



# EMN-OECD INFORM #4

## REMITTANCES FROM OECD COUNTRIES: PROSPECTS FOR 2020-2021

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## Two key factors will impact remittances sent from OECD countries

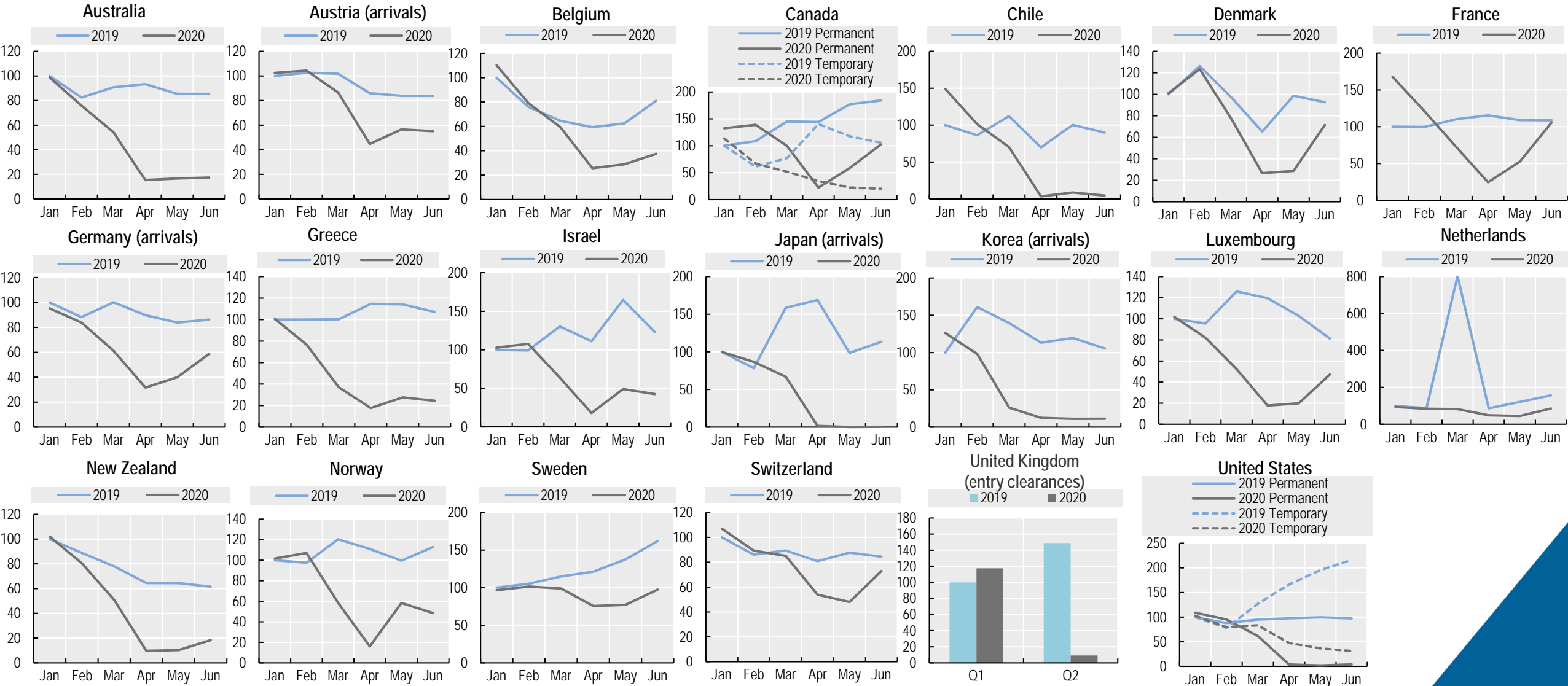
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- Number of immigrants in OECD countries
  - Inflows have been strongly disrupted, especially temporary migration
  - Return decisions
- Economic status of immigrants
  - Income loss due to unemployment
  - Poor economic prospects for the next quarters

What would be the overall impact of the crisis on the flows of remittances in the coming months?



# Migration flows to OECD countries have sharply declined since early 2020

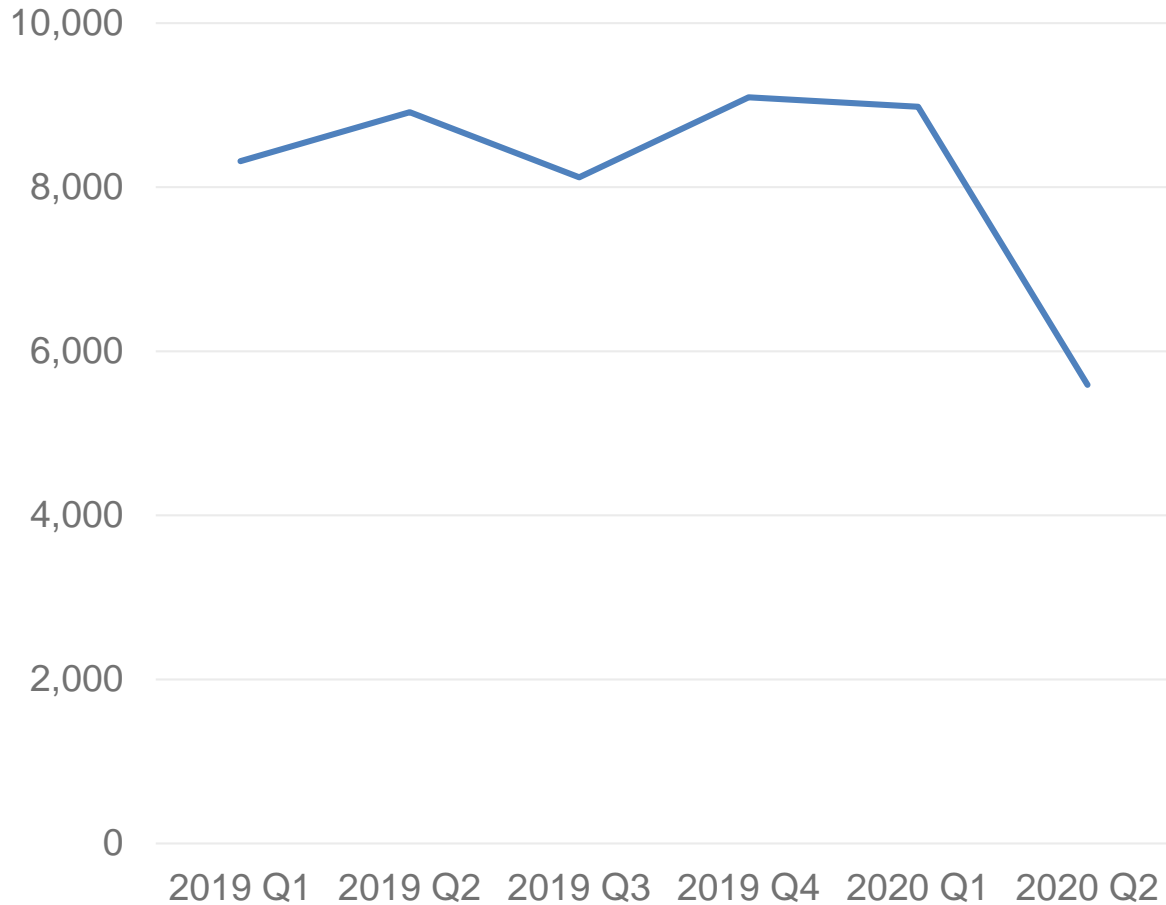


Source: OECD (2020) International Migration Outlook 2020

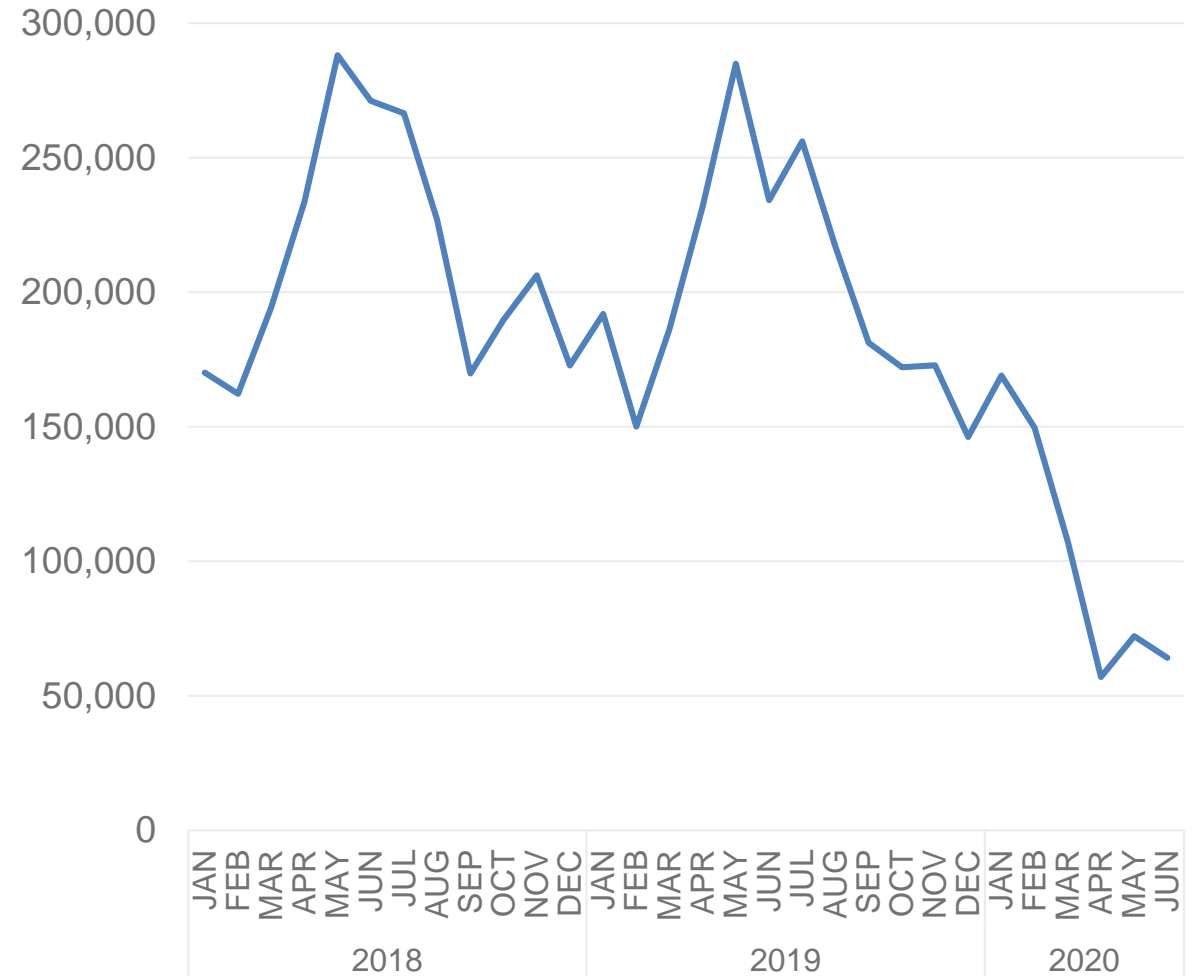


# Drastic decrease in temporary migration in 2020 in OECD countries: the examples of Spain and Canada

New temporary residence and work permits issued in Spain



New applications and extensions approved for temporary residents in Canada

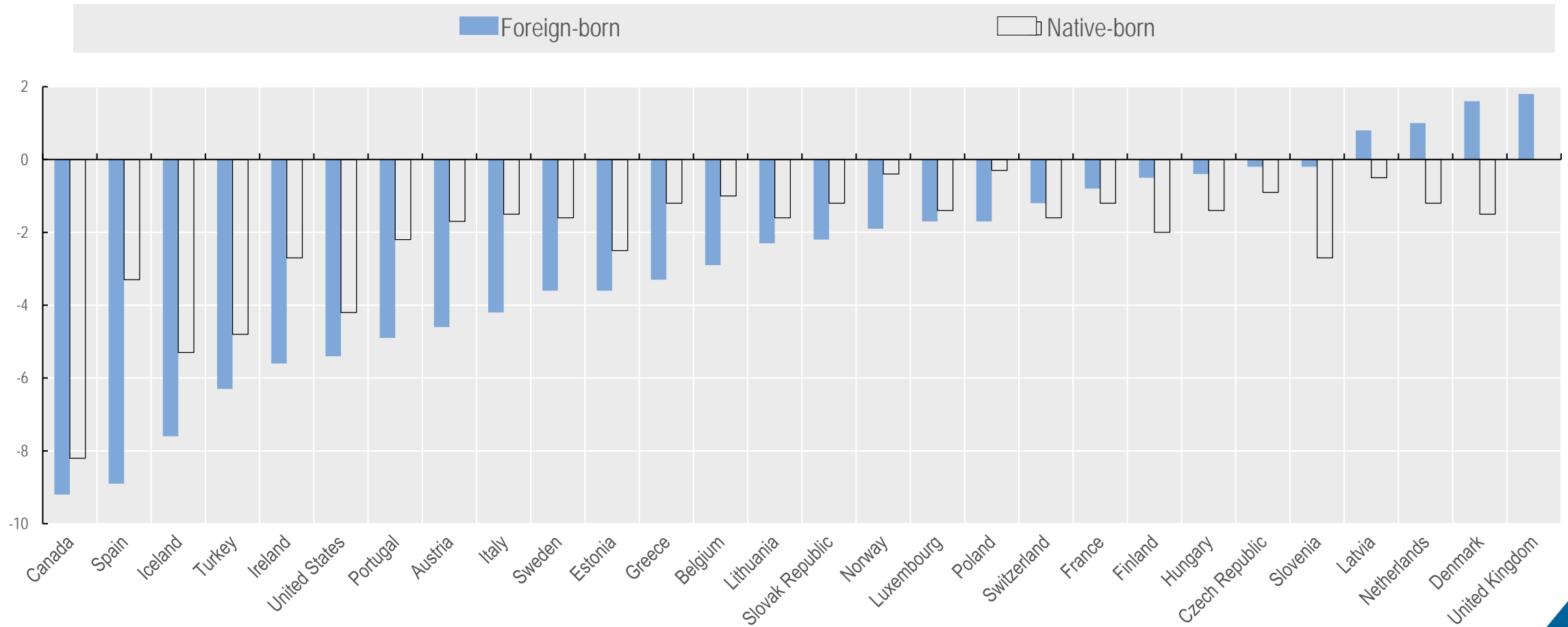


Source: OECD Working Party on Migration & IRCC



# Migrants' employment rates significantly dropped since March 2020

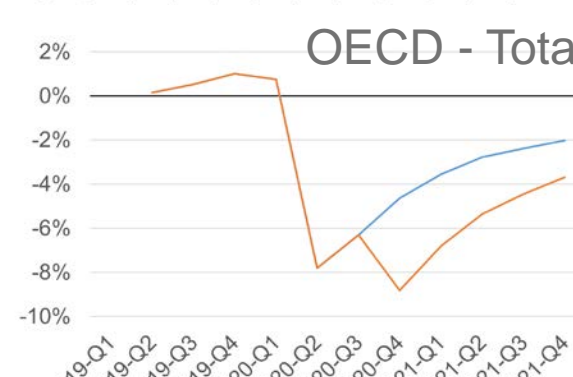
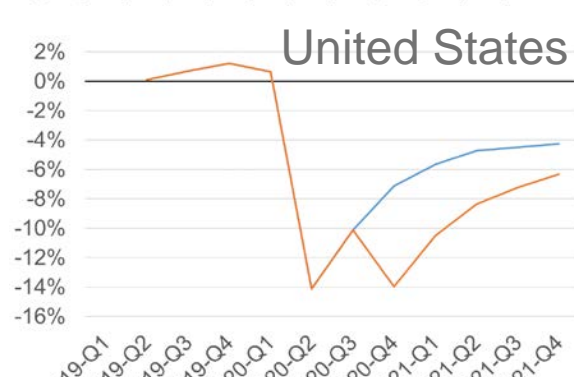
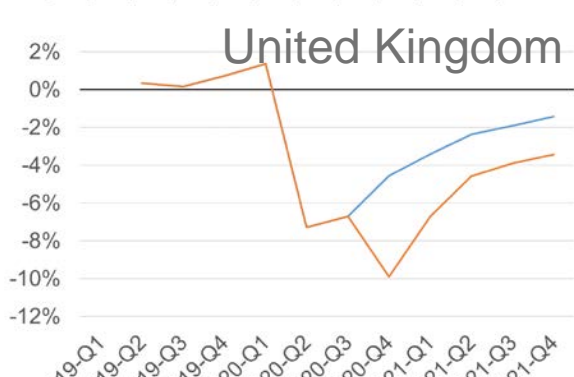
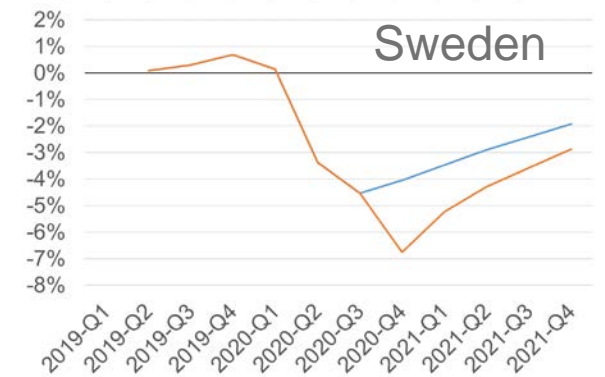
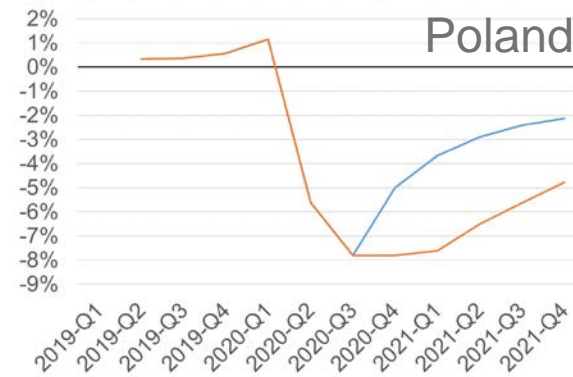
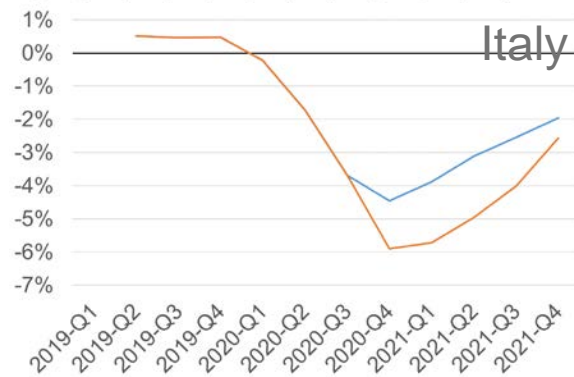
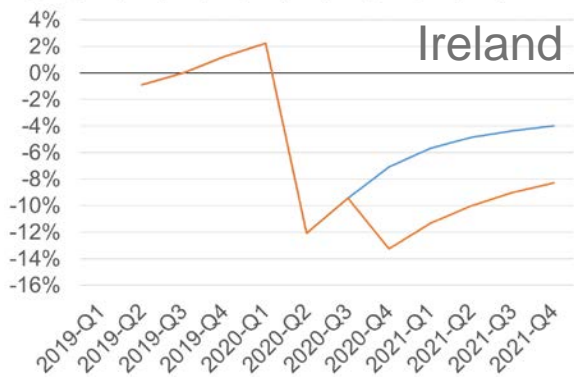
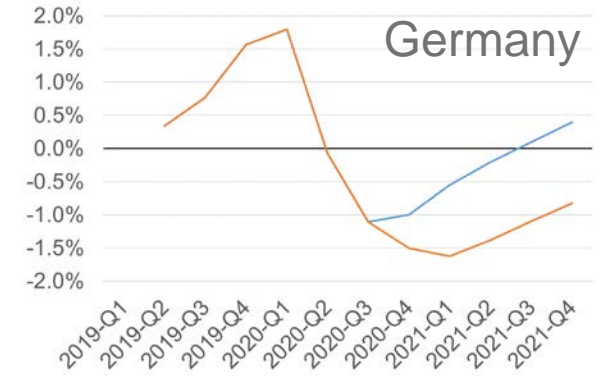
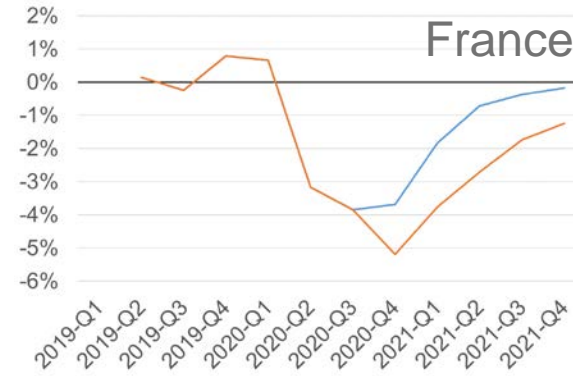
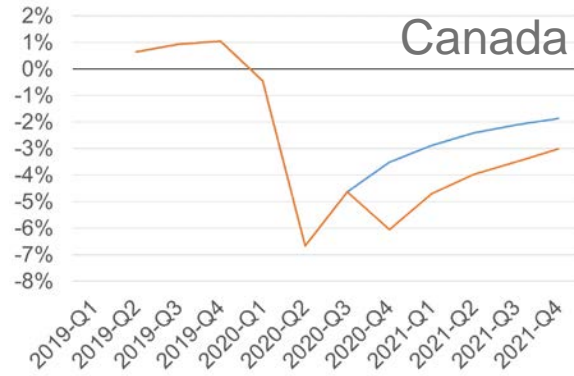
Change in the employment rate between Q2 2019 and Q2 2020, by place of birth, in percentage points



Source: OECD (2020), "What is the impact of the COVID-19 pandemic on immigrants and their children?"



# By the end of 2021, employment in OECD countries is not expected to have fully recovered

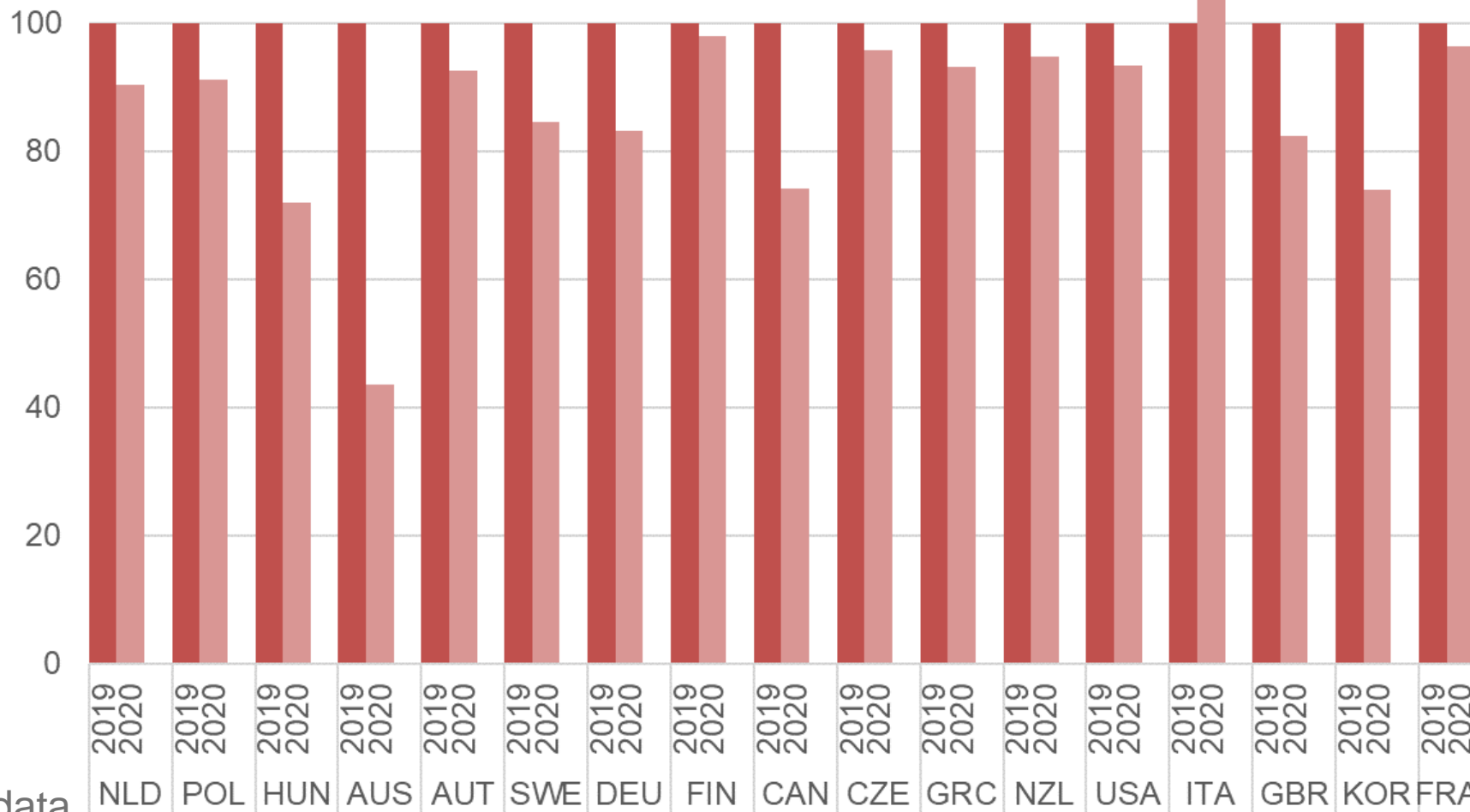


Source: OECD (2020), OECD Economic Outlook, Interim Report September 2020.



# Decline in remittances sent by most OECD countries between Q2-2019 and Q2-2020

Change in remittances sent between Q2-2019 and Q2-2020 in selected OECD countries (index base 100 in Q2-2019)

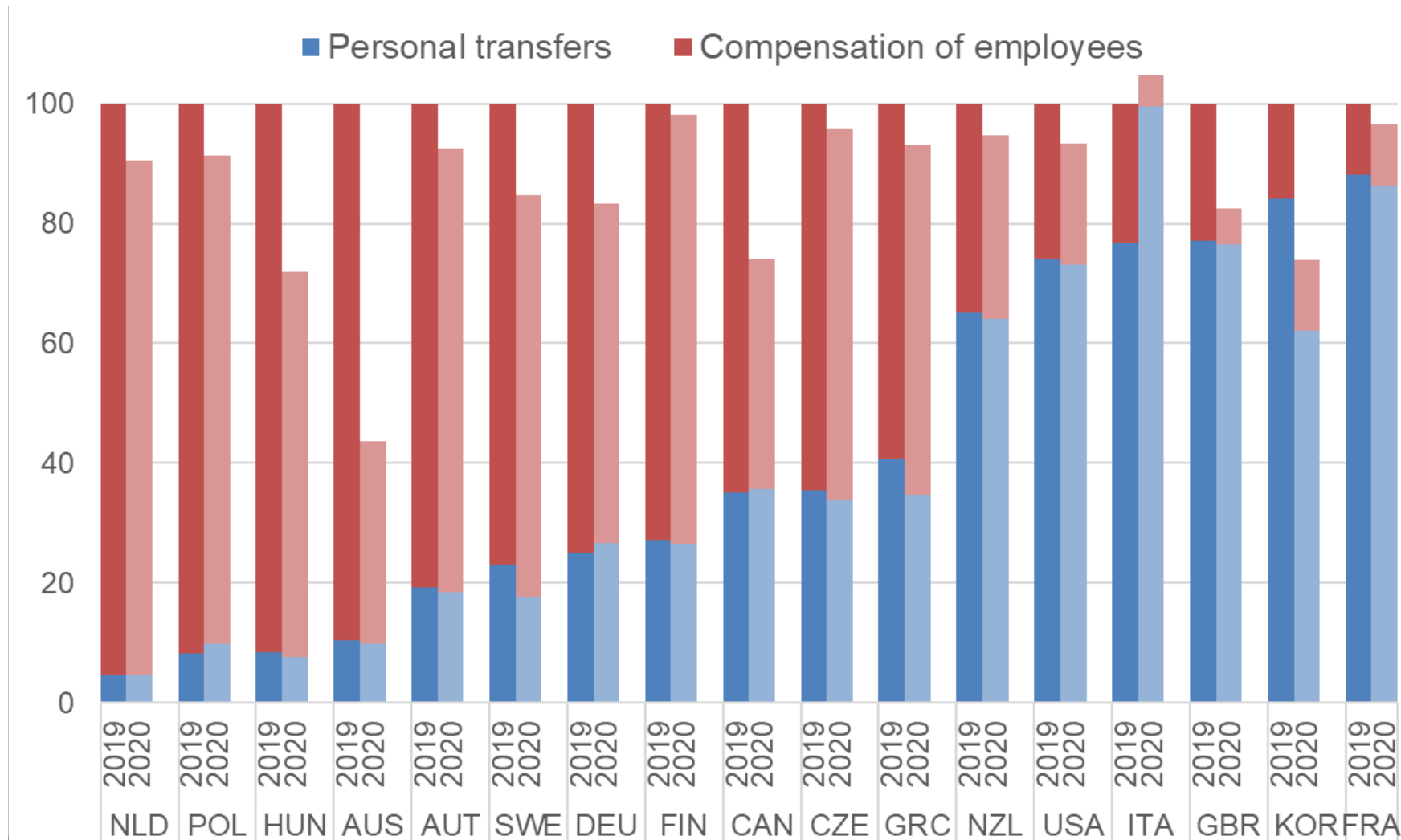


Source: IMF BoP data



# Personal transfers have remained quite stable; compensations of employees have dropped significantly

Change in remittances sent between Q2-2019 and Q2-2020 in selected OECD countries (index base 100 in Q2-2019)







## Why was there a short-term positive boost in some countries?

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- Only transitory factors:
  - Return migration
  - Counter-cyclical remitting behaviour (to help relatives cope in origin countries)
  - Switch from informal to formal channels due to travel restrictions and because informal intermediaries were not able to operate normally (shops, etc.)



# Conclusions

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- What can be expected in 2021?
  - Employment situation of immigrants will remain fragile in most OECD countries, reducing their ability to send remittances
  - A number of migrants will decide to return to their origin country
- What remains uncertain:
  - Scope of economic crisis – and therefore labour demand – in OECD countries
  - Migration flows to OECD countries, especially temporary, in the next months: rebound or prolonged drop?
- Need to account for heterogeneity across OECD countries
  - Different immigration patterns → different remitting patterns



# THANK YOU!

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Further references:

International Migration Outlook 2020

<https://www.oecd.org/migration/international-migration-outlook-1999124x.htm>

What is the impact of the COVID-19 pandemic on immigrants and their children?

<http://www.oecd.org/coronavirus/policy-responses/what-is-the-impact-of-the-covid-19-pandemic-on-immigrants-and-their-children-e7cbb7de/>

