

Mexico

# Migration is a guiding principle for Mexico's NDP 2019–2024; remittances total 36 months of growth

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- The topic of migration is a guiding principle for Mexico's National Development Plan 2019–2024. There are at least three action strategies: 1) Sector-specific Social Programs to curb the migratory flow; 2) agreements between Mexico, the U.S., Guatemala, Honduras and El Salvador to re-invigorate the economy and prosperity of Central America; and 3) transit and integration measures for migrants in Mexico.
- In March, Mexico received USD 2,897 million in remittances (+8.3%), with a total for Q1 2019 of USD 7,699 million, a 7.1% increase on Q1 2018.
- In real terms, in Q1 2019, households in Mexico received 5.4% more remittances than during the same period in 2018.
- 7 states accounted for half of remittances to Mexico: Michoacán, Jalisco, Guanajuato, State of Mexico, Oaxaca, Guerrero and Puebla. The municipalities of Tijuana, Puebla, Morelia, Guadalajara and Culiacán receive the most remittances.

## 1. "No more migration due to hunger or violence": Migration is a guiding principle of Mexico's National Development Plan 2019–2024

On Tuesday 30 April, the President of Mexico, Andrés Manuel López Obrador, put the National Development Plan (NDP) 2019–2024 to Mexico's Chamber of Deputies. The document is structured around 12 guiding principles in which the Government of Mexico sets out its priority objectives and strategies over the next six years. The topic of migration is key to this plan, given that the tenth principle sets out "**No more migration due to hunger or violence**". Among other things, the principle highlights that:

- The greatest wealth of nations is its population. The Government will seek to provide appropriate conditions so that people can live in safety and with dignity in the land of their birth.
- Mexican consulates in the U.S. will operate as an ombudsman for migrants.
- Mexico has a time-honoured tradition as a land of asylum and refuge for foreigners if requested.

The first chapter of the National Development Plan for 2019-2024 highlights that the Government of Mexico will seek root solutions to the immigration issue. The text states that the Government of Mexico:

"[...] will attack the root causes of migration through creating decent jobs, regional development, constructing a welfare state and promoting peace-building processes. The aim of this new policy is that no Mexican citizen is forced to leave their place of residence due to poverty, marginalization, lack of opportunity for personal development or insecurity."

The document states that the Government of Mexico has outlined at least three action strategies to meet this target:

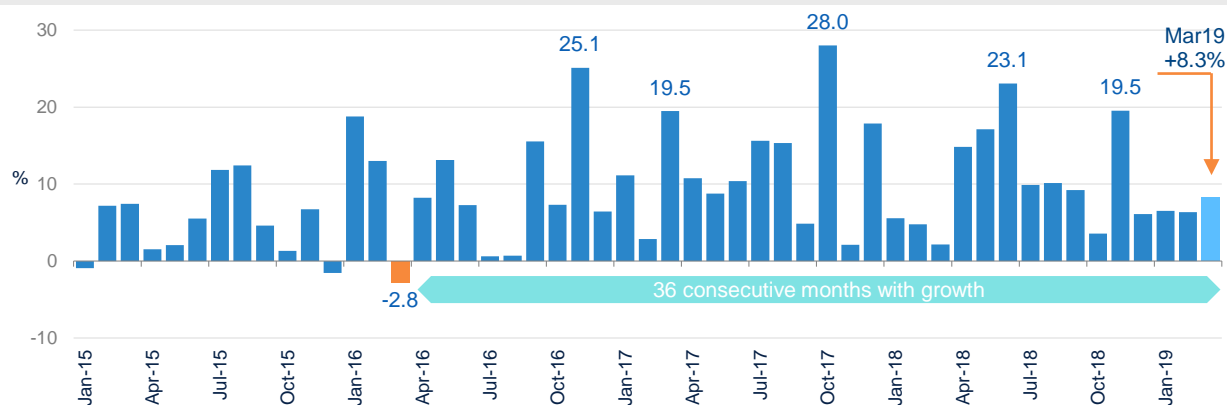
- **Sectoral Social Programs** that act as "curtains" to capture the migratory flow in its journey towards the North, such as the Mayan Train, the Tehuantepec Transisthmian Railroad and the Northern Border Free Zone projects.
- **Negotiation and dialogue between the governments of Mexico, the United States and the so-called Northern Triangle of Central America** -Guatemala, Honduras and El Salvador- to construct mechanisms for economic recovery, welfare and development to deter the migration phenomenon.
- **The country will resume the tradition of being a land of asylum and inclusive to migrants.** All of the necessary measure to ensure that foreigners can safely travel through the country or settle in it will be taken. The document also points out that it is vital to raise public awareness with a campaign to eliminate racism, xenophobia and paranoia.

**Evaluation:** Generally, the proposed target and action strategies could improve conditions around the topic of migration, in line with the requests and recommendations made by academia, civil society, human rights defenders and international organizations. However, we believe that the implementation may be much more comprehensive than expected and the impact may not be reflected in the current six-year term.

## 2. Remittances grow 8.3% in March, marking 36 months of uninterrupted growth

The Banco de México (Bank of Mexico) reported that Mexico received USD 2,897 million in family remittances in March — an increase of 8.3% compared with the same month of the previous year. Of this growth, 5.4% corresponds to an increase in the number of transactions for sending these resources, and 2.9% to an increase in the average remittance, which stood at USD 321.

Figure 1. Family remittances to Mexico, 2015-2019 (% YoY change in USD)



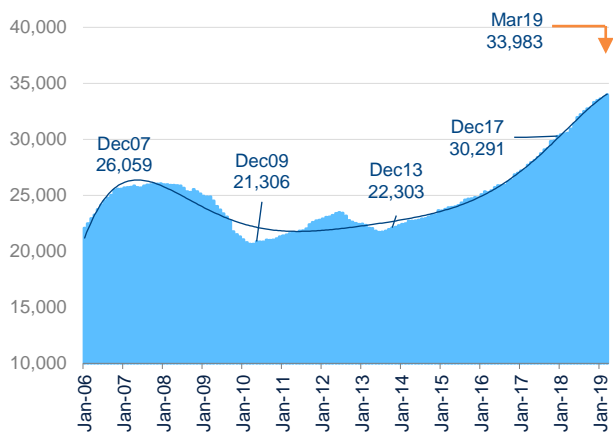
Source: BBVA Research based on Banco de México data.

Remittances have grown for 36 uninterrupted months since April 2016. The last decline was recorded in March 2016, when contraction of 2.8% was seen. During the last three years, the biggest growths in remittances were recorded in October 2017 (+28.0%), in November 2016 (+25.1) when Trump was elected president of the United States, and in June 2018 (+23.1%).

In 2016, remittances grew annually by 8.9%; during 2017, this was 12.2%; in 2018, this increased by 10.5%; and in Q1 2019, remittances have grown by 7.1%. **In real terms, remittances — once converted into pesos and discounting inflation — recorded a growth of 5.4% in Q1 2019.**

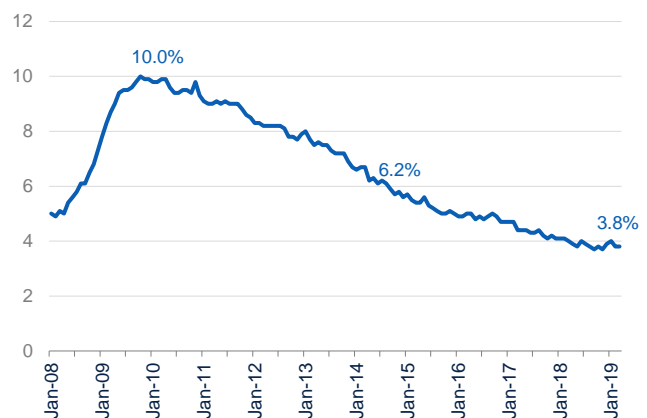
Good economic and employment conditions in the United States have created a climate that allows Mexicans living that country to have a higher level of employment and relatively better salaries. During March, the unemployment rate in the United States stood at 3.8%, one of the lowest levels in several decades.

Figure 2. 12-month cumulative flows of remittances to Mexico (USD million)



Source: BBVA Research based on Banco de México data.

Figure 3. United States: National unemployment rate (%)



Source: BBVA Research based on figures from the US Bureau of Labour Statistics.

### 3. Seven states accounted for 50% of the remittances: Michoacán, Jalisco, Guanajuato, State of Mexico, Oaxaca, Guerrero and Puebla

In Q1 2019, seven states accounted for half of the remittances to Mexico: Michoacán (USD 774.8 million), Jalisco (USD 763.3 million), Guanajuato (USD 681.4 million), the State of Mexico (USD 443.1 million), Oaxaca (USD 393.2 million), Guerrero (USD 391.2 million) and Puebla (USD 390.3 million). The first three states are in the Traditional migration region, while the last four belong to the emerging South-Central migration region.

Map 1. Main federal states receiving remittances in Q1 2019 (USD million)

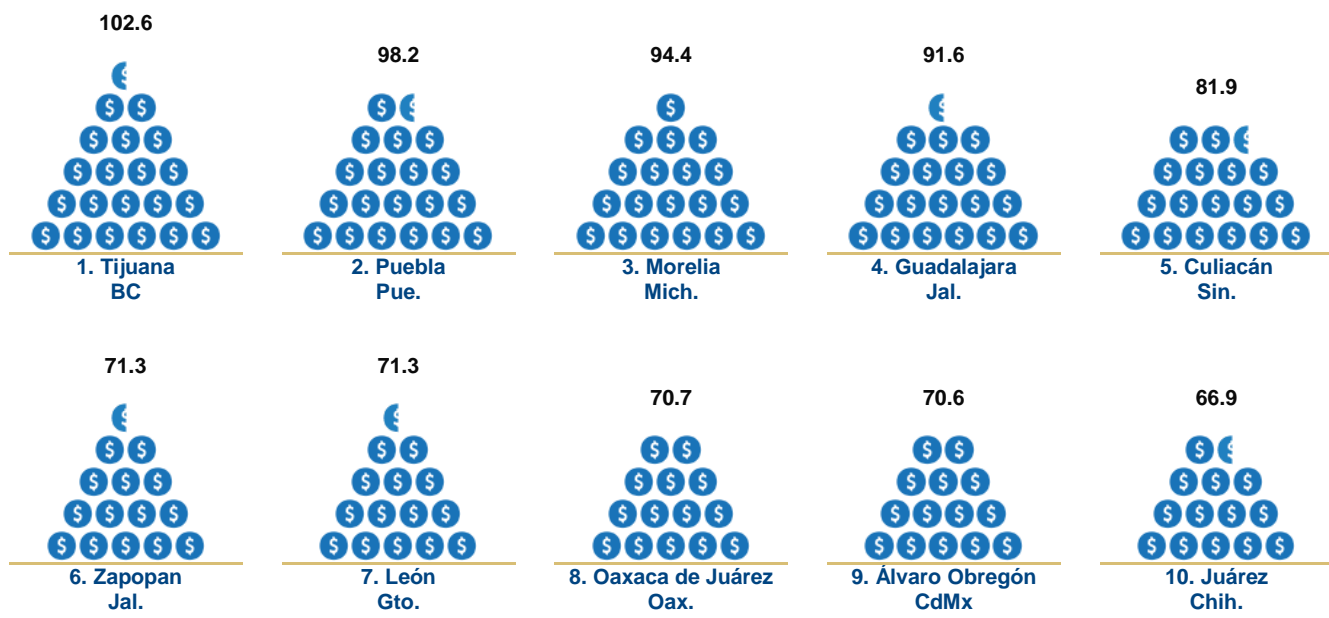


Source: BBVA Research based on Banco de México data.

## 4. Tijuana, Puebla, Morelia, Guadalajara and Culiacán are the municipalities that receive the most remittances in Mexico

Information from the Bank of Mexico indicates that, in Q1 2019, the municipality that received the highest number of remittances was Tijuana in Baja California, receiving USD 102.6 million, followed by the municipalities of Puebla (USD 98.2 million), Morelia (USD 94.4 million), Guadalajara (USD 91.6 million) and Culiacán (USD 81.9 million).

Figure 4. The 10 main municipalities receiving remittances in Mexico, Q1 2019 (USD million)



Source: BBVA Research based on Banco de México data.

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