

THE ECONOMIC IMPACT OF REFUGEES

Silvia LAZARI*, Lilia ŞARGU**, Alexandru GRIBINCEA***

Abstract

Migration is a feature of social and economic life across many countries, but the profile of migrant populations varies considerably. In part this is because of the variety of sources of migration. In much of Europe, for example, citizens enjoy extensive rights to free movement. In Australia, Canada and New Zealand, managed labour migration plays an important role. Other sources include family and humanitarian migration. Whatever its source, migration has important impacts on our societies, and these can be controversial. The economic impact of migration is no exception.

Key-words: migration, refugees, remittances, financial, economic factors.

Introduction

In 2014, remittances of international migrants, according to preliminary estimates of the World Bank, amounted to 583 billion US dollars, of which 436 - in developing countries. In recent years, the volume of remittances of international migrants increased rapidly due to growth of the number of international migrants (including labor), so due to significantly enhance the commission of cross-border transfers. These financial flows are attracting greater attention from the private sector, national governments and international organizations.

Flows of international remittances have become an important source of external finance for developing countries. Over the last decade the growth rate of remittances exceeded the increase in the volume of private capital and officially granted international development assistance. In some countries, remittances are a major source of foreign currency, often exceed in size the volume of foreign direct investment and have significant potential for poverty alleviation and development of the national economy.

The volume flows of remittances by countries, regions of the world and in the whole world are regularly evaluated by experts the World Bank's Migration and Remittances [9] on the basis of balance of payments statistics of the International Monetary Fund (IMF), the central banks and the national statistical services the world, and the World Bank database. As remittances of international migrants is

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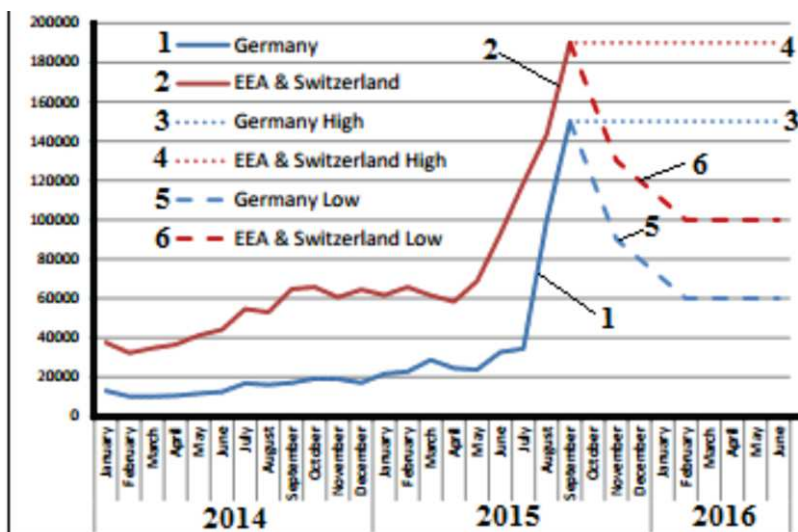
currently considered "personal remittances", representing the sum of the three indicators of balance of payments, "personal transfers", "net pay" and "capital transfers between households" [10]. The data for these indicators are available for all IMF member countries [11] and in the most appropriate estimation problem in remittances of international migrants. For comparability indicator values are translated into US dollars at current (nominal) exchange rate.

According to the updated assessment of the World Bank [12], in 2013 the total volume of recorded remittances of international migrants reached 557 billion US dollars against 533 in 2012 (Fig. 2). In 2014, according to preliminary estimates, remittances of international migrants increased to 583 billion US dollars, and in the next three years will exceed \$ 600 billion. [13]

The main volume of remittances sent to developing countries, to which the World Bank classifies countries with medium and low levels of gross national income per capita. The total volume of remittances share of transfers to the developing countries is growing rapidly: in 1990 it was about 45%, at the beginning 2000s - already 65%, and in 2012-2014 - about 75%.

The total volume of recorded remittances to developing countries in 2012 amounted to 403 billion US dollars, in 2013 - 418, and in 2014, according to preliminary estimates - 436 billion US dollars. By 2017 it could rise to 479 billion US dollars. This is only officially recognized amounts of cash transfers. The true size of the recorded and unrecorded remittances made through formal and informal channels, may be more a factor of 1.5 or more.

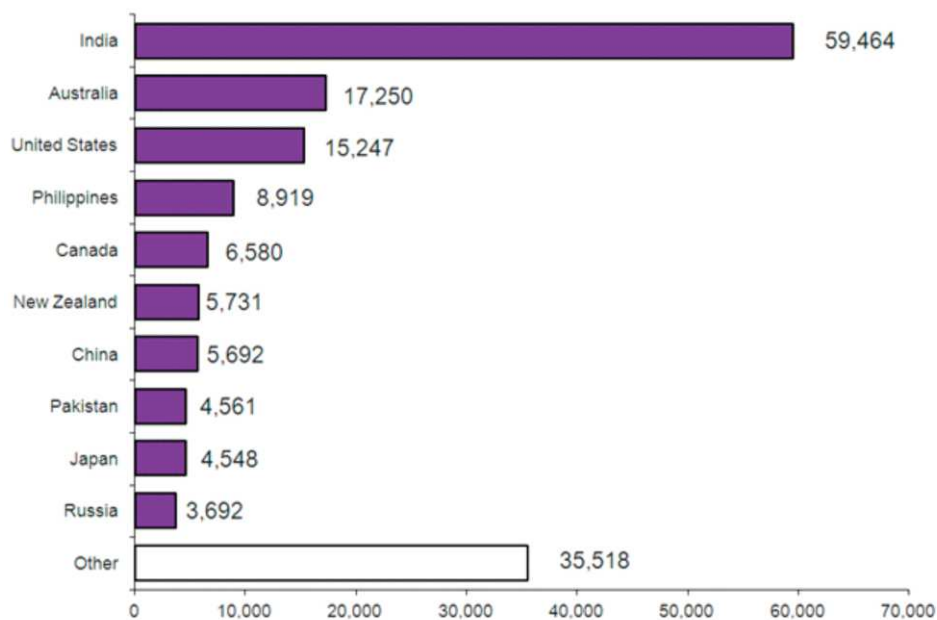
Figure 1. Observed and anticipated asylum seeker inflows in German and the rest of the European Economic Area plus Switzerland



Source: <https://www.oecd.org/migration/How-will-the-refugee-surge-affect-the-European-economy.pdf>

The volume of recorded remittances to developing countries are now more than three times the amount provided by the official international development assistance often exceeds the amount of private debt and securities portfolio (Fig. 2), and if China is excluded, then the volume of direct foreign investments. Remittances are the largest source of external financing for many of the poorest countries. However, their volume is less variable than other sources of revenue, based on the foreign currency. Even in the major emerging economies of India received remittances amount equivalent to at least a quarter of all foreign exchange reserves. For many developing economies with weak balance of payments remittances of international migrants are an important source of foreign exchange earnings.

Figure 2. Top 10 nationalities granted work-related visas, 2014



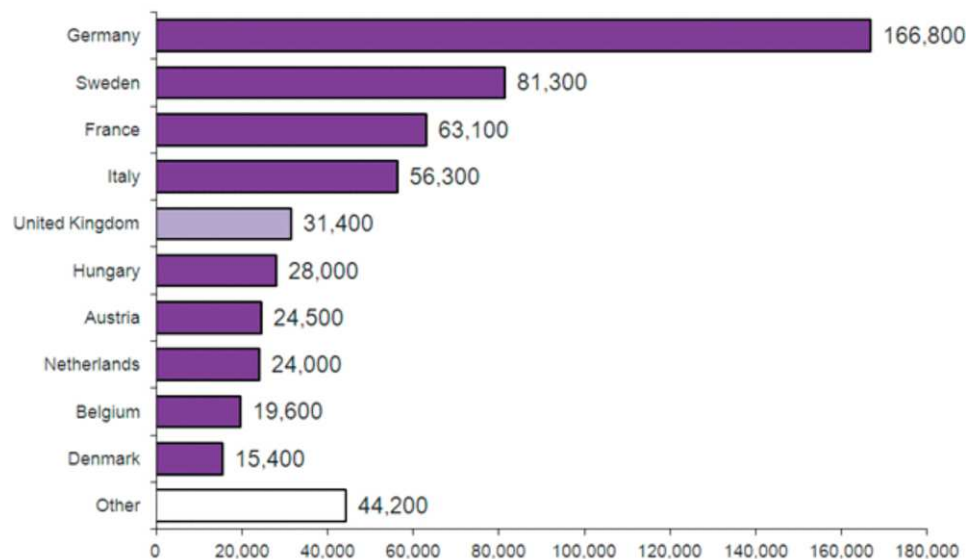
Source: <https://www.gov.uk/government/publications/immigration-statistics-january-to-march-2015/immigration-statistics-january-to-march-2015>

In the past three years, the total volume of remittances of international migrants in the whole world according to preliminary estimates increased with little acceleration - 4.1% in 2012, 4.5% in 2013 and 4.7% in 2014 (Fig. 4). However, in 2015, it is expected to increase in remittances will drop to 0.4% (due to the advanced economies and emerging economies in Europe and Central Asia), and then rise again to the level of 4.3-4.4% per year.

In 2014, remittances of international migrants in developing countries grew by 4.4% (in 2013 - 3.7%). Growth was observed in all regions except Europe and

Central Asia, where there was a decrease of 6.3%. In 2015, we expect even greater reduction in remittance flows to developing countries of Europe and Central Asia (-12.7%) and slower growth in other regions (the lowest - in South Asia). In 2016, projected growth recovery trend of remittances in Europe and Central Asia (+7.2%) and accelerated growth in other regions.

Figure 3. Top 10 EU countries receiving asylum applications, 2014



(Total number of applications 554,600, including dependants)

Source: Migration and Remittances: Recent Developments and Outlook / Migration and Development Brief 24. April 13, 2015. P. 4.

Significant impact on the flow of international migration and remittances in 2014 provides the following four factors:

- uneven recovery of economic growth in developed countries,
- decline in oil prices and the strengthening of the dollar against the currencies of some of the national,
- strengthening immigration controls in the countries from which leave significant amounts of remittances
- conflicts, leading to the formation of flows of forced migration.

The significant strengthening of the US economy was the impetus for the increase in remittances sent to the country. With the growth of construction and employment in the service sector, including hotels and restaurants sector, increased remittances to Mexico, El Salvador, Guatemala, Honduras and Nicaragua. In contrast, a weak economic recovery in the eurozone prevented the growth of the money from the region. The volume of remittances in some Latin American

countries was strongly influenced by the economic recession and high unemployment in Spain, which is home to a significant portion of international migrants from Latin America. Slow the growth of remittances in the Maghreb countries, for which the main source of remittances is Europe.

Lower oil prices and economic sanctions have had a significant negative impact on the Russian economy in 2014, as a result, and on the economy of countries such as Armenia, Georgia, Kyrgyzstan and Tajikistan, are heavily dependent on remittances from Russia. In addition, the weakening of the ruble against the US dollar and the currencies of most of the CIS countries has led to a decrease in the purchasing power of money transfers from Russia, which significantly reduced the standard of living of the poor in the countries of Central Asia.

On the other hand, the decline in oil prices seems to have resulted in a reduction in remittances from countries of the Cooperation Council of the Gulf to India, Bangladesh, Nepal, Pakistan and some countries in the Middle East and North Africa. Substantial financial resources and long-term plans for infrastructure development will contribute to maintaining the demand for labor migrants, however, while maintaining the low oil prices for several years, the volume of remittances from the region may be reduced.

The strengthening of the US dollar has a significant impact on the valuation of remittances. Thus, the volume of remittances from the European Union in Morocco, calculated in euro, in January 2015 increased in comparison with November 2014 by 9.6%, and translated into US dollars - down by 2.3%. Money transfers from Russia to Tajikistan, calculated in rubles increased in the IV quarter of 2014 by 7.6% compared to the same period in 2013, and in US dollars decreased by 26.7%.

The introduction in 2014 of new rules of entry to Russia (including migrants) from countries not members of the Eurasian Economic Union, led to a significant reduction in the flow of immigrants. Strengthening control measures at the southwestern border of the United States (increase in the number of patrols, air and ground systems tracking) constrains the number of migrants crossing the border from Mexico, including unaccompanied minors from Central America.

Tougher immigration rules in other parts of the world. In particular, an open immigration policy of Singapore that caused a public outcry led to an increase in the number of international migrants has more than 31% in 2004-2014. In accordance with the new rules, employers when hiring employees should first consider candidates from among the citizens of Singapore and only then the number of foreign nationals. Disproportionately low percentage of citizens of Singapore among employed workers will lead to a thorough examination of the firm.

Europe is also looking for a new immigration policy, able to contain the rising tide of migrants coming across the Mediterranean. In 2014, the European Union illegally arrived 276 000 people, including 220 thousand - in the Mediterranean Sea (in 2013 - 60 thousand).

Conflicts disrupt the usual peaceful life of the population, giving rise to

massive flows of refugees and internally displaced persons. The Middle East and North Africa region has become a major exodus of refugees. The number of refugees from Syria has increased to 3.9 million. The civil war in Libya has led to numerous attempts of illegal migration to Europe through the Mediterranean Sea. The terrorist activities of Boko Haram organization in Nigeria, forced to flee to the north-east of the many people in the country - about a million people fled to neighboring countries, particularly in Cameroon, Chad, Niger, about 700 thousand people moved within Nigeria. As a result of the conflict in the Ukraine, the number of internally displaced persons has exceeded 1.1 million, 674.3 thousand Ukrainians have applied for asylum, the right of residence or other forms of legal stay in the neighboring countries (542,800 people in Russia, 80,700 people in Belarus). In 2014, remittances to developing countries rose by 5% to reach 435 billion US dollars. Remittance flows have become a major source of external finance for developing countries, according to a regular review of the "Migration and Remittances" the World Bank. Remittance flows have become a major source of external finance for developing countries, according to a regular review of the "Migration and Remittances" the World Bank. The growth rate of remittances exceeded the increase in the volume of private capital flows and official development assistance (ODA).

The volume of remittances flows by country, region and the world as a whole over the world are regularly evaluated by experts the World Bank's Migration and Remittances based on Balance of Payments Statistics of the IMF, central banks, national statistical offices, the World Bank database. As remittances of international migrants is currently considered "personal remittances", representing the sum of the three indicators of balance of payments, "personal remittances", "net pay" and "capital transfers between households." The data for these indicators are available for all IMF member countries and to the greatest extent meet the problem of estimating remittances of international migrants.

Conclusions:

Some analysts questioned whether the European Commission was being too optimistic in its forecast — whether because too few of the newcomers will have the right job skills or be young enough to make long-term contributions to the economy, or because too few countries are ready to absorb the migrants.

Member states have very different philosophies about how soon migrants can actually be integrated into the labor market, Germany has been willing to allow those seeking asylum to take jobs more quickly than, say, countries like France."

The commission's report acknowledged that the European recovery has been slow. And it warned against expectations of a rapid turnaround because of challenges that include the slowdown in China and regional tensions created by a standoff with Russia over Ukraine.

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