

**REMITTANCES FROM JAPAN TO LATIN AMERICA
2005**

FACT SHEET

- **US\$ 2.65 billion from Japan to Latin America**
 - US\$ 2,200 million to Brazil
 - US\$ 365 million to Peru
 - US\$ 100 million to Bolivia, Paraguay, Colombia
- **Over 300,000 Latin Americans Working in Japan (70%)
Send Remittances Home Regularly**
- **4.5 million Transactions Annually**
- **US\$ 600 Average per Transaction**
- **Transaction costs 3%**, among lowest in the World
- **54% Have lived in Japan more than 5 years; 25% more than 10 years**
- **85% of Remitters also Save Money to:**
 - Start a Business
 - Buy a House
 - Educate Children

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**Inter-American Development Bank
Multilateral Investment Fund**



**REMITTANCES TO LATIN AMERICA
FROM JAPAN**

日本から中南米への送金



**OKINAWA, JAPAN
APRIL, 2005**

Remittances to Latin America from Japan

The impact of globalization on accelerating flows of goods, services, and capital across borders is well known. Receiving much less attention are the dimensions of a growing international labor market that is fueled by the movement of workers across borders. During the 19th and early 20th centuries, there was massive migration from Europe, and parts of Asia, to the Americas. At the beginning of the last century, Japanese started coming to Brazil and other parts of Latin America. Today, the largest Japanese Diaspora in the world is in Latin America which became home to about 1.5 million Japanese citizens, mostly during the first half of the 20th century.

Over the past 25 years, the growth of economic migrants seeking better lives for themselves and their families has increased four times faster than the world's population. As part of this process, tens of millions of Latin Americans have been migrating to the United States and Western Europe (particularly Spain); but increasingly Japan is becoming the preferred destination for the “sons and daughters” of the Japanese Diaspora. These “Dekassegui,” or “migrant workers” are coming to Japan to find work, save money, and send remittances to relatives back home.

Because these jobs in Japan pay relatively high wages, money sent from Japan to Latin America constitutes perhaps the highest per capita remittance market in the world. The Inter-American Development Bank recently commissioned a study to gain a better understanding of these migrant workers and their families, as well as various aspects of the remittance flows. The information contained in this study presents the first detailed analysis of remittances from Japan to Latin America, and provides insight into these new migration patterns.

According to the study there are currently more than 435,000 Latin American adults living in Japan. About 305,000 (70%) of these migrants send money home on a regular basis, typically 14.5 times a year, averaging US\$600 each time.

In 2005, over \$2.65 billion in remittances are expected to be sent home from Latin American migrant workers currently living in Japan: Brazil US\$2.2 billion, Peru US\$365 million, and US\$100 million to the rest of Latin America. This results in almost 4.5 million separate financial transactions annually between Japan and Latin America.

Migrant Workers' Profile

The demographic profile of Latin American workers living in Japan provides the basis for comparison to Latin American remittance senders living in other parts of the world, particularly the United States.

More than half of all remittance senders from Japan to Latin America are 35 years old or younger. This is similar to other Latin American populations worldwide.

Almost 55% of all Latin American migrants have lived in Japan for more than five years, and 25% for more than ten years. Peruvians on average, have lived the longest in Japan, with almost 50%, ten years or more.

The level of education is significantly higher than for other Latin American migrants to other parts of the world. Almost 85% of Latin American adults living in Japan have more than a high school diploma, compared to only 17% for the rest Latin American migrants in the United States.

The average income for Latin American workers in Japan is almost US\$50,000 a year, approximately two times the average income of migrants working in the United States. This enables workers in Japan to send more money home, and more often.

Remitters to Latin America from Japan send almost 20% of their earnings, about twice the level compared to migrant workers in the United States. Additionally, 30% of these remitters report sending money to more than one relative, a much higher average than other countries.

A much higher percentage of Latin Americans working in Japan (85%) are also able to save a significant part of their earnings. These savings provide the basis for the high percentage of migrant workers who have plans to start their own business in the future.

Over 90% of remitters to Latin America have a bank account in Japan, and more than half have bank accounts in their home country. This level of banking is unmatched in any Latin American country, providing the opportunity for remittances from Japan to Latin America to be sent “account-to-account” rather than “cash-to-cash.”

The transaction costs of sending remittances to Japan – 3% – is the lowest to Latin America, and perhaps the lowest in the world. In comparison, the flow of remittances from the United States to Latin America is primarily “cash-to-cash” by wire transfer, resulting in transaction costs over 7%.

As a result, the Japan to Latin America remittance market is the model for much of the rest of the world.

Entrepreneurship

Asian attitudes toward saving and investment apply to Latin American migrants living in Japan. In addition to the money sent home to relatives, migrant workers are also able to save collectively billions of dollars to start a family business back home or in Japan.

Almost 25% of Latin American migrants report that they are saving money specifically to start a business; and about half state that it is a goal to have their own business sometime in the future. In comparison, less than 10% of Latin American migrants in other countries express similar objectives.

Relatively high percentages of Latin American migrants also express the intention to invest in the education of their children or buy a house.

This combination of education, entrepreneurship, and savings constitutes a unique opportunity for Latin American migrants in Japan to contribute to the economic development of their home countries now and upon their return. It is the challenge for the Inter-American Development Bank to work with governments at all levels, business associations, and NGOs to create better opportunities for these “transnational families.”

Do you have any plans to start your own business in the future?

