

**INCREASE OF MIGRATION FROM THE REPUBLIC OF MACEDONIA AND THE
FLOW OF FOREIGN EXCHANGE**

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ABSTRACT

In the period of social transformation and socio-economic development has been a considerable increase in the migratory movements from the Republic of Macedonia abroad. They basically are caused by situations of social and economic degradation, especially the enormous increase in unemployment in the country. Intensification of immigrants, among other things, is reflected in the flow of foreign funds from migrants.

The purpose of the analysis in this paper is to show the relevant aspects and differences related to foreign exchange inflow of migrants and conditioning the intensity of movements of migrants. This refers to the last decade, and includes movements that have emerged in the volume and dynamics of foreign exchange flows from our citizens living abroad, how these funds are transferred and the main reasons for the existing situation in this field.

Given the problems associated with the provision of data on the size of foreign exchange inflows of migrants will be used during the analysis of data from the Bank of the Republic of Macedonia as well as our research results from the survey of migrants.

Our research indicates that the intensification of immigration has conditioned a significant increase in the foreign exchange inflow. However the volume level does not correspond with the growth of their contingent. Bringing the migrants in order to transfer their assets primarily determined by the total general social and political climate in the country and the length of stay

Keywords:. Foreign exchange inflow, transfer of assets, migrants

INTRODUCTION

In the period of social and socio-economic transition from the Balkan countries, a significant increase in migratory movements took place in different directions. They were mainly caused by the deterioration of economic and social conditions, and in particular the sharp increase in unemployment in the region. The intensification of emigration has many implications in different fields. Thus, among other things, it has influenced the inflow of foreign funds by immigrants.

The purpose of this project is to present the relevant aspects of changes related to foreign exchange influxes by migrants and their conditioning from the intensity of migration movements. This refers to the recent period and includes the movements that have occurred in the field and pace of foreign exchange flow of our citizens who live and operate abroad, the assessment of the financial potential of emigrants, and the opportunities to mobilize their savings.

Given the problems related to the provision of data on the amount of foreign currency inflows of migrants, during the analysis were used the data available from the Macedonian National Bank, making our assessment of their financial potential.

1. INTENSIFICATION OF MIGRATION AND CHANGES TO THE IMMIGRANT CONTINGENT

In recent years, under the influence of profound socio-economic changes across the Western Balkans region, there has been a significant increase in the number of people who have fled their centuries-old homes. Based on the available data, the volume of migration after the dissolution of former Yugoslavia in new states such as Macedonia is difficult to determine accurately. Since Macedonia's demilitarization state institutions and many scholars deal with regular studies on migratory movements. However, data on the number of displaced persons from the country do not reflect the real situation.

In the context of the analysis of this study, in addition to the emigration intensity should be considered changes in the migration contingent. From the perspective of foreign migrants, it is important to emphasize the number of family members, the age and education structure and the duration of the stay.

Recently, there have been significant changes in the structure of emigrants on the basis of educational preparation, as a result of the intensification of migrants, particularly those with higher and superior education who in essence have a permanent character. Data on the length of stay of migrants confirm their intensification in the first half of the nineties on one hand and the transformation of the Diaspora from the temporary to the permanent one.¹

¹ Data from the 1994 registry, for example. in Macedonia show that out of the total number of migrants abroad up to 5 years were 29.3% and more than 20 years, 30.3% of migrants.

Table 01: Statistical data on the number of migrants from Macedonia in the world

STATISTICAL ENTITIES IN THE WORLD				
Country	The largest number of registered migrants	Year, information from:	The last registration number of migrants	Data form the year
AUSTRIA	22430	Registration 2014 Bureau of Statistics of Austria	22430	Registration 2014 Bureau of Statistics of Austria
AUSTRALIA	93571	Registration 2011, Australian Bureau of Statistics	93571	Registration 2011, Australian Bureau of Statistics
ASIA	210	Registration 1994 Ministry of Foreign Affairs of the Republic of Macedonia	210	Registration 1994 Ministry of Foreign Affairs of the Republic of Macedonia
AFRICA	78	Registration 1994 Ministry of Foreign Affairs of the Republic of Macedonia	78	Registration 1994 Ministry of Foreign Affairs of the Republic of Macedonia
BELGIUM	10667	01-01-2006, Statistical Office of the Kingdom of Belgium	10667	01-01-2006, Statistical Office of the Kingdom of Belgium
BOSNIA AND HERZEGOVINA	1596	Registration 1991 Statistical Office of B & H	447	Registry conducted in 1994 by the Ministry of Foreign Affairs of the Republic of Macedonia
UNITED KINGDOM	2882	Registration 2014, United Kingdom Statistical Office	2882	Registration 2014, United Kingdom Statistical Office
GERMANIA	67147	Data from 2011, the United Statistical Office in Vizbaden	67147	Data from 2011, the United Statistical Office in Vizbaden
DENMARK	3815	Registration 2008, Statistical Office of the Kingdom of Denmark	3007	Registration 1-1-2006, Statistical Office of the Kingdom of Denmark,
ITALIA	92919	Data from 2010 The Italian Statistical Office	82209	Data from 2012 The Italian Statistical Office
CANADA	36985	Registration 2011, Canada's Statistics	36985	Registration 2011, Canada's Statistics
NEW ZEALAND	717	Registration 2013, Statistical Office - New Zealand	717	Registration 2013, Statistical Office - New Zealand
NORWAY	3136	Data from 2007, Norway's Bureau of Statistics	2425	Data from 2014, Norway's Bureau of Statistics

<u>POLAND</u>	316	31.12.2008, Polish Statistical Office	193	31.12.2011, Polish Statistical Office
<u>ROMANIA</u>	1264	Registration 2011, Romania's Statistical Office	1264	Registration 2011, Romania's Statistical Office
<u>RUSSIA</u>	492	Registration 2010, Statistical Office of the Russian Federation	492	Registration 2010, Statistical Office of the Russian Federation
<u>USA</u>	43783	Regjistrimi i vitit 2000 regjistrim i SHBA-ve	43783	Byroja për regjistrim e SHBA-ve
<u>SLOVAKIA</u>	4600	Registration 2004 Statistical Office of Slovakia	623	Registration 2011 Statistical Office of Slovakia
<u>SLOVENIA</u>	7618	Registration 2011 Statistical Office of Slovenia	1009	Registration 2002 Statistical Office of Slovenia
<u>SERBIA</u>	47200	Registration 1994, Ministry of Foreign Affairs of the Republic of Macedonia	22755	Registration 2002, Statistical Office of the Republic of Serbia
<u>TURKEY</u>	1773	Registration 2013, Bureau of Statistics of the Republic of Turkey	1773	Registration 2013, Bureau of Statistics of the Republic of Turkey
<u>FRANCE</u>	2300	2005, the Bureau of Statistics of France	2300	2005, the Bureau of Statistics of France
<u>HUNGARY</u>	153	2014, Hungarian Bureau of Statistics	153	2014, Hungarian Bureau of Statistics
<u>FINLAND</u>	676	2009, Statistical Office of Finland	228	2013, Statistical Office of Finland
<u>NETHERLANDS</u>	1091	2012 Registration, Statistical Office of the Kingdom of the Netherlands	856	2012 Registration, Statistical Office of the Kingdom of the Netherlands
<u>Croatia</u>	4138	2011 registration, the Republic of Croatia's statistics agency	4138	2011 registration, the Republic of Croatia's statistics agency
<u>Montenegro</u>	900	Registration 2011, Statistical Office of the Republic of Montenegro	900	Registration 2011, Statistical Office of the Republic of Montenegro
<u>Czech republic</u>	2068	2009 Statistical Office of the Czech Republic	2068	2009 Statistical Office of the Czech Republic
<u>Switzerland and Sweden</u>	61288	Registration 2011, Statistical Office of Switzerland	61288	Registration 2011, Statistical Office of Switzerland
	7087	Registration 2011, Statistical Office of the Kingdom of Sweden	7087	Registration 2011, Statistical Office of the Kingdom of Sweden

Others	100	<i>Registration 1994, Ministry of oreign Affairs of the Republic of Macedonia</i>	100	<i>Registration 1994, Ministry of Foreign Affairs of the Republic of Macedonia</i>
Total	523 000		473 785	

Source: websites.milonic.com/makemigration.com, 12.11.2016

These changes in the intensity of migration as well as the volume and structural characteristics of the migration contingent and the transformation of these movements into permanent migration undoubtedly have an impact on the migration flows of foreign exchange.

2. The volume and dynamics of foreign exchange flows on the basis of emigration

Foreign currency assets of emigrants represent an important voice in the balance of payments of the national economies of many countries. They are contributing to the more relaxed relationships of current balance of payments transitions and have a positive impact on investment and economic development. Today foreign currency assets of migrants are one of the most important developmental remittances based on migrants. They are of particular importance in the balance of payments due to the negative balance in current foreign transactions and the need for foreign currency inflows to settle liabilities for medium and long-term loans and borrowings. The net inflow of foreign currency assets of migrants, which before the independence of R.M was an important voice of the balance of payments position, in 1991 was recorded a negative sign. In the years to come, ie from 1992 to 1994, a gradual growth trend was created, but it was on a low basis.

Such fluctuations in the first years after independence were the consequence of the dissolution of the former Yugoslavia, the instability in the region, the high inflation in the country, the loss of confidence in the banking system and similar. All of these affected the withdrawal of funds invested in bank accounts, while the flow was not realized through banking mechanisms but through private channels.

The only source of official migrant overflow data is below the balance of private transfers in the balance of payments. It represents a kind of currency balance of the population and consists of shipments / remittances, effective and other transfers. Here we are dealing with foreign currency assets which in total (remittances and other transfers) or to a large extent (cash) are from the emigrants.

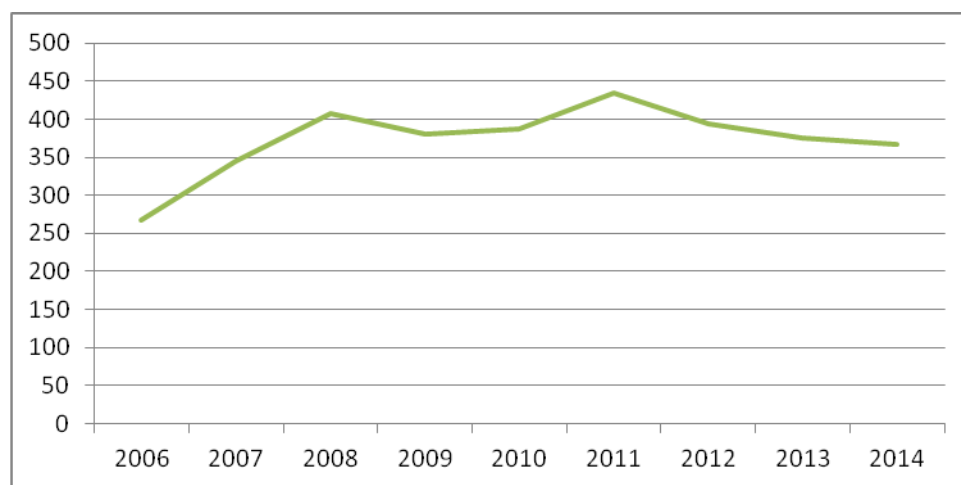
Table No.02: Flow of Migrant Remittances 2006-2014

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014
MACEDONIA /Mil. \$	267	345	407	381	388	434	394	376	367

Source: World Bank staff calculations based on the IMF data base of the Statistics Balance of Payments Statistics, and the notifications from central banks, national statistical agencies, and the World Bank Country Benefits.

Between 2006 and 2011, there was a significant increase in total net private transfers. In 2011 they reached a volume of \$ 434 million, which has been increased several times compared to 2006 (Table 02). In this context, there is an important increase in remittances. Also, a major increase has been made in other transfers that dominate pensions and those invalids. He responds to the contingent with the aging of migrants

Graph 01. Private net transfers in the Republic of Macedonia 2006 -2014.



Source: World Development Indicators

In the growth of remittances, the big influence was intensified by the process of economic reforms, the regulation of credit and financial relations with international institutions, the consolidation of the banking system and the increase of the confidence of the population. In the same way influenced the liberalization of foreign trade, with some special countries in the region, the advancement of trade cooperation and other types of cooperation with the EU and so on.

This trend of the growth of foreign currency assets of migrants was discontinued in 2001 due to the aggravated security situation and the realization of some of these transactions outside the banking system. Since 2002, the growing trend has been re-realized. Data for 2003 and the first

half of 2004 show that the total increase in net private transfers is mainly due to the large increase in remittances and transfers, which means the inflow of foreign funds from migrants.

The relatively rapid growth of foreign exchange flows in the nineties reflects a very intensive emigration. But it still does not correspond to the increase in the number of our citizens who have gone abroad. This situation, despite the changed character of emigration, means dominant representation of long-term family migration and permanent migration, largely due to economic insecurity and political instability and unfavourable economic trends caused by socio- economic development of the country.²

3. ASSESSING THE FINANCIAL POTENTIAL OF EMIGRANTS

The flow of foreign currency from our overseas citizens is only a small part of their financial potential. The volume of foreign currency assets of foreign emigrants is significantly larger. The financial potential of migrants determines a number of factors. For this dominant influence have the status of migrants in the countries where they operate and the specific savings opportunities. The status can be: workers, refugees, asylum seekers and others.³ The possibility of saving depends on wages, living expenses and his family (if living in communion) or family expenses living in the homeland (if the family lives in the homeland).

Here we are dealing with the savings of migrants; this primarily depends on the amount of income from employment, as well as the cost of living and his family, no matter where he lives. The amount of income and income from employment is determined by many factors and varies from one country to another, depending on the level of development of each country of accession separately. It can be assumed that larger savings have workers who are abroad for a long time and have long ago solved the employment problem. Due to the inadequate functioning of the banking system in the country, the saving of migrants has been directed to deposit and save savings in banks in the countries where they live and work.

² Dr. Verica Janeska, Foreign Exchange Inflow of Macedonian Citizens Abroad (Development and Methodological Aspects), "Economic Development", Year. 3. No. 2-3 / 2001, Economic Institute, Skopje, p. 58-59.

³ In the countries of accession there are legal provisions under which refugees and asylum seekers are provided with minimum living conditions in the period until the final determination of their status. But social and material assistance is programmed to the point of ensuring the existence and permitting no saving opportunities.

**Table 03: FINANCIAL POSSIBILITY POTENTIAL OF SAVINGS BASED TRADERS
(in Euros)**

Nr.	Group	Savings amount	Total
1	1.000	5.000 €	50.000.000
2	1.000	7.500 €	75.000.000
3	1.000	10.000 €	100.000.000
4	1.000	12.500 €	125.000.000
5	1.000	15.000 €	150.000.000
6	1.000	17.500 €	175.000.000
7	1.000	20.000 €	200.000.000
8	1.000	22.500 €	225.000.000
9	1.000	25.000 €	250.000.000
10	1.000	27.500 €	275.000.000
TOTAL SAVING:			1.635.000.000 €

Source: Author's calculations

The amount of savings or the financial potentials of migrants is difficult to estimate. The factor that has to do with a great financial potential of migrants can be illustrated by a hypothetical example given in Table 03. Indeed, taking a total of 1/5 or 1/3 of employed exiles 25-30% and have certain savings and grouped into ten groups based on the assumed savings ranging from five to seventy-five thousand Euros per person, which is absolutely possible, we get a size that illustrates the financial strength of the migrants or their financial potential available .

The upper model, which, as input data, contains our assumptions for ten groups of savings of migrants, according to the size of the savings from five thousand to twenty-seven thousand five hundred euro per employee, as a result gives the sum of 1.635 million Euros. These estimates show that the financial potential of the Diaspora is very large and is an important factor in which the economic development of the country can be supported. A prerequisite for greater mobilization of this potential is the further normalization of the social and economic situation in the country, the more efficient functioning of state and financial institutions (government and ministries, parliament, central bank, commercial banks, funds and other institutions) each of which has individually defined the role for the normal functioning of society and economy.

The experience of using the savings of migrants in various forms of mobilization in some peoples and in some countries suggests that taking such an activity is of benefit to all stakeholders, in particular for savings holders, who, by putting savings in circulation in their

countries, can make great profits, and at the same time assist their countries in implementing the strategic objectives of the socio-economic development of the country.

The socio-economic and political situation in the country shows that not only is it justified, but it is necessary and patriotic the undertaking to mobilize the savings of migrants and their involvement in the country's economy as a powerful financial support for its revitalization and development. In this case, interest should be given to savings owners to deposit in the banks of origin⁴. Viewed quantitatively, savings should be greater than savings in foreign banks, while qualitative aspects should be seen by realizing the rights and benefits of investors as owners of capital.

The mobilization of the savings of migrants can be realized in two ways:

- Direct and
- Indirect

Assuming that there is a suitable environment and a free environment to implement the saving mobilization process as a form for implementing direct mobilization would be:

- (1) Keep savings in the banks of origin, Purchase of shares issued during the privatization process of enterprises and facilities of economic infrastructure, which should be transformed into joint ownership at the time of privatization;
- (2) Purchase of shares in the secondary capital market (on the stock exchange and other forms of organization of the secondary market of capital in the period of quality of privatization under market laws);
- (3) Purchase of bonds of the Government of the Republic of Macedonia as a special type of government lending for the implementation of the strategic development interests of the state;
- (4) Purchase of other securities in the secondary market, issued by the government and local banks;
- (5) life and property insurance in the public insurance company in the country of origin;
- (6) Direct investment in the country's economy through dual-trade agreements for joint participation in profits
- (7) Participation in the development of the country

Lending to capital interest rates for certain investments of strategic interest for the development of the domestic economy (for certain enterprises in agriculture, modernization of the electro economy, road construction, expansion and modernization of airports, electricity and rail modernization etc.).

⁴ INTENSIFYING OF EMIGRACION FROM THE REPUBLIC OF MACEDONIA AND THE CURRENCY INFLOW FROM EMIGRANTS, MACEDONIAN ACADEMY OF SCIENCES AND ARTS, p-p 251-265, Skopje, 2007

The common feature of all these possibilities, namely the forms of mobilization of the savings of migrants, is that based on market laws and that a priori provide, protect and guarantee the interests of the savings holders by participating in the interest, the provision and other forms. Another important feature of these forms of applying savings mobilization is that they are institutionalized because they have legal support in the positive laws regulating this area and the realization that is supported and guaranteed by some institutions such as government, banks, funds, insurance companies, etc.

CONCLUSION

Foreign migration flows to immigrants is one of the most important sources of immigration development from the country. The changes in their volume, though they follow the dynamics of exiles that did not match the size of the contingent of the exiles. The reasons should be sought in the transformation of temporary migration to permanent ones and in failures in economic policy. Data available for migration from migrants suggests a tendency for steady growth. But this is just part of the financial potential of the exiles, which can be estimated in billions of dollars. The bulk of the foreign exchange savings of migrants have been deposited in the banks of the accession countries.

Given the volume of financial capital of migrants, we can conclude that the country's economy can represent a stable source of foreign currency assets in order to finance the country's economy. Due to this, special attention should be paid to the flow of these funds in macroeconomic and development policies, in particular in foreign exchange policy and external balance of payments policy. Moreover, the forecasts show that with the creation of the necessary conditions, especially with the return of confidence in the banking system, there is a real possibility for a greater inflow of foreign currencies on this basis, and with this relaxation of relations in the balance of payments of the country.

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