxembourg and Germany.

Major CoE corridors, Inflows, mn USD		
	2006	**2005**
France←Switzerland*	5 134	5 047
Belgium← EU Institutions*	2 946	2 857
France←Luxembourg*	2 358	2 364
France←Germany*	2 325	2 338
Belgium←Luxembourg*	2 035	1 974
Germany←Switzerland*	1 848	1 832
Germany←Luxembourg*	1 750	1 537
Luxembourg←EU Institutions*	1 119	1 049
Belgium←Netherlands*	891	852
Germany←USA*	661	766
Austria←Germany*	648	628
Austria←Switzerland*	398	385
Italy←Germany*	375	374
Austria←Liechtenstein*	354	343
Italy←Switzerland*	332	311

Source: OECD survey on remittances

* Source: EUROSTAT

15. *Workers' remittances* and *Compensation of employees* are currently included in the annual TIS (*Trade in Services by Category of Services*) and TISP (*Trade in Services by Partner Country*) questionnaires sent by the OECD to OECD-non EU countries. We would encourage these countries to provide the requested data using the questionnaire or in any other format they prefer.

3. International initiatives: the launch of the International Transactions in Remittances Guide for Compilers and Users of Remittances (RCG)

16. Although remittances have grown in importance in recent years, the quality of statistical data still remains poor and unsatisfactory. At global level, total inflows of remittances systematically exceed total outflows, with a gap that has been increasing in recent years. This represents probable discrepancies and inconsistencies. However, because of the measurement challenges mentioned earlier, this is not surprising.

17. These issues prompted the G-8 Heads of State to call for improvement in the quality of statistical data on remittances. The sixth edition of the *Balance of Payment Manual* (BPM6) deals with concepts and definitions associated with international labour mobility, including remittances. The RCG, published in June 2009, addresses the need for practical compilation guidance, supporting data compilers in their effort to provide accurate, complete, and timely data on remittances. The guide focuses on problems of and solutions to accessing more reliable data sources, while also summarizing compilation and data dissemination issues. Furthermore, it acknowledges the different country circumstances and the compilers' need to adapt data compilation strategies to country constraints, capabilities and characteristics.

18. The RCG begins with an analysis of the different channels, formal and informal (banking channels, MTOs, postal networks, Credit Unions, telecommunication companies, Internet, courier companies, transport operators, informal channels, trade-based systems), through which remittances can be sent, depending on the institutional and regulatory context of the country. The guide then defines concepts and components according to the sixth edition of the *Balance of Payment Manual* (BPM6), and discusses different data sources and estimation method (ITRS, direct reporting by MTOs, surveys, estimation methods). The guide does not recommended to countries a single source as the most reliable to ensure that all transactions are reported adequately, as different data sources are suited to different channels. For example, the ITRS and direct reporting from banks would be an effective data source for remittances transactions mostly transmitted through banks. Therefore, several approaches are described, and it is up to the country to understand its own specific situation regarding personal remittances transactions (institutional and regulatory framework, predominant remitting channels used, reporting burden and compilation costs) and to combine different data sources strategically as to ensure sufficient coverage, accuracy and timeliness of data.

Questions to WPTGS delegates:

- Do the tables correctly reflect the current availability of remittances data by partner country?
- Do any countries, that currently do not provide partner country data for *Workers' Remittances* and *Compensation of Employees*, have plans to introduce this?
- Are there any other comments or suggestions on remittances data collection and dissemination process?