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GLOBAL ECONOMIC PROSPECTS 2006  
ECONOMIC IMPLICATIONS OF  
REMITTANCES AND MIGRATION

PRESS LAUNCH

with

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## P R O C E E D I N G S

MR. NEAL: Good morning, ladies and gentlemen. My name is Chris Neal, and I'm the External Affairs Officer for the Development and Economics Department. You'll have an opportunity to pose lots of questions today because we haven't got such a big turnout. So we will take advantage of that, and we're here to launch the Global Economic Prospects for 2006, which is on the theme of the Economic Implications of International Remittances and Migration.

The Global Economic Prospects report, as you know, has a first chapter devoted to an outlook, an economic outlook for the developing countries, and then the rest of the book is devoted to migration and remittances which is an important emerging issue in development economics.

Starting off, to introduce the report is Francois Bourguignon, our Chief Economist and Senior Vice President for Development Economics at the

World Bank, and then he'll be followed by the team, and I'll just give you their names and titles:

Hans Timmer, who is the Manager of the Global Trends Group, which is the group in the World Bank that does the economic forecasting and prospects work here at the World Bank in the Development Economics Department.

And after him is Dilip Ratha, who is a Senior Economist in the Global Finance Group, and who is our expert on remittances, who's been studying remittances for many years and their various implications, and in earlier versions of the Global Economic Prospects and Global Development Finance, you may have seen some chapters on remittances. He's been following it in those and has been producing those chapters.

And finally, William Shaw, who will be here to respond to questions, but has done the chapter in the Global Economic Prospects that does a model of the global economy and demonstrates what impact an increase in migration would have on global incomes.

So, without further ado, I'll pass the floor to Francois Bourguignon, who will introduce the subject.

Thank you.

MR. BOURGUIGNON: Thank you very much, Chris. Thanks to all of you to be present today. So in addition to what I would call the standard "Outlook of the World Economy," which traditionally is the first chapter of this Global Economic Prospects report, the theme of this year is international remittances and migration, their economic consequences and how policies can increase their role in reducing poverty.

I would like to stress the fact this is the first flagship publication of the Bank to address this issue of international migration, a complex and often controversial issue, where the Bank is a relative newcomer.

As a first step, we focus on international remittances, where the Bank has done some previous

work, and on specific policy recommendations that would improve the welfare of poor migrants.

The issues covered in this report have increasingly occupied center stage in the global development debate. The recent riots in France have underlined the social implications of migration, even though they are concerned with a second and third generation of migrants, and the impact that policies can have both on migrants and the natives.

The events that we have seen at the border of Morocco and Spain lately and those people from African countries walking through the Sahara Desert in order to get into Spain also shows the human and social aspect and cost of the migration phenomenon.

The challenge for policymakers is really to fully achieve the potential economic benefits of migration while managing at the same time the associated social and political implications.

Our objective in this report is to help enlighten this difficult policy debate by analyzing the economic impact on migration and to some extent

ignoring the other aspect, the social or psychological impact.

And we are really focusing mostly on the impact of migration on economic development. We realize that this is just one part of a very complex picture, but speaking from the perspective of a development institution like the World Bank, we believe that this is a gap that needs to be filled.

This report is an integral part of efforts in the Bank to expand our knowledge of international migration. We have now a research program on migration issues surrounding remittances, high-skilled migration, temporary movement of persons, social protection and governance of migration, and the link between trade, foreign direct investment, and migration.

We have recently published two other volumes covering the topics of remittances and migration, including a volume entitled Remittances: Development Impact and Future Prospects and recently

a volume entitled International Migration, Remittances and the Brain Drain.

The report we are presenting today is a product of extensive collaboration with other institutions active in the area of remittances and migration, including the Global Commission on International Migration, which just published its report, the International Organization of Migration in Geneva, and other regional development banks and bilateral donors.

So as Chris said, our presentation today is divided between two speakers. Mr. Hans Timmer will begin with a presentation of the recent trends and forecasts in the global economy and their implications for developing countries.

And then we'll be listening to Mr. Dilip Ratha who will review the main issues and the main conclusions of the part of the report which is concerned with migration and remittances.

Thank you very much.

MR. NEAL: Hans.

MR. TIMMER: Thank you very much. Thanks, Francois, and good morning, everybody. Let me summarize for you our view on the global outlook in three observations. The first observation is how we see the prospects for growth in the global economy, and it says that despite the cyclical slowdown that we observed this year, GDP continues to grow rapidly in developing countries, underpinned by past policy reforms.

And there are two pieces of good news in this message. The first piece is that we expect that the slowdown that we have observed this year will not continue into next year, in the sense that we don't expect a further deceleration of growth. Instead, we expect a stabilization at very solid levels next year.

The second positive message is that growth in developing countries is very strong and is expected to continue very strong, both relative to high income countries and in historical perspective.

The second and the third observations are about the things that do concern us because the growth outlook is very positive, but there are things that concern us, and if there are things that keep us awake during the night, among them certainly will be the high oil prices, and the second message is about those high oil prices.

And it says that low income oil importers have only recently started to feel the squeeze of high oil prices and are vulnerable to further spikes.

Then, the third and last message that I have, if I can get it for you, is about risks that are always there in financial markets. The possibility of large and disruptive rise in interest rates also poses a serious risk, and what I would like to do now in the remainder of this short introduction is to illustrate these three observations, each with one single graph and give you a little bit more detail.

First, on the growth outlook, what you see here is GDP growth for high income countries, the bars, and then for all developing countries together in the solid line, starting in 1980 in a historical perspective including our forecast till 2007.

What you're seeing is the moderate cyclical slowdown in 2005, both in high income countries and in developing world, but then quickly tapering off. We expect growth rates next year and in 2007 to be very similar to what we expect this year. So that's one first observation.

The second observation, very clear in this picture, is very strong growth in the developing world, 5.9 percent of growth this year; 5.7 next year expected. True, that's lower than the record cyclical high of 6.8 last year, but still very strong in historical perspective, twice as fast as in high income countries.

And what is important, it's not just because of strong growth in India and China. For all the six regions, we have this year 4.5 percent

growth or more. What is especially encouraging is that's also true for sub-Saharan Africa with 4.5 percent growth this year, expected 4.6 next year, 4.7 in 2007.

Next year and the year after, sub-Saharan Africa probably growing faster than a region like Latin America. A real turnaround after two decades of negative per capita income growth. The point that we stress in the report is that this very strong performance across-the-board is the result of the reforms that we have seen in developing world over the past decades, reforms in their domestic economy and their integration into the global economy.

And the second point, low income oil importers have only recently started to feel the squeeze and are vulnerable to further spikes. There are two elements in this message. First, the last one, they are vulnerable to further spikes. Despite the fact that we expect that oil prices will slowly

decline to a level just above \$50 in 2007, we expect oil prices to be very volatile in the near future.

There is very limited excess capacity in the oil market so whatever happens in a shock can translate in sharp changes in the prices. That in itself is a risk.

In addition to that, we analyze in the report the risk of a supply disruption in the oil market. We have not seen a real supply disruption yet over the past years. Global supply of oil has still increased year after year. If we suddenly are faced with a supply disruption, that could really result in a decline in oil supply because there is so limited excess capacity.

So that's one element. There are serious risks out there. Perhaps even more important is the element that already in the baseline there are countries that are being hurt by the high oil prices and that doesn't show in the growth prospects. Growth is still very solid, but it shows in real income. And especially recently, you'll see that

the oil importing poor countries that spend a large share of their income on oil are seeing significant declines in real income despite their still solid growth performance.

And the reason why that's really recently the case is that in the earlier period, from 2000 to 2003, when oil prices were also rising, that rise in oil prices was compensated by a more or less equal rise in non-oil commodity prices. So these oil-importing countries saw their oil bill rising. They had to pay more for oil, but at the same time, they saw that the export revenues were rising also.

That has changed in the recent period. Over the last year, last 18 months, sharp spikes in the oil prices to a much lesser extent compensated by other commodity prices, resulting in a three percent loss of the terms of trade for the low income countries, now also a loss for the sub-Saharan African oil-importing countries.

So that's on top of the growth performance suddenly you're losing your real income. For sub-

Saharan African countries, that means that now they have to find ways to finance the high oil prices because it's not longer possible with the export revenues, and you see that several countries that were still able last year to accumulate reserves are now depleting their reserves to finance the oil bill.

Then the illustration of the last point. Disruptions in financial markets, they always come unexpected. They always come abruptly. Let me illustrate you that with one graph. This graph shows the stress for all developing countries. That's the amount that borrowing developing countries have to pay on top of the U.S. interest rate when they borrow money.

You see that those spreads have come down significantly over the last two years to historically very low levels of just above 200 basis points. It's one of the explanations of the strong performance in the developing countries. It's still a very favorable external environment from the

financial point of view, but if you put this in historical perspective, then you see how quickly these situations can turn around.

And here you see the Asian crisis, the Mexico crisis earlier, and then follow-up crisis in Brazil and Russia, and what is important to take away from it, it's that it's unexpected, and when it happens, it's large, and there are still the tensions in financial markets out there that we have discussed many times. Among them, of course, the global imbalances, the problem that there is huge deficits. There are huge deficits still in the United States that have to be financed.

Let me finish now with a slide on the policy priorities. What do we take away from this view of the global economy in terms of policy priorities?

First, on the gross outlook, it's very important to realize that the strong performance in developing countries was the result of structural reforms and it's very important that those

structural reforms continue, both within the developing countries and in terms of helping those developing countries integrate into the global economy further, and that's why we stress that it's so important to have a successful Doha Round.

That's on the growth outlook. Then, on the oil sector, we think that high oil prices will be with us for quite some time. That's already a burden for oil-importing countries. What is very important from the policy point of view, that policies don't impede the adjustments that are needed in the oil market, adjustments on the demand side and on the supply side.

That means, for example, that the higher oil prices at some point have to be passed through on to consumers and that safeguarding the poor people has to be done in different ways. The policy should promote the adjustments and not impede it.

And then finally on financial risks, there are two things that can be done. One is take out the tensions that are there and that potentially can

result in disruption in financial markets. Main tension, of course, the global imbalances, the fact that you still have the large and growing deficits in the United States, so we need increased savings in the United States, both public and private, and then to compensate, supporting growth in other parts of the world, especially Europe.

The other thing that you can do and that's more from the point of view of the borrowing developing countries is that you are prepared for these situations where interest rates suddenly increase, so you have to continue your vigilant balance sheet policies, don't rush into short-term borrowing because short-term interest rates are still low. Be prepared that the interest rates will rise at some point.

Let me leave it there.

MR. RATHA: Hello. I'll focus the rest of the presentation on the main theme of the report on migration and remittances on the economic implications of remittances and migration. I'll

first start with four main messages and then I'll talk about policy priorities.

The first, migration and remittances have been increasing and they will continue to increase. Second, migration generates significant welfare gains for the countries of origin, for the migrants themselves as well as for the countries of destination.

Migration reduces poverty and remittances reduce poverty and most of the benefits of migration to countries of origin is realized through remittances.

Finally, there is considerable scope for reducing remittance costs faced by poor migrants. We recognize that migration has costs, social costs, political costs, as well as economic costs that we are not going to focus on, but we are in this report going to focus on the gains from migration from an economic point of view, from the point of view of developing countries.

Migration, international migration, has continued to increase over the last three decades. The increase has been significantly high in rich countries and we know that migration will continue to increase going forward because of demographic trends as well as development trends.

We know that younger people, I mean that there is population growth in developing countries, and there is aging population in the rich countries which means more supply of workers, more supply of migrants, and also more demand for migrants.

There is also a persistent and large income differential between developing countries and rich countries which also mean more migration going forward.

Consistent with the increase in migration, migrant stock, we have seen an increase in remittance flows worldwide as well as in remittance flows to developing countries. In the 1990s, we have seen more than a doubling in remittance flows to developing countries.

In this chart, we show recorded remittances compared with other types of capital flows, and what you notice is that in 2005, developing countries received 160 billion in remittances as officially recorded. The global flow of remittances was 232 billion. Note, however, that these flows are only officially recorded. Informal flows, that is formal--sorry--remittance flows through informal channels are also significant.

We have economic estimations in the report as well as household survey evidence, pointing out that flows through informal channels could be at least, would be at least 50 percent or more of recorded remittances.

That would imply that remittance flows to developing countries in 2005 would amount to about \$250 billion. That would be larger than the foreign direct investment received by developing countries and that would be significantly larger than official aid received by developing countries.

While conventionally it is believed that migration is a South-North phenomenon and remittances are a North-South phenomenon, South-South remittances, intra-regional remittances within developing country remittances and migration are also significant.

Nearly half of migrants from the South are believed to be in the South in other developing countries, and nearly 45 percent of remittances received by developing countries originate in other developing countries.

Finally, in this chart, you will notice that remittances are one of the less volatile sources of additional funding for developing countries. The top recipients of remittances are large countries such as India, China, and Mexico. Once you control for the size of the economy, however, remittances as a percentage of GDP were significantly high in smaller countries such as Tonga, Moldova, and Lesotho.

In the top 20 recipient countries, as a share of GDP, we find that remittances were over ten percent of GDP in the smaller recipient countries.

Remittances were larger than tea exports in Sri Lanka. They were larger than foreign direct investment in Mexico and larger than tourism receipts in Morocco.

Now, moving to the second point of my presentation, there are significant gains from migration to countries of origin, to the natives in host countries, as well as to the migrants themselves.

In trying to illustrate the global gains from migration, we use a simulation model and that's the result we present here. We find that if industrial countries' labor force were to rise by three percent and that was filled through migration, by the year, in the next couple of decades, by the year 2025, there will be global gains of nearly \$356 billion. That would be larger than gains from trade, gains from trade, for example.

High income countries would benefit. So would countries of origin, the developing countries, but the benefit would be significant for new migrants. New migrants would have, would experience nearly a tripling of their income levels. Countries of the natives in host countries would benefit because the increased supply of labor, increased supply of workers due to migration would increase their remittance to capital. The countries of origin would benefit mostly through remittances, but they would also benefit because migration results in improved labor market outcomes.

For example, it can reduce the pressure. Large amount of immigration can reduce labor market pressures, unemployment pressures in countries of origin, and also diaspora bring other benefits including investment flows, flows through trade as well as skill transfer that may occur if there is return migration or circular migration.

In countries of origin, migration reduces poverty through remittances, but also through other

methods, but we do have to be aware of some of the risks that are associated with migration. Migration can be a risky business for the migrant themselves. There are significant information costs and since migration can be costly to reverse, migration decisions are not easy to reverse.

There is need for proper information for the migrants about migration opportunities and risks. In particular, high skill immigration can mean significant adverse effects in some small countries. The effects tend to be large in small countries, and in about 28 countries that have high skill immigration rate of over 30 percent, the number of people, they have population of about three percent only.

The point to make is that high skill immigration, especially of nurses and doctors, can have significant adverse effects in some small countries and in looking at the connection between migration and development, we have to be cognizant of these adverse effects.

Remittances reduce poverty because they generate direct income transfers to the households. In addition to directly augmenting the income of the recipient households, they also affect poverty through their effects on macroeconomic variables. Evidence from household surveys shows that remittances may have reduced poverty in Uganda by 11 percentage points, in Bangladesh by six percentage points, and in Ghana by five percentage points.

Cross-country analysis also confirms this finding, and it shows that a ten percent increase in per capita remittance flows could lead to a 3.5 percent decline in the share of poor people. Remittances are associated with increased household investments in education, entrepreneurship, and health, all of which have high social return in most circumstances.

Finally, remittances also tend to be countercyclical. They may rise in times of need, in times of hardship in the recipient country, in the remittent's recipient country. During times of

financial crisis, during natural, following a natural disaster or during political conflict, remittances can be a life line for development.

There are some downsides to remittances, however. Large amounts of remittances can lead to currency appreciation and can hurt exports. There is some criticism also that remittances may create dependency, that it may make the recipient households choose more leisure as opposed to work more, and that can have adverse effects on growth.

Finally, remittance channels have been sometimes reported to be used or misused for money laundering and terrorist financing purposes. All these downside effects need to be taken into account when one is thinking about policymaking in the area of migration and remittances.

The final point about what can be done on remittances has something to do with remittance fees, which have tended to remain high, in the range of ten to 15 percent for small remittances, used by poor migrants. In this chart, we show weighted

average of the fee structure of four major money transfer operators.

And what you find here is that for small transfers, let's say about \$100 of transfers, the cost can be as much as \$16, 16 percent. For \$200, which tends to be the average amount that migrants send per transaction, the cost can be nine percent. That would be \$18, and such high costs are a drain on the funds that are, on hard-earned income of the migrants and of the recipients, and reducing remittance costs would increase migrant savings and also it would mean more incentives for remittance flows to developing countries. Reducing remittance costs would also encourage more flows through formal channels.

The policy priorities. What are the policy priorities? First, governments can provide information about migration opportunities and risk both to the public as well as potential migrants. They can--that would help avoid unfortunate costly

to reverse migration decisions, and limit the abuse of migrants.

Governments may also consider regulation of recruiters to strengthen transparency. However, they have to take care to avoid driving the intermediaries underground and further making the whole process more nontransparent. Increased low skill immigration would have the greatest development impact. However, given the concerns over labor market conditions for low-skill natives and the burden on public expenditures, higher low-skilled migration may be achieved through managed, through temporary migration programs with incentives for return.

The situation is a bit more complicated with high-skilled immigration. Obviously, you do not want to stop immigration of high-skilled workers. That would be difficult to enforce. The right policy response may be to improve the working conditions in the countries of origin, in the countries where these high-skilled migrants are

operating, and maybe improve infrastructure and more expenditures on research and development.

Reducing remittance cost, the second policy priority, would involve increasing banking access of migrants and it would involve strengthening competition in the remittance industry. Increasing banking access of migrants can be achieved by making--by facilitating the issuance of identifications, simple identification to migrants that may enable migrants to open bank accounts in host countries.

It would also mean allowing developing country banks and financial institutions to operate in host countries. That can facilitate remittance flows.

And finally bringing in credit unions and microfinance institutions can help deliver cheap remittance services to remote areas. Microfinance institutions and credit unions and banks can also benefit from remittances because remittances may be

a way to attract customers for their loan and deposit products.

Strengthening competition in the remittance industry can be facilitated by looking into barriers to entry, regulatory barriers to entry that might exist. For example, stringent licensing requirements, higher capital and bond requirements, and sometimes stringent compliance requirements for anti-money laundering and countering of the terrorist financing.

Those regulations have to be balanced with the objective of facilitating, objective of increasing competition in the remittance market. In particular, we have seen in recent times that stringent know-your-client requirement that are in place, that have been put in place, in the U.S., for example, for fighting money laundering and financing of terrorism, have resulted in several correspondent banks closing down the accounts of legitimate money service businesses. That sort of overly strenuous regulation may need to be reconsidered.

Finally, increasing the network, remittance network, sharing retail networks and postal networks for delivering remittance services. Sharing those networks with money transfer operators can increase not only the remittance services widely, but also reduce costs, and in this regard, one point of caution, many developing countries have allowed their post offices to enter into exclusive partnerships with money transfer operators, and we have found, we documented in this report that such exclusive partnerships with post offices raises remittance costs. Networks should be shared, but they should be shared on a non-exclusive basis.

Finally, this is the absolutely final policy priority that I would mention.

[Laughter.]

MR. RATHA: Now that remittances are large, many countries have started thinking about taxing remittances, and such thoughts should be avoided. Fundamentally, remittances are private money that should not be expected to fund public projects, and

in this context, efforts to channel remittances to investment purposes have been unsuccessful and that should be born in mind.

Remittances, because they are private funds, they should not be considered as a substitute for official development aid. And it should be stressed that while migration can play an important role in reducing poverty, it is not a substitute for economic progress in origin countries. Development ultimately depends on sound domestic economic policies.

Thank you.

MR. NEAL: Thank you, Dilip. This is an important subject and Dilip has an enthusiasm for it that matches. We can now go to some questions, and because there are not so many of us, there will be lots of opportunities to ask questions then.

So, colleagues here in the front. Yes. Could you also identify yourself, please?

QUESTION: Teresa Bouza from Spain's News Agency, EFE. I'd like to know why France is

receiving so many remittances? Surprising to see a developed country.

MR. BOURGUIGNON: This is a question to me?

[Laughter.]

MR. BOURGUIGNON: No, I mean this is a phenomenon which is very much linked to European movement of workers, and in particular, you have included there all the remittances which are made by border workers. So French people going to work in Germany, for example, would be paid in Germany, but then they would repatriate their wage to France, and this is part of remittances.

Although it is less important, you have the same phenomenon in Germany, in UK, et cetera. So it is not really comparable to the kind of phenomenon we are talking about elsewhere, and I would like to emphasize the fact that the report is really more on developing countries and remittances received by developing countries than by France.

But it simply happens that in the list of countries, when you rank countries by the amount of

remittances they receive, because it is a big country, France is receiving very much.

MR. RATHA: If I may add one quick point to that. France receives a lot in dollar terms. There is a euro effect, of course. Dollar-euro exchange rate is now favorable in terms of increasing the size of the flow, but also France is a large economy, and if you compared France and Philippines, they receive about a dollar amount in remittances, but in France, it is only 0.6 percent of their GDP.

And in the Philippines, it is over ten percent of their GDP. So it's very small by French standards.

QUESTION: Would that be true in the case of Spain also that workers from Spain working in other European countries are sending money home, and that's why it's quite high in Spain, too, the amount?

MR. BOURGUIGNON: Yes, I would say so. I mean this is really more European phenomenon than anything else. And it is quite encouraging from the

point of view of Europe because this means that there is an increasing mobility of workers within Europe.

MR. NEAL: Yes, sir.

QUESTION: I guess recently I saw a cooperative effort by the Federal Reserve Bank and the Bank of Mexico. What role can the central banks play with remittances?

MR. RATHA: The U.S.-Mexico Fed Automatic Clearinghouse arrangement, that's probably what you're referring to. We have a box in the GEP, in the report. Basically, this automatic clearinghouse arrangement would allow electronic processing of remittance transfers. Right now it is working one way, from the U.S. to Mexico. The hope is at some point it will also work the other way, from Mexico to U.S., also remittances can be sent.

Besides facilitating migrant remittances, this facility is helping distribution of pension and other social benefits from the U.S. to Mexico as well.

Other countries are considering similar arrangements. Obviously, technology is an important part of the payment process, of the remittance process, and the cost of a remittance transaction through U.S.-Mexico Fed Automatic Clearinghouse System, FEDAC, they say, to the FEDAC, the cost of cross-border remittances is 67 cents per transaction, and there is an additional .22 percent foreign exchange commission.

So, introducing such efficient, technologically efficient systems would bring down costs.

The other thing central banks can do is to look at regulation relating to entry of new players into the remittance market. For example, into the bond and capital requirement. That had implications for prudential risks. That has implications for taking on deposits and whether, you know, somebody runs with the money or defaults on the payments.

They can help harmonize and streamline regulation relating to money transfer, entry of new

money transfer operators into the remittance market, and finally in the area of money laundering and terrorist financing, that regulation also the Fed and U.S. Treasury and the Ministry of Finance in other countries, central banks and ministries of finance in other countries also have a role to play in that.

QUESTION: Jose Passos with O Globo from Brazil. You say here that the governments should avoid--where is it--provide incentives to direct remittances to specific areas or sectors through matching fund programs. What should governments do?

You said that just treat it like a private funds and, how come, how it will help in development of the country or the economy if you don't put this money through formal sectors?

MR. BOURGUIGNON: Maybe I'll start on this and then Dilip or Bill will come in. You are quite right to say that remittances are another form of private income. I mean there is almost no difference between a Mexican going to work in the

U.S. and sending back part of its pay to Mexico, and a Mexican living in Guanaveca [ph] going to work to Monterrey and sending the money back to his or her family in Guanaveca.

The two phenomena economically are exactly the same. In one case, it will be called remittances, migrant remittances. In another case, it will be called transfer, whatever. So when we said that maybe we should think about the possibility of matching funds, of the possibility of using or putting that money to more productive use, basically we are simply talking about ways of giving incentives to private savings by households on the basis that remittances may have more, may have a higher content in terms of savings than standard income sources, and because of that, there may be a little more that can be done with remittances than with other sources of income. This is what we have in mind.

But, maybe Dilip or Bill want to come in.

MR. RATHA: I would like to add that because remittances are private flows, it is up to the migrants and the households who receive it as to how they want to spend it, and whatever they decide is okay because they're responding to the economic environment, and if they find that there not investment opportunities, then they decide to consume or to build a house. That's okay.

The way to channel remittances or encourage--channel is the wrong word--to encourage the use of remittances for investment purposes would be to create the right kind of investment climate in the recipient community, and another way is through the process. If instead of cash-to-cash transfers, cash-to-cash remittances, if remittances were to flow from account to account, that might increase not only the security of the remittance transaction, but also empirically it has been found that over time it leads to more saving and in fact because the money is going through banks, more, better matching of investment and savings.

So account-to-account transfers, if remittances go through banking system, that would encourage, that would increase financial deepening and bring all the other benefits that come with financial development.

MR. NEAL: Okay. Other questions?

QUESTION: About this suggestion of developing countries seeking agreements with countries to which their nationals migrate, I wonder how feasible is this and also if you have studied the situation of all the undocumented workers?

MR. SHAW: You're referring to bilateral agreements.

QUESTION: Yes.

MR. SHAW: Oh, it's very feasible. It's very common. There are--

QUESTION: Yeah, but considering that many people are entering developed countries illegally.

MR. SHAW: I'm not sure that temporary agreements are going to solve the illegal immigration problem, the regular immigration

problem. But as a means of fostering more legal migration, though still migration, they are very useful, and they have been used in many countries.

We simply feel that there's an unexploited opportunity there to expand that kind of cooperation to make migration both more safe and more effective in terms of improving development.

The whole problem with regular migration is a separate one and how you address that is a lot more complex issue.

MR. BOURGUIGNON: Okay. If I may, I think that the two phenomena are not independent. And you might very well think that bilateral agreements, official agreements, especially for temporary migration, is a way of reducing illegal migration coming from the same country.

So you're absolutely right to say that if tomorrow there is an agreement between the EU and some country in Eastern Europe, not in the EU, about temporary migration, this will not prevent African people to come in illegally into the EU. But this

may prevent some Bulgarian or Romanians to come in illegally to the EU, so from that point of view, there is a relationship between legal bilateral agreements and illegal migration.

MR. NEAL: Any other questions? If there are no other questions, then we'll bring the press conference to a close. Thanks very much for coming.

MR. BOURGUIGNON: Thanks a lot.  
[Whereupon, at 10:55 a.m., the press launch was concluded.]

This edition of Global Economic Prospects focuses on the flow of international migrant remittances. Download 182 pages. This publication explores the gains and losses from international migration from the perspective of developing economies, with special attention to the money that migrants send home. The paper builds around three main factors: Migration is a diverse phenomenon and its economic impact depends on the circumstances involved in each location; Basic data on migration and remittances is missing and hence it is difficult to predict the impact on policy changes; Migration has social and political implications which could be equally as important as economic factors. The following aspects are discussed in subsequent chapters (2006). Global economic prospects: Economic implications of remittances and migration. Washington, DC: The World Bank. Google Scholar. The World Bank. (2013). Lebanon: Economic and social impact assessment of the Syrian conflict. The World Bank. (2015). Migration and development brief 24, migration and remittance team, development prospects group, <http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/102761445353157305/MigrationandDevelopmentBrief25.pdf>. UNHRC. (2015). Global trends, forced displacement in 2014, Geneva, UNHRC (The UN refugee agency), <http://unhcr.org/556725e69.html>. IB2490: Global Environment of Business. Section: Additional readings. Global shift: mapping the changing contours of Previous: Global economic prospects 2006 : economic impl Have you read this? Please log in to set a read status. The themes of the 2006 Global Economic Prospects (GEP) are international remittances and migration, their economic consequences, and how policies can increase their role in reducing poverty. The GEP explores the gains and losses from international migration from the perspective of developing countries, with special attention to the money that migrants send home. The report also considers policy initiatives that could improve the developmental impact of migration, with particular attention to remittances. The last chapter investigates policy measures that could lower the cost of remittance transactions for poor households and measures to strengthen the financial infrastructure supporting remittances. To annotate the abstract at the left please login. (?) keywords.