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EU Survey on

workers' remittances from the EU to third countries

Summary Report

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Introduction

In order to enhance the knowledge base about the role of workers' remittances from the European Union (EU) as well as with a view to the ongoing work on remittances by the G8, the Commission conducted in March/April an ad hoc survey of Member States and Accession Countries. The questionnaire was 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 in use, the transfer costs and regulatory conditions. In addition, Member States and Accession Countries 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. The questionnaire was circulated to the members of the EFC Sub-Committee on IMF and Related Issues on 24 February 2004. This report provides a summary of the responses given by current Member States and Accession Countries.

1) Amounts of annual remittances and main recipient countries

Member States (MS) and Accession Countries (AC) were asked to indicate the total amounts of remittances transferred to non-EU third countries and to identify the main non-EU countries to which remittances are transferred. In addition, MS and AC were asked to provide information on the average amount of money remitted per individual transfer, and encouraged to possibly indicate an annual lump sum for foreigners not appearing in the records of the national labour offices (e.g. illegal immigrants, persons seeking asylum).

Data availability and details largely vary across the reporting countries. Most MS and some AC provide overall amounts and estimate the share of remittances sent to developing countries but, in some MS and most AC, data on remittances are not collected. Only some provided a geographical breakdown. No data is available on average amount per transfer, nor are there any estimates on remittances related to unrecorded immigrants.

Most MS also attach serious caveats to the data provided. In particular, they stress factors likely to result in an *underestimation* of remittances, such as unaccounted remittances channelled through the underground economy, or remittances inappropriately recorded e.g. as tourists' expenditure (cf. next section). The figure of some 17bn (0.6bn) euro flowing from 11 current MS (3 AC) to third countries in 2003 (table 1) should therefore be interpreted as a lower boundary estimate rather than a realistic picture of overall remittance flows from the EU to non-EU countries.

One may expect that the amount of remittances sent from a particular host country depends on the number of immigrants[1] residing in that country, the income they earn, the closeness of their ties with their country of origin, the needs in their country of origin (developing or industrialised country) as well as transaction costs in the largest sense.

[1] EU MS generally classify immigrants as foreign nationals (as opposed to foreign-born persons). One implication is that the naturalisation process has an impact on the number of immigrants in the population. Note that even the criterium "foreign-born" may be too narrow, as the children of immigrants may still have strong ties to their parents' country of origin and therefore send remittances.

Table 1: remittances to non-EU countries and non-EU foreign population

	remittances Mio EUR, 2003	non-EU foreigners thousands, 2002		remittances/head EUR
Belgium	220[d]	283		777
Germany	1953	5449		358
Greece	140	715	a	196
Spain	2818	953		2957
France	1503	2068	c	727
Italy	3800	1311		2899
Austria	405	605	a	669
Netherlands	2000	483		4141
Portugal	370	163		2272
Finland	185	81		2284
UK	3902	1604	b	2433
"EU 11"	17296	14322		1208
Cyprus	23	33		698
Estonia	1	273	b	4
Hungary	8	104		74
"AC 3"	32	577		55

Source: national data; EUROSTAT. (a) 2001, (b) 2000, (c) 1999, (d) data revision of 18 June 2004, including estimates on non-bank transfers.

The foreign population in host countries is therefore relevant background information for interpreting the remittances data. Non-EU foreigners account for around 4½% of the population in the EU, markedly less than the share of foreigners e.g. in Australia, Canada or the US[2]. The average reported remittances sent to third countries amount to some 1200 euro per immigrant and per annum. The considerable variation of this figure across MS (from some 160 euro in Belgium to over 4000 euro in the Netherlands) may, however, point to omissions in the recorded data or inappropriately recording. The same goes for the AC, where the relative variation is even larger.

Information on the share of remittances flowing to developing countries (DAC classification) is available for six MS and three AC (table 2). Again, the range is quite wide (between 35% and 94%), but, in line with expectations, it clearly stands out that the larger part of remittances goes to developing countries.

Table 2: Share of remittances flowing to developing countries (in%)

Belgium	85,8	UK	53,5
Germany	93,5	Cyprus	85,9
France	80,8	Estonia	89,0
Italy	71,1	Hungary	35,1
Netherlands	70,0		

Source: national data

[2] In the US, both the number of foreign-born residents (about 30 million, or 10% of the population) and total reported remittances (31bn USD) are roughly twice as high as in the EU.

Seven countries report a geographical breakdown of remittances (table 3). It quite strongly reflects the main origins of their immigrants. In fact, the immigrant population is largely shaped by historical ties, and so it seems unsurprising that the highest share of remittances originating from Germany and the Netherlands go to Turkey, while remittances from Belgium and France flow predominantly to the Maghreb countries and those from Portugal and Spain to Latin America. However, the geographical breakdown of remittances also seems to reflect the fact that immigration inflows have become more diversified in recent years, with increasing flows of immigrants from countries, in Central and Eastern Europe, Asia, Sub-Saharan Africa and Central and Latin America.

It is quite likely that remittance flows from those MS that do not report a geographical breakdown are similarly shaped by the composition of their immigrant population: The largest groups of foreigners in the UK originate from Southeast Asia, and the largest immigrant communities in Sweden and Finland come from Central and Eastern Europe and the former Soviet Union. In Italy, the biggest groups originate from Africa[3]. Immigration from Eastern Europe is likely to play a significant role in the Central European Acceding Countries.

Table 3: Largest destinations of remittances (in % of total remittances)

Remittances flow from	to		
Belgium	Morocco 75	Hong Kong 2	Pakistan 1
Germany	Turkey 51	Serbia/Montenegro 6	Russia 3
Spain	Ecuador 31	Colombia 31	Morocco 6
France	Morocco 48	Algeria 18	Tunesia 5
Netherlands	Turkey 13	Serbia/Montenegro 11	Hong Kong 10
Portugal	Brazil 38	Ukraine 25	Angola 2
Cyprus	Sri Lanka 18	Bulgaria 7	India 5

Source: national data

2) Statistics on remittances

Improving the knowledge base about remittance flows is a particularly challenging task in light of notoriously patchy data. Definitional ambiguities, the use of informal transfers and weak statistical capacities in some recipient countries limit the availability of robust information. World Bank researchers have pointed out that standard balance of payments statistics tend to underestimate the importance of remittances. Member States were therefore asked if and how remittances to third countries are recorded in their balance of payments statistics, and whether additional data on remittance flows are gathered and recorded systematically outside the balance of payments statistics.

Most countries compile data on *workers' remittances* in their balance of payments statistics in line with the IMF Balance of Payments Manual. Accordingly, *workers' remittances* is a category of the *current transfers* account. It covers current transfers by migrants who are

[3] Cf. "Economic Aspects of Immigration", forthcoming as a European Commission DG ECFIN Economic Paper.

employed in the host economy and considered a resident there (i.e. a person who stays, or is expected to stay for more than one year.) Workers who work and stay in a host country for less than one year are typically considered non-residents. According to the IMF Manual, the transfers of non-resident persons are typically reflected in the BoP statistics as a component of *compensations for employees* in the current transfers account.

The same definitions are used by Eurostat. With two exceptions, all current member states annually report to Eurostat worker's remittances for a selected number of country groupings, including world, intra-EU, extra-EU, Canada, Japan, US, and EFTA. No data is systematically reported with regards to remittance flows to developing countries. A detailed geographical breakdown of remittance flows to third countries, including developing countries, is only available for a minority of Member States.

In addition, it has been suggested that parts of the funds recorded as *private transfers* might also contain transfers from migrant workers.

Typically, there are two sources of information for the compilation of balance of payment statistics. The main source of information are banks that collect and report data on workers' remittances through the International Transactions Reporting System (ITRS) to the national data compiler (i.e. national central bank, national statistical authority). In addition, in a few countries, non-bank remittance service providers report regularly on their transactions, too. Usually they are requested to provide information about the amounts of money transferred, the currencies involved and the counterpart countries. Where this information is available, it is not always clear, how and whether it is systematically taken into account in the balance of payments statistics.

In most countries a minimum threshold for remittances exists - typically at €12.500 - below which individual transactions are not recorded. In some countries, estimates are entered in the BoP statistics to cover transfers below the threshold. In other countries flows below the threshold tend to be ignored.

All this indicates that there might be scope for improvement in the balance of payments compilation of workers remittance flows. A more standardised and uniform approach among Member States could also contribute to this effort.

3) Main transfer channels in use

There are five main categories of transfer channels used for sending remittances across borders: (1) banks; (2) non-bank money transfer operators; (3) post offices; (4) cash and commodities carries; and (5) informal money transfer services. The use of banks and large non-bank money transfer operators (e.g. Western Union, Moneygram) clearly dominates the market in those Member States for which information is available. In addition, there are a number of smaller non-bank money transfer providers whose services tend to be specialised on a limited selection of countries. Non-bank money transmitters tend to be licensed, registered and supervised in most Member States, but the existence of non-registered service providers is often acknowledged. The use of postal services has diminished. In a number of countries postal services have stopped to carry out money transfer operations altogether and commercial money transmitters have taken over the business, sometimes through the facilities of post offices. In addition to traditional cross-border cash and commodities transport, i.e. hand-carrying or through courier services, prepaid payment cards are emerging as a potentially new vehicle to conduct cross-border money transfers. The cash card can be loaded

in the country where the migrant resides and then be sent to users residing in the home country of the migrant.

Different migrant groups tend to use different transfer channels. The choice of the transfer channels depends on various factors. The state of development of the financial infrastructure in the migrant's country of origin and geographical proximity appear to be major decisive factors. The existence of a developed banking infrastructure in recipient countries is a necessary condition for the establishment of a system of correspondence banks, which facilitates the wire transfer of remittance from account to account and cash to account. In countries with large foreign resident populations from countries with well-established banking systems, banks are clearly the dominant channel. This is the case for example for remittances sent from Germany to Turkey or from France to Morocco. However, the provision of competitive remittances services of banks may effectively be limited to a certain set of countries, where routine banking links are established. In countries, where important population of foreign residents come from neighbouring countries, significant amounts are suspected to be carried across borders in cash, and thus go unrecorded. Transfers via registered money transmitters are preferred for distant receiving countries such as the Indian sub-continent.

There are still other, partly interrelated, factors that have an influence on the choice of transfer channels, such as the relative cost, reliability and rapidity of transfer services, the existence of traditional or local transfer networks (e.g. hawala), the overall political stability in recipient countries, which may render bank transaction non-operational, and traditional ethnical or cultural preferences. Also, individual groups of immigrants may lack familiarity with and/or confidence in the banking sector. Particularly new generations of immigrants from developing countries with no developed banking system seem to prefer non-bank money transfer providers. The existence of local networks also plays a role. For instance, immigrants from Iran and Iraq are reported to use agents in Arab Emirates.

Detailed information about the relative market shares of the different categories of remittances transfer providers is available only for a very limited set of Member States and differs strongly for different migrant groups. For Germany, for instance, the amount of money transferred to non-EU countries via bank accounts is almost three times higher than via registered non-bank money transmitters. In France, on the other hand, informal remittance systems account for about 70% of remittances sent by the respective migrant diaspora to Mali and Senegal. They are also the dominant channel for remittances to Vietnam, and remittances from France to the Comores are almost exclusively transferred through informal systems.

Many countries report also the existence of unregistered transfers but are not able to provide any estimate of the amounts involved. Cash transport (hand-carrying or courier services) is assumed to play a significant role in these transfers. Some of the smaller money transmitting operators belong to traditional systems, such as the hawala system.[4] Typically they operate on a trust-basis through a network of middle-men in the respective recipient countries. The information is communicated via telecommunication technology, including e-mail, fax or telephone. Informal money transfers are often used when political instability or civil war make the use of official transfer systems impossible. In some cases, substantially lower user

[4] The term "hawala" typically refers to a system of informal money transmitters executing money transfers mainly to the Middle East and Pakistan. Similar systems exist also with specialisations for other regions and countries, such as "hundi" for remittances to other parts of South Asia, "fei ch'ien" to China or "padola" to the Philippines.

costs and faster execution are reported for transfers through informal systems compared to banks or post services.

In a rough estimate for the EU, based on the limited information available, about two thirds of remittances appear to be channelled either through the banking system or through large registered non-bank money transmitters. The other third is made up of other channels, including mail, small registered money transfer operators, and direct transfers through cash or in kind.

For obvious reasons, no reliable data is available about the relative size of the illegal money transfer sector. Although in terms of volume, their share may not be significant in comparison to the other categories, considerable activity cannot be excluded. One indication is the level of activity observed in the past. German authorities report to have closed down more than thousand illegal financial services providers since 1998.[5]

4) Transfer costs

The costs of transferring money across borders to non-EU countries (charges, exchange rate loss etc.) tend to differ between Member States and for different transfer channels.[6] Moreover, fees are expected to differ significantly depending on the target country to which money is sent. Also, relative costs tend to be higher for transactions involving smaller amounts. A great variety of prices would suggest that there may be scope for efficiency gains. However, detailed information concerning the costs for users of money transfer services across borders is particularly scarce. Where available, different fee structures and differences in the way they are quoted hamper reliable comparisons between countries and transfer channels. User costs for non-bank money transfer operators are frequently not readily aware to the public authorities.

Available information from a subset of eight MS confirm that user costs for transferring money abroad vary widely and depend on a range of additional variables, such as the institutions used (e.g. banks, non-bank money transfer providers, different companies), the amount involved, speed of delivery and the means of payments (e.g. cash transfer, transfer from bank account to account).

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. The costs also typically increase with the speed of the transaction. The costs quoted for the banking sector vary across countries. Bearing in mind the caveat mentioned above, for a transaction of € 500, banks would typically charge between 1% and 6% of the transfer amount, the higher fee referring to express payment (i.e. delivery within 1-2 days). Where flat fees are applied, relative user costs are likely to be higher for the transfers of lesser amounts. Comparable prices of money orders provided by post offices are reported to range between 1.5 % and 3%.

However, it is not always clear from the available information whether the quoted fees include all the costs that accrue to the sender and/or the recipient of the remittance. For instance, in some cases, an additional commission for currency exchange could be subtracted

[5] This compares to 40 firms that are presently licensed.

[6] The EC Regulation (No. 2560/2001) of 19 December 2001 on cross-border payments in euro applies to payments within the European Community and does not address extra-EU cross-border transfers. It stipulates that the charges for intra-EU cross-border payments in euro (of up to € 12 500 until 1 January 2006 and up to € 50 000 thereafter) are the same as those for payments in euro within a Member State.

from the transmitted amount. And it cannot be excluded that in some cases the corresponding bank or post office in the recipient country levies additional charges, thereby further reducing the amount received by the recipient. Moreover, the quoted bank fees presumably refer mainly to transactions with countries that are part of the respective bank's established network of correspondence banks through which standard account-to-account or cash-to-account transfers are executed. For destination countries outside the bank's established network of correspondence banks and exchange in currency less frequently used, fees and exchange commission charges may yet be higher, and transactions may take more time. By contrast, large non-bank money transfer companies provide their services to virtually all countries in the world.

Information about user fees for cross-border remittances via non-bank money providers is extremely patchy, which makes it even more difficult to draw robust conclusion. Fees are prepared to differ between companies and, as for banks, depend on the amount transferred, the degree of competition in the market place for remitters. According to a study commissioned by the UK authorities, the main variable influencing user costs is the country from which the sender is remitting, underpinning the scarce evidence of different prices in different Member States. Moreover, the company size of the remitter appears to play an important role as well.

Three countries report somewhat higher user fees for large money operators, such as Western Union, Moneygram, than for banks. For the transmission of about €150, the relevant fees range between 10-25 percent of the value of the transaction. However, according to the same source, small money transmitters seem to offer more competitive prices, notably between 1% and 2% of the transaction value, which is reportedly due to lower overhead costs and tighter margins. Moreover, transaction speed – in some cases less than 1 hour - tends to be significantly higher than for banks. Small money transmitters frequently concentrate their remittance operations on a limited geographical region where they have established links, which allows them to operate at relatively low costs.

In general, the prices charged for money transmitter services are essentially a function of the true costs of transmitting the money and the profit strategy of the firms. While the costs depend mainly on the technology employed for the execution of the transfer, the degree of competition in the market place determines the scope for profit mark-ups. While the technology costs cannot be directly observed, the heterogeneity of prices between Member States and different institutions suggests scope for efficiency improvements.

5) Regulatory environment

Regulatory conditions can create impediments for remittance flows, discouraging the use of formal transfer mechanism through banks, postal or wire services. Member States and Accession Countries were asked to describe the relevant legal requirements for migrant workers whishing to carry out cross-border money transfers to non-EU countries (e.g. proof of identity, work permit) and the transparency rules that are applied to money transmitting operators regarding fees.[7]

[7] General information about existing measures against money laundering and terrorist financing was not explicitly requested in the survey.

Key features of the EU anti-money laundering/counter terrorist finance regime

The EU anti-money laundering regime is shaped by a range of framework decisions and directives, with a view to ensure the integrity and well-functioning of the European financial market. At present, the two key anti-money laundering directives are EC Directive 91/308/1991 of 10 June 1991 and EC Directive 2001/97/EC of 4 December 2001, which amends the earlier one. The second anti-money laundering directive require the financial sector (in particular: credit institutions/banks, investment firms, investment schemes, insurance companies, money remitters, bureaux de change) and specified professional players (lawyers, notaries, accountants/auditors, tax advisors, real estate agents, high value dealers) to identify and know their customers, as well as understand their customers' business, report suspicious transactions to a financial intelligence unit and keep proper records. These measures complement specific Directives on the supervision of banks, of insurance companies, of insurance intermediaries, of investment firms and of collective investment undertakings amongst others. Directives are directly applicable in all EU Member States.

The Commission is currently working on the proposal for a third Directive is on the Commission's work programme for 2004. The Council [Directive 2001/97/EC, Article 1(E)] invited the Commission to present before 15 December 2004 a proposal for a Directive to bring the definition of serious crimes into line with the relevant third pillar Council Framework Decision. In light of last year's revision of the Financial Action Task Force's 40 Recommendations against money laundering and the Eight Special Recommendations against the Financing of Terrorism as well as in view of the 1999 UN Convention for the Suppression of the Financing of Terrorism, it is intended, *inter alia*, to update the EC Directive 91/308/1991, in particular on the scope of the Directive and the strengthening of the process of customer due diligence (i.e. identification, verification and knowing your customer's business and its beneficial owner(s)). In order to ensure its effective implementation also additional provisions are envisaged regarding supervision, statistics, co-operation between relevant authorities as well as resources and powers of the respective authorities combating money laundering. The proposal will also include a separate section dedicated to combating the financing of terrorism. The institutions and persons subject to the Directive are expected to be extended to include all dealers in high value goods taking cash for purchases in excess of € 15 000 as well as trust and company service providers. Progress is being made also on a draft directive on cash control at EU borders, intended to extend the anti-money regime to cash movements.

In addition, in the context of the Single European Payments Area, a co-ordinated Community regime is currently being considered with a view to the implementation of the FATF Special Recommendations on alternative remittance systems and electronic funds transfers.

Banks and other financial institutions offering authorised money transfer services are subject to the respective framework of banking and financial sector supervision, including national banking acts and relevant legislation against money laundering and financing of terrorism, a large part of which is based on European legislation. With a view to increase transparency in financial markets, anti-money laundering laws aim at the systematic documentation and reporting of suspicious transactions. Financial institutions are thus required to ensure customer identification, to maintain records of relevant transactions and to report to the relevant supervisory authorities transactions suspected to be linked to money laundering and/or of the financing of terrorists.

Following the "know-your customer" principle, proof of identity[8] and residence are usually the minimum requirements to establish a business relationship with banks, such as opening a bank account from which money can be transferred across borders. For foreign residents, in some cases, resident and work permits are additionally required. In some countries regulations are more restrictive, either because they require the communication of more detailed information or in a broader range of circumstances. For example, in some countries, when opening an account, banks must also ascertain the purpose of the opening, and/or the expected flows, and/or the work and residence permit, and/or the current employment of the customer or the line of business.

Similar rules apply for one-off money transfer operations. In most countries minimum thresholds are defined, typically between € 10 000 and € 15 000, below which the information needs are relaxed. As non-bank money transfer operators are widely seen as particularly vulnerable to abuses for the purposes of money laundering and the financing of terrorism, a number of MS have enhanced their transparency requirements in recent years. For instance, Germany and Spain report that, non-bank money transmitters are obliged to establish customer identification at a reduced threshold of respectively € 2500 and € 3000.

For large transactions, information about remittance purpose as well as provision of information to the tax or supervisory authority are in some cases also required. In a few countries, money transaction services are subject to fewer requirements. In some cases, the provision of information is required only in case of large transaction.

Financial institutions are generally obliged to provide customer information on user charges, exchange rates as well as for commission charges for currency exchanges. With the exception of the UK, these rules typically apply to non-bank money remitters, too.

6) Ongoing domestic, bilateral and multilateral initiatives

The awareness about the growing importance of remittances as a source of financing for developing countries seems to be increasing, particularly in Member States with traditional or rising migrant populations. Key objectives of reported initiatives are to facilitate the flow of remittances and make them safe, make formal remittance systems more attractive and better known, and to improve the financial allocation efficiency in remittance receiving countries. These initiatives broadly fall in four, partly interrelated, categories:

(1) domestic action to improve access of "non-banked" persons, including immigrants and other minority groups, to financial services, including formal remittance services;
(2) support for financial sector development in remittance receiving countries, including payment technologies;
(3) incentives for productive investment of remittances in the remittance receiving countries;
(4) technical assistance (TA) for the implementation of the Financial Action Task Force's 40+8 Recommendations on Anti-Money Laundering and Counter Terrorist Financing (AML/CFT) in developing countries.

Notably France and the UK report in more detail the existence and launch of dedicated actions, taken both domestically and with bilateral and multilateral partners. However, the

[8] The required information usually contains the name, and the surname, as well as the number, date of issue and issuing authority of the identification document.

majority of responding authorities did not operate, nor was aware of any relevant initiatives. There is though anecdotal evidence of isolated private sector initiatives involving banks and ethnical groups also in some Member States, including Italy, Spain and Portugal.

In the UK, a number of measures have been taken in recent years to improve access of immigrants and other minority groups to financial services, including bank and post office accounts, for instance through the provision of financial incentives and the promotion of dedicated public education campaigns about the financial system. In Italy, some non-profit organizations have launched initiatives, usually on a local basis, designed to increase the familiarity of immigrants (and "unbanked people" in general) with the financial services industry. Also, some banks, in order to attract "unbanked people", have developed dedicated information material and opened local branches with specially trained personnel.

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. 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 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 microcredit 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, help in fund raising.

The UK through its Department for International Development (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.

Moreover, UK DFID and the World Bank, in collaboration with the International Migration Policy Programme (IMP) organized in London on 9-10 October the first global conference on migrant remittances with the key focus on their development impact, opportunities for the financial sector and future prospects. Following up to the conference, an international Inter-Agency Task Force was set up to develop core principles for international remittances and to help coordinate data development and dissemination. The task force, co-chaired by DFID and the World Bank, intends to bring together government representatives, development agencies, private sector representatives, regulators, migrant/diaspora representatives and the European Commission to develop and offer voluntary standards and guidance.

At the level of the European Union, in response to the Commission Communication on "Integrating migration issues in the European Union's relations with third countries"[9], the Council invited the Commission to investigate how the transfer of funds from migrants living and working in the EU to their countries of origin can be made cheaper and more reliable, and

[9] COM(2002) 703 final, of 3 December 2002.

to present by the end of 2004, proposals on "*remittances as a development potential, having in mind that they are private money*". The overall aim is to improve the efficient utilisation of the remittances for the macro-economic development of workers' countries of origin. The Commission is also invited to "*propose, where appropriate, pilot programmes to channel remittances into productive investment in countries of origin and assess their impact on migratory flows in the long-term.*"[10] Work on these issues is underway. It should be noted already that while stressing that migrant remittances are private money, the Commission in its Communication recognized that public administrations in migrant-hosting countries may have a role to play in trying to ensure that these funds can be transmitted to developing countries by cheap, legal and secure measures. It was found that financial institutions, international banks and money traders have a responsibility in this undertaking. Any reduction of transfer fees should directly benefit the migrant worker, and should not be 'taxed' for development purposes.

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[10] Council conclusions on migration and development 8927/03 of 5 May 2003, adopted by the General Affairs Council of 19 May 2003 [9377/03].