



COVID-19 Impact on International Migration, Remittances, and Recipient Households in Developing Asia

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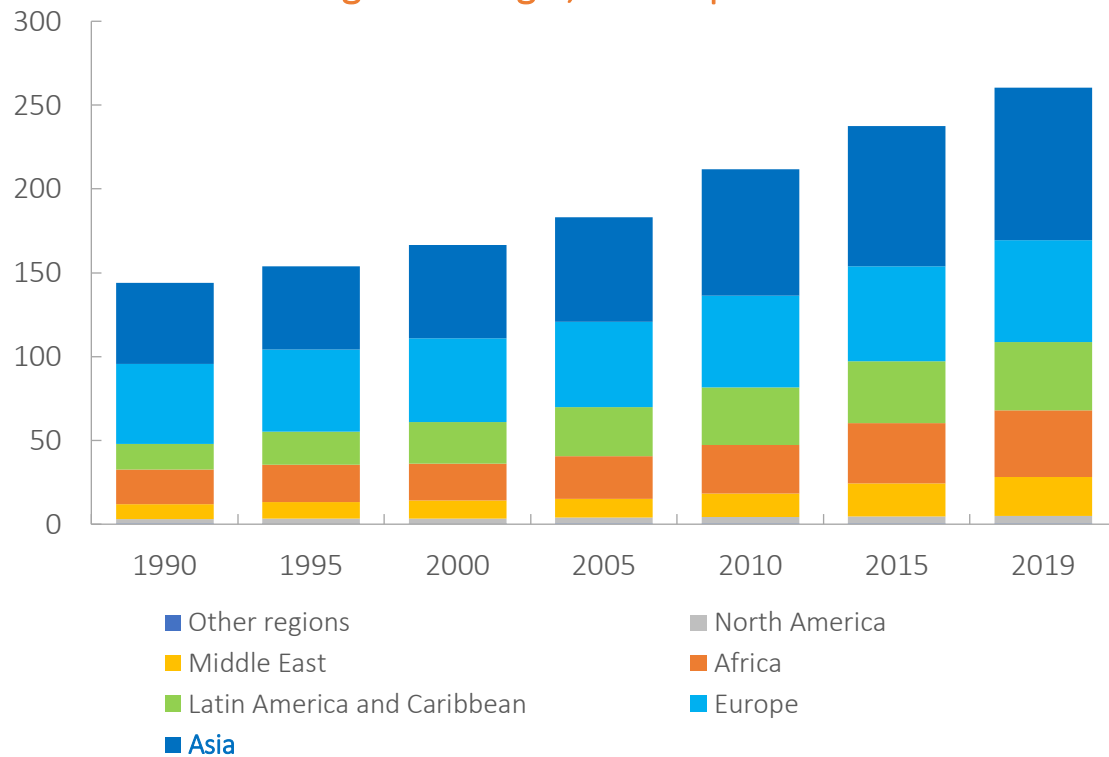
Asian Development Bank



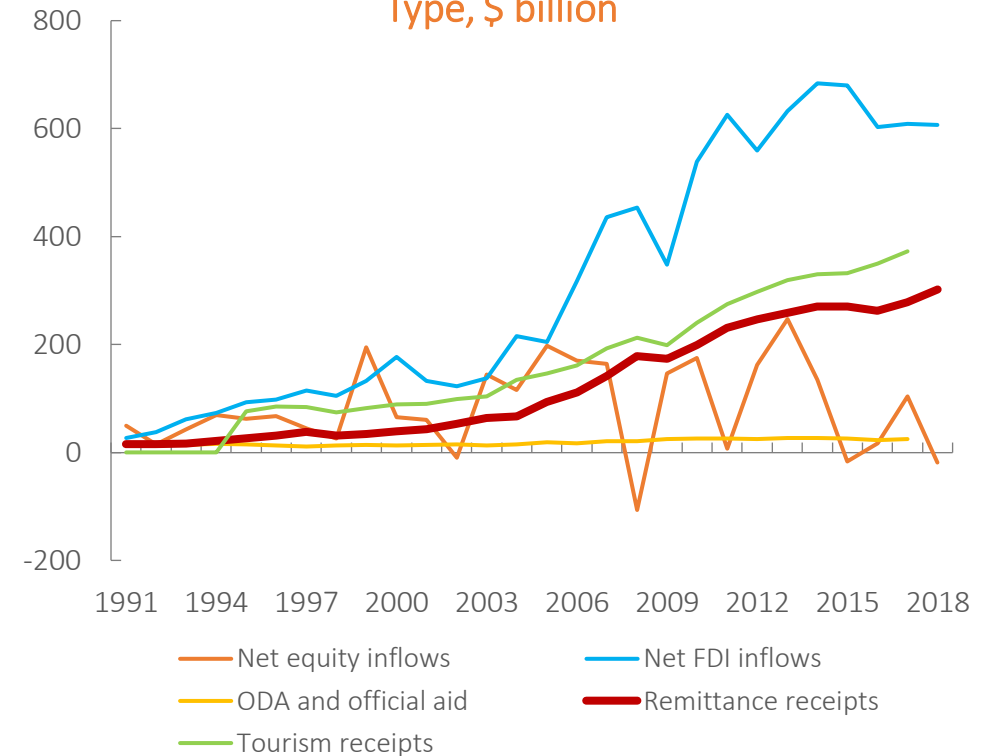


Labor migrants and the money they remit imperative in Asia's development path.

Global Stock of International Migrants by Region of Migrants' Origin, million persons



External Finance Inflows to Asia by Type, \$ billion



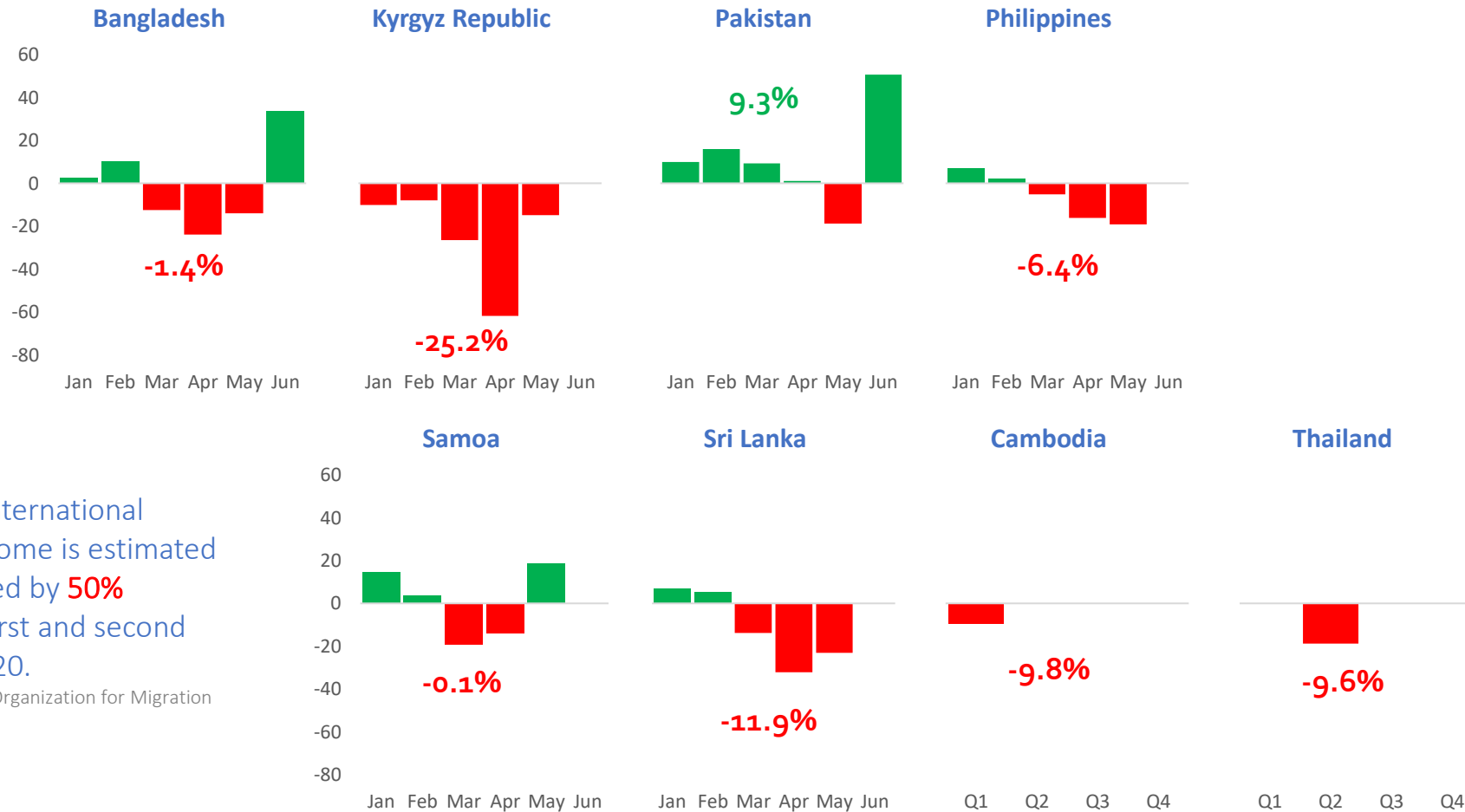
ODA = official development assistance, FDI = foreign direct investment.

Source: Asian Development Bank calculations using data on (Left) international migrant stock from the United Nations database, POP/DB/MIG/Stock/ Rev.2019 (accessed February 2020); and (Right) tourism receipts, net equity inflows, ODA, and net FDI values from World Bank's World Development Indicators (accessed March 2020) and remittances from KNOMAD database (accessed February 2020).



Signs of decline in remittance inflows apparent; vary by country.

Reported Year-on-Year Changes in Remittances in Select Asia and the Pacific Economies, %



In Myanmar, international remittance income is estimated to have dropped by **50%** between the first and second quarters of 2020.

Source: International Organization for Migration

Note: Numbers refer to the year-to-date changes (base year 2019) in remittance inflows to selected Asian countries. Sources: Asian Development Bank calculations using data from respective country Central Banks.





Under worst-case scenario, forgone remittances could reach as high as \$54 billion in Asia; \$11.7 billion in Southeast Asia.

Remittance Recipients	Amount (\$ million)	Percent of Baseline
Global	-108,617	-18.3
Asia	-54,255	-19.8
Australia and New Zealand	-299	-10.8
Central Asia	-3,366	-23.8
East Asia ex-PRC and Japan	-1,660	-16.2
Japan	-497	-13.3
PRC	-7,886	-12.6
Southeast Asia	-11,660	-18.6
South Asia	-28,621	-24.7
Pacific	-267	-13.2
United States	-482	-7.4
European Union + United Kingdom	-17,889	-14.4

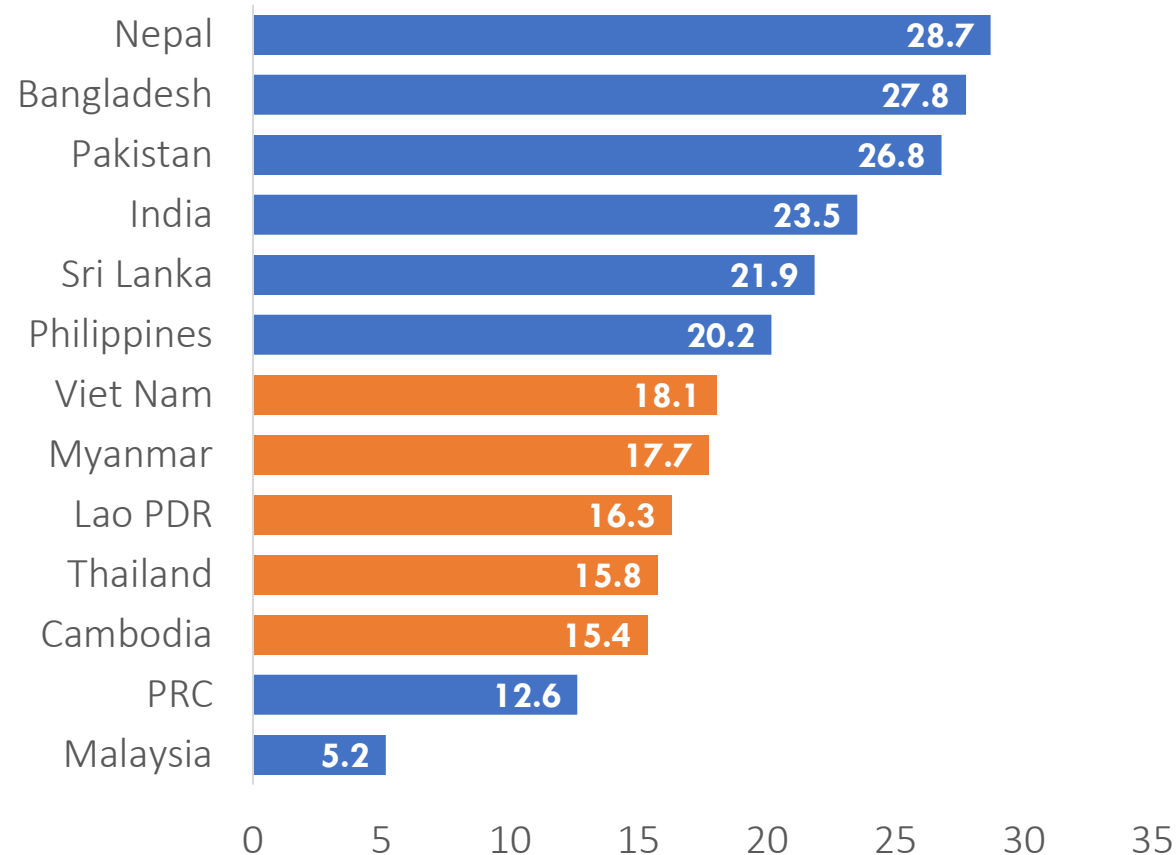
Remittance Source Region/Territory	Amount (\$ million)	Percent of Baseline
Asia	-639	-5.5
European Union + United Kingdom	-648	-5.6
United States	-6,170	-52.9
Middle East	-3,652	-31.3
Russian Federation	-4	-0.0
Rest of the world	-547	-4.7

PRC = People's Republic of China
 Note: Data presented for East Asia does not include those for the PRC and Japan.
 Source: Asian Development Bank estimates.



Many Central and South Asian economies hit hard; over 20%-drop in remittances estimated.

Economy-wide Remittance Loss under Worst-Case Scenario
(% of baseline)

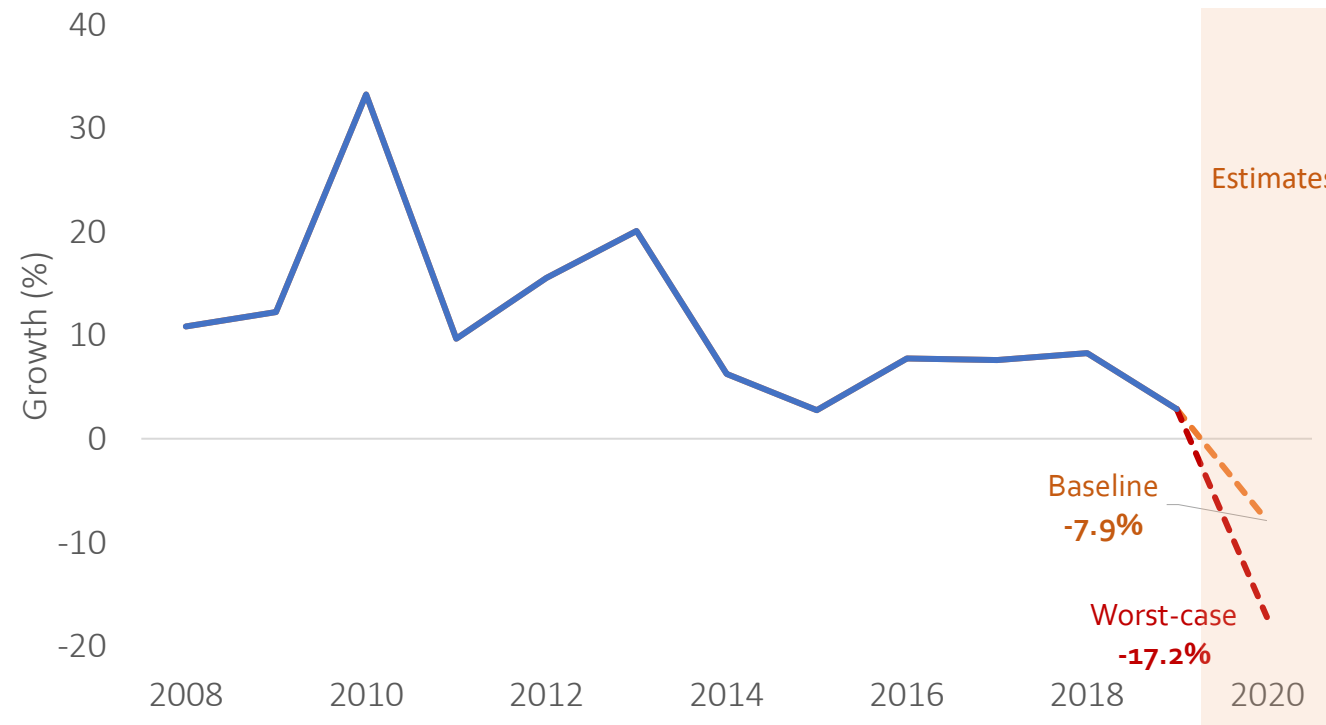


PDR = People's Democratic Republic, PRC = People's Republic of China
Source: Asian Development Bank estimates.



Remittance inflows to Greater Mekong Subregion economies to fall as hard as 17% in 2020.

Annual growth in international remittances to Greater Mekong Subregion economies
(actual and ADB estimates)

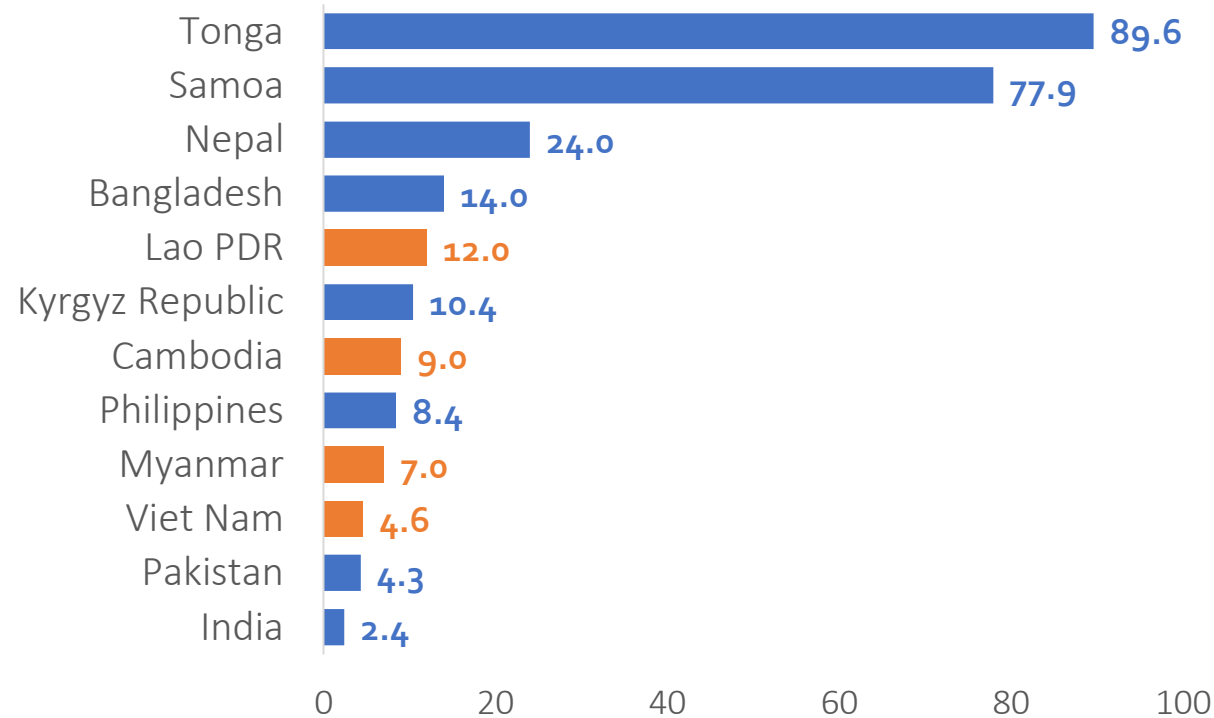


Source: ADB calculations using actual data on annual remittance inflows from the World Bank. <https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data> (accessed September 2020) and 2020 Asian Development Bank estimates on remittance impact of COVID-19. <https://www.adb.org/sites/default/files/publication/622796/covid-19-impact-migration-remittances-asia.pdf>.



Reduction or suspension of remittances can raise vulnerability of recipient households.

Share of Recipient Households with International Remittances, %



PDR = People's Democratic Republic.

Sources: ADB compilation using data from Mahabub Hossain Panel Data 2014- rural household sample only for Bangladesh; Making Access Possible (MAP)-FinScope nationwide financial inclusion surveys in Cambodia (2015), Lao PDR (2014) and Myanmar (2013) as reported in Aneja, Gravestijn, and Hwang (2017; National Sample Survey 2007-08 for India as reported by Chellaraj and Mohapatra (2014); Life in Kirgizstan Study (LiK) 2016 for the Kyrgyz Republic; National Migration Survey 2018 for the Philippines; Household Expenditure Survey 2013 for Samoa; Nepal Living Standard Survey in 2011 for Nepal; 2007-08 Household Integrated Economic Survey as reported in Mughal and Anwar (2012) for Pakistan; Brown et al. (2006) for data on Fiji and Tonga based on the 2005 Survey of Migrant Households and Remittances; and Vietnam Household Living Standard Surveys in 2012 as used in Nguyen and Vu (2017).



COVID-19 impact on cross-border labor mobility could reshape migration dynamics and governance.



Greater restriction of movement amid stringent public health measures and limited travel options.



Expected rise in migration costs, with limited travel options, health protocols, and immigration paperwork.



Rise in irregular forms of migration, such as human trafficking, due to restriction and frequent changes in recruitment and visa procedures.



A greater supply of workers may look for work overseas as the pandemic continues to hurt source economies.



Governments at both ends of migration need to set clear policies and guidance to respond to the “new normal” in labor migration.



Effective support from host and source countries are needed to support affected migrants and the family members.



Improve safety and welfare of migrant workers and their families.



Facilitate employment retention and placement.



Facilitate reintegration of returned migrants.



Ensure the flow of remittances.

KEY POINTS

- The economic recession from the COVID-19 pandemic threatens the job security and well-being of over 91 million international migrants from Asia and the Pacific.
- Total remittances to Asia are expected to drop between \$31.4 billion (baseline scenario) and \$54.3 billion (worst-case scenario) in 2020, equivalent to 11.5% and 19.8% of baseline remittances, respectively.
- With many households depending on international remittances in developing Asia—particularly in the Pacific and Central and West Asian economies—a sudden stop in remittance flow to these regions could push people into poverty.
- Source and host countries of migrant workers are encouraged to extend temporary social protection programs to assist stranded and returned migrants; extend social protection to the poor including the remittance recipient

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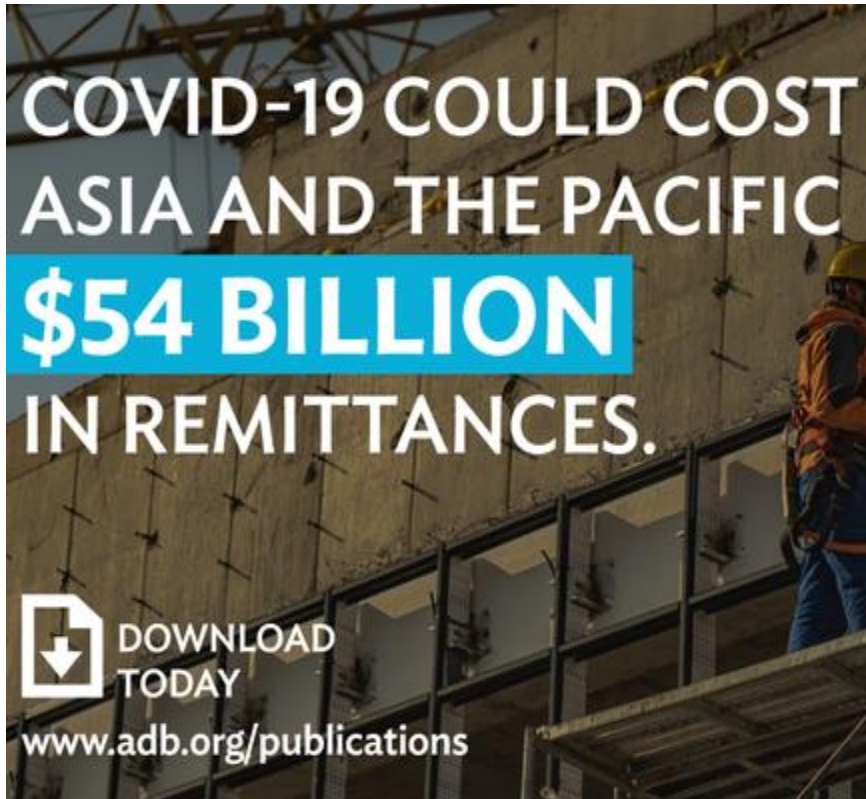
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INTRODUCTION: THE COVID-19 PANDEMIC AND INTERNATIONAL MIGRATION FROM ASIA AND THE PACIFIC

The coronavirus disease (COVID-19) pandemic risks devastating impact on economies around the world, including widespread unemployment and lower incomes. Toward the end of June 2020, workplace closures applied to 77% of country observations worldwide, albeit to a varying extent—9 countries still required strict closing of all but essential workplaces.² Alongside the effects of the pandemic on international and domestic travel, trade, investment flows, and other productive activities, the Asian Development Bank (ADB) estimates employment in Asia and the Pacific to be

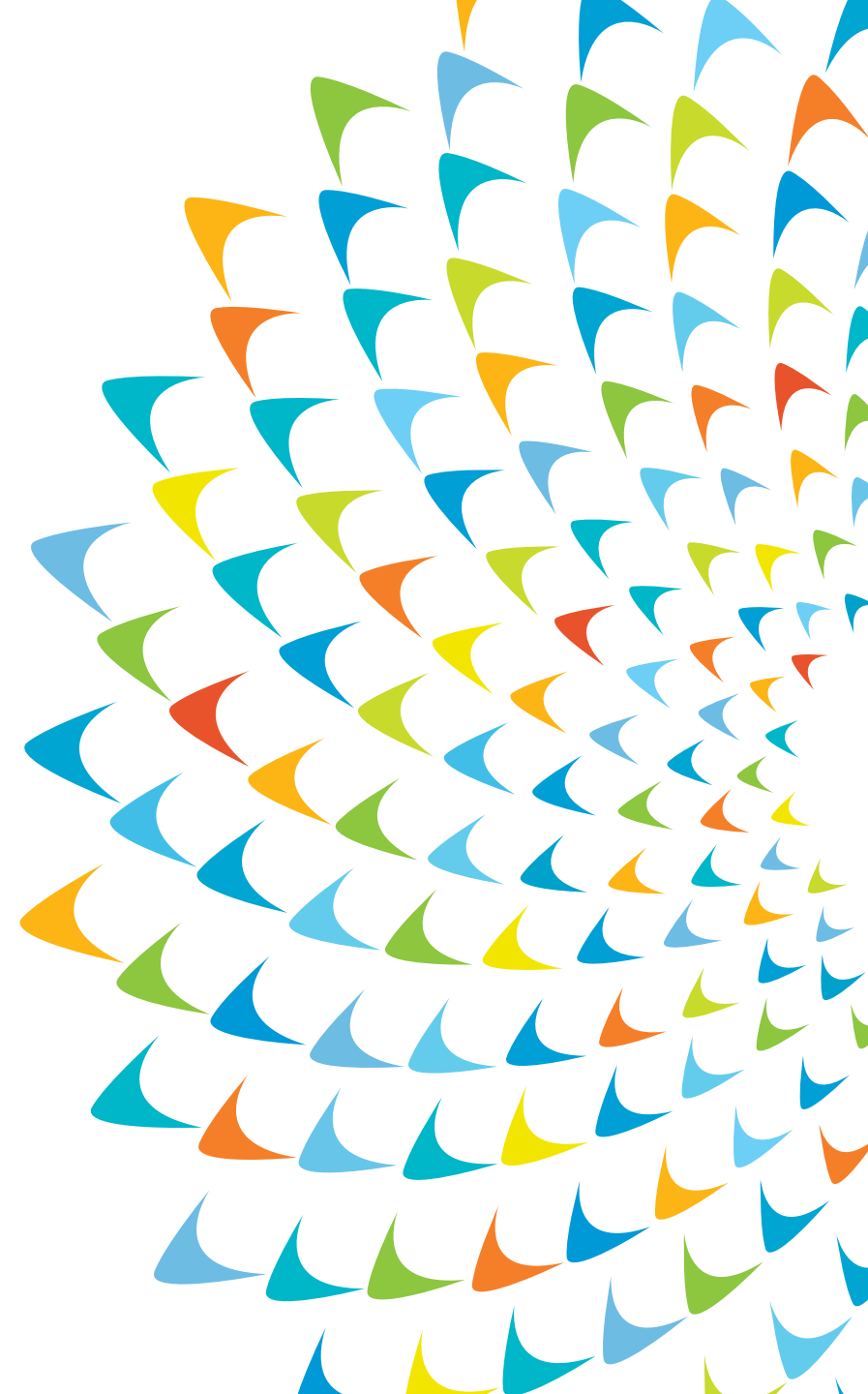


COVID-19 COULD COST
ASIA AND THE PACIFIC
\$54 BILLION
IN REMITTANCES.



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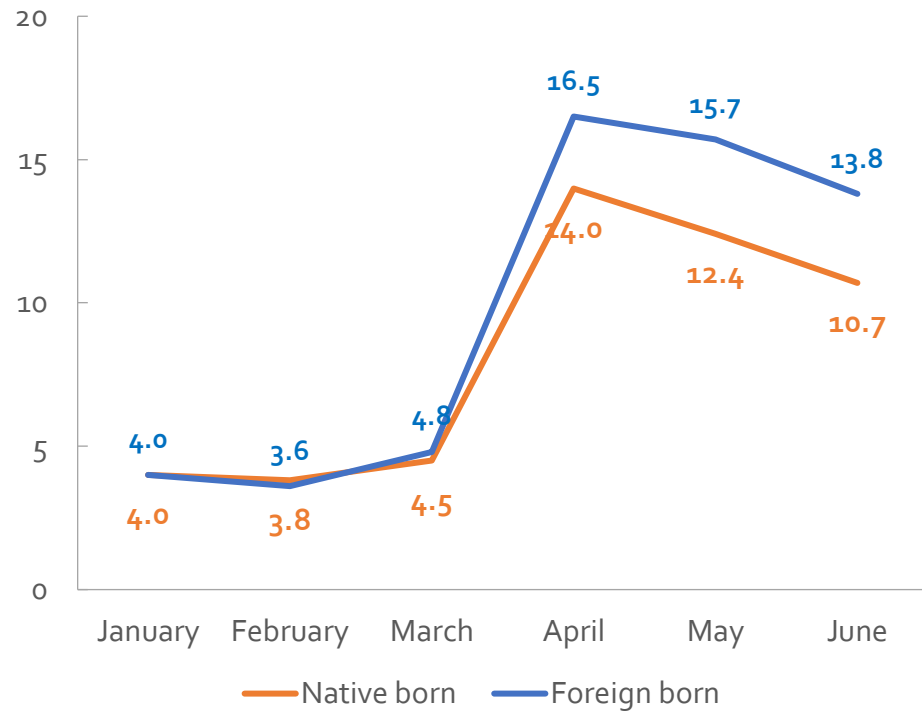


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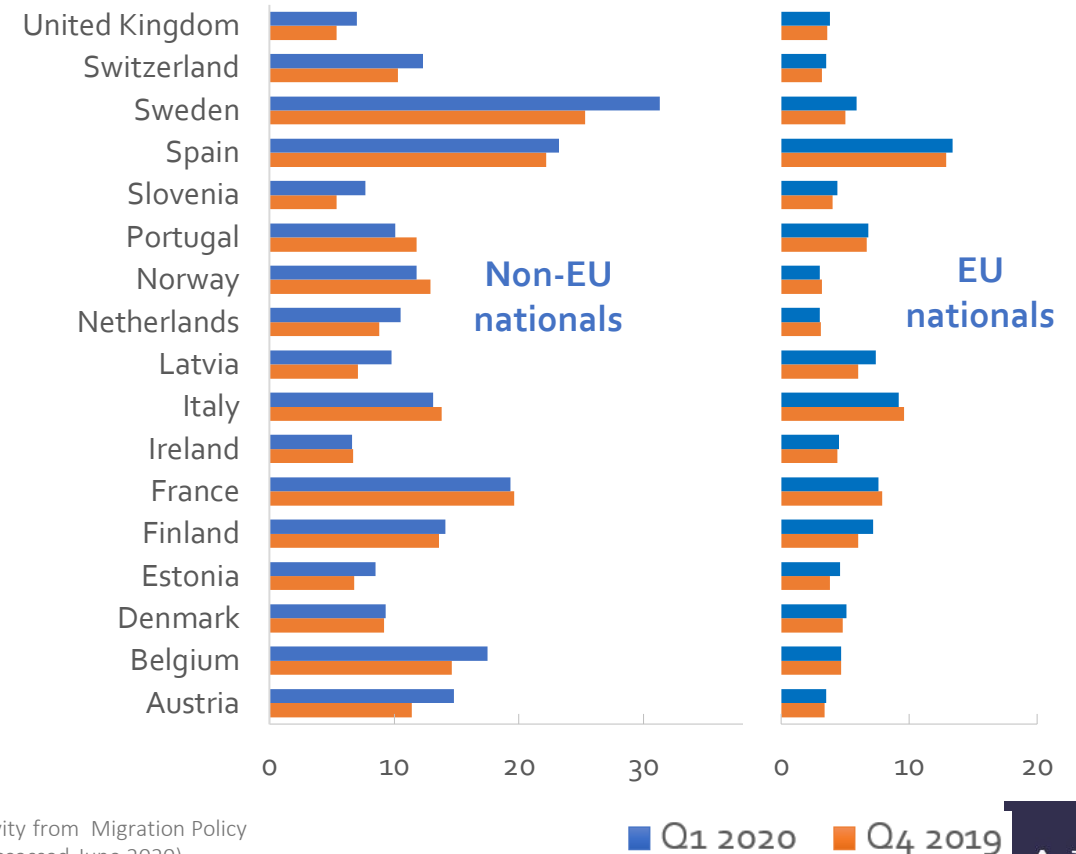


Migrant workers are disproportionately affected by the pandemic

Unemployment Rates (%) of Adults (ages 16 and older) in the US Civilian Labor Force by Nativity January–June 2020



Unemployment Rates (%) in the EU Labor Force by Citizenship Q4 2019–Q1 2020



EU = European Union

Source: Asian Development Bank calculations using data on (Left) unemployment rates (ages 16 and older) in the US by nativity from Migration Policy Institute database (accessed June 2020); and (Right) unemployment rates in EU by citizenship from the Eurostat database (accessed June 2020).

■ Q1 2020 ■ Q4 2019



Baseline scenario (with 6 months containment)

Remittance Recipients	Amount (\$ million)	Percent of Baseline
Global	-57,603	-9.7
Asia	-31,356	-11.5
Australia and New Zealand	-129	-4.7
Central Asia	-2,228	-15.7
East Asia ex-PRC and Japan	-716	-7.0
Japan	-211	-5.7
PRC	-3,493	-5.6
Southeast Asia	-6,187	-9.9
South Asia	-18,276	-15.8
Pacific	-116	-5.7
United States	-226	-3.5
European Union + United Kingdom	-8,071	-6.5



Remittance Source Region/Territory	Amount (\$ million)	Percent of Baseline
Asia	-280.4	-4.5
European Union + United Kingdom	-285.6	-4.6
United States	-2633.3	-42.6
Middle East	-2748.3	-44.4
Russian Federation	-3.1	0.0
Rest of the world	-236.6	-3.8

PRC = People's Republic of China

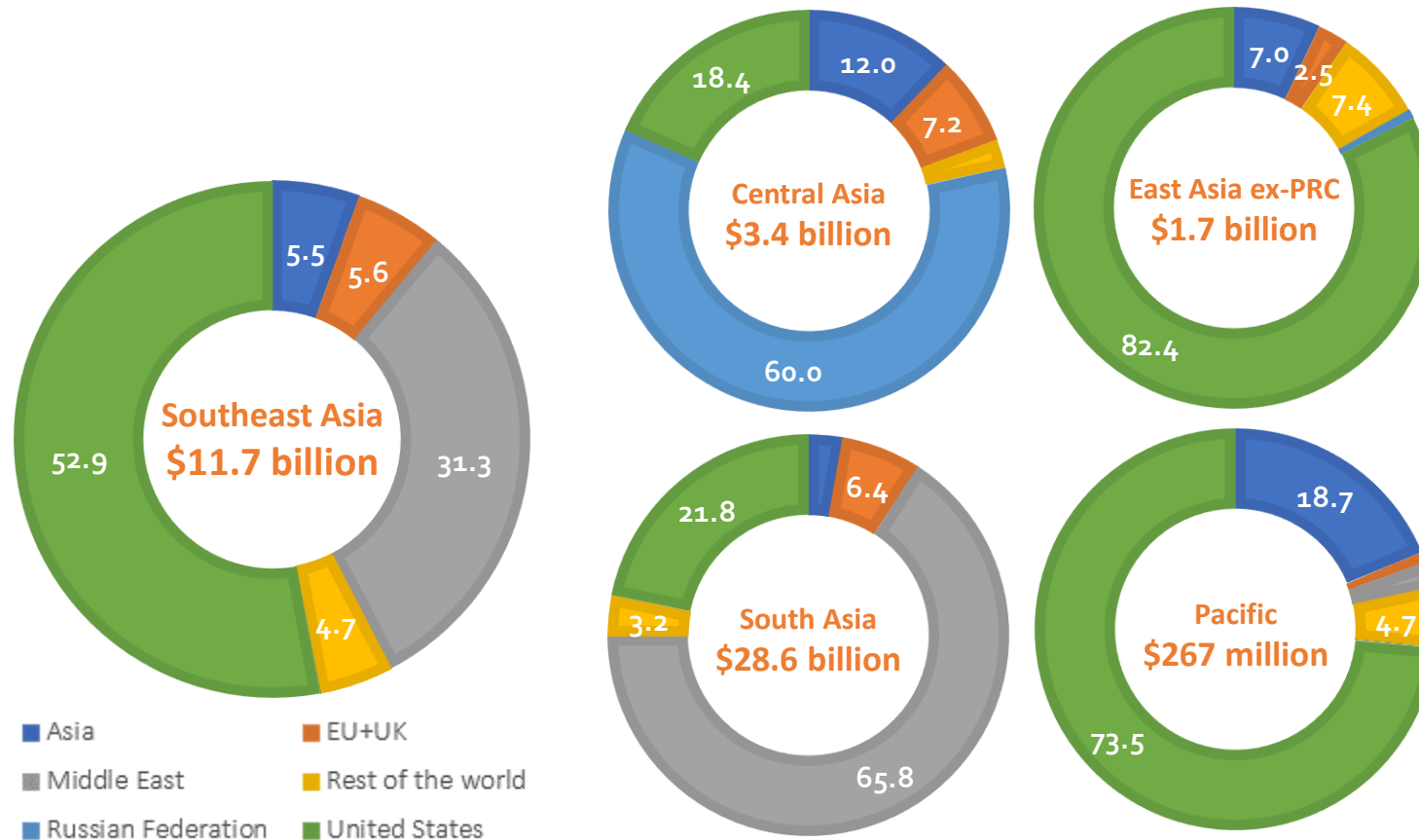
Note: Data presented for East Asia does not include those for the PRC and Japan.

Source: Asian Development Bank estimates.



Remittances to Southeast Asia will be largely affected by sharp decline in money received from the US.

Share to the Total Decline in Remittance Value by Host Region/Territory, %



EU + UK = European Union plus the United Kingdom, PRC = People's Republic of China.

Note: The amount (\$ billion) in the circle refers to the total remittance loss of respective Asian subregion. The slices refer to the share to the total remittance loss from host regions and territories.

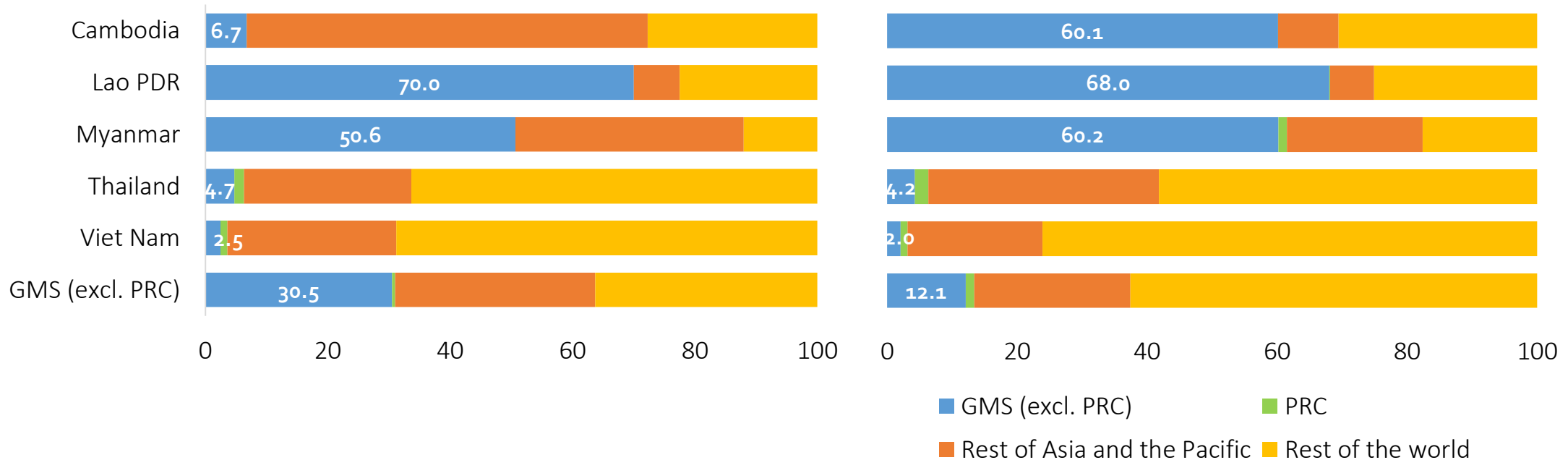
Source: Asian Development Bank estimates.



Migration and remittance flows in Greater Mekong Subregion

Outmigration from Greater Mekong Subregion Economies by Destination, %

Remittance Inflows to Greater Mekong Subregion Economies by Source, %



PDR = People's Democratic Republic

Note: Values refer to the share of intra-GMS migration and remittance flows.

Source: ADB calculations using data on migrant stock from United Nations Department of Economic and Social Affairs, Population Division, International Migrant Stock; and (RIGHT) bilateral remittance data from Global Knowledge Partnership on Migration and Development (KNOMAD) database, accessed September 2020



Key Messages

- COVID-19-induced economic recessions threaten job security and well-being of over 91 million international migrants from Asia and the Pacific.
- In 2020, remittances to Asia are expected to drop between 11.5% (\$31.4 billion) and 19.8% (\$54.3 billion) relative to pre-COVID baseline. It ranges between 7.9% (\$1.7 billion) and 17.2% (\$3.8 billion) in Greater Mekong Subregion (excluding PRC) economies.
- Households relying heavily on international remittances in developing Asia risk falling into poverty, which could include families of around 142,000 migrant workers who have returned home to Myanmar from Thailand since March and those in Lao PDR whose 60% of their total income comprise money they receive from abroad.
- Source and host countries of migrant workers are encouraged to (i) extend temporary health and social services to affected migrants; (ii) expand the coverage of social protection to low income remittance recipient households; (iii) design a comprehensive national migration policy framework to support migrant workers and (iv) ensure the continuity and supportive business environment of remittance services.