

*The Center for Economic Analyses (CEA) is a think tank of economists who share a common vision for the Republic of Macedonia as an emerging new European economy integrated in the regional and worldwide market.*

*The Mission of CEA is to continuously research economic development and economic policy in the Republic of Macedonia and to offer recommendations, suggestions and measures where it is deemed appropriate.*

## PRESS RELEASE

### New CEA analysis on the Migration and Remittances in Macedonia

This analysis was prepared under the contract provisions signed between CEA and USAID for nonexclusive services to USAID as part of a grant agreement. This analysis is the second in a series of such reports and provides research findings on the migration and remittances in Macedonia. This report should be regarded as an initial study that sets the basis for a more thorough and systematic analysis on this issue, and its findings should be regarded in that light.

The analysis will be available on the web site: [www.cea.org.mk](http://www.cea.org.mk)

#### **Main findings from the analysis:**

**(1). The number of emigrants living abroad is unknown.** IMF estimations give the figure of ½ million, which would represent 20-25% of population. Our estimations from foreign sources indicate 300 thousands, but these are only official figures, so the real amount is probably higher.

**(2). Whatever is the size of emigration, they significantly influence domestic policy by the transfer of remittances.** According to the national bank data in 2005 remittances were equal to \$155 million, which is much higher than the amount of FDI or more than twice the level of foreign official assistance. If the World Bank definition is applied the amount is much higher. The inflow of remittances is systematically growing. These numbers do not include remittances sent by informal channels that could add at least 50% to the official estimate.

**(3). Migration and remittances may have important economic consequences.** Money sent by migrants reduces the poverty of their families and influence macroeconomic policy. Hence, migration influence the labor market conditions and allow for social promotion abroad. The negative consequence may be so called 'brain drain' – emigration of skilled workers and university graduates.

**(4). Official data do not reflect real migration stock and flows.** Thus, some indirect estimation is necessarily.

**(5). The size of remittances received by Macedonians is relatively small considering the number of the emigrants.** For example, in the countries like Moldova official figures indicate that emigrated 8% of population is sending about 27% of GDP. Bosnia and Herzegovina

emigrants send remittances equal to 22% of GDP. These figures may indicate potential scope of further flows of remittances to Macedonia with the official channels.

**(6). Applying theoretical models on migration we conclude that strong motivations in favor of migration are in place.** Therefore some deep analysis is necessary because this issue will determine the progress in negotiations on visa regimes and subsequently on access of Macedonian workers to the European labor markets.

**(7). The state can play important role creating the conditions to combat illegal migration and increase the benefits of legal migration.** The efficient instruments are bilateral labor migration agreements but Macedonia has not developed this instrument yet.