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## Mexico Reports Slight Increase in Remittances in 2011

by Carlos Navarro

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In 2011, Mexico reported the largest increase in remittances sent by expatriates in nearly five years, but the total still lags behind levels reported in 2006 and 2008. The decline in remittances from the peak of 2006-2008 coincides with a sharp drop in the number of undocumented immigrants attempting to cross into the US in recent years.

Mexico's central bank, the Banco de México (Banxico), said Mexicans overseas sent a total of about US\$22.7 billion in 2011, an increase of almost 7% from the nearly US\$21.3 billion in 2010. In 2009, expatriates sent about US\$21.2 billion, a sharp decline from the US\$25.1 billion in 2008, US\$26 billion in 2007, and US\$25.6 billion in 2006.

The decline is attributed to a combination of factors, including a weak US economy, which reduced jobs in construction ([SourceMex, June 3, 2009](#)), more punitive immigration laws in some states ([SourceMex, April 28, 2010](#)), and the presence of violent criminal organizations like the Zetas in states bordering the US ([SourceMex, April 13, 2011](#)).

Banxico said almost 98% of the US\$22.2 billion in remittances sent to Mexico in 2011 came via electronic transfers. The rest was sent either through postal money orders, cash, or checks.

### *Fewer undocumented immigrants*

Reports on both sides of the border documented the decline in the number of unauthorized immigrants entering the US from Mexico. In the US, arrests of undocumented immigrants along the US-Mexico border are often used to measure unauthorized immigration levels. US immigration authorities reported that just under 328,000 undocumented immigrants were arrested along the southwest border with Mexico during the past fiscal year, which ended in September. This compares with about 447,000 in 2009-2010 and the peak of 1.6 million in 1999-2000.

The US Border Patrol reported declines in both the Tucson and El Paso sectors during the fiscal year. Slightly more than 10,000 undocumented immigrants were detained in the El Paso district in the fiscal year, a decline of 15% from the year before. The decline was even more dramatic in the Tucson sector, where arrests fell to about 123,000 in 2010-2011, a 40% decline from the previous fiscal year. Arrests in the Nogales station, the largest in the Tucson sector, fell by 43% to 18,000.

There are corroborating statistics in Mexico. Census figures show that fewer Mexicans are leaving the country, and some are even returning from the US, resulting in a net migration of about zero.

"Our country is not experiencing the population loss from migration that was seen for nearly 50 years," said Rene Zenteno, deputy secretary for migration and population at the Secretaría de Gobernación (SEGOB).

At a conference organized by SEGOB in August 2011, some experts confirmed the trends. One speaker was Douglas Massey, an immigration scholar at Princeton University, who said surveys of residents in Mexican migrant towns he has studied for many years found that the number of people

making their first trip north had dwindled to near zero. "We are at a new point in the history of migration between Mexico and the United States," Massey said.

Some experts suggest a small recovery in the Mexican economy, which grew by about 5% in 2011, helped create jobs in Mexico, which might have contributed to the decline in the number of Mexicans heading north to find jobs.

US officials also point to measures enacted by the US government, including the addition of thousands of Border Patrol agents, an expansion of the border fence ([SourceMex, Oct. 10, 2007](#)), additional technology, and increased air support. The aerial vehicles are used primarily to track drug traffickers ([SourceMex, March 23, 2011](#)) but also provide information about the movement of undocumented immigrants.

"We've got more manpower down here than ever before," Homeland Security Secretary Janet Napolitano told Border Patrol agents in the Nogales sector. "We've got more technology for you to use than ever before. We've got more infrastructure here than ever before, and it's making a huge, huge difference, and that difference can be measured in every statistical way."

### *Slow US economy remains key factor*

The state of the US economy remains a major determining factor in the amount of money sent by expatriates, since a downturn affects legal as well as undocumented immigrants. A recent report from the Pew Hispanic Center indicated that about 12.5 million Mexicans reside in the US, and slightly more than half are undocumented.

The US economic downturn has affected some sectors that provide employment to undocumented workers, including construction, manufacturing, and service-related jobs like the hospitality industry and restaurants. But economic conditions are turning around in some locations like Los Angeles, allowing a small growth in remittances.

But the potential exists for remittances to increase if the US economy recovers, even if immigration continues at current levels. The Mexico City-based Centro de Estudios Monetarios Latinoamericanos (CEMLA) estimated the per capita earnings of Mexicans living in the US at US \$17,046 annually in 2008-2010, or a cumulative US\$200 billion a year. A recovery could boost the per capita income, potentially increasing remittances.

And even though remittances remained below the peak levels of 2006-2008, Mexico continued to rank as the third-largest recipient of money from expatriates, surpassed only by India and China. The five states receiving the largest amounts of money from expatriates were Michoacán (US\$2.23 billion), Guanajuato (US\$2.14 billion), Jalisco, (US\$1.88 billion), México state (US\$1.65 billion), and Puebla (US\$1.46 billion).

Some observers noted that the impact of the remittances on the Mexican economy is greater than in recent years because of a decline in the value of the peso. CEMLA said the purchasing power of remittances was greater in the last four months of 2011 than in the comparable period at the beginning of that year. Although remittances were up 7.4% in September-December relative to January-April, their purchasing power was up 19%.

The trend is good for the Mexican economy, since remittances are usually channeled to family businesses and housing, including expansion and repair of existing homes, said CEMLA.

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