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Second EU survey on workers' remittances from the EU to third countries

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Summary Report

Summary and conclusions

The Commission services sent to Member States a second questionnaire on workers' remittances from the EU to third countries in May 2005. Built on the first survey that was sent in 2004 and in response to the Guadalajara and the Rabat summits, the current survey extended its scope by requesting a geographical breakdown of flows channelled to Eastern Europe, the Mediterranean, Latin America and the Caribbean. This report summarises Member States' replies to the second survey.

The survey shows that remittances from the EU to third countries increased from €6.2 billion in 2000 to almost €9 billion in 2004. This was mainly driven by flows to developing countries which increased from €4.3 billion in 2000 to €6.6 billion in 2004. A few major corridors were identified, notably from Germany and France to the Mediterranean region, from Spain to Latin America and from Germany to Eastern Europe. Transaction costs incurred by migrants in Member States differ according to the amount remitted, and tend to vary more among Member States than among different transfer channels used, thus offering some scope for efficiency gains to be fostered by increased integration and competition in the remittances market. In order to reduce costs in the formal transfer system, several Member States have launched initiatives aiming at facilitating the flow of remittances to recipient countries. Being only very recently implemented, it is still too early to draw conclusions on the way and extent that these initiatives effectively facilitated remittance flows and on whether migrant transfers contributed to improving economic and social conditions in developing countries.

However, these results of the survey may be distorted by problems of underreporting and misreporting, both when compared with other sources and when compared with the previous survey. These problems arise for three main reasons: (1) lack of reporting by some Member States; (2) heterogeneous concepts and methods of collection and estimation, and (3) the general difficulty of capturing certain remittances flows, especially the ones sent through informal channels. As a result, figures reported do not allow for conclusive evidence on the current volumes, channels or costs of remittances, and therefore should be treated with extreme caution.

A closer cooperation among Member States on remittances data could improve the knowledge of the role that remittances from the EU are playing in development. More specifically, such efforts could contribute to a more precise picture of total flows, the main geographical corridors and transactions costs as well as their evolution over time from the EU to developing countries. In this perspective, if a repetition of the survey were considered, only a comprehensive and methodologically more harmonised set of responses by all Member States could deliver this more precise picture.

Introduction

At the Guadalajara summit in May 2004, the 58 Heads of States and Governments of the European Union, Latin America and the Caribbean took the commitment to “cooperate to facilitate the transfer of remittances and reduce the costs”. By the end of 2004 in Rabat, at the “Forum for the Future” of the Broader Middle East and Northern Africa with G8 industrial countries, Ministers “agreed to work together to improve remittance flows with a view to finance productive investment”. In response to these commitments, the Commission launched a second survey of workers’ remittances from the EU to third countries with a particular focus on the above mentioned regions.

The answers to the first questionnaire on workers’ remittances sent in 2004 were an important contribution to improving our knowledge about remittances. However, they also highlighted the current limitations of remittance data. The new questionnaire was built on the one that was circulated to the members of the EFC Sub-Committee on IMF and Related Issues on 24 February 2004, and was also designed to gather basic information from EU Member States about the importance of workers’ remittances from the EU, in particular about the amounts involved, the country of the non-resident counterparty, the main transfer channels used, the transfer costs and institutional conditions. Additionally, the new questionnaire focused on the specificities of several geographical areas, notably Eastern Europe, the Mediterranean, Latin America and the Caribbean. In addition, Member States were invited to share information about how remittances to non-EU countries are recorded in their balance of payments statistics and about initiatives they have already undertaken to facilitate remittances to third countries.

For this purpose, workers’ remittances were defined as private cross-border money transfers from foreign employees living and working in the EU to their countries of origin. Transactions between counterparts both residing within the European Union should be excluded (intra-EU transfers). Cross-border money transfer providers are defined widely, including banks, postal services, and wire services as well as non-registered remittance systems.

This report provides a summary of the responses given by Member States to the questionnaire and gives a short assessment of the robustness of information submitted. Overall flows of remittances to third countries and to developing countries are examined in question 1, in order to update the key figures of the first survey. Question 2 discusses reported methodology and statistical sources used by Member States to collect and record data on remittances. The main focus of the current request is on the specificities of remittance flows from the EU to partner countries of Eastern Europe, the Mediterranean as well as Latin America and the Caribbean. Accordingly, a geographical breakdown will be presented in Question 3, which is hoped to serve to identify the main amounts of remittances by region and country of destination. Then, the average amount sent by immigrant as reported in response to Question 4 will be introduced. Question 5 comments on the corridors and transfer channels used for each of these regions, while Question 6 summarises the state of transfer costs associated with these channels, as reported by Member States. Finally, Question 7 deals with existing bi-lateral co-operation in the area of facilitation of migrant remittances.

Question 1: Global amount of annual remittances to non-EU third countries

a) Please indicate the total amount of remittances transferred from your country to non-EU third countries (latest annual figure or estimate and past trends).

b) Please indicate the total amount of remittances transferred from your country to developing countries (the group of developing countries being defined according to Part I of the standard list of the OECD Development Assistance Committee, see http://www.oecd.org/dac/stats/daclist).

Main results: *The information submitted suggests that remittances might be growing moderately after a surge in 2001. Flows to developing countries were by far the most important and in 2004 accounted for €6.6 billion, close to three fourths of total remittances reported to non-EU countries (€9.0 billion). Partially reflecting the limited availability of data, many Member States responded imprecisely to the questionnaire while others did not respond at all. Submissions suffer from problems of underreporting and misreporting, which impede a more accurate analysis.*

1.1 Relevance

Workers' remittances have become one of the largest components of global financial flows from developed to developing countries. They represent a key source of external finance for developing countries (Table 1), exceeding Official Development Assistance (ODA). As a consequence, the need to capture more accurate information on remittances sent home by individuals working abroad has become of most importance, since their size in relation to GDP suggests that (1) they are more important than previously estimated for developing countries but also (2) they may help economic stabilisation, since they are stable and may be counter-cyclical (RATHA 2005) , and (3) they could be a significant source of development finance and thus influence the economic situation of developing countries. Yet, although the information on workers' remittances is conceptually included in the IMF Balance of Payments Manual, EU regulation does not require this type of information in detail[1] and in each case (also in most other countries) the available information is not always complete or accurate enough for the purposes that range from analysing remittances' real impact on growth to evaluating policies that would make them more effective and efficient.

[1] The regulation of the European Parliament and of the Council on Community statistics concerning balance of payments, international trade in services and foreign direct investment has been adopted in January 2005 (OJ L35, Vol 48, 08.2.2005, p. 23). According to this regulation, Member States have a legal obligation to provide Eurostat with data on balance of payment items and with geographical breakdown, as mentioned in the regulation. First reference period for balance of payments quarterly statistics is the 1st quarter of 2006. Although the regulation foresees data on current transfers with non-EU countries, workers' remittances are not mentioned in the regulation.

Table 1: Selected financial flows to developing countries

$ billion	1995	2004	% change
FDI	105	165	57.1
ODA	59	69*	16.9
Workers' remittances	**51**	**126**	**147.1**

*2003

Source: Ratha (2005)

1.2 Information submitted by Member States

Out of 25 Member States and the ECB, eight countries did not reply to question 1. Seventeen Member States have submitted relevant data (Table 2). Among them, time coverage was quite diverse ranging from Germany or Lithuania, which supplied figures covering the period from 1990 to 2004, to Poland that submitted data for 2004 only. Most of the reporting Member States, however, covered the period 2000-2004 (France, Portugal, Greece, Slovenia, the UK, Estonia and Latvia) along with others (Germany, Spain, Italy, The Netherlands, Belgium and Lithuania) which provided additional figures for the average period 1995-1999. Finally, Ireland and Cyprus submitted data from 2002 to 2004. Missing information as regards the current survey are the questionnaires from Czech Republic, Denmark, Luxemburg, Malta, Austria, Slovakia, Finland and Sweden.

The UK, Estonia and Latvia provided series of aggregate data for total remittances to non-EU third countries but no data for developing countries, though Latvia provided some regional breakdown. For this reason, although listed in Table 1, these three Member States are not considered when calculating totals and ratios in this Table.

Reported amounts of workers' remittances show a considerable variation. In 2004, total remittances reported to non-EU countries amounted to €8.9 billion, and were made up by country amounts that ranked from €100 thousand in the case of Estonia to €3.3 billion in the case of Spain. Except for the UK, which did not submit data for 2004, Germany and France followed in absolute terms, with €2.0 billion and €1.4 billion, respectively. Spain also reported the highest amount in terms of GDP (0.39 percent of Spanish GDP), followed by Portugal with 0.28 percent of GDP. Between 2000 and 2004, remittances to non-EU countries rose in all reporting Member States except in Estonia, Lithuania, Greece and France, where they declined by 83.3% 19.0%, 2.4% and 0.8% respectively. Portugal recorded the highest increase in four years (183.2%), followed by Spain (141.9%). These variations may well be the effect of changes in remittance flows as well as changes in accounting methods, as will be discussed under Question 2.

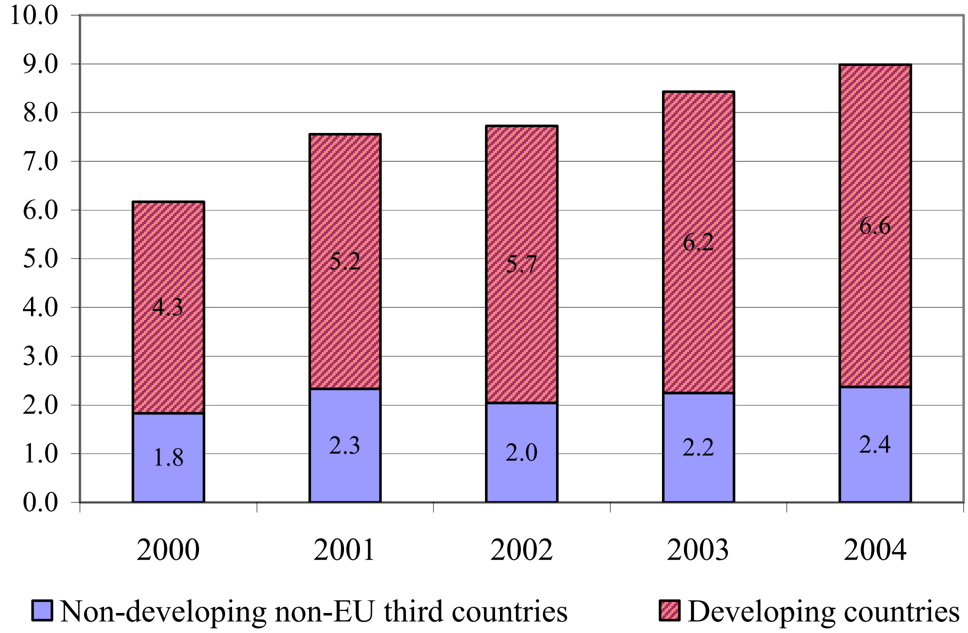
Table 2: Workers' remittances reported by country of origin 2000-2004 (€ million)

Reporting Country	Region of destination	2000	2001	2002	2003	2004	2000-2004 % change	% of GDP in 2004
Spain	Non-EU countries	1,347.1	1,951.4	2,165.8	2,793.2	3,258.3	141.9	0.39
	Developing countries	503.8	872.0	1,386.6	1,811.3	2,112.7	319.4	0.25
Germany	Non-EU countries	1,968.0	2,106.0	2,135.0	1,949.0	2,038.0	3.6	0.09
	Developing countries	1,796.0	1,886.0	1,921.0	1,724.0	1,801.0	0.3	0.08
France	Non-EU countries	1,409.0	1,578.0	1,360.0	1,409.0	1,398.0	-0.8	0.08
	Developing countries	1,235.0	1,395.0	1,226.0	1,272.0	1,290.0	4.5	0.08
Italy	Non-EU countries	421.4	550.4	571.9	784.3	781.7	85.5	0.06
	Developing countries	305.8	419.7	408.1	543.5	534.7	74.9	0.04
Netherlands	Non-EU countries	444.2	466.9	480.7	428.8	451.5	1.6	0.09
	Developing countries	265.5	275.5	283.9	253.1	256.7	-3.3	0.05
Portugal	Non-EU countries	143.1	347.4	362.1	401.8	405.2	183.2	0.28
	Developing countries	90.1	134.0	165.0	250.8	286.0	217.2	0.20
Greece	Non-EU countries	246.8	289.8	282.3	219.0	240.9	-2.4	0.14
	Developing countries	14.3	27.9	32.0	22.4	53.1	271.3	0.03
Belgium	Non-EU countries	141.2	221.2	227.6	265.9	226.9	60.7	0.08
	Developing countries	115.6	192.7	198.0	223.2	199.6	72.6	0.07
Ireland	Non-EU countries	-	-	67.8	90.2	90.2	-	0.06
	Developing countries	-	-	27.5	28.8	28.8	-	0.02
Slovenia	Non-EU countries	40.7	39.6	47.9	48.5	56.4	38.6	0.22
	Developing countries	15.0	21.8	23.5	25.9	28.3	88.5	0.11
Cyprus	Non-EU countries	-	-	19.5	27.7	30.1	-	0.24
	Developing countries	-	-	15.1	23.4	22.7	-	0.18
Hungary	Non-EU countries	4.4	5.5	7.6	7.6	5.5	25.1	0.01
	Developing countries	0.1	0.7	0.3	0.5	0.7	609.3	0.00
Lithuania	Non-EU countries	1.5	1.3	0.8	3.4	1.2	-19.0	0.01
	Developing countries	0.5	0.5	0.4	1.7	0.4	-9.9	0.00
Poland	Non-EU countries	-	-	-	-	2.8	-	0.00
	Developing countries	-	-	-	-	0.1	-	0.00
Total	**(1) Non-EU countries***	**6,167**	**7,557**	**7,729**	**8,429**	**8,986**	**45.7**	
	(2) Developing countries	**4,342**	**5,226**	**5,688**	**6,181**	**6,615**	**52.4**	
	(1)-(2)	**1,825**	**2,331**	**2,041**	**2,248**	**2,372**	**29.9**	
Pro memoria:								
UK†	*Non-EU countries*	*2,324.9*	*2,375.1*	*2,487.2*	*2,485.6*	-	*6.9* +	*0.16* -
	Developing countries	-	-	-	-	-	-	
Latvia	*Non-EU countries*	*2.7*	*2.8*	*2.8*	*2.7*	*2.8*	*2.2*	*0.02*
	Developing countries	-	-	-	-	-	-	
Estonia	*Non-EU countries*	*0.6*	*0.5*	*1.3*	*1.1*	*0.1*	*-83.3*	*0.00*
	Developing countries	-	-	-	-	-	-	

* Including Spain, Germany, France, Italy, The Netherlands, Portugal, Greece, Belgium, Ireland, Slovenia, Cyprus, Hungary and Poland
† Figures converted at the official exchange rate
+ 2000-2003 percentage change
- % of GDP in 2003

Remittances flowing to developing countries were between ⅔ and ¾ of total remittances reported and also showed a wide range of values among Member States. In 2004 they ranged from €2.1 billion or 0.25 percent of GDP in Spain, to insignificant amounts like in the case of Poland. Additionally, flows to developing countries showed an important increase, and grew from €4.3 billion in 2000 to €6.6 billion in 2004 (Graph 1), a 52.4 percent increase in four years, whereas remittances to non-EU non-developing countries increased by 29.9 percent between 2000 and 2004. The bulk of the overall increase was concentrated in 2001 in both cases, though after 2001 annual increases of about €0.5 billion were observed for remittances to developing countries whereas remittances to non developing countries remained broadly stable. Considerable increases can be observed in all reporting Member States but in Lithuania and the Netherlands. In the Netherlands the drop is explained by the move to a new reporting system for this item in April 2003, which caused some disturbance in the data. The highest relative increase is reported by Hungary, followed by Spain and Portugal, while in absolute terms Spain has the highest increase, followed by Italy and Portugal.

Graph 1: Total remittances from the EU to third countries (€ billion)*



* Excluding the UK, Latvia and Estonia

When compared with the first survey sent in 2004 (Table 3), data revisions are observed for all reporting countries, and some are of sizeable amount: Italy leads with a reduction of €3.0 billion in 2003, while the UK recorded a €1.4 billion downward revision and the Netherlands around €0.6 billion. Other Member States reported upward revisions, like Portugal, Belgium and Greece. In none of these cases the reasons for the revisions were explained but in the Netherlands, which reported the have moved to a new reporting system for this item (based on an estimate using national accounts data) in April 2003, which has caused some disturbance in the data. Since data submitted by the Netherlands in the first survey were only a rough estimate whereas the second survey reports official data, the difference reported should not be considered an official revision.

Table 3: Workers' remittances reported by country of origin (€ Million)

	Second Survey		First Survey	Difference
	2004	2003	2003	2003
Italy	781.7	784.3	3,800	-3,015.7
UK	-	2,485.6	3,902	-1,416.4
Netherlands	451.5	428.8	1,000	-571.2
France	1,398	1,409	1,503	-94.0
Spain	3,258.3	2,793.2	2,818	-24.8
Germany	2,038	1,949	1,953	-4.0
Hungary	5.5	7.6	8	-0.4
Estonia	0.1	1.1	1	0.1
Cyprus	30.1	27.7	23	4.7
Portugal	405.2	401.8	370	31.8
Belgium	226.9	265.9	220	45.9
Greece	240.9	219.0	140	79.0
Ireland	90.2	90.2	-	-
Slovenia	56.4	48.5	-	-
Latvia	2.8	2.7	-	-
Lithuania	3.4	1.2	-	-
Poland	2.8	-	-	-
Austria	-	-	405	-
Finland	-	-	185	-
"EU-19"	**8,991**	**10,916**	**16,328**	**-5,412**

1.3 Robustness of submitted information

Since a precise estimate of total EU remittances is not possible on the basis of data submitted, we assess robustness of data by comparing them with available OECD estimates for the year 2000[2]. These estimates are based on the geographical breakdown of the balance of payments information on remittances, published in the IMF Balance of Payments Yearbook. Additionally, on the basis of migrant data, a bilateral matrix of migrants (host country/home country) is constructed and used to determine bilateral remittance flows. In a first step, remittances per capita are calculated by dividing total remittance outflows in a host country by its total number of migrants. Then, bilateral remittance flows are obtained by multiplying the size of each migrant group in the host country by the average per capita amount remitted from this host country.

Table 4: Member States' reported remittances vs. OECD estimates in 2000 (€ million)

	MS	OECD	Reported	Difference	*Diff. as % of total excl. UK*
1	Greece	576.7	246.8	329.9	
2	France	1,732.5	1,409.0	323.5	
3	Germany	2,113.1	1,968.0	145.1	
4	Italy	539.2	421.4	117.8	
5	Hungary	47.6	4.4	43.3	
6	Luxembourg	0.0	0.0	0.0	
7	Portugal	140.9	143.1	-2.2	
8	Belgium	126.0	141.2	-15.1	
9	Netherlands	320.9	444.2	-123.3	
10	Spain	1,008.0	1,347.1	-339.0	
	Subtotal (1 to 10)	*6,604.9*	*6,125.1*	*479.9*	*19.0*
11	UK	739.2	2,324.9	-1,585.8	
12	Czech Republic	525.8			
13	Poland	279.9			
14	Denmark	585.8			
15	Finland	87.5			
16	Ireland	38.2			
17	Sweden	276.3			
18	Austria	304.2			
19	Slovenia		40.7		
20	Latvia		2.7		
21	Lithuania		1.5		
22	Estonia		0.6		
23	Cyprus				
24	Malta				
25	Slovakia				
	Subtotal (12 to 25)	*2,097.7*	*45.5*	*2,052.2*	*81.0*
	Total	**9,441.7**	**8,495.5**	**946.3**	
	total excl. UK	*8,702.6*	*6,170.5*	*2,532.0*	*100.0*

Table 4 compares figures reported by Member States with the OECD estimates for 2000[3]. Differences between reported data and the OECD estimates are prevalent for all countries (except for Luxembourg which is reported to send no remittances by both sources). Additionally, differences are of various amounts and signs and no clear pattern seems to arise. These differences provide an illustration of the difficulty of obtaining accurate figures on remittance flows. One outstanding case is the UK, where reported remittances exceed the OECD estimates by €1.5 billion. This country reports to have been implementing elaborated

[2] OECD (2004)

[3] Although the OECD provides homogenous and comparable information, some elaboration was needed in order to compute some flows that were not directly available for a comparison with the figures of the Survey. This demands additional caution when interpreting the data, which should be considered as mere approximations. Moreover, detailed figures for some Member States were missing as indicated by empty cells in Table 4, which makes such comparison even more tentative.

collection and estimation systems on the basis of information from receiving countries and surveys, which might also include informal flows.

According to the OECD, EU remittances to non-EU countries in 2000 are estimated at €9.4 billion. This figure compares with €8.5 billion as reported by Member States in the survey for the same year, which is a difference of €0.9 billion. However, if we exclude the UK that may be treated as an outlier for its very different recording system, the remaining difference rises to €2.5 billion. Moreover, more than 4/5 of this difference is explained by Members States that did not report any data. It appears then that most of the overall underreporting stems from the missing submissions.

Finally, in addition to this problem of underreporting, which is specific to the current survey, there is a general one stemming form the existence of large amounts of remittance flows that remain unrecorded. These correspond to flows channelled through the informal system. According to the WORLD BANK (2005) informal flows are likely to exceed the officially recorded figures by 50 percent.

Question 2: Statistics on remittances (please indicate if there are any changes as compared to last year)

a) From which sources are data on remittances collected for compiling the balance of payments statistics of your country?

b) Are additional data on remittance flows gathered and recorded systematically outside the balance of payments statistics? If available, please give details.

Main results: *None of the reporting Member States but the Netherlands indicated any change in compiling data compared to the first survey, which leaves open the question of why some figures have changed since the first survey. Two main reasons could be (1) the heterogeneous concepts and methods of collection and estimation, and (2) the general difficulty of capturing certain flows, especially the ones sent through informal channels. This points to the need for more coordinated efforts in order to make data collection and estimations more comprehensive and comparable among Member States. The recently created balance of payments committee of the European Union may take this issue in their agenda and discuss with the EU Member States about the possibility and conditions of reporting data on workers' remittances. In this vein, the ongoing work by the UN Technical Sub-Group on Movements of Natural Persons (TSG-MNP), chaired by the UN Statistics Division could help producing figures that are better comparable at the EU level.*

2.1 Relevance

It is now widely acknowledged in the literature that remittances recorded in the recipient countries' balance of payments statistics grossly underestimate the actual level of remittances. In fact, they fail to capture a significant proportion of remittance flows and they are not comparable across countries, regions and over time. Furthermore, reliable data on bilateral flows is virtually non-existent. In order to appropriately inform policy decisions, and to assess the effectiveness of efforts to draw more remittance flows into the formal sector, the quality of data on remittance flows needs to be enhanced significantly, and this should be done in a harmonised way. For this purpose it is previously necessary to know more about the collection and estimation methods Member States use to record remittances.

2.2 Information submitted by Member States

Thirteen Member States provided information to the current question, (i.e. all reporting Member States for question 1 but Lithuania, Germany, France and Greece) but responses differ widely. None of the reporting Member States but the Netherlands, however, indicated any change in compiling data compared to the first survey, which leaves open the question of why some figures have changed since the first survey. Almost all Member States excluded transfers from non-residents, i.e. foreigners living in their respective territories for less than one year, with the exceptions of Ireland, Slovenia, the Netherlands and the UK, which included them, thus broadening the concept of "workers' remittances" to the more comprehensive concept of "private transfers" that includes non-residents' private payments.

Additionally, in Ireland, the Netherlands and the UK, amounts reported are subject to a variety of ad-hoc estimations undertaken by their respective statistical offices. This is also the case for Belgium and Italy, where the part of settlements concerning remittances below the threshold of €12,500[4] is estimated on the basis of historical data, and Estonia[5], which uses tax offices information to compute workers' remittances. The UK estimates make use of counterpart information on private transfers from certain receiving countries along with an annual survey of a sample of households (Box 1). This is by far the most wide-ranging method and might be accounting for a part of informal transfers, although different accounting systems in counterpart countries might be distorting the estimates. The remaining reporting Member States barely rely on the information provided by their respecting banking system, usually collected through the International Transactions Reporting System (ITRS). In addition to the banking system, in a few countries, regular reports on their transactions by non-bank remittance service providers are considered too, like in Belgium, Italy, Latvia, Lithuania and Spain.
Finally, a tentative conclusion is that the process of data collection on remittances should be tackled in a more harmonised way in order to obtain coherent and comparable results, avoiding discrepancies and duplicate work, which would eventually lead to inform more coherent policy decisions among Member States.

Box 1: Accounting for private transfers: the UK approach, an example to follow?

The item "Private transfers" includes transfers of currency between resident households (and non-profit institutions serving households) and non-residents' households. The UK "private transfers" are calculated in part on the basis of counterpart information on transfers received by a number of countries, the value of cash gifts sent abroad by parcel post, and payments abroad by voluntary aid agencies and other non-profit institutions serving households. Additionally, the UK Office of National Statistics (ONS) also collects some information on remittances via an annual survey of a sample of households. Moreover, the breakdown of immigrant communities in the UK also provides an indicator of the destination of the bulk of private transfers flows out of the UK. On the basis of this information, the (ONS) produces estimates that are recorded in the current transfers component of the Balance of

[4] See OJ 2561/2001 L 344/13, according to which an identification is not required for transactions under € 12 500.
[5] No threshold applied until May 2004 in Estonia (as in the other RAMS), although these countries incorporated the financial regulations when they acceded the EU in May 2004

Payments' current account. Additional estimates of private transfers for a series of countries and regions are also published.

Unlike many other Member States, the collection and estimation methods implemented by the UK appear to be much elaborated and acknowledge the efforts of the UK to increase the quality of the information as regards private transfers, especially those geared to a number of countries with significant emigrant communities in the UK, like Bangladesh, India and Pakistan (unfortunately such breakdown does not match with the one asked in question 3 of the survey, which make comparisons difficult). However, when estimating remittances, the UK comes up with a surprisingly rough methodology. After a substantial effort in computing private transfers, an across-the-board 75 percent of private transfers is considered to be remittances (see table below). Such calculation is not explained by the ONS and does not seem to properly reflect diversity and variations, when taking into account that channels (and with them the amounts registered) can vary widely from one corridor to another, and from different locations within each country, and can also vary over time.

£ billion	**1999**	**2000**	**2001**	**2002**	**2003**
Private Transfers – total	*3*	*3.2*	*3.4*	*3.5*	*3.8*
*Private Transfers – remittances**	*2.3*	*2.4*	*2.6*	*2.6*	*2.9*

* Remittances are estimated at 75% of the published total of private transfers

More generally, understanding how remittance corridors differ in the kinds of migrants they serve and their means of transferring money can be useful for addressing the issue of estimating remittances. In this vein, the UN Technical Sub-Group on Movements of Natural Persons (TSG-MNP), chaired by the UN Statistics Division, is reviewing concepts and definitions, in order to provide improved guidance for collecting and compiling remittance statistics which could also help producing more comparable figures at EU level.

2.3 Robustness of submitted information

In theory, there are two main causes of misreporting: one due to erroneous, imprecise accounting, and the other due to the choice of informal, unrecorded channels for remittances. Accounting misreporting may have three different sources: First, there are differences in definition: workers' remittances and migrants' transfers are transfers, while compensation of employees records the remuneration for work. Workers' remittances involve a current transfer between residents of different countries, while migrants' transfers relate to the capital account changes caused by the change of residence of a household, at the time this takes place. Depending on their specific needs, data users can decide which of these components best represents their notion of remittances. Second, there is a lack or insufficiency of measurement systems in the face of a wide diversity of methods to transfer money (see Question 3). Third, most countries do not to record flows below the €12,500 threshold.

Informal methods of remittances occur for a number of reasons. High remittance costs and the presence of dual exchange rates are two key factors affecting the choice of informal remittance channels (WORLD BANK, 2005). Additionally, where banking and foreign exchange facilities are inadequate, inefficient, or even non-existing, informal non-bank means of transfer may be used more intensively. Significant price differences between the remittance sending and receiving countries are another reason for choosing informal channels; sending or carrying remittances in the form of goods (remittances in kind), either for personal use by the recipient or for resale in the informal market, are then a preferred remittance channel between the remittance sending and receiving countries.

More commonly, however, informal foreign exchange markets are used when the remittance-receiving country's official exchange rate is overvalued, which acts as an implicit tax on those who remit money through official channels. Highly restrictive trade and exchange control systems in place also generate an incentive to circumvent formal channels by under-invoicing of imports and smuggling. In many Asian, African and Latin American countries such informal foreign exchange markets are fuelled principally by migrants' remittances. One notable example is the "Hundi" system used by Bangladeshi, Pakistani and Indian migrants.

According to the WORLD BANK (2005), model-based estimates and household surveys suggest that informal flows could add at least 50 percent to the official figures, with significant regional and country variation. Thus, the "true" size of remittance flows could be even larger, in view of substantial under-recording of flows through formal channels. All these problems yield to different amounts when comparing data from different sources, as shown in Table 3. In the case of the UK, where an estimate on informal channels is included, it is striking that remittances reported are three times the OECD estimate.

The recently created balance of payments committee of the European Union, may take this issue on their agenda and discuss with EU Member States about the possibility and conditions of reporting data on workers' remittances, in order to address the mentioned misreporting problems and provide some guidance on how to improve remittance statistics. A working group led by the World Bank was created in 2004, in close collaboration with Eurostat, the IMF, the European Central Bank, the IDB, the OECD and the United Nations. At the January 2005 meeting, they agreed that it would be useful to form a group to review methods and, in the medium term, to develop more detailed guidance for compiling remittances data. The proposed format was a "City Group". Eurostat hosted and organised the first meeting in Luxembourg in June 2006. While Eurostat and the IMF Statistics Department will jointly plan the group's inception, the commitment of national compilers is the prerequisite to the group's success.

Question 3) Annual remittances, breakdown by region and country of the non-resident counterpart

Please indicate the amount of remittances (latest annual figures or estimates and past trends) transferred from your country:

a) to the following countries of Eastern Europe: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine. Please also indicate the amount for the whole group of Eastern European partner countries. If data on these countries are not available individually, could you estimate it for the region?

b) to the following countries of the Mediterranean: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority, Syria, Tunisia. Please also indicate the amount for the whole group of Mediterranean partner countries. If data on these countries are not available individually, could you estimate it for the region?

c) to the following countries of Latin America: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela. Please also indicate the amount for the whole group of Latin American partner countries. If data on these countries are not available individually, could you estimate it for the region?

d) to the following countries of the Caribbean: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago. Please also indicate the amount for the whole group of Caribbean partner countries. If data on these countries are not available individually, could you estimate it for the region?

Main results: *On the basis of data submitted, the Mediterranean region appears to be the most important destination of workers' remittances, receiving over €3 billion in 2004. Some "preferred" destinations seem to arise in certain Member States such as Latin America in the case of Spain, the Mediterranean for Germany, France, Belgium and the Netherlands, or Eastern Europe for Germany. In contrast, other Member States show more diversification, like Italy, Greece and to a lesser extent Portugal. Such pattern should correspond to the main origins of the Member States immigrants. However, a comparison of reported figures with OECD estimates shows considerable differences of various amounts and signs, which suggests low robustness of the data reported.*

3.1 Relevance

Also in response to Guadalajara and Rabat commitments[6], the Commission launched this second survey with the main focus on the specificities of remittance flows from the EU to partner countries in Eastern Europe, and Mediterranean, as well as to Latin America and the Caribbean. This will serve to identify the main remittances corridors, amounts and transfer channels used for each of these regions and countries. If they were a representative, the results obtained might be the basis to sustain the mentioned commitments and might also be useful to inform EU policies towards those regions.

3.2 Information submitted by Member States

Fifteen Member States submitted data at a regional and/or country level (Table 5)[7]. On the basis of data submitted, The Mediterranean countries would be the most important destination of workers' remittances, receiving over €3 billion in 2004, which corresponds to around 55 percent of total remittances reported in that year.

[6] At the Guadalajara summit in May 2004, the 58 Heads of States and Governments of the European Union, Latin America and the Caribbean took the commitment to "cooperate to facilitate the transfer of remittances and reduce the costs". By the end of 2004 in Rabat, at the "Forum for the Future" of the Broader Middle East and Northern Africa with G8 industrial countries, Ministers "agreed to work together to improve remittance flows with a view to finance productive investment"

[7] Although the UK provided some geographical breakdown of remittances, this differed from the requested format which makes comparisons with other Member States difficult. Therefore we decided to exclude it from the current section.

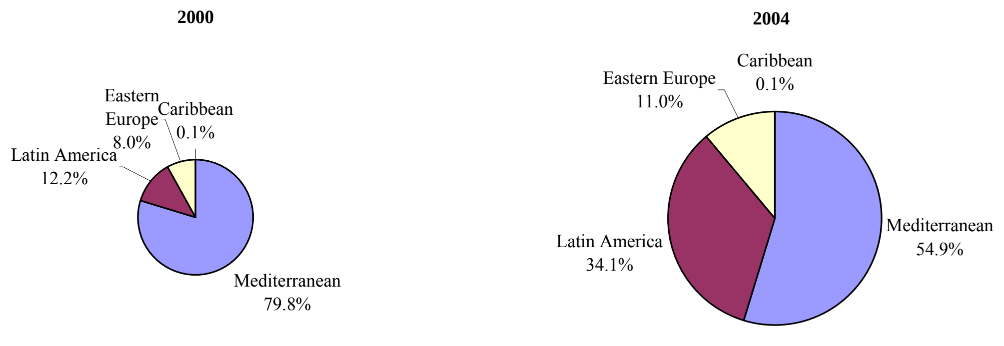
Table 5: Workers' remittances by region of destination and reporting MS in 2000 and 2004 (€ million)

Reporting Country	Mediterranean		Latin America		Eastern Europe		Caribbean	
	2000	2004	2000	2004	2000	2004	2000	2004
Spain	4.1	84.8	411.6	1720.8	0.1	0.9	0.0	0.1
Germany	1546.0	1393.0	17.0	28.0	294.0	517.0	1.0	2.0
France	1071.0	1117.0	1.0	1.0	0.0	0.0	0.0	0.0
Netherlands	396.6	422.8	0.0	0.0	0.0	0.0	0.0	0.0
Portugal	12.1	5.6	38.8	213.0	14.2	90.3	0.5	0.1
Belgium	97.5	188.4	0.4	5.3	0.0	0.0	0.0	0.0
Italy	25.3	7.4	11.4	33.9	6.8	16.4	0.8	0.9
Greece	8.6	13.4	0.2	0.5	0.3	5.5	0.0	0.0
Ireland	0.0	0.0	0.0	4.8	0.0	12.8	0.0	0.0
Slovenia	0.0	0.2	1.4	3.2	0.7	1.0	0.0	0.0
Lithuania	0.0	0.0	0.0	0.0	1.4	1.2	0.0	0.0
Cyprus	0.0	1.1	0.0	0.0	0.0	0.9	0.0	0.2
Latvia	0.0	0.0	0.0	0.0	1.1	1.2	0.0	0.0
Hungary	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Poland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**3161.3**	**3233.8**	**481.8**	**2010.5**	**318.6**	**647.3**	**2.2**	**3.4**
2000-2004 % change		*2.3*		*317.3*		*103.1*		*50.4*

Also according to figures provided, Latin America accounted for around €2 billion, being 34 percent of total regional remittances reported. This follows after an important surge of flows to Latin America after 2000, when Mediterranean countries were reported to receive around 80 percent of remittances while Latin America accounted for 12 percent (Graph 2).

In turn, such a rise of remittances to Latin America came mainly from Spain, which accounted for €1.7 billion in 2004, or 86 percent of remittances reported to have reached Latin America. In 2004, Mediterranean countries mainly benefited from flows remitted by Germany and France, with €1.4 billion and €1.1 billion respectively, followed by The Netherlands with €0.4 billion. Eastern Europe received over €0.6 billion in 2004, most of which originated in Germany, after a remarkable increase of flows from this country, and to a lesser extent from Portugal. Finally, the Caribbean received a small amount of €3.4 million, mostly coming from Germany and Italy.

Graph 2: Remittances by region of destination



Reporting countries: Spain, Germany, France, The Netherlands, Portugal, Belgium, Italy, Greece, Ireland, Slovenia, Lithuania, Cyprus, Latvia, Hungary and Poland

Therefore, and notwithstanding the reporting bias, some "preferred" destinations seem to arise in certain Member States such as Latin America in the case of Spain, the Mediterranean for Germany, France, Belgium and the Netherlands, or Eastern Europe for Germany. In contrast, other Member States show more diversification, like Italy, Greece and to a lesser extent Portugal. Such pattern can be observed in detail at a destination countries breakdown (Annex 1). Here bilateral corridors arise, like Spain-Ecuador and Colombia, France-Morocco and Algeria, Portugal-Brazil and Ukraine, Belgium-Morocco, The Netherlands-Morocco, Latvia-Ukraine and Lithuania-Ukraine.

A breakdown by country of destination (Table 6) shows that in 2004 Morocco was the largest recipient of EU remittances. Its inflows, which amounted to 13.3% of total remittances reported by Member States, received sizeable amounts from seven of the fifteen MS that submitted detailed information by country of destination. On the other hand, remittances to Colombia and Ecuador, which altogether accounted for over 15 percent of total remittances reported by Member States, mainly originated in Spain. The Eastern European country receiving most remittances from the EU is Ukraine, which originate in Portugal, Latvia and Lithuania. Finally, of the remittance flows reportedly received by the Caribbean region, the Dominican Republic is the most important beneficiary, Italy being its main source of remittances. The table in Annex 2 provides further details on the main countries of destination.
In terms of GDP, which could proxy the impact of remittances in each destination country, Morocco was the highest with 3.0% of GDP in 2004. Ecuador and Bolivia followed as the largest receivers of remittance flows from the EU, receiving 2.8 percent of GDP and 2.6 percent respectively, followed by Colombia, and Moldova (each around 1.0 percent of GDP). In the rest of the countries the impact reported was much lower.

Table 6: Largest destinations of EU remittances by country of destination in 2004

Rank	Country of destination	€ million	% of Rem.*	% of GDP	Rank	Country of destination	€ million	% of Rem.*	% of GDP
1	Morocco	1193.5	13.3	3.0	11	Lebanon	23.8	0.3	0.1
2	Colombia	761.1	8.5	1.0	12	Argentina	17.4	0.2	0.0
3	Ecuador	664.0	7.4	2.8	13	Israel	16.5	0.2	0.0
4	Algeria	290.2	3.2	0.4	14	Uruguay	12.1	0.1	0.1
5	Brazil	239.8	2.7	0.1	15	Belarus	9.1	0.1	0.0
6	Bolivia	177.9	2.0	2.6	16	Paraguay	9.1	0.1	0.2
7	Ukraine	120.6	1.3	0.2	17	Syria	9.0	0.1	0.0
8	Tunisia	97.4	1.1	0.4	18	Egypt	8.8	0.1	0.0
9	Peru	94.6	1.1	0.2	19	Venezuela	8.5	0.1	0.0
10	Moldova	25.9	0.3	1.2	20	Chile	7.0	0.1	0.0

*Rem= Total remittances to non EU countries

Finally, these findings might be valuable when assessing priorities for implementing policy measures on remittance at EU level. In this vein, a complete picture of bilateral corridors might help achieve coherence through coordination among Member States when designing and implementing such policies. For instance, addressing the corridor EU-Morocco could be undertaken by representatives from France, Belgium, The Netherlands and Morocco. Other migrants in other Member States, like e.g. Spain that also sends high remittances to Morocco, could benefit from this work while they focus on their respective most important bilateral corridors, like Ecuador and Colombia in the case of Spain.

3.3 Robustness of submitted information

As in Question 1, we compare figures reported by Member States with the OECD estimates for 2000 (Table 7). Although the OECD work provides comparable information, some elaboration was needed in order to compute non-EU countries remittance flows, since those were not explicitly provided. This demands additional caution when interpreting the data, which should be considered as mere approximations. Moreover, detailed figures for several new Member States were missing, which makes such comparison even rather tentative.

Table 7: Workers' remittances in 2000 by region of destination and reporting Member States - EU Survey/OECD comparison (in € million)

Reporting Country	Mediterranean			Latin America			Eastern Europe			Caribbean		
	EU Survey	OECD*	Diff.	EU Survey	OECD	Diff.	EU Survey	OECD	Diff.	EU Survey	OECD	Diff.
Spain	4.1	316.6	-312.5	411.6	228.7	182.9	0.1	0.0	0.1	0.0	67.7	-67.7
Germany	1546.0	0.0	1546.0	17.0	0.0	17.0	294.0	69.3	224.7	1.0	0.0	1.0
France	1071.0	1352.4	-281.4	1.0	0.0	1.0	1.0	0.0	1.0	0.0	0.0	0.0
Netherlands	396.6	146.3	250.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Portugal	12.1	0.0	12.1	38.8	23.8	15.0	14.2	0.0	14.2	0.5	0.0	0.5
Belgium	97.5	65.4	32.1	0.4	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Italy	25.3	149.2	-123.9	11.4	18.7	-7.3	6.8	68.9	-62.1	0.8	0.0	0.8
Greece	8.6	103.4	-94.8	0.2	20.7	-20.5	0.3	60.0	-59.7	0.0	0.0	0.0
Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Slovenia	0.0	-	-	1.4	-	-	0.7	-	-	0.0	-	-
Lithuania	0.0	0.0	0.0	0.0	0.0	0.0	1.4	-	-	0.0	0.0	0.0
Cyprus	0.0	-	-	0.0	-	-	0.0	-	-	0.0	-	-
Latvia	0.0	-	-	0.0	-	-	1.1	-	-	0.0	-	-
Hungary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	65.4	-65.4	0.0	0.0	0.0
Poland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1555.0	-1555.0	0.0	0.0	0.0
Total	**3161.3**	**2133.3**	**1028.0**	**481.8**	**291.9**	**189.9**	**319.6**	**1818.6**	**-1499.0**	**2.2**	**67.7**	**-65.5**

* North Africa excluding Sudan according to OECD (2004)

Source: OECD (2004) and EU Survey

Reported data and OECD estimates show considerable differences of various amounts and signs, while no clear pattern seems to arise. Apart form the caveats mentioned, no explanation for such differences is available for the time being. Rather, the results of the current comparison suggest the need for coordinated efforts to improve the quality of these measurements. One outstanding case is Poland where OECD estimates exceed €1.5 billion in 2000, when this Member States did not reported any flow.

Question 4: Average amount of money remitted per individual transfer

Please indicate, if available, the average amount of money remitted per individual transfer to

a) Eastern European partner countries;

b) Mediterranean partner countries;

c) Latin American partner countries;

d) Caribbean partner countries.

Main results: *In response to the questionnaire, Ireland, Spain and Slovenia provided detailed data on average amounts remitted in 2004. While Irish and Spanish figures (€3,400 and €330 on average) appear to be in line with results from other sources, Slovenian authorities recorded unusually high amounts (€27,000 on average). These outstanding Slovenian figures as well as the overall limited data availability can mainly be explained by the fact that banks in Member States are allowed to aggregate transactions below a €12,500 threshold.*

4.1 Relevance

This section attempts to clarify one important aspect of the remitting behaviour of migrants: the size of an average remittance transaction. It is noteworthy that comprehensive figures are not yet available and household surveys conducted by few Member States aimed only at specific ethnic groups. These informational deficits underscore the need for more extended knowledge which could be used to highlight the varying propensity to remit among different migrant groups. Bearing in mind that special forms of remittances such as carrying cash or bullion are not captured by official Balance of Payments statistics, the propensity to remit might serve as a means to estimate the size of informal remittance flows. Furthermore, recent initiatives and programmes targeted at facilitating remittance transfers could be tailored more to the needs of specific migrant communities when the remitting behaviour and habits are known to the authorities.

4.2 Information submitted by Member States

Three Member States submitted data on the average amount remitted per individual transfer: Ireland, Slovenia and Spain. As can be seen from Annex 3 amounts recorded are quite diverse. Ireland reports an average remittance amount per individual transfer of €3,400 channelled to Eastern Europe (excluding the 10 new Member States). Broken down to the country level, Belarus received €4,000, followed by the Ukraine with €3,400 and Moldova with €3,100. The only other country reportedly receiving remittances from Ireland is Brazil, which has accounted for €3,200 in 2004.

Spanish data on remittances to Latin America are the most detailed and record average transfers to thirteen Latin American countries. Amounts average €340 with deviations that range from €140 to Venezuela to nearly €600 to Honduras. On the other hand, average amounts of remittances to countries from other regions, such as Ukraine, Morocco, and the Dominican Republic, are based on single data entries, and lie between €340 and €360.

Migrants residing in Slovenia sent much larger average amounts compared with non-EU nationals living in other Member countries. For example, per average transaction nearly €90,000 was sent to Brazil in 2004. Such figures contrast with the much lower Irish and Spanish data. Unfortunately, Slovenian authorities did not provide additional information on the number and scope of annual average transactions.

In general, the limited number of Member States being able to provide detailed data can mostly be explained by data gathering convention. Several statistical offices and central banks pointed to the fact that banks are allowed to aggregate single amounts below €12.500 when submitting data to statistical offices. Thus, in most of the Members States no detailed information as required by the questionnaire was available.

4.3 Robustness of submitted information

Since no comparable data is available from other sources, checking the robustness of figures reported by Member States proves to be difficult. As a proxy, the OECD (2004) lists outflows per migrant for Member States for the year 2000. The average remittance outflow per migrant from Europe amounted in 2000 to around €240. However, outflows from single Member States vary substantially, for example Denmark and the Czech Republic registered an amount of €2100 and €2700 respectively. Countries with much larger migrant communities such as France, Germany and the UK exhibit significantly smaller average amounts of remittances, ranging between €270 and €400. By the same approach, ECORYS (2006, p.63) quotes an estimate that in 2001 Moroccan migrants have remitted on average between € 1,117 and € 1,675 depending on the assumed number of migrants (3 million or 2 million). However, more work has to be done in order to solidify the empirical foundations of figures concerning average regular remittance transfers. One reason for a possibly biased picture might be the limited quantity of data that can be attributed to unjustified significance to outliers. The lack of information of flows under the threshold of € 12,500 remains a main obstacle for useful answers to this question. Bearing these limitations in mind, it appears that migrants in traditional immigration countries (for example Spain) tend to send much smaller amounts, possibly on a more regular basis and in higher frequency.

Question 5: Main channels in use for remittance transfers

a) Which transfer channels are used by migrant workers in your country to transfer funds back to source countries in Eastern Europe (e.g. banks, mail services, wire services)? What are the estimated percentage market shares of these channels (if figures are not available, can you tentatively order them by market share)? In case of unregistered transfer, what are the main channels assumed to be in use (e.g. cash transport, non-registered remittance systems)? Are certain transfer channels preferred by migrant workers from specific countries?

b) Which transfer channels are used by migrant workers in your country to transfer funds back to source countries in the Mediterranean (e.g. banks, mail services, wire services)? What are the estimated percentage market shares of these channels (if figures are not available, can you tentatively order them by market share)? In case of unregistered transfer, what are the main channels assumed to be in use (e.g. cash transport, non-registered remittance systems)? Are certain transfer channels preferred by migrant workers from specific countries?

c) Which transfer channels are used by migrant workers in your country to transfer funds back to source countries in Latin America (e.g. banks, mail services, wire services)? What are the estimated percentage market shares of these channels (if figures are not available, can you tentatively order them by market share)? In case of unregistered transfer, what are the main channels assumed to be in use (e.g. cash transport, non-registered remittance systems)? Are certain transfer channels preferred by migrant workers from specific countries?

d) Which transfer channels are used by migrant workers in your country to transfer funds back to source countries in the Caribbean (e.g. banks, mail services, wire services)? What are the estimated percentage market shares of these channels (if figures are not available, can you tentatively order them by market share)? In case of unregistered transfer, what are the main channels assumed to be in use (e.g. cash transport, non-registered remittance systems)? Are certain transfer channels preferred by migrant workers from specific countries?

Main results: *This section highlights the structure of the remittance industry in EU Member States. Regarding transfer channels of officially recorded flows, only Spain and the UK have been able to provide information about the structure of officially recorded flows. According to Spanish authorities, about 80 percent of official remittances from Spain are channelled through money transfer operators (MTOs). In the case of the UK, about two-thirds of remittances are reportedly transferred via banks and larger MTOs. In addition, special relevance is given to informal transfer systems such as the hawala-hundi system or the chit and chop system. Concerning these unrecorded transaction channels no reliable quantitative data on the scope of its usage is available at this moment. However, the World Bank estimates informal flows to be substantial, though with diminishing importance due to decreasing transactions fees and the increasing number of financial products available.*

5.1 Relevance

Since remittances are transferred through a variety of channels, Member States have been requested to indicate the relative shares of the financial industry and informal financial service providers in sending funds abroad. This request seeks to highlight the degree of competition within the industry and its implications for transaction costs. Indeed, high transaction costs appear to favour informal transaction channels. It is suggested that the share of informal financial service providers is still substantial despite a downward trend in recent years. As a consequence, extensive knowledge about these informal channels is necessary to evaluate the impact of ongoing initiatives to facilitate remittance flows and shift transactions to official transfer system.

5.2 Information submitted by Member States

Some Member States reported that distinguishing among different transfer channels proves to be rather difficult because the only record often comes from the banking system. Spain and the UK were able to provide more detailed information, while the Czech Republic, Greece, Hungary, Italy, Latvia and Slovenia only drew a rough picture of remittances channels.

In the case of Spain, national authorities estimate that a share of approximately 80 percent of the total volume of official remittance outflows is channelled through MTOs. The migrant groups that use this channel more intensively are from Latin America, Eastern Europe and Morocco. In particular, 25.3 percent of all remittances channelled through MTOs in 2003 have been destined for Colombia, followed by Ecuador (25.1 percent), Morocco (5.2 percent), and the Dominican Republic (4.7 percent). As regards unregistered transfers, cash transport is reportedly significant in the case of Morocco. Finally, Spanish authorities emphasised that transfers in kind might be relevant in the case of Eastern Europe countries, although clear evidence is not available.

In the case of the UK, two-thirds of remittance outflows are reportedly transferred via banks and larger money transfer operators, although no distinction is made between these two service providers. In addition, the Department of International Development (DFID) points out that different ethnic communities exhibit different transfer patterns which can be attributed to varying degrees of trust in the banking system. For example, the African community in the UK relies to a far lesser degree on the formal transfer system. As a consequence, only 35 percent of African migrants were reported to use banks and MTOs, but over 40 percent transferred cash or goods.

Many Member States report that there is a variety of informal channels which are not registered, and which are not subject to financial authorities' regulations. These flows are induced by too expensive or simply not accessible formal financial service providers. Informal transfer channels include, inter alia, hawala-hundi systems and chit and chop systems (Box 2), and cash and commodity carries. Cash transfers are also reportedly relevant for remittances from the Czech Republic, Greece, Hungary, Italy, Latvia and Slovenia. In all cases, Member States were unable to record clear evidence on the magnitude of this phenomenon.

Based on the scarce information provided by last and this year's questionnaire it can be conjectured that transfer patterns have not changed substantially in comparison with last year's results. Overall, commercial banks and MTOs are reported to be the most important transfer channels of officially recorded remittances to developing countries. However, estimates are still patchy due to very limited data base and have to be interpreted with some caution, as it is still difficult to determine the exact share of informal flows. A comprehensive picture of the market share of the various channels and the transfer patterns of the various migrants' groups remains a field of future research.

Box 2: Informal remittance transfers - the "hawala-hundi" and the "chit-chop" system

Ancient Hawala, or hundi, systems originated in the Middle East and South Asia, and are used today around the world to conduct remittances transactions, which do not involve physical or electronic transfers of money. A typical hawala transaction consists of the following steps: The migrant hands the amount to be remitted to a money transmitter (hawaladar or hundi wallah) who in turn approaches a contact person in the destination country by phone, fax or email and gives him details about the transaction. The contact person arranges to have delivered the respective amount to the migrants' family. Since there are a lot of transactions in both directions involved, the physical transfer of funds is generally not necessary. Otherwise, the settlement of accounts is frequently carried out by the manipulation of invoices because many hawaldars, both in home and host countries, are often involved in export/import businesses. For example, the debtor in the host country ships merchandises to the hawaldar in the home country while invoicing less than the real value of goods. Thus, transfers are ensured even when foreign exchange regulations prohibit the free cross-border flow of funds. This method is currently a major remittance system used around the world and relies on trust and the extensive use of connections such as family relationships or regional affiliations.[8]

Another well known example is the 'chop', 'chit' or 'flying money' system indigenous to China, but also used in other parts of the world. The mechanism is similar to the hawala system. A migrant who wants to channel funds overseas contacts someone at a store who will take the cash, make an entry in a ledger book, and then telephone another business in the city of the recipient. The client will at the same time contact the recipients to let them know where to go and collect the money in local currency. The recipients may have to show a "chit" or token. The settlement of accounts between the chop system agents is carried out in a similar way as in the hawala system.

[8] See El Qorchi et al (2003) for an overview of different settlement procedures.

Informal systems, such as the hawala or the "chop" systems are often referred to as 'underground banking'; this term is not always correct, as they often operate in the open with complete legitimacy, and these services are often heavily and effectively advertised.

5.3 Robustness of submitted information

Official figures on workers' remittances are based on data retrieved from service providers in the formal transfer system. The main operators in this industry comprise banks, credit unions and non-bank money transfer operators (e.g. Western Union, Monogram, etc.), whereby post offices have begun to act only as agents for the large non-bank money transfer operators. Table 8 lists the most common channels and institutions which are operative in the remittances industry. It is noteworthy that not all of these channels are accounted for by data gathering authorities in Member States, and only data from banks, MTOs, and post offices have been submitted.

Table 8: Channels and Institutions for Sending Remittances

Channels and Institutions Through which Remittances Transactions can be initiated
• Phone • Internet • Commercial Banks • Credit Unions • Money Transfer Operators (MTOs) • MTOs' agents (gas stations, drug stores, retail stores) • Post offices

A recent study (ECORYS 2006) commissioned by the European Investment Bank (EIB) estimates that 70 to 80 percent of remittance flows to Morocco are channelled through the banking system, though MTOs are also frequently used. The existence of informal transfer systems is observed in most Member States, for example for the corridors Spain-Morocco, Italy-Egypt, France-Tunisia and France-Algeria (ECORYS 2006). Yet remittance flows involved are rarely captured by national statistical offices and national authorities sometimes resort to estimates which are based on data provided by household surveys. From a methodological point of view, these estimates are prone to misreporting because households might indicate lower amounts than the ones actually sent. Moreover, the propensity to remit will possibly differ among various ethnical groups. The still intensive use of informal transfer systems is confirmed by the WORLD BANK (2005) which underlines that the overall value of remittances transferred through informal channels corresponds to about 50 percent of officially recorded remittance flows. However, a downward trend has been recorded due to the increasing number of financial products available and the downward trend of transaction fees.

Question 6: Transfer costs

The costs (charges, exchange rate loss etc.) of transferring money can differ significantly depending on the target country to which money is sent and on the transfer channel in use.

a) Please indicate then user costs for migrant workers residing in your country to transfer money to Eastern Europe for the different transfer channels in use, including fees and currency exchange costs.

b) Please indicate then user costs for migrant workers residing in your country to transfer money to the Mediterranean for the different transfer channels in use, including fees and currency exchange costs.

c) Please indicate then user costs for migrant workers residing in your country to transfer money to Latin America for the different transfer channels in use, including fees and currency exchange costs.

d) Please indicate then user costs for migrant workers residing in your country to transfer money to the Caribbean for the different transfer channels in use, including fees and currency exchange costs.

Main results: *Most fees accrued in remittance-sending Member States range between 2 percent for relatively large amounts to 20 percent for relatively small amounts. This cost structure appears to be a common phenomenon of the remittance industry. Surprisingly, a second frequently reported feature, notably that MTOs systematically charge higher fees than banks, is not confirmed by the data submitted.*

6.1 Relevance

Since the amount and frequency of remittances depend, inter alia, on the various transactions costs involved, it would be desirable to obtain more information on the fees being charged by banks and other financial service operators. Generally, fees related to remittance transfers accrue at three different stages of the transaction. The first component refers to charges to be paid by the migrant to the service provider in the host country for transferring funds to another country. The second component of costs arises when funds are converted into local currency because service providers benefit from an exchange rate spread by using a higher exchange rate than the one prevailing in the market. Thirdly, the recipient of remittances is possibly charged by the service provider for depositing remittances into the beneficiary's account, for the use of an automatic teller machine (ATM) to withdraw funds, or for the payment of money orders. Further insight into the costs of these different components might enable anti-trust authorities to undertake initiatives which could help open up the market of transferring remittances and lower transfer fees substantially.[9]

6.2 Information submitted by Member States

Replies by Member States only refer to the first component of transfer costs, i.e. charges to be paid to the service provider in the host country. As in the 2004 survey, available information from a subset of eight Member States (Table 9) confirms that user costs for transferring money abroad vary widely and depend on a range of factors, such as the institutions used (e.g.

[9] One major obstacle to lower transactions costs is the regulation that only banks are authorized to transfer funds. Furthermore, a recent WORLD BANK (2005) study finds that transfer fees are substantially higher in countries where MTOs have an exclusive relationship with the post office.

banks, non-bank money transfer providers, different companies), the amount involved, and the means of payments (for example cash transfer, transfer from bank account to account).

Considering evidence exhibited in Table 9, relative charges typically decline with the amount remitted. In practice, some banks charge fixed fees, which are typically increased for higher amounts; others charge proportional fees, limited in some cases by a minimum fee and a maximum, and others apply a combination of both. The UK shows rates with higher variability that range between 0.8 percent (for amounts of €500) and 40 percent (for amounts of €100). However, most of the reporting Member States charge between 2 percent and 20 percent according to the amount remitted.

Table 9: Average Transactions Fees Charged in Selected Member States

Reporting Country		Banks			Non-Bank MTOs			Post Office		
amount sent		€ 100	€ 200	€ 500	€ 100	€ 200	€ 500	€ 100	€ 200	€ 500
Belgium	in euro	-	-	-	€ 15.50	€ 20.00	€ 31.00	€ 15.50	€ 20.00	€ 31.00
	in %	-	-	-	15.5%	10.0%	6.2%	15.5%	10.0%	6.2%
Czech Rep.	in euro	-	-	-	-	-	-	-	-	-
	in %	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Ireland	in euro	€ 8.85-20.00	€ 8.85-20.00	€ 8.85-20.00	€ 9.00-15.00	€ 9.00-15.00	€ 9.00-15.00	€ 13.80	€ 20.00	€ 36.80
	in %	8.6% - 20.0%	4.4% - 10.0%	1.8% - 4.0%	9.0% - 15.0%	4.5% - 7.5%	1.8% - 3.0%	13.8%	10.0%	7.4%
Latvia	in euro	€ 9.00-20.00	€ 9.00-20.00	€ 9.00-20.00	-	-	-	-	-	-
	in %	9.0% - 20.0%	4.5% - 10%	1.8% - 4.0%	-	-	-	-	-	-
Lithuania	in euro	€ 20.00	€20.00-30.00	€20.00-30.00	€ 15.00	€ 20.00	€ 40.00	€ 2.80	< € 70.00	-
	in %	20%	10% - 15%	6% - 4%	15%	10%	8%	-	-	-
Netherlands	in euro		€ 0/4.50/9.50 - 120.00		€ 12.00	-	-	-	-	-
	in %	-	-	-	12.0%	-	-	-	-	-
Slovenia	in euro	€ 5.00 - 12.00	€ 5.00 - 12.00	€ 5.00 - 12.00	-	-	-	-	-	-
	in %	5.0% - 12.0%	2.5% - 6.0%	1.0% - 2.4%	-	-	-	-	-	-
Spain	in euro	-	-	-	-	-	-	-	-	-
	in %	-	-	-	4.1%	4.1%	4.1%	-	-	-
United Kingdom	in euro	-	-	-	-	-	-	-	-	-
	in %	2.5% - 40.0%		0.8% - 8.0%	2.5% - 40.0%		0.8% - 8.0%	2.5% - 40.0%		0.8% - 8.0%

Surprisingly, there is no clear evidence in the case of Member States that fees for channelling remittances through MTOs were higher than for bank transactions. According to available data, average transaction fees charged by MTOs range from 2 percent to 15 percent which does not exceed bank fees. Regarding post office services, reported fees are similar to the ones for MTO transactions. Ireland, where fees charged by postal offices exceed costs billed by other financial service providers, is the only exception.

Drawing on aforementioned information, figures suggest that costs of transferring money across borders to non-EU countries tend to differ more among Member States than among different transfer channels. However, alternative fee structures and differences in the way they are quoted hamper reliable comparisons between countries and transfer channels.

6.3 Robustness of submitted information

Regarding international studies on migrant transfers (e.g. DE LUNA MARTÍNEZ 2005, SANDER 2003) two outstanding features of remittance transaction fees seem to materialize: (1) Relative transactions fees decline when the remittance amount increases, and (2) MTOs systematically charge higher fees than banks. Concerning the assumed inverse relationship between amounts remitted and transfer fees the preceding description has shown that relative costs tend to be higher for transactions involving smaller amounts. This assumption is supported by the literature, which highlights the size of remittances as an important determinant of the percentage fee charged (e.g. KALAN AND AYKUT, 2005).

Different studies in certain Member States point to this direction. In the UK, according to the DFID, the average cost of sending remittances out of the UK amounts to 20 percent for relatively small transactions and decreased to 0.2 percent for relatively large amounts. In Belgium, the cost of sending remittances to Africa declines from 21 percent to below 4 percent as the transferred amount is increased from $40 to $900 (WORLD BANK 2005).[10]

In contrast to the conclusions drawn from the questionnaire data, several empirical studies lend support to the hypothesis that MTOs systematically charge higher transfer fees than banks. For example, the percent WORLD BANK (2005) found that fees differ among service providers when sending remittances from the UK to India. More precisely, data show that major MTOs charge about 11 percent of principal amount and banks 6 percent. A World Bank survey on African diasporas in Belgium found that migrants sending remittances to Nigeria are charged 12 percent of the principal amount when using major MTOs and 6 percent when using banks. In the case of remittances from Belgium to Senegal, costs amount to 10 percent and 6.4 percent of the total principal amount respectively. A notable exception seems to be Italy where MTOs are reported to be both cheaper and faster than banks (ECORYS 2006).

Nevertheless, submitted information does not include all the costs that accrue to the sender and/or the recipient of the remittance. For instance, an additional commission for currency exchange of 1 percent or 2 percent has to be subtracted from the transmitted amount in some cases. It can also not be excluded that the corresponding bank or post office in the recipient country levies additional charges.

Summarising, several studies suggest that the recipient country is not a main factor creating dispersion of charges. Indeed, transfer fees seem to be affected more by the level of competition within the remittance industry. For example, remittance fees tend to be higher in corridors in which bank concentration is high and competition is low (FREUND AND SPATAFORA 2005). On the other hand, the great variety of transactions fees reported by Member States would suggest some market segmentation and reduced competition among service providers. Additionally, some general findings point that this spread might be even wider when compared with informal channels fees. Therefore, a more competitive remittance industry might offer substantial scope for efficiency gains.

Question 7: Existing bi-lateral co-operation in the area of facilitation of migrant remittances

a) Do the authorities of your country operate/support/subsidise special programmes to facilitate the flow of remittances to any Eastern European partner country and/or to encourage their productive investment? If applicable, please add information explaining the scope and main objectives of the programme(s) and possibly a contact person for further information.

[10] Although no information on fees charged by banks was provided by Belgium in the current survey, these findings are in line with MTOs fees generally reported.

b) Do the authorities of your country operate/support/subsidise special programmes to facilitate the flow of remittances to any Mediterranean partner country and/or to encourage their productive investment? If applicable, please add information explaining the scope and main objectives of the programme(s) and possibly a contact person for further information.

c) Do the authorities of your country operate/support/subsidise special programmes to facilitate the flow of remittances to any Latin American partner country and/or to encourage their productive investment? If applicable, please add information explaining the scope and main objectives of the programme(s) and possibly a contact person for further information.

d) Do the authorities of your country operate/support/subsidise special programmes to facilitate the flow of remittances to any Caribbean partner country and/or to encourage their productive investment? If applicable, please add information explaining the scope and main objectives of the programme(s) and possibly a contact person for further information.

Main results: *Initiatives to facilitate the flow of remittances aim at shifting remittance transactions to the formal funds transaction system. Programmes which go in this direction have been launched by the governments of Germany, Spain and the UK and focus on providing better access to the banking system in sending and recipient countries. Another type of programmes concentrates on the productive investment of remittances for developmental purposes. In this regard, mostly private initiatives are prevalent, e.g. in Italy and Spain.*

7.1 Relevance

The underlying motives of ongoing domestic, bilateral or multilateral initiatives to facilitate the flow of remittances are to increase the overall size of migrant transfers, to channel an increasing amount through the official system by lowering transaction costs, and to work towards a more efficient and effective use of remittance inflows in developing countries. Encouraging the use of formal financial institutions is apparently a pre-condition for channelling a fraction of remittance flows into the savings-investments circuit. These developmental issues are complemented by concerns about money laundering and financing of terrorism incorporated in the EU anti-money laundering/counter terrorist finance regime. As a consequence, Member States have been asked to provide information as to operation, support or subsidisation of any special programme aiming at facilitating remittance flows.

7.2 Information submitted by Member States

Only Italy, Spain Germany and the UK reported details on programmes and initiatives undertaken.

The UK follows a multifaceted approach to facilitate the flow of remittances to developing countries, with action taken both domestically and with bilateral and multilateral partners. The other three Member States focussed more on specific aspects of remittances, such as providing migrants with better financial services in their host countries or supporting financial development in recipient countries. UK initiatives range from domestic policies, such as facilitating access to financial services, to bi-lateral and multilateral co-operations, such as the support to financial sector development in remittances-receiving countries. In line with the financial inclusion approach, the UK government requires banks to introduce basic bank accounts, and to make them widely available and accessible to immigrants. The UK government has also been granting tax benefits and tax credits directed to bank accounts, Post Office Card Accounts (POCAs) and basic bank accounts available through the Post Office. This initiative is foreseen to shift a larger part of remittances to the formal transfer system. More precisely, the UK's activities include the following remittance priorities: improving access, transparency and choice, lowering costs; linking to other financial services (such as saving accounts); and enhancing the development impact of remittances. Thus, the DFID supports financial sector development in remittance receiving countries with the aim to improve access to remittance services at lower costs and to make transfer payment systems more efficient. Examples include the support of mobile banking technology in Kenya and elsewhere in Eastern Africa, and the development of a debit card infrastructure in South Africa. DFID also assists capacity development for remittance data collection in a number of developing countries, including Bangladesh and the Southern African region.[11]

Italy, Spain and Germany have been taking steps to shift remittances flows to formal transfer systems and to channel them into investment activities by means of microfinance institutions. While the German government concentrated on promoting retail banking in Serbia, Kosovo and other Balkan states, Spain and Italy prefer private initiatives. For example, alongside some bi-lateral agreements between Spain and certain countries to regulate some aspects of the migration process, Spanish banks have established collaboration programmes with financial institutions of some countries with migrant population in Spain in order to facilitate the flows of remittances. In Italy, there exist several co-operations between the government and non-profit organizations, both at the national and regional level. Specifically, the association "*Virgilio Onlus*" provides consulting and training services as well as financial support for the start-up of new businesses in migrants' home countries in Eastern Europe, the Mediterranean, Latin America and the Caribbean. In the near future, a new project is envisaged to encourage the use of remittances in order to contribute to increasing productive investment in the country of origin of migrants. On a regional level, additional projects aiming at channelling workers' remittances in productive uses abroad often focus on migrants from particular countries.

7.3 Robustness of submitted information

In addition to the initiatives described in the questionnaires, Member States and the European Commission carry out a substantial number of activities. For example, Italy has established the MIDA-Italy pilot project aimed at capacity building in Ethiopia and Ghana governments, at dealing with diasporas and at funding migrant entrepreneurship initiatives in their home countries. For this purpose, technical assistance and grants were provided to migrants from Ghana who set up small farms in their home country (STOCCHIERO 2005).

In the context of its "Co-Development" initiative, the French government has embarked on a number of pilot projects in co-operation with countries with important diaspora communities in France, notably Morocco, Mali, Senegal and the Comoros (CRUSE 2005). Elements of these projects include mobilizing the respective diaspora elites residing in France (i.e. business managers, university staff, researchers, engineers etc.) to share their expertise with their countries of origin, encouraging the use of migrant savings for investment in the respective

[11] For more detailed information see http://www.sendmoneyhome.org

countries of origin, and initiating co-operation between commercial financial institutes in France and the pilot countries with a view to facilitate remittances flows and help the development of micro-credit markets. Concrete projects have been launched in co-operation with Morocco (with financial support of the European Commission) and Mali. These projects are designed to assist migrants wishing to create an economic activity in their countries of origin. They foresee inter-alia financial support to small business, advice on project design, financial planning, study grants, and help in fund raising.

In addition to what has been reported, the Spanish government supports agreements between Spanish and Latin American financial institutions to reduce transfer fees and increase competition by facilitating the entry of new market participants (WORLD BANK 2005).

The European Commission adopted on 1 September 2005 a Communication on migration and development focusing on the ways to help migrants support development in their countries of origin. It identifies a number of concrete orientations such as contributing to cheaper remittance flows and facilitating the use of remittances for development-friendly use while respecting their private nature.

At EU level, there is a substantial effort to bring MTOs to the formal sector and to foster competition between banks and MTOs by establishing a EU regime and passport for those payment service providers which are at present regulated in different ways throughout the EU. This harmonised regime is included in the proposal for a Directive on Payment Services issued on 01/12/2005 and aims at ensuring that money transfer operators are subject to appropriate regulatory requirements, which are adapted to their specific risk profile. From a prudential point of view, this regime is lighter than the current regime which applies to credit institutions; it will foster competition and establish a level playing field for the provision of payment services in the Internal Market. It will also support the creation of EU-wide infra-structures for the provision of payment services, thus decreasing transaction costs in the EU. Finally, in a sector where the risks of money laundering and terrorist financing are significant, the EU regime will also ensure that all payment service providers, banks or money transfer operators, are submitted to adequate anti-money laundering and terrorist financing rules. These rules are in conformity with the standards set by the Financial Action Task Force (FATF) against money laundering and the financing of terrorism which recommend, inter alia, the licensing or registration of money transfer providers as well as an obligation for the identification of customers above designated thresholds.

Annex 1: Largest country destinations of remittances as a percentage of total remittances reported by each MS

Reporting MS	Destination	2000	2001	2002	2003	2004
Germany	Morocco	3.0	1.8	2.4	2.2	2.1
	Ukraine	0.5	1.2	1.5	1.9	2.1
	Tunisia	0.7	0.7	0.7	0.7	0.7
	Lebanon	0.5	0.8	0.7	0.8	0.8
Spain	Ecuador	19.6	24.6	26.6	23.3	19.7
	Colombia	5.5	9.8	25.2	27.1	23.0
	Peru	3.2	2.3	2.9	2.9	2.7
	Bolivia	0.2	0.6	1.3	3.0	5.4
	Morocco	0.2	0.5	1.1	2.1	2.3
	Brazil	0.4	0.9	0.9	0.1	0.3
France	Morocco	49.0	52.2	54.3	53.2	53.7
	Algeria	20.4	18.2	20.7	20.0	20.2
	Tunisia	6.2	5.5	6.1	5.8	5.9
Italy	Morocco	4.8	7.0	4.5	4.4	0.4
	Ecuador	0.3	0.9	0.7	0.8	1.9
	Egypt	0.8	0.9	0.6	0.6	0.2
	Peru	0.6	0.5	0.5	0.5	0.4
	Brazil	0.5	0.7	0.6	0.5	0.4
	Venezuela	0.4	0.5	0.3	0.4	0.0
	Argentina	0.5	0.4	0.2	0.3	0.1
	Ukraine	0.3	0.6	0.4	0.1	0.2
	Colombia	0.0	0.0	0.0	0.0	0.9
Portugal	Brazil	23.6	15.2	24.0	42.1	51.5
	Ukraine	1.5	42.7	37.2	23.1	15.6
	Moldova	5.5	8.6	6.6	5.2	3.8
	Venezuela	2.6	1.5	1.0	0.2	0.3
	Morocco	1.1	0.4	0.5	0.6	0.7
	Georgia	0.0	0.2	0.5	0.5	0.4
Belgium	Morocco	58.0	67.6	73.4	60.5	82.9
	Ecuador	0.0	0.0	0.0	11.6	1.9
	Algeria	6.0	4.1	0.0	0.0	0.0
	Tunisia	4.7	3.1	0.1	0.0	0.1
	Israel	0.3	0.6	0.9	0.2	0.1
	Peru	0.0	0.0	0.0	1.1	0.2
	Colombia	0.0	0.0	0.0	0.9	0.0

Reporting MS	Destination	2000	2001	2002	2003	2004
Netherlands	Morocco	38.1	36.8	37.4	44.5	28.9
Greece	Lebanon	1.5	3.2	1.9	2.9	2.4
	Egypt	0.9	1.1	1.0	1.1	0.6
	Jordan	0.9	1.5	0.7	1.0	0.5
	Ukraine	0.1	0.5	1.2	1.6	1.2
	Israel	0.1	0.3	0.3	0.4	1.8
	Moldova	0.0	0.0	0.0	0.3	1.0
Ireland	Ukraine	-	-	8.4	8.0	8.0
	Brazil	-	-	5.7	5.4	5.4
	Belarus	-	-	3.6	3.4	3.4
	Moldova	-	-	3.1	2.9	2.9
Slovenia	Brazil	1.0	0.4	1.0	0.9	5.2
	Argentina	2.5	3.7	1.2	1.8	0.4
	Ukraine	0.6	0.4	2.5	1.6	1.7
Cyprus	Syria	-	-	3.4	1.6	2.4
	Egypt	-	-	1.8	2.1	2.5
	Ukraine	-	-	0.9	1.3	2.1
	Moldova	-	-	0.6	1.2	2.1
	Suriname	-	-	1.4	1.5	1.1
	Lebanon	-	-	0.7	1.4	0.6
	Georgia	-	-	0.3	0.6	0.7
	Libya	-	-	1.3	0.1	0.3
Hungary	Israel	0.4	0.4	0.5	0.3	0.3
	Ukraine	1.0	0.2	0.0	0.1	0.9
Latvia	Ukraine	31.8	31.4	31.9	32.4	30.0
	Belarus	3.3	5.2	7.2	8.1	8.9
	Moldova	1.8	1.7	1.6	1.7	1.5
	Azerbaijan	1.4	1.2	1.2	1.4	1.4
	Israel	0.7	0.4	0.4	0.5	0.6
	Armenia	0.6	0.4	0.3	0.2	0.3
Lithuania	Ukraine	25.7	29.3	37.0	38.7	28.6
	Belarus	6.5	7.4	9.3	9.8	7.2
	Moldova	0.9	1.0	1.2	1.3	1.0
Poland	Belarus	-	-	-	-	1.5
	Jordan	-	-	-	-	0.7

Annex 2: Workers' remittances reported by region and country of destination (€ million)

Region of destination	Country of destination	2000	2001	2002	2003	2004
Latin America	Colombia	75.8	194.2	548.2	763.8	761.1
	Ecuador	267.2	486.8	582.1	689.0	664.0
	Brazil	47.3	80.0	122.7	189.8	239.8
	Bolivia	2.4	13.9	29.2	84.3	177.9
	Peru	47.9	50.0	69.3	91.8	94.6
	Argentina	7.7	6.9	5.0	9.9	17.4
	Uruguay	1.2	1.5	2.0	2.6	12.1
	Paraguay	0.9	0.3	0.3	0.9	9.1
	Venezuela	13.9	14.1	11.1	6.4	8.5
	Chile	3.8	3.2	3.8	2.8	7.0
	Mexico	7.1	5.9	5.3	6.3	6.3
	Honduras	1.3	0.8	0.6	1.7	3.2
	Panama	0.6	6.3	0.6	0.5	2.1
	Costa Rica	0.8	0.8	1.9	2.3	1.6
	El Salvador	0.2	3.1	0.9	0.0	0.9
	Nicaragua	0.6	0.1	0.0	0.4	0.2
	Guatemala	0.1	0.1	0.1	0.2	0.2
	Other	3.0	4.0	5.0	5.0	5.0
Latin America Total		481.8	871.9	1,388.2	1,857.7	2,010.5
Mediterranean	Morocco	1,026.6	1,231.8	1,188.8	1,238.4	1,193.5
	Algeria	301.8	302.5	288.1	288.4	290.2
	Tunisia	108.4	108.9	98.3	96.7	97.4
	Lebanon	16.1	28.7	23.6	23.5	23.8
	Israel	5.1	8.2	6.5	6.9	16.5
	Syria	4.1	6.4	7.8	7.7	9.0
	Egypt	11.8	13.5	11.0	12.5	8.8
	Jordan	6.0	9.7	5.3	5.6	5.1
	Libya	0.9	1.1	1.4	1.5	1.4
	Palestinean Authority	0.0	0.0	0.0	0.0	0.0
	Other	1,680.5	1,708.8	1,716.4	1,459.8	1,588.8
Mediterranean Total		3,161.3	3,419.7	3,347.3	3,140.9	3,234.6
Eastern Europe	Ukraine	16.1	181.1	181.4	144.9	120.6
	Moldova	9.7	34.2	30.9	28.6	25.9
	Belarus	2.5	3.8	6.7	8.6	9.1
	Georgia	1.1	2.1	4.2	4.6	5.6
	Azerbaijan	0.5	2.2	2.1	2.2	3.1
	Armenia	1.1	1.7	2.1	2.4	2.6
	Other	288.7	304.0	304.8	316.2	486.0
Eastern Europe Total		319.6	529.0	532.2	507.4	652.9
Caribbean	Dominican Republic	1.6	2.4	2.5	4.1	1.9
	Jamaica	0.0	1.1	1.0	1.0	1.0
	Suriname	0.0	0.0	0.3	0.4	0.3
	Dominica	0.3	0.2	0.2	0.2	0.1
	Bahamas	0.2	0.3	0.0	0.0	0.1
	Belize	0.0	0.0	0.0	0.1	0.0
	Barbados	0.0	0.0	0.0	0.0	0.0
	St. Vincent and the Grenadines	0.0	0.0	0.0	0.0	0.0
	Antigua and Barbuda	0.0	0.0	0.0	0.0	0.0
	Grenada	0.0	0.0	0.0	0.0	0.0
	Trinidad and Tobago	0.0	0.0	0.0	0.0	0.0
	St. Lucia	0.0	0.0	0.0	0.0	0.0
	Haiti	0.0	0.1	0.0	0.0	0.0
	Guyana	0.0	0.0	0.0	0.0	0.0
	St. Kitts and Nevis	0.0	0.0	0.0	0.0	0.0
	Other	0.0	0.0	0.0	0.0	0.0
Caribbean Total		2.2	4.1	4.1	5.8	3.6
Total		**3,965.0**	**4,824.8**	**5,271.8**	**5,511.8**	**5,901.6**

Annex 3: Average amount of money per individual transfer in 2004 (in €)

Region of Destination	Country of Destination	Reporting Country		
		Ireland	Slovenia	Spain
Eastern Europe	Armenia	-	-	-
	Azerbaijan	-	-	-
	Belarus	3,994	-	-
	Georgia	-	-	-
	Moldova	3,090	-	-
	Ukraine	3,358	1,372	330.12
Eastern Europe (average)		3,427	1,372	330.12
Mediterranean	Algeria	-	-	-
	Egypt	-	-	-
	Israel	-	-	-
	Jordan	-	12,357	-
	Lebanon	-	-	-
	Libya	-	-	-
	Morocco	-	-	255.93
	Palestinean Authority	-	-	-
	Syria	-	-	-
	Tunisia	-	-	-
Mediterranean (average)		-	12,357.00	255.93
Latin America	Argentina	-	5,171	363.35
	Bolivia	-	-	357.15
	Brazil	3,196	89,212	420.26
	Chile	-	-	285.25
	Colombia	-	-	299.54
	Costa Rica	-	-	-
	Ecuador	-	-	283.21
	El Salvador	-	-	275.69
	Guatemala	-	-	-
	Honduras	-	-	597.04
	Mexico	-	-	553.50
	Nicaragua	-	-	-
	Panama	-	-	-
	Paraguay	-	-	311.41
	Peru	-	-	200.62
	Uruguay	-	-	339.21
	Venezuela	-	-	139.96
Latin America (average)		3,196	47,192	340.48
Caribbean	Antigua and Barbuda	-	-	-
	Bahamas	-	-	-
	Barbados	-	-	-
	Belize	-	-	-
	Dominica	-	-	-
	Dominican Republic	-	-	279.95
	Grenada	-	-	-
	Guyana	-	-	-
	Haiti	-	-	-
	Jamaica	-	-	-
	St. Kitts and Nevis	-	-	-
	St. Lucia	-	-	-
	St. Vincent and the Grenadines	-	-	-
	Suriname	-	-	-
	Trinidad and Tobago	-	-	-
Caribbean (average)		-	-	279.95
Total average		3,409	27,028	330.76

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