Overseas Remittances: Saving the ‘Resilient’ Owners of this Philippine Lifeline

Jeremiah M. Opiniano 1 and Alvin P. Ang 2

In an earlier paper, we projected that some 300,000-to-400,000 overseas Filipino workers (OFWs) will face job losses, lesser work days, pay cuts, lesser incomes and repatriations this year (Ang and Opiniano, 2020). These are a result of the ongoing pandemic, of fluctuations of global oil prices, and of expected national and global recessions. These economic disruptions will lead to visibly lesser cash remittances from overseas Filipinos this year: at base case, US$ 3 billion; at worst case, US$ 6 billion (Ang and Opiniano, 2020).

The Philippines needs these remittances more than ever. They have proven to be an added boost to the positive Philippine economic story the past decade, and have helped the country elude negative impacts of financial crises. However, as this crisis is not a financial, but a real economy crisis, putting too much expectations unto remittances—to “save the day” once again— may put undue pressure unto our modern-day “heroes.”

Saving despite downturns

Over a 45-year period, there were six occasions of lesser remittances year-on-year. The sharpest decline was in the year 2000 where US$744 million less than the previous year were sent in. This year’s projected remittance totals may be the steepest in Philippine migration history, year-on-year (Ang and Opiniano, 2020). Nonetheless, overseas Filipinos and their families try to save, independent of the economic situation. In fact, the share of those saving above 100,000 a month has increased from 22 percent in 2009 to 38 percent in 2018 (Philippine Statistics Authority, 2019).

On average, about P83,000 were remitted in 2018. By occupational group, workers classified under “skilled agricultural, forestry and fishery workers” and “elementary occupations” (where our female domestic workers are found) are the lowest-sending remitters on average (Philippine Statistics Authority, 2019). In terms of remittance use, medical expenses, debt payments and savings, emerge as next uses after daily expenses and education (Bangko Sentral ng Pilipinas, 2019). It is to note that Filipinos who are in both mid- and low-paying overseas jobs have been severely affected by the pandemic.

In a recent survey of low-income remittance households, seven out of ten reach out to the overseas family member when they run out of money. This undoubtedly provide undue stress to the migrant. This is because overseas migration, and the migrant needing to send money home, lead to emotional stress, thus affecting relationships (UniTeller, 2019).

1 Assistant Professor (Journalism), University of Santo Tomas (UST); Executive Director, Institute for Migration and Development Issues (IMDI)

2 Director, Ateneo Center for Economic Research and Development (ACERD); Professor (Economics), Ateneo de Manila University (ACERD)
In this current situation, Filipino migrant workers and their families will most likely be relying on themselves when applying their financial knowledge. Majority of them learned about money and finance by themselves. Most of them also do not judiciously keep track of their incomes and expenses (Ang and Opiniano, 2016a; 2016b; 2016c). Hence, they may unavoidably make wrong financial decisions, providing additional unnecessary stress.

Realizations
Combining the usual stress of remitting and the threat of job losses and repatriation, the current crises remind us of what the migrants and their families can endure. The concern is that OFWs may not have much excess amounts left in the short-to-medium term; the same is possibly true with their families. The situation may force those overseas Filipinos outside of the health sector to unnecessarily risk themselves to mitigate the challenges of their families back home.

The observation that overseas migrants can be resilient and can still send money during crisis situations may not hold water at this moment. Both migrants and their families back home are affected by these crises simultaneously. Workers that have been laid off and repatriated are those in the tourism, leisure, travel, retail and basic services sectors. Note that most OFWs today belong to these sectors, rather than the higher paying professionals such as those in the health sector. These affected migrant workers will most likely face the same unemployment prospects back home since similar sectors were affected by lockdowns.

Hence, resiliency that overseas migrants developed in the past will not work in the current situation since workers in every part of the world are boxed in by lockdowns. In addition, repatriation seems to be an expensive proposition for OFWs. They are required to go on quarantine upon arriving home for a minimum of 14 days until after their test results are released.

What needs to be done?
As of May 21, more than 26,000 OFWs have been repatriated and hosted by the Overseas Workers Welfare Administration (OWWA), and more than P380 million have been spent for their quarantine. Roughly another 40,000-50,000 OFWs are set to return by June. A number of OFWs may have already been laid off, but they have valid visas abroad and they may choose to ride over this situation. Considering that even if lockdowns and mobility restrictions are lifted, many firms and employers will still confront economic downturns. Hence, it is likely that more of our compatriots abroad will opt to return home. Thus, not giving overseas Filipinos too much expectations in sending more money home may help them alleviate the stresses they are feeling.

In fact, as we have already mentioned in our earlier paper, our foreign posts should try to organize and negotiate with host governments on how to best retrain, reskill the workers instead of sending them home. Many of the firms laying off workers will eventually need them again. Negotiating for reduced salaries is better than laying them off. Also, the government should call on sending countries and approach the International Labor Organization (ILO) and the International Organization for Migration (IOM) to work on a global arrangement to help manage the situations of migrant workers (Ang and Opiniano, 2020). These events are not challenges that are unique to the Philippines.

For those already repatriated, a careful assessment of the skills and resources of OFWs may have to be made by OWWA and the POEA (Philippine Overseas Employment Administration). That way, appropriate re-tooling can be done for returnees’ immediate redeployment or for their reintegration in the country through
employment, especially for the infrastructure sector (where skilled workers are lacking). Government should not make the mistake of luring repatriates into livelihood programs immediately. The OFWs themselves should be given the opportunity to assess their capacities whether they can go into business and livelihood or to reskill themselves for local work or for eventual redeployment abroad.

Sensitivity from the remittances-dependent homeland, its families and national authorities is one form of comfort these gritty overseas Filipinos will appreciate in these trying times. That may help in overseas Filipinos’ efforts to remain resilient beside overseas migration, and alongside the “new normal” that the prevailing COVID-19 pandemic is giving the world.

References


DISCLAIMER: The contents or opinions expressed in this brief are the author(s) sole responsibility and do not necessarily reflect the views of ADMU Economics Department and/or ACERD.