



POLICY NOTE

Mexico and international migration

by

Directorate for Employment,

Labour and Social Affairs

September 2006

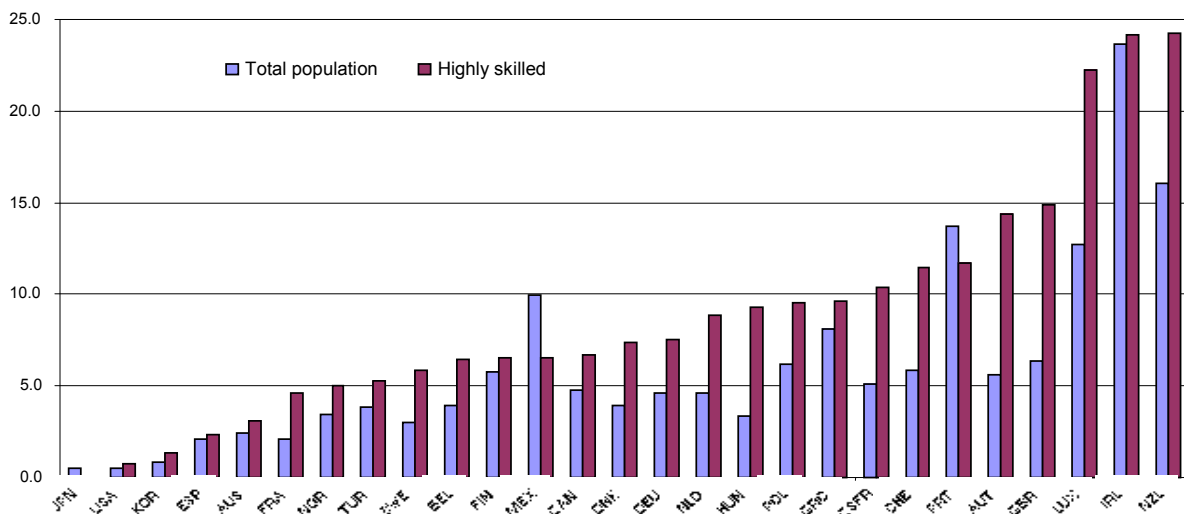
Mexico and international migration

Background

With over ten million persons born in Mexico living in other OECD countries (largely in the United States), Mexico is currently by far the most significant emigration country in the OECD zone. If native-born children of immigrants are included, the estimate rises to over 18 million, or over 6 percent of the population of the United States. Much of the migration is low-educated (relative to receiving country educational attainment) and unauthorised. Indeed, Mexico is one of only two OECD countries (the other being Portugal) for which the expatriation rate of the low educated exceeds that of the highly educated (see Figure 1). It was expected that with the NAFTA accord in 1994, the significant irregular movements observed during the 1980s would subside as the Mexican economy was expected to move to a higher growth path as a result of the liberalisation, but this has not materialised.

Out-migration is a widespread phenomenon in Mexico, with 96% of communes recording outflows. The prospect of employment in the United States is a powerful drawing card with some 25% of the general population and 45% of job-seekers indicating in surveys that they have considered or are considering going to the United States to work in the future. Mexican migrants, authorised and unauthorised, send back significant sums in remittances to their families and villages, which enhance the welfare of persons back in Mexico.

Chart 1. **Expatriates as a percentage of all native-born, OECD countries**
Total population and highly skilled



The current migration debate in the United States, concerning the fate of the 11+ million (2005) unauthorised immigrants in that country, tends to revolve around unauthorised border crossings at the southwest border (with Mexico). The reason for this is clear: unauthorised migration is estimated to consist largely of Latin Americans (78%), in particular Mexicans. The total number of annual entries is estimated to be some 850K per year, while the population of Mexicans in the United States, both authorised and unauthorised, has grown by an estimated 500K per year over the past decade. It is estimated that 80 to 85% of Mexicans in the United States for less than 10 years are unauthorised. The number of unauthorised arrivals seems to be accelerating since the early 1990s despite increased expenditures on border control. Entries of legal permanent residents into the United States from Mexico,

on the other hand, are running at about 200 000 per year, with an additional 70 000 temporary workers, both skilled and unskilled, admitted.

By contrast with its status as an emigration country, Mexico itself has few immigrants (barely 400 000 in the 2000 census). Seasonal migration of Guatemalan agricultural workers amounted to less than 50 000 admissions per year from 2000 to 2004. On the other hand, Mexico has been serving as an important transit zone for other Latin Americans en route to the United States, with close to 300 000 detentions at the southern border in 2004.

Mexican immigrants in the United States labour market

Given the extensive migration flows to the United States, migration policy is understandably focused on out-migration and the conditions of Mexican nationals abroad. The high migration movements and the widespread presence of Mexicans in the United States economy and labour market, coupled with the significant remittance amounts being sent back to Mexico, in addition to trade and financial flows, have created a strong economic interdependence between the two countries.

Over 87% of Mexican men resident in the United States are in the labour force, but only 46% of Mexican women. Both percentages exceed those of Mexican men and women living in Mexico by some 10 to 15 percentage points. Mexican workers are especially concentrated in building cleaning and maintenance, food serving and preparation, construction and manufacturing. One third of Mexican women in the United States work as maids and housekeepers and one fifth as cooks. Given the nature of these occupations, their low pay and the low unemployment rate in the United States, it is likely that many of these jobs would not exist or would be vacant were it not for the presence of Mexican immigrants.

Contributing to the management of migration flows to the United States

Although migration movements from Mexico to the United States are heavily determined by political and economic developments in the US, it is clear that the Mexican government cannot stand idly by as events unfold. Bilateral discussions with the United States on migration issues, which included a specific agenda on migration set by the Presidents of both countries in early 2001, were derailed by the events of September 2001 but have resumed in the context of the trilateral Security and Prosperity Package of 2005. This initiative includes spheres of action involving movements of people, including special clearance for pre-cleared border residents, co-ordinated visa policies and fast-track lanes and is a renewed step towards joint management of migration movements. But is a substantial step back from the earlier agenda, which included regularising undocumented Mexicans in the United States, establishing a jointly managed guest-worker programme, increasing the number of immigration visas provided to Mexicans, strengthening border security through co-ordinated actions and promoting regional development in Mexican regions of high migratory intensity.

Although 9/11 is partly to blame for this, the realisation in the United States of the magnitude of the unauthorised resident population and of continuing unauthorised movements has complicated bilateral discussions. Although progress on the situation of unauthorised foreigners in general and of Mexican nationals in particular in the United States and on the control of entry and stay are domestic issues in that country, there are a number of areas where the Mexican government may have some room for manoeuvre and where it would be useful to show positive developments.

The first concerns the increasing use of Mexico as a transit country for other Latin Americans en route to the United States. This has transformed Mexico's southern border into a matter of importance for the control of unauthorised flows to the United States. Until recently, there was a policy vacuum in this area. A number of recent forums, however, have resulted in an integrated migration policy proposal for

Mexico's southern border which calls for the facilitation of documented migration flows whose temporary and final destination are the states along Mexico's southern border while ensuring effective migration flow management and control and verification of legal stay.

Although the aim is eventually to demonstrate that effective border management under conditions of significant local flows is possible, the ultimate destination of many potential migrants at the southern border, however, is not Mexico but the United States. Many of the flows at the southern border are not, and will not be, local in nature. Thus, it seems likely that stronger entry control at the southern border will be necessary, as well as measures to prevent the diversion of movements into irregular channels, as has occurred at the northern border. The implementation of effective policies in this regard for the southern border would be a positive step.

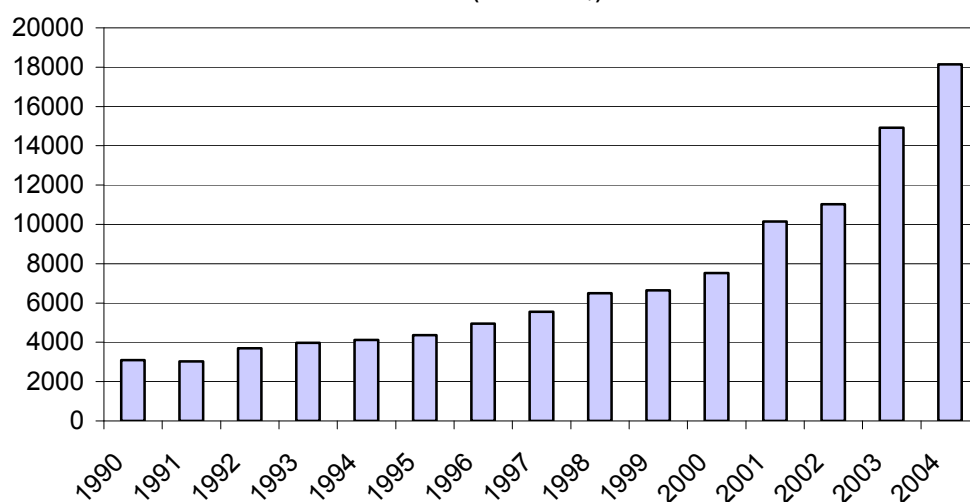
Second, although the development of a guest-worker programme is no longer on the bilateral agenda of Mexico and the United States, some form of joint or even Mexican-designed initiative, if necessary, for redirecting unauthorised movements into legal channels needs to be reconsidered and developed, even if any eventual implementation depends on the approval of the U.S. Congress. The issue of low-skilled migration to OECD countries and of the link between this and irregular movements is a general one across OECD countries, but nowhere is it quite as manifest as it is between Mexico and the United States. The current largely irregular nature of the flows is an unhealthy situation, both for reasons of international co-operation and for the sake of Mexican immigrants themselves.

The likelihood of increased labour needs as a result of population ageing, the geographic proximity of Mexico and the United States and the already high frequency of circular movements of Mexican migrants would seem to make a guest-worker programme a viable initiative, even if it is likely that not all low-skilled needs can be satisfied through temporary migration. The question of what types of jobs can be filled through this kind of migration, the necessary recruitment procedures, the means of ensuring or increasing the likelihood of return need to be examined, so that the general features of a workable programme can be identified. Replacing the current unauthorised movements by an orderly legal programme will require adequate preparation and strong involvement of U.S. employers.

Maximising the benefits from remittances

Immigrants in the United States have become an important source of money transfers to Mexico over the past fifteen years. From 2.4 billion US dollars in 1990, they have risen to 13.3 billion in 2003 and 15.2 billion in 2004. Banco de México has predicted that family remittances will reach a historical peak of 20 billion dollars by the end of 2005, but this figure may overestimate the real flows (Chart2).

Chart 2. Workers' remittances and compensation of employees received, Mexico (Million US\$)



The number of Mexican immigrants in the US increased by more than 16% between 2000 and 2004 (to 10.6 million persons) and the number of homes that receive remittances increased by about 15% (to 1.4 million in 2004). In 2004, almost six million people live in homes receiving remittances. In other words, remittances per person in receiving households were about \$2500, or about 25% of Mexican GDP per capita. 95% was dedicated to family consumption with the balance for small family investments. Without ignoring or underestimating the importance of remittances, it would be useful to (i) properly measure the flow of this resource; and to (ii) carefully evaluate some of its effects, particularly on poverty. It is useful to recall that only about 5.8% of poor homes in Mexico receive remittances.

Many “social” projects in Mexico have been financed by remittances and they are important in some regions for infrastructure development. The initiative “Tres-por-uno” initiative is playing an increasing role in this context but there is an insufficient emphasis on economic growth. However, economic development is not the responsibility of the migrants. Remittances are neither a substitute for ODA or FDI flows.

Under the U.S.-Mexico Partnership for Prosperity initiative, launched in fall 2001, Mexico and the U.S. have worked together to promote competition among private providers, expand financial literacy, and improve the payment systems. Already the average cost of transmitting money in the U.S.-Mexico remittance corridor has been cut by 60 percent, but the goal for the Summit of the Americas-sponsored effort is to halve the cost of sending remittances in the Americas by 2008.

The experiences of some of the former emigration countries in the OECD, such as Italy, Portugal, Greece, and Spain suggest that policy should facilitate, rather than impose, channels or uses of remittances, notably through a sound banking system, with low transfer costs and a modernised formal fund transfer system. Information on remittance channels and opportunities for investments should be distributed widely, through one-stop shops, in order to provide information on all stages of migration and remittance. Support and accompaniment should be provide for those migrants who wish to engage in entrepreneurial activities. But if special incentive schemes are put in place, they should be designed for everybody, and be open to migrants and non-migrants alike. Particular attention should be given to some social aspects of development, and in particular, the impact of remittances on the reduction of poverty and the improvement of education and healthcare.

Background Publications

OECD (1998). Migration, Free Trade and Regional Integration in North America.

OECD (2005). Migration, Remittances and Development.

OECD (2004). Migration for Employment: Bilateral Agreements at a Crossroads.

OECD, recent years, Trends in International Migration.