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

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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 by 11.5% ($31.4 billion) and 19.8% ($54.3 billion) relative to pre-COVID baseline.
- Households relying heavily on international remittances in developing Asia—particularly Pacific and Central and West Asian economies—risk falling into poverty.
- 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.
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.
Migrant workers are disproportionately affected.

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

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

Year-on-Year Changes in Remittances to Selected Countries in Asia and the Pacific, January–June 2020

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
## Baseline scenario (with 6 months containment)

### Remittance Recipients

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

### Remittance Source

<table>
<thead>
<tr>
<th>Region/Territory</th>
<th>Amount ($ million)</th>
<th>Percent of Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>-1,624</td>
<td>-2.6</td>
</tr>
<tr>
<td>European Union + United Kingdom</td>
<td>-1,493</td>
<td>-7.3</td>
</tr>
<tr>
<td>United States</td>
<td>-8,768</td>
<td>-8.6</td>
</tr>
<tr>
<td>Middle East</td>
<td>-16,835</td>
<td>-26.0</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>-1,564</td>
<td>-25.5</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>-1,071</td>
<td>-6.0</td>
</tr>
</tbody>
</table>

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.
## Worst-case scenario (with 12 months containment)

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

### Remittance Source Region/Territory

<table>
<thead>
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<th>Region/Territory</th>
<th>Amount ($ million)</th>
<th>Percent of Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>-3,290</td>
<td>-5.2</td>
</tr>
<tr>
<td>European Union + United Kingdom</td>
<td>-3,397</td>
<td>-16.6</td>
</tr>
<tr>
<td>United States</td>
<td>-20,547</td>
<td>-20.1</td>
</tr>
<tr>
<td>Middle East</td>
<td>-22,481</td>
<td>-34.7</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>-2,067</td>
<td>-33.7</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>-2,472</td>
<td>-13.9</td>
</tr>
</tbody>
</table>

**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.
Host economies affect remittances to Asian subregions differently.

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

- **Central Asia** $3.4 billion
  - Asia: 18.4
  - EU+UK: 12.0
  - Middle East: 7.2
  - Rest of the world: 7.4
  - Russia: 7.0
  - United States: 2.5

- **East Asia ex-PRC** $1.7 billion
  - Asia: 82.4
  - EU+UK: 7.0
  - Middle East: 2.5
  - Rest of the world: 7.4
  - Russia: 7.4
  - United States: 7.4

- **PRC** $7.9 billion
  - Asia: 69.9
  - EU+UK: 14.6
  - Middle East: 5.9
  - Rest of the world: 9.3
  - Russia: 5.9
  - United States: 9.3

- **Southeast Asia** $11.7 billion
  - Asia: 52.9
  - EU+UK: 5.6
  - Middle East: 3.2
  - Rest of the world: 4.7
  - Russia: 4.7
  - United States: 5.6

- **South Asia** $28.6 billion
  - Asia: 31.3
  - EU+UK: 6.4
  - Middle East: 21.8
  - Rest of the world: 6.4
  - Russia: 6.4
  - United States: 6.4

- **Pacific** $267 million
  - Asia: 73.5
  - EU+UK: 18.7
  - Middle East: 4.7
  - Rest of the world: 4.7
  - Russia: 4.7
  - United States: 4.7

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.
Remittance to Central and South Asian economies hit hard: falling by over 21%.

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

- Nepal: 28.7%
- Tajikistan: 27.9%
- Bangladesh: 27.8%
- Pakistan: 26.8%
- Kyrgyz Rep.: 25.2%
- Turkmenistan: 24.1%
- Uzbekistan: 24.1%
- Armenia: 23.5%
- India: 23.5%
- Azerbaijan: 23.1%
- Sri Lanka: 21.9%
- Kazakhstan: 21.8%
- Georgia: 21.4%
- Indonesia: 21.4%
- Philippines: 20.2%
- Viet Nam: 18.1%
- Timor-Leste: 17.7%
- Myanmar: 17.7%
- Bhutan: 16.9%
- Afghanistan: 16.9%
- Maldives: 16.8%
- Lao PDR: 16.3%
- Cambodia: 15.4%
- Fiji: 13.2%
- Tonga: 13.0%
- Samoa: 13.0%
- PRC: 12.6%
- Mongolia: 11.9%
- Malaysia: 5.2%

PDR = People’s Democratic Republic, PRC = People’s Republic of China
Source: Asian Development Bank estimates.
Estimates on remittance inflows to Asia in 2020 compared.

Annual growth in international remittances to Asia (actual and forecast), %

- WB July 2009 forecast: 3.3% (base-case) to -9.4% (low-case)
- ADB estimate: -11.5% (baseline) to -19.8% (worst-case)
- WB April 2020 forecast: -19.3%
- Actual data

Notes:
- WB = World Bank
- The WB estimates for Asia in this chart refers to the weighted aggregate of East Asia and the Pacific, South Asia, and Europe and Central Asia, thus includes countries that are not in ADB’s list of Asian countries. These include low- and middle-income economies in Europe such as Albania, Bulgaria, Montenegro, Romania, Serbia, and Ukraine.
Reduction or suspension of remittances can raise vulnerability of recipient households.

Share of Recipient Households with International Remittances, %

- Tonga: 89.6%
- Samoa: 77.9%
- Fiji: 42.8%
- Tajikistan: 35.0%
- Nepal: 24.0%
- Armenia: 18.0%
- Bangladesh: 14.0%
- Lao PDR: 12.0%
- Kyrgyz Republic: 10.4%
- Cambodia: 9.0%
- Philippines: 8.4%
- Myanmar: 7.0%
- Georgia: 7.0%
- Viet Nam: 4.6%
- Pakistan: 4.3%
- Indonesia: 4.3%
- India: 2.4%

PDR = People’s Democratic Republic.
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.
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COVID-19 COULD COST ASIA AND THE PACIFIC $54 BILLION IN REMITTANCES.

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