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The Impact of Migration in the Caribbean and Central American Region

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Executive Summary

Central America and the Caribbean are experiencing the economic and social effects of new transnational actors, namely an emerging diaspora. These diasporas constitute important factors integrating their countries of origin in the hemisphere's economy. This paper offers an analysis of these changes, with particular attention to the impact of migration on Central America and the Caribbean and addresses the development of migration from this region to the changes of the economies from agro-exporting to labour exporting societies. An important focus of this paper is on worker remittances as a major source of economic impact. It will also stress the importance of growing linkages beyond the family at the communal, social and political levels. The economic and business contributions of Central American and Caribbean citizens living in Canada and the United States are immense and signal a new type of relationship, not only in labour mobility, but also in trade and investment.

Résumé

L'Amérique centrale et les Caraïbes subissent l'impact économique et social des nouveaux acteurs transnationaux, et en particulier celui des diasporas émergentes. Ces diasporas facilitent l'intégration de leurs pays d'origine à l'économie de l'hémisphère. Ce document analyse ces changements et se concentre particulièrement sur l'impact de la migration à l'endroit de l'Amérique centrale et des Caraïbes. Il aborde également le sujet du développement de la migration à partir de ces deux régions et de la transition de ces économies agro-exportatrices à des sociétés exportatrices de main-d'œuvre.

Cette analyse estime que les envois de fonds des travailleurs expatriés représentent un facteur ayant un impact économique majeur. Le document souligne également l'importance de créer des réseaux au-delà de la famille, aux niveaux communautaire, social et politique. Les contributions économiques et commerciales des citoyens d'Amérique centrale et des Caraïbes qui vivent au Canada et aux États-Unis sont immenses et indiquent la nécessité d'un nouveau type de relation, qui ne se limite pas uniquement à la mobilité de la main-d'œuvre, mais qui s'étend également au commerce et aux investissements.

Resumen

América Central y el Caribe están viviendo con los efectos económicos y sociales de nuevos actores transnacionales como una diáspora emergente. Estas diásporas constituyen un factor importante al integrar estos países a la economía global. El presente documento ofrece un análisis de estos cambios. Asimismo, examina el fenómeno de la migración sobre estas regiones y los cambios que sus economías han experimentado a consecuencia de esta. Las economías se han transformado de exportadoras de productos agrícolas a exportadoras de mano de obra.



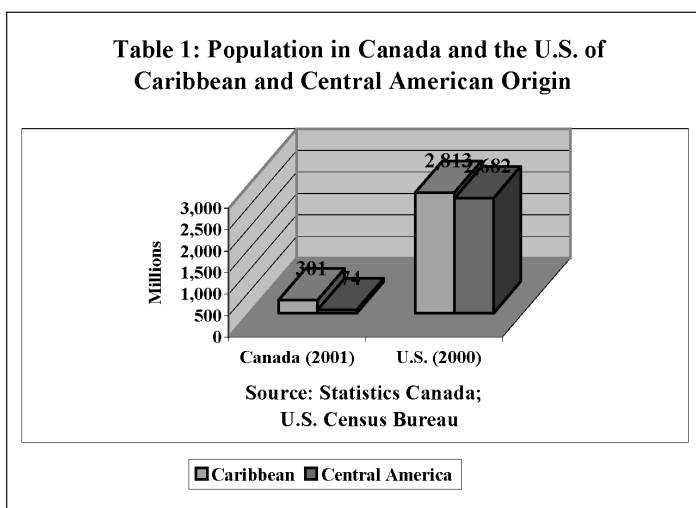
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El envío de remesas hacia América Central y el Caribe se ha convertido en una fuente importante de ingreso para estas sociedades. Este documento presta atención a este fenómeno al igual que a los vínculos que se han desarrollado mas allá del ámbito familiar — es decir en los ámbitos comunitario, social y político. Los aportes económicos y comerciales de Centroamericanos y Caribeños que residen en Canadá y en los Estados Unidos son enormes, lo cual ha creado una nueva dinámica tanto con respecto a la movilidad laboral como al comercio e inversión.

1. CENTRAL AMERICAN AND CARIBBEAN MIGRATION

A long-standing pattern of migration has existed in most countries of Central America and the Caribbean, with people moving from south to north, influenced by historical, political and economic conditions. Due to the cumulative effect of these patterns, particularly during the later part of the 20th century, there are presently at least five million Caribbean and Central Americans residing in the United States. Many of these immigrants were propelled northward by political crises in Central America, Cuba, Haiti and Jamaica, with the majority settling in the United States. However, nearly half a million Central American and Caribbean migrants are currently in Canada, with Jamaicans, Haitians, Trinidadians and Guyanese outweighing the number of Central Americans.



Migration from Central America and the Caribbean

The largest proportion of Central American migrants to Canada and the United States arrived in the early 1980s. War, repression and systematic human rights abuses in the region caused many Guatemalans, Salvadorans, Nicaraguans and Hondurans to flee their countries in search of a safe haven. Today, Central Americans constitute a ‘fresh diaspora’, that is an ethnic minority produced by migration patterns that maintains links with their country of origin. By 1990, more than one million Guatemalans, Nicaraguans and Salvadorans had left their homelands for Canada, the United States, Mexico and Costa Rica. Meanwhile, the number of Salvadorans in the United States had increased to over one million by 2000 representing close to half of Central Americans in the United States with

commensurate proportions also being the case in Canada. Canada is also host to a significant community of Haitians, Guyanese, Jamaicans and Trinidadians who maintain direct links with their country of origin. Jamaicans, Haitians and Trinidadians represent 80 percent of Caribbean immigrants in Canada. Thus, one in three English Caribbean people live abroad, the majority either living in the United States or Canada.

In contrast to migration patterns from Central America, flows of people from the Caribbean is more historically grounded. Recent migration mostly occurred due to a combination of political and economic instabilities supported by an expanding network of cultural and linguistic ties. On the political front, outward migration from Cuba really got its biggest push after the 1959 revolution and again in the early 1980s when the Cuban government relaxed exit procedures. Haitians fled in numbers in the 1980s during the period of the Duvalier dictatorship and the ongoing uncertainties under the Aristide government has ensured that migration pressures have not dissipated. In the case of the Dominican Republic, outward migration has occurred at different stages. Many Dominicans sought exile early on during the Trujillo regime and later during the post-Trujillo transition with another wave of migration developing in the mid-1980s, related to the country’s economic difficulties and social protests. In contrast to the Spanish Caribbean, the flow of English Caribbean migrants to Canada is primarily motivated by shared cultural and political histories, trade and economic linkages and as a result of shared membership in the Commonwealth. In the case of Jamaica, however, the continued violence in that country has also been a contributing factor to more recent migratory patterns and this is also somewhat true of Guyana.

All these immigrant groups established various symbolic, sentimental and material links with their countries of origin. Many of these linkages are deeper than simply maintaining contacts with relatives.

2. TRANSNATIONALISM AND ITS EFFECT ON HEMISPHERIC INTEGRATION

These migration flows have produced a new group — the Central American and Caribbean diasporas — that has had an impact on the region and continues to influence the way in which traditional social and economic practices take place. The economic integration of Central America and the Caribbean into the global economy is taking place in large part through the economic effects of labour migration.

Tourism, transportation, telecommunication, nostalgic trade and the transfer of remittances have opened a range of commercial opportunities that enhance trade and investment links between the region and the rest of the world as well as affecting the development of the region.

Economic connectivity between migrants and their countries of origin has become a self-reinforcing process. El Salvador, Honduras and Nicaragua all have a high proportion of their nationals living abroad. In the case of El Salvador, over 30 percent of the tourists who arrive are Salvadorans, or former Salvadorans, who are resident abroad, predominantly in the United States. Their average length of stay is more than two weeks and they spend more than US\$50 a day. Nicaraguans travel often from Miami (where approximately 40 percent of Nicaraguans currently reside in the U.S.) to Managua with goods and merchandise as gifts for their relatives. In the Dominican Republic, nearly 40 percent of tourists who travel to the country are Dominicans living abroad, mostly in the United States. Their average length of stay is more than fifteen days and they spend approximately US\$65 a day, thus making a significant contribution to the local economy. From J.F.K airport in New York City alone, annual flights to Santo Domingo carry approximately 140,000 people. Despite the presence of the U.S. embargo, Cuban-Americans are increasingly visiting their country of ancestry or origin. In the past three years at least 200,000 Cuban-Americans traveled annually to Cuba directly from the United States, representing at least 10 percent of the tourist population visiting the country. A large number of Cuban residents in the United States also travel through third countries such as Mexico, Jamaica and Barbados to arrive at their destination as a way to circumvent restrictions aimed at enforcing the U.S. embargo.

The use of air transportation is also significant to these communities. *Grupo Taca*, the airline carrier that serves Central America, flies 21 times a day from the United States to El Salvador. At least 70 percent of their customers are Central Americans. The airline also flies direct to Toronto and Montreal twice weekly where the majority of Central Americans reside in Canada. The visiting immigrants from Canada generally are required to transit through the United States for connections to their final destination; therefore it is difficult to determine the true impact of the diasporas on air travel from Canada. Air traffic has increased significantly as the demand for more flights spreads through the United States. More than six U.S. based airlines, including *American Airlines*, *Continental*, *Delta*, *United* and *TWA*, have established daily operations in these countries. The number of flights going to Cuba from the United States increased from 5 a month to 30 in the past five years. Direct flights to

Haiti from Canada and the United States are primarily full of Haitian immigrants visiting their relatives.

The process of personal and commercial integration has also spurred an increase in telecommunications products and services between the communities living abroad and their home countries. The demand and volume of calls to Central America and the Caribbean have increased as the linkages were strengthened, with the diasporas opening opportunities for business expansion and investment in the cellular telephone, the Internet and electronic mail industries. Companies like Nortel Networks, AT&T, Bell South and Motorola have set up an extensive economic infrastructure to facilitate communication between the diasporas and their countries of origin. Many Canadian companies supplying services to Cuban-Americans have filled an important gap in the relationship with Cuba. There are a substantial number of Canadian money transfer businesses and other enterprises offering delivery of in-kind goods from domestic electronic appliances to food.

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Central American and Caribbean communities abroad have also produced a demand for new services and goods in their countries of origin. Increasingly, migrants have become a new market attracting exports from their countries of origin. Ethnic imports of items such as local beer, rum, cheese and other foodstuffs have gained more attention among producers in Central America and the Caribbean. For example, in 2001 the value of exports of nostalgic goods from El Salvador rose to US\$240 million representing 10 percent of the total value exported.

A by-product of the nostalgic trade industries is migrant investment in their home countries to manufacture foodstuff such as local cheese, fruits and vegetables. A number of migrants residing in Canada and the United States have set up businesses in their home countries in the distribution and retail industries. One particular example of an American based company is *Roos Foods, Inc.*; a food manufacturer that produces and sells processed milk products in Central America and to Central Americans and Mexicans residing in the United States. *Roos Foods* operates in the United States but has franchises in Nicaragua and El Salvador. This trend of migrant investment in countries of origin is likely to continue in the coming years.

Transfers of remittances constitute a major source of income for Central America and the Caribbean. El Salvador received two billion dollars in remittances in 2002 and the other countries of the region are also increasingly starting to benefit from such patterns. In the U.S., shops selling Latin ethnic goods constitute approximately 60 percent

of the money transfer businesses. Western Union is the dominant remittance transfer company from Canada to Central America and the Caribbean. The competition among remitters has been significant as the effect of money transfers, which now constitute a stock of about US\$30 billion to Latin America, has had positive economic effects in the receiving countries.

3. TRANSNATIONALISM AND FAMILY REMITTANCES TO CENTRAL AMERICA AND THE CARIBBEAN

Family remittances are currently one of the most concrete forms of linkages among or between migrants and their countries of origin; creating effects in both the sending and receiving countries. Remittances from North America began to significantly increase in volume and value in the 1980s and now appear to have reached a steady flow. Today's total remittances to Central America and the Caribbean are estimated to be at least US\$10 billion annually (see Table 2).

Country	Remittances
Barbados ^a	\$84,150,000
Costa Rica	\$196,000,000
Cuba ^b	\$800,000,000
Dominican Republic	\$1,935,000,000
El Salvador	\$1,932,000,000
Guatemala	\$1,579,000,000
Guyana	\$120,000,000
Haiti	\$800,000,000
Honduras	\$720,000,000
Jamaica	\$1,200,000,000
Nicaragua	\$600,000,000
Trinidad and Tobago	\$50,000,000
Total	\$10,016,150,000

Source: Central Banks of each country. For Cuba (ECLAC), Nicaragua and Guyana (author's estimates).

^a Numbers are for 2000;

^b data for 1999.

Comparing remittances as a share of gross domestic product (GDP) also demonstrates how influential these monies are in the economies of Central American and Caribbean countries. In some cases, such as Nicaragua or Guyana, remittances represent one quarter of the current national income. Even in centrally planned economies like Cuba's, remittances are becoming an important source of foreign exchange. In some cases, remittances are quickly becoming as important to national economic development as merchandise exports. Remittances to El Salvador have, on occasion, exceeded the total value of exports and are over half the value of the exports from the Dominican

Republic and Nicaragua. El Salvador has come to depend on remittance income and the government has put into place regulations and other policies to encourage the continued flow.

Players in the transfer of remittances

The volume of remittances needs also to be understood in terms of the players who make that flow possible. In addition to senders and recipients of remittances, who are considered the "principal actors," new and lesser-known actors and activities have emerged with the surge in remittances and have had a direct or an indirect developmental impact. The marketplace for transferring remittances has grown apace with the increasing volume of fund transfers, attracting new companies and new services. Hometown associations and national governments are also key actors in the remittance phenomenon.

THE SENDER

Immigrants sending remittances are the key players. In the United States, Central American and Caribbean residents earn an average income of \$21,000. While below U.S. averages, they send on average at least \$2,500 a year to their countries of origin. Although these figures may vary from country to country, the trend is that on a broad per capita basis, they remit more than US\$200 a month or 15 percent of their income.

In addition to sending money to their home countries, when immigrants return to visit their relatives, they bring cash and also remittances in kind, such as electrical appliances, toys and tools. Continuous travel has increased the income derived from tourism in their home countries. In the case of Jamaica, where tourism is a major source of revenue to the economy, 10 percent of tourists arriving to the country are Jamaicans living in Canada or the U.S. A similar pattern is observed among Guyanese and Haitian immigrants.

THE RECIPIENT

Analysis shows that those who receive remittances tend not to be the extreme poor, but families falling into lower and middle class ranks. While funds received tend to be directed to basic consumption needs, some studies have suggested that recipient households can eventually save up to 10 percent of the remittances, resulting in a savings rate that would be higher than national averages. This would, in part, relieve pressure on the home country social spending and other public welfare programs.

HOMETOWN ASSOCIATIONS (HTAS)

Partly inspired by the dynamics of family remittances, immigrants have formed community groups with the purpose of maintaining formalized relationships with their former local communities. Hometown associations fulfill several functions, from social exchange to political influence to the pursuit of small development projects in originating communities. These groups are increasingly motivated to take advantage of the upsurge of family remittances. Organizations made up of Salvadorans, Guatemalans, Nicaraguans, Hondurans and migrants from other countries like Colombia, Mexico, Guyana and the Dominican Republic have increasingly been working towards the improvement of their towns of origin.

About 183 organizations of the Guyanese diaspora exist in Canada and the United States. These organizations perform a range of activities, but predominantly concentrate on charitable work. The large majority of these associations are based in New York (64), but another significant number is based in Toronto (33) and other Canadian cities (42).

The international activities of the hometown associations exhibit at least four features. First, their activities range from charitable aid to investment. Second, the structure of these organizations varies with more or less formal domestic structures and sporadic relationships with their hometown and governments abroad. Third, the organizations' decisions about defining their agenda or activities depend on an array of factors, such as availability of resources, relationships with their hometowns, preferences of their members and organizational structure. Fourth, they tend to have a small economic base like other Latino non-profit groups, which fundraise under US\$20,000 a year. However, these associations have already had an impact on the social development in their countries of origin and they may continue to operate and grow in the future. Therefore, it is important to study their emerging patterns and to assist them in strengthening their institutional and operational bases.

THE MARKET

Remittances are sent in various ways, through banks, money transfer companies such as Western Union, postal services or hand delivered by the actual sender or a third party. The use of these instruments varies depending on different factors such as the existence of a modern banking and financial infrastructure, efficient delivery systems and the educational and income status of the recipient and sender. Remittances have become a source of large profit for small and large businesses. They profit from the transaction fee charged to the customer temporarily investing the funds prior to transferring them, from additional miscellaneous services like offering door to door services and in many cases from non-official exchange rates, which could be equivalent to 5 percent of the value of the transaction. Due to new and emerging companies entering the business, this market has become more

competitive. The market for remittances has changed significantly in several ways:

- The proliferation of small and large companies offering transnational services for money transfer;
- A gradual decline in the transfer costs resulting from competition and social demands;
- The expansion and extension of services and new initiatives, from money transfer to delivery of commercial goods and other personal services, oriented to migrants;
- The sustained and perhaps increasing flow of electronic money transfers;
- A widening access to basic financial services by the public in remote areas; and
- The growing participation and interest of the banking industry in transferring money from migrants to their families and communities.

TABLE 3: AVERAGE AMOUNT SENT BY IMMIGRANTS IN THE U.S. AND COST OF SENDING

	Average	Cost	(%)
El Salvador	\$287.00	\$15.07 ^c	4.39%
Guatemala	\$269.00	\$19.02 ^c	5.76%
Jamaica	\$263.00	\$26.80 ^b	8.06%
Honduras	\$257.00	\$17.17 ^b	5.56%
Dom. Rep.	\$199.00	\$17.40 ^a	8.74%
Haiti	\$162.00	\$15.50 ^a	9.57%
Nicaragua	\$150.00	\$14.60 ^a	9.73%
Cuba	\$150.00	\$25.00 ^a	16.67%

^a cost to send up to \$200.

^b cost to send \$201-250.

^c cost to send \$251-300.

The variations in costs reflect the conditions of the marketplace in each country and migrant community. As the table above shows except for Nicaragua, the places where remittances are more costly are Caribbean countries. The main reason for this is monopoly or oligopoly control of the market. In Jamaica and Guyana, for example, one single company transfers at least 60 percent of remittances, whereas in Cuba, remittances predominantly occur through informal mechanisms. Remittances in Cuba are hand delivered by third parties who handle at least 60 percent of the market increasing competition costs for formal businesses. Haiti, another expensive place to send remittances, is also characterized by high levels of informality in money transfers and control by a few companies of the formal business. The least expensive country is El Salvador, which has a dollarized economy and therefore does not face speculation in the exchange rate.

GOVERNMENTS

For the past 20 years, various means of accessing and leveraging remittances have evolved worldwide. In the Western hemisphere, Mexico and El Salvador have been developing practices to exploit the increasing flow of remittances. They offer incentives to hometown

associations to participate in joint partnerships with federal, state and municipal governments to carry out development projects. El Salvador's government, following the Mexican example, started a new matching grant program in 2002, encouraging Salvadoran HTAs to co-participate in development projects. The Salvadoran government is offering modest sums fewer than one million dollars to be matched by the HTAs.

The processes of migration that took place in the seventies and eighties as well as the continued flow of people from the Southern to the Northern Hemisphere have extended the country-to-country relationships to diasporas-and-homeland linkages. Two major dynamics effects are evolving from this process. First, Central America and the Caribbean are continuing to evolve from predominantly agro-exporting economies to labour-exporting societies. Second, the linkages formed between the diasporas and the homelands are setting the stage for the formation of special interest groups with strong transnational agendas and objectives.

Migrants have now found themselves incorporated as intermestic agents with familial, cultural, social, community and, at times, political relationships. Their interests extend to international issues, specifically to those referring to their homelands, and can be summarized as follows: to gain recognition by their home countries, to increase the level of interconnection with the diasporas and the homeland and to eventually lobby their home and host country's political system for favourable foreign policy.

4. THE FUTURE OF CENTRAL AMERICA AND THE CARIBBEAN: POLICY OPTIONS

Central America and the Caribbean have been significantly incorporated into the global economy, not only through trade and investment, but also through the phenomenon of migration. Specifically, the region is increasingly shifting from an agro-export to labour-exporting economy. Family remittances and transnational linkages offer a wide array of developmental possibilities and incentives for these countries. These issues raise the question of whether government and market institutions can function as agents of development and if so, how? Is competition enough to protect customers and consumers from market speculation or are regulation and other societal intervention (i.e. education) also necessary? Protecting customers from market speculation is one step. To promote development through the transfer of remittances, a key premise should be to create incentives for both senders and recipients to use established financial institutions to increase the availability of capital, which is the basic factor generating growth, savings and investment. Banks and credit unions are major incubators of capital; they reproduce money through savings interest rates and investments. Senders and recipients should increase their awareness of the advantages of channelling their resources through formal banking institutions.

The prevailing transnational linkages are moving beyond family remittances. Immigrants are investing in Central America and the Caribbean, social groups are mobilizing in the region, individuals are seeking to participate in the political process of their countries of origin and economic infrastructures have been established as a result of migration. In the majority of the Caribbean basin, laws have been passed allowing their citizens to now hold dual citizenship. As a result, transnational politics are playing a major role in defining political debates in home country dynamics and demands for the right to vote abroad are surging.

Given these realities, the dependence on external funds and the current state of the fragile economies of the region, new economic policies relating to labour migration need to be set in motion. Earnings from exports, tourism, remittances, investment and aid represent on average 65 percent of the countries' total national income.

Policy Options for Central America and the Caribbean

Within the context of the changing dynamics and realities of Central America and the Caribbean alternative policies need be addressed. In order to be effective, they should have a direct impact on issues relating to reducing transaction costs, leveraging the capital potential of remittances through banking and financing, promoting tourism and nostalgic trade and establishing a state policy that tends to a country's diasporas.

i) Cost Reduction

Although remittances are regarded as an important source of income by recipient countries, transaction costs continue to be a concern to development agencies, immigrants and other interested parties. With prevailing advanced technology in which money transfers can (and do) cost very little or nothing to the most savvy senders and recipients, it is worth asking how these advantages can be extended to working class remitting immigrants and recipients. Some options to reducing costs are: the formation of strategic alliances between money transfer companies and banks, and between banks in Latin America and in North America (both employing debit card technologies that rely on automated teller machines), the use of software platforms designed for money transfers, or transfers from credit union to credit union using the international remittance network.

ii) Banking the Unbanked

Only six out of ten Latin American immigrants use, or consider themselves to have meaningful access to, bank accounts. Moreover, in Central America and the Caribbean, only two in ten have access to bank accounts. The effects of being unbanked are significant. The unbanked are not only susceptible to higher costs and difficulties on a daily basis, but they also lack the ability to establish credit records and obtain other benefits from financial institutions. Assisting

senders and recipients to participate in the banking industry would help ensure lower fee transfers. Some government and private institutions are already engaged in that effort and could target a strategy linking remittance transfers with banking options as a way to attract migrants into the financial system.

In addition to banking the unbanked, using remittances as a conduit to that purpose, retail and other stores can honour remittances for the acquisition of basic goods necessary for everyday consumption. At the moment, VISA international has developed a remittance debit card that is operated by money transfer companies and banks on the receiving end. Such a card can be used at any place where they accept VISA cards. The effect on the recipient is security and a guarantee that the person has the money stored and is not spent all at once. Moreover, shops like drugstores or supermarkets can service these customers.

iii) Investment and Micro-enterprise Incentives

Studies have shown that on average, around ten percent of the remittance received is saved or invested, and a percentage of people are in a position to use their money for an enterprising activity. Both private sector and development players can insert themselves as credit partners of these potential investors. The effect is the provision of credit, supported with remittances in local communities that lack the presence of active markets and production networks. Tying remittances to micro lending has a development potential to enable the enhancement of local markets.

iv) Tourism

Currently, a significant percentage of immigrants visit their home countries as tourists, yet no government has a tourist policy aimed at its diaspora. The lack of such policy reflects not only government neglect but also a lost opportunity. Governments and the private sector can participate in joint ventures to offer their diasporas tour packages to visit traditional and non-traditional sites to rediscover and discover their home countries. They can also work out investment alliances with diasporas interested in partnering to establish joint ventures relating to tourism.

v) Nostalgic Trade

There is a significant demand for nostalgic goods, and many of the small businesses created by the diasporas rely on the importation of such goods. Governments, development agencies and the private sector, particularly local artisan businesses, find a natural opportunity to enhance their productive and marketing skills by locating their products with small ethnic businesses in North America, where a demand already exists. As the negotiation

process over a free trade area of the Americas has progressed significantly, securing these goods within the negotiating process could be a key bargaining and strategic move.

vi) Hometown Associations as Agents of Development

The philanthropic activities of HTAs have a major development potential. Some of the infrastructure and economic development work performed by these associations represents a momentum for development agents to partner in local development. Governments in Central America and the Caribbean must work with international organizations and HTAs to jointly figure income generation schemes to their local communities. The Mexican and Salvadoran experiences offer important lessons of joint partnership in development.

vii) Enabling Regulatory Environments

Expanding sending methods as well as competition (or levelling the playing field) are factors that help reduce money transfers. Moreover, educating customers about costs and charges is another important method. In Latin America there is a need to greater facilitate money transfers of any kind, be they remittance, savings, investment, or consumption. A comprehensive effort to support senders and recipients should foster an environment in which remittances are less costly and can also have a developmental leverage.

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CONCLUSION

Central America and the Caribbean have been significantly incorporated into the global economy, not only through trade and investment, but also through migration, which has shifted the region from an agro-export economy to a labour-exporting one. Transnational linkages and family remittances offer a wide array of developmental possibilities and incentives for these countries.

Economic recovery and attention to social policies in rural areas have dramatically been impeded as a result of the continuous threats and damages of natural disasters (tidal waves, volcanic eruptions, hurricanes, earthquakes and droughts). Therefore, prospects for improvement in Central America and the Caribbean remain relatively bleak. Poverty rates remain high and per capita income continues to be low. In the past two years, the average growth rate was approximately two percent and in 2003 there will be only a slight increase. Therefore, policies linking remittances and immigrant capital resources with economic growth and development are important strategies to take into consideration.

The positive effects of migration offer important lessons and policy opportunities. Globalization has compressed the time and space continuum in many areas of Central America and the Caribbean and transnationalism has become part of this region's reality. Although migration is a difficult choice for everyone, families, society and nations, the developmental effects of it require specific policies. Therefore, governments, the private sector and international organizations are urged to rethink policy within this new transnational reality and to insert these actors as development players.

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