



PHILIPPINES

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Panel 3: Remittances and portability of earned benefits

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Remittances account for 9.8% of our GDP. This statistic does not begin to show the enormous part remittances play in Philippine progress and prosperity.

Yet the full development potential of remittances continues to be hampered by high transaction costs. In 2016, 10 million overseas Filipinos remitted \$29.9 billion dollars. The average transaction cost of that – at 7.45% -- is \$2.23 billion.

The Global Compact on Migration (GCM) must concretize Target 10.c on reducing transaction costs to less than 3%. At present various sectors want to capture the remittance market to derive profit from them, rather than to harness their development potential.

This applies to both sending and destination counties. To professionalize and regulate the remittance industry, provide an equal playing ground, and protect migrant workers and their families from fraudulent dealings like exorbitant remittance fees and inaccurate exchange rates, our Central Bank requires foreign exchange dealers, moneychangers and remittance agents to register their operations with them. Earnings of migrant workers and the interest of their Foreign Currency Deposit accounts in Philippine financial institutions are also exempted from taxation.

The Global Compact should also provide for leveraging remittances for productive investments. This could expand micro, small and medium enterprises (MSMEs), and create employment-generating opportunities in countries of origin.

Towards this, our development plan prioritizes skills upgrading, entrepreneurship training, credit access, financial literacy and financial inclusion programs for migrant workers and their families. Our National Reintegration Program encourages them to venture into economic undertakings that emphasize wealth creation and make the

migrants stay home and keep the family integrated while helping stimulate economic activities in local communities.

We also link them to professional organizations and institutions that provide advisory and technical assistance on productive utilization of remittances and provide business counseling and continuous mentoring.

On portability of benefits, we have bilateral social security agreements with countries including Japan, Korea, Austria, Belgium, Denmark, France, Germany, Netherlands, Portugal, Luxembourg, Spain, Sweden and Switzerland and we continue to actively pursue these with other countries.

Maximizing the development potential of remittances can only be achieved through partnership with the private sector. In this regard, we encourage the UNGA to endorse 16 June as the International Day of Family Remittances.

Thank you.