

January 16, 2008

PHILIPPINE STAR

OFW inflows hit \$1.2B in Nov, bringing 11-mo total to \$13B

Remittances from overseas Filipino workers (OFWs) reached \$1.2 billion in November last year, bringing the cumulative total to \$13.1 billion from January to November last year.

The Bangko Sentral ng Pilipinas (BSP) reported yesterday that remittances that went through banks expanded by 3.8 percent in November 2007 and marked the seventh straight month that monthly remittances went over \$1 billion.

According to the BSP, the level of remittance in November brought the cumulative amount for the 11-month period to \$13.1 billion, higher by 14.1 percent compared to the year-ago level of \$11.4 billion.

The November level indicated that remittances in December would have to be at least P1.2 billion to surpass the projected \$14.3 billion total for the whole of 2007.

BSP Governor Amando M. Tetangco said the sustained strong remittance flows in November reflected the continued rise in the number of deployed overseas workers a year ago.

Tetangco said that based on preliminary data from the Philippine Overseas Employment Administration (POEA), total deployment in November rose by 7.7 percent to 81,530 a year ago.

In particular, Tetangco said the number of deployed land- and sea-based workers in November grew by 10.1 percent and 3.2 percent, respectively.

Classified by skill, the bulk of deployed land-based Filipino workers comprised mostly of higher-paid professional and skilled workers such as medical and healthcare workers staff, engineers, office and restaurants/food service staff, and production-related personnel.

Tetangco said the increase in remittances from January to November 2007 could also be attributed to the increase in the number of remittance centers abroad as banks and other financial institutions strengthened their tie-ups with foreign remittance agents.

“These developments provided remitters fast and efficient modes of remittance transfer facilities and also allowed beneficiaries to avail themselves of the range of financial services offered by banks,” he said.

Tetangco also reported that the bulk of remittance flows came from the US, UK, Italy, United Arab Emirates, Saudi Arabia, Canada, Singapore, Japan, and Hong Kong.

Tetangco expects total remittances from OFWs to reach \$16.2 billion this year with labor deployment increasing despite the slowdown in the US economy.

Tetangco said gross OFW inflows would expand by eight percent next year, including remittances that go through informal and non-bank channels.

Remittances that go through banks, on the other hand, are projected to grow at a faster rate of 10 percent to reach \$15.7 billion compared to only \$14 billion this year.

According to Tetangco, the latest estimates of the BSP also upgraded the full-year projection for 2007 when OFW remittances are expected to increase faster by seven percent.

“Originally, we expected remittances to grow by five percent but based on what we have seen so far, we think total remittances will actually grow by seven percent,” Tetangco said.

At this rate, Tetangco said total remittances are projected to reach \$15 billion, about \$300 million more than the \$14.7 billion total projected earlier in the year.

Remittances that go through banks, on the other hand, are projected to reach \$14.3 billion in 2007, slightly over the original projection of \$14 billion.

Tetangco said there was an expected pick-up in deployment in 2008 but said that over the medium term, the sustainability of remittances would depend on the availability of manpower.

“The demand is likely to stay, it all depends on how fast and how many we can train to fill up that demand,” Tetangco said.

Meanwhile, the Philippine Overseas Employment Administration (POEA) reported a higher deployment of highly-paid Filipino professionals abroad in 2007.

POEA chief Rosalinda Baldoz said the country posted a 14.1 per cent growth in dollar remittances last year mainly due to the enforcement of rules increasing the minimum monthly salaries of Filipino domestic helpers abroad.

“The growth in dollar remittance from our OFWs in 2007 was the result of reform package that regulates the deployment of domestic helpers abroad,” Baldoz explained.

Baldoz noted that the country continued to post higher dollar remittances despite the minimal one per cent increase in the number of Filipino workers deployed overseas last year.

“We only posted a minimal increase in deployment but we have recorded a high growth in remittance because we have deployed more professionals,” Baldoz stressed.

Recruitment leader Lito Soriano said OFWs are forced to send higher dollar remittances to the point of securing loans just so their families here could pay for their basic needs.

“They have to send more because the value of dollar is lower than before,” Soriano said as he also urged banks to lower the remittance fee to help OFWs cope with the dollar depreciation.

According to Baldoz, the growth in dollar remittances should be viewed as a positive development considering the negative factors that affected the hiring of Filipino workers abroad in year 2006.

“We should appreciate the fact that despite the negative factors such as the existing deployment ban in four countries, we still recorded higher deployment and increasing dollar remittance,” she said.
