

Brazilian Expats Send US\$ 2.8 Billion Home

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Currently, Brazil ranks second in Latin America in terms of cash inflow from foreign countries, losing only to Mexico. According to data supplied by the Central Bank of Brazil, in 2007, the amount of money sent to families in Brazil by Brazucas. Brazilian citizens living in other countries, reached US\$ 2.8 billion.

Of that total, over US\$ 1.3 billion comes from the United States, which is practically the same volume recorded by the Central Bank in 1997.

These funds, usually called remittances, originate from the labor of Brazilians who left the country seeking better financial conditions, and who also work to help their families, which stayed in Brazil.

In addition to the data supplied by the Central Bank, the figures compiled by the Multilateral Investment Fund (MIF) and the Inter-American Development Bank (IDB) also point to the United States, the country with the largest Brazilian colony, as the main source of remittances: 42% of the total, according to the IDB.

However, the Bank reported a much larger remittance volume in 2007: US\$ 7.1 billion. The second largest source is Japan (34%), followed by the European Union (16%).

The MIF/IDB figures show that the majority of people receiving these remittances in Brazil concentrate in the Southeast (58%) and South (39%) of the country. Most are women (65%), with a low level of education (only 21% have higher education) and low income.

Due to that profile, the sectoral specialist at the IDB's representation in Brasília (capital of Brazil), Luciano Schweizer, claims that remittances often play a very important social role in the country.

"Generally speaking, by moving to another country, the people who emigrate manage to earn nearly five times what they used to, therefore the remittances help increase the volume of funds available to the families," he says.

The leading types of investment made using these funds in Brazil include purchase of real estate, such as housing, improving the level of education and access to healthcare.

"And in some cases, such as those of the dekasseguis - [Brazilians] who go to Japan - and of those who go to Portugal, a large proportion returns to Brazil and establish their own companies," explains Schweizer.

Furthermore, these funds also have an impact on the Brazilian financial market. Given the fact that Brazil has one of the highest rates of remittances managed by banking institutions, ranging from 60% to 70%, "these funds obviously arrive and circulate within the formal financial system.

And this is one of the fronts in which the bank [IDB] has been working so as to increase the degree of formality of these remittances, allowing this population to be part of the financial system and have access to other services offered within it," he claims.

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