



**Global Forum on
MIGRATION & DEVELOPMENT**

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ΘΕΜΑ: Πρώτο Διεθνές Forum για τη Μετανάστευση και Ανάπτυξη.

GLOBAL FORUM ON MIGRATION AND DEVELOPMENT

Roundtable 2: Remittances and other diaspora Resources: Increasing their volume and development value

1. Migration flows. Volume, distribution by country and uses of emigrants' remittances

- Greece was for years a labor exporting country. During 1945-1973, Greece had a net outflow of Greeks, by about 1 million, while during 1974-1985 a net return of 200.000.

The economic development of the period 1992-2002 has been accompanied by a large increase of the population, mainly of the immigrants.

The average annual rate of population growth during that period was 0,59% of which, at least 83% (628.000 persons) come from immigrants.

For the last 20 years or so, emigration has come to a standstill and the number of Greek immigrants in Europe and elsewhere has stabilized. Nevertheless, emigrant's remittances, although declining, continue to flow into Greece at an average annual rate of about 1 billion USD, and are still 2 to 3 times higher, on average, than the official emigrants payment figure (See Table 1)¹.

- Nowadays, the interest is monopolized by the immigration to Greece.

Foreigners make up about 9% of Greece's population and about 12% of its labor force. No other country in Europe has such a high share of foreigners in its active labor force. The large number of immigrants in Greece contributes to the reduction of the demographic deficit, as well as the smooth operation of various production sectors. However, high unemployment continues to exist.

It is interesting to note here that with the exception of Albania the largest part of immigrants remittances originates and returns to the same countries (mainly countries of Greek diaspora) (See Tables 2 and 3).

¹ Official data concerning migrants' remittances cover the period after the year 2000, as for previous years data are not statistically consistent.

The further increase in the number of immigrants does not appear to be in the interest of the country or the immigrants themselves: a balance seems to have been reached.

- Special mention should be made of Albanians which is the predominant ethnic group of immigrants, constituting the largest Albanian community in Europe. They represent a very high proportion of the Albanian population and they remit a large proportion of their earned income in Greece.

All in all, during the period 1999-2002 Greece exported an annual average of 300 million USDs of official emigrants' remittances. Albanians' share in these remittances is very high. However, the actual volume of remittances flowing to Albania is much higher than the official figure. This is because other unofficial channels are also used, including the money carried on their frequent visits to Albania, due to easy and inexpensive access as a neighboring country.

By certain estimates, the combined value of remittances and repatriated savings to the Albanian economy (from everywhere but mostly from Greece) in 2001 totaled USD 542,6 or 23,4% of the Albanian GDP.

According to a survey carried out in the mid 1990's, half of migrant earnings were sent back to Albania and of that amount, just over half was used for consumption, while the remainder was saved and invested. One third of the savings was invested in housing and only 3% in industrial buildings or equipment.

Returning migrants typically invest in small or microenterprises, one-person or small family business, in order to have control. Migrant earnings are the source of most investment in agriculture, which is the largest economic sector in Albania.

According to a recent survey in Albania, 10% of the self-employed and managers used savings accumulated abroad.

By the end of the 1990's, migrant savings accounted for 17% of investment in Albania.

2. Legislative/ Regulatory regime governing remittances transfers

- Commissions and fees charged for remittances transfers in Greece are, typically, composed of a fixed and an analogical (%) amount.

The fixed amount (on average about 20 euros) may vary from a minimum of 10 euros to a maximum of 1.000 euros and the analogical (%) part from 0,20% to

0,30%. Large amounts are, therefore, favored against smaller ones, because of higher per unit handling and administrative costs to banks of the latter. Banks' policies, generally, aim at attracting permanent (not occasional) customers, who would use not only a single, but a whole set of products/ services. To them banks offer favorable package deals. For example, Eurobank charges no commission for remittances to Albania for customers maintaining deposit accounts of over 10.000 euros.

- There are no barriers to the entry or exit of institutions to the market and no administrative interventions to regulate prices, which are determined by market forces. The only "restriction" is the one set by Community Regulation 2560/2001, which requires that "fees and commissions charged for cross-border Community money transfers can not be higher than those charged for domestic transfers".

- In the last years efforts are being made to reduce the costs and increase the speed and efficiency of cross-border payments in the E.U., especially in the context of the Single European Payments Area (SEPA). A part of this (process) is the draft Directive on "Payment Services" which allows for "Payment Institutions" to operate under a much lighter regime for the reduction of money transfer costs (domestically and cross-border) , especially of smaller amounts.

This will affect predominantly European Union countries. To the extend, however, that some of these measures (e.g. automatization and standardization, use of IBAN, application of transparency and safety measures) may also be extended in the future to third countries, it would be possible to have the potential benefits accrue to them, as well.

- In addition, to credit institutions, there are "special purpose institutions" (foreign exchange büros and money transfer companies) which operate under a specific legislative framework (Law 3148/2003), which provides for minimum requirements of establishment and operation for them. Eleven such companies are currently in operation, among which Western Union, MoneyGram, Moneylink etc.

Finally, remittances can be also transferred by post offices and post office companies.

- With regard to the documents required for the execution of money transfers, we must note that, there is no discrimination between customers on the

basis of nationality etc. Transactions are, of course, subject to the E.U. and international regulations governing matters such as money laundering, terrorism etc.

- As already mentioned, banks encourage the use of a wider range of products and services by their customers/ depositors, such as housing and consumer loans, insurance etc.

3. Operation of branches of Greek banks in host countries

Today, Greek banks operate in 14 countries, while their presence in Southeastern Europe is impressive, with a total of 2.330 branches.

As a relatively new host country, Greece has improved its economic relations with the Balkan countries from which the majority of Greek migrants now originate. Several Greek banks have opened branches in Albania, Bulgaria, Rumania and FYROM, a decision that has helped immigrants transmit remittances, facilitating their channeling into productive investment in those countries.

Just as years ago, Greek banks opened branches in countries with Greek migrants, the American Albanian Bank opened recently a branch in Athens and plans another in Northern Greece, to attract deposits of Albanians and to transfer their remittances to Albania at a lower cost, compared to other channels of transmission. In the effort to improve emigrants transfers, we should not forget that safety is equally or probably even more important than cost and speed of the transfer.

Table 1

**Emigrants Remittances
(Total, by Year)**

Million Euros

Year	Payments	Receipts
2000	317	1752
2001	318	1644
2002	198	1428
2003	166	1049
2004	210	721
2005	505	691
2006	513	907

Source: Bank of Greece

Table 2
Emigrants Remittances
(By Country)
(2003)

Country	Total Receipts (In thousand Euros)	%	Total Payments (In thousand Euros)	%
U.S.A.	316.762	30.18	71.721	43.33
Germany	311.959	29.73	9.691	5.85
U. Kingdom	60.531	5.77	9.022	5.45
Canada	58.542	5.58	24.906	15.06
Australia	43.601	4.15	14.816	8.95
Sweden	40.683	3.88	2.438	1.47
Belgium	32.061	3.06	819	0.49
Cyprus	23.165	2.21	7.140	4.31
Albania	1.954	0.15	9.173	5.54
Austria	3.574	0.34	104	0.06
Bulgaria	3.578	0.34	894	0.54
Switzerland	22.503	2.14	2.542	1.54
Denmark	3.295	0.31	117	0.07
France	18.311	1.74	828	0.50
Hungary	1.221	0.12	35	0.02
India	2.691	0.26	24	0.01
Italy	40.999	3.91	1.040	0.63
Lucia	3.119	0.30	2.489	0.00
Latvia	2.913	0.28		0.00
Fyrom	4.370	0.42	50	0.03
Netherlands	7.505	0.72	316	0.19
Norway	1.989	0.19	181	0.11
Poland	1.191	0.11	70	0.04
Rumania	949	0.09	4.593	2.77
Turkey	2.072	0.20	317	0.19
Yugoslavia (Serbia & Montenegro)	2.850	0.27	170	0.10

Table 3**Emigrants Remittances
(By Country)****(2006)**

Country	Total Receipts(In thousand Euros)	%	Total Payments (In thousand Euros)	%
U.S.A.	367.127	40.46	116.201	22.6
Germany	174.319	19.21	21.304	4.1
Italy	66.260	7.30	4.039	0.8
U. Kingdom	55.546	6.12	6.283	1.2
Canada	33.268	3.67	16.403	3.2
Belgium	31.245	3.44	955	0.2
Australia	27.802	3.06	12.405	2.4
Cyprus	22.020	2.43	2.605	0.5
Albania	1.643	0.18	269.892	51.02
Austria	8.719	0.96	988	0.2
Bulgaria	3.969	0.44	2.470	0.5
Switzerland	18.125	2.00	214	0.2
Denmark	7.260	0.80	173	0.1
France	14.126	1.56	781	0.3
Hungary	569	0.06	1.134	0.2
Israel	42	0.00	31.911	6.2
Netherlands	12.442	1.37	1.054	0.2
Poland	1.478	0.16	2.489	0.5
Rumania	3.446	0.38	14.616	2.9
Sweden	22.135	2.44	1.170	0.2
Spain	5.886	0.19	542	0.1
Fyrom	7.836	0.86	352	0.1