

## WELCOME REMARKS AND GOALS FOR THE CONFERENCE "Perspectives from the European Commission"

- I permit myself to take a step back and place the issue of 'remittances' in the overall context of the EU's relations with Latin America and the Caribbean.
- The IOM (International Organisation for Migration), estimated that some 20 million Latin American and Caribbean nationals were living outside their respective countries of birth in 2002. Recently, more and more of these are choosing the European Union as the place where they want to attempt a better living. In particular the countries of the Andean Community have witnessed increasing migration to the EU.
- What is driving so many people to decide to leave their home, their families, their friends, to come to live, more often than not, under very difficult circumstances in a country far away from their own. There is a long list of factors: besides armed conflict and political instability, natural catastrophes or ecological degradation, may be the major factor is the lack of perspectives and chances to earn a satisfying living at home. This is of course valid for migrants all over the world, but I would like to stay a moment with the very specific case of Latin America:
- Democracy and market reforms have failed to deliver a better quality of life and greater security for citizens. Despite the progress made with structural reforms and the prudent macroeconomic policies implemented in many countries in the region, the reduction in poverty ratios since the 1990s has been disappointing. Actually, we have witnessed an increase in the number of poor people. At the same time, inequality and social exclusion have worsened in many countries. In fact, my colleagues from the Inter-American Development Bank rank the region as the most 'unequal' in the world. This sad record becomes evident, when compared to other regions: The Gini coefficient which measures inequality in terms of income distribution is higher in Latin America (51) than in South Asia (37) and Eastern Europe (29). In the late 1990s, the wealthiest 10% of the Latin American population received 48% of the income, while the poorest 10% only received about 1.5%.
- Inequality and social exclusion have enormous detrimental effects on poverty reduction and economic performance: First, because they reduce the impact of economic growth on poverty reduction. Second, they tend to reduce economic growth itself. Indeed, unequal distribution of human capital, productive assets and access to public services limits the opportunities of poor people and poor

regions to improve their productivity and earnings. Therefore, there seems to be a clear negative correlation between inequality and growth.

- For these reasons, “social cohesion’ became one of the top priorities in relations between the European Union and Latin America. At last year’s summit in Guadalajara, leaders underlined their determination to build fairer societies and they committed to promote economic policies which encourage investment and better income distribution in order to narrow the existing inequality and inequity gaps.
- Of course, it is the primary responsibility of the governments concerned to bring about the necessary reforms. But the European Union, and, in particular the European Commission, stands ready to support these efforts through co-operation and assistance – while, of course, respecting the principle of ‘country ownership’. This, however, is a long term process
- People will continue to leave their countries. This is a fact that we cannot deny. If carefully managed, migration can definitely be a positive factor for growth and success of both, the European Union and the countries concerned. EU Foreign Ministers confirmed this two years ago in their Conclusions and policy recommendations on ‘migration and development’.
- It is not so long ago, that Latin America was a major destination for European migrants. Today the flows are reversed: particularly, but not only, Spain and Italy, countries with especially strong historical and cultural ties, have seen dramatically increased migration from the region in the last years. Therefore, ‘migration’ has again become a topical issue for EU-LA relations.
- The Declaration of Guadalajara devotes special attention to the need to develop together a comprehensive approach to migration and to address important issues such as the full respect for human rights of all migrants – regardless of their status. It addresses also the need to fight trafficking in and smuggling of human beings or the phenomena of ‘brain drain’ and its impact on the development of countries of origin of the migrants.
- Last, but by far not least, and bringing me back to the core of our seminar, the Declaration highlights the importance of **migrant remittances** and the commitment of Heads of States and Governments to co-operate to facilitate the transfer of migrant remittances.
- How we, as the European Commission, can contribute to make sending money ‘home’ cheaper, faster and safer, is a question that is not restricted to our relations with Latin America and the Caribbean. As many of you will know, a similar pledge has been made at last years’ G8 Summit and the Commission is actively working on fulfilling its commitments.

- A very important step will be the creation of a unified legal framework, an internal market for money transfer agencies. This should increase competition in the remittances market and, according to macro-economic theory, bring down the prices and improve the quality.
- But there is obviously more that could and should be done: There is, for example, the problem of data collection. The Commission, and in particular the Communities' Statistical Office, EUROSTAT, is actively participating in the international efforts to define common standards for a better recording of remittances transfers.
- There is also the need to improve access to financial services, not only of the migrant who is sending the money, but in particular for the recipient at home. The Council Conclusions on migration and development to which I referred earlier, request concrete policy suggestions from the Commission in this regard. We are working on it.
- We are also reflecting on how we can facilitate the contribution of remittances to the development of the recipient countries. Here, there is a very clear underlying principle for us: remittances are and must remain private money. How they are spent must be the decision of the recipient – however, we can help to create more choices for the use of the money, including choices that encourage the efficient utilisation in the macro-economic development of the recipient countries.
- The Seminar of the coming two days promises to provide us with much interesting 'food for thought' for our reflections.