

**Eighteenth Meeting of the
IMF Committee on Balance of Payments Statistics
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Definition of Universe for the Framework on the Movement of Persons

**Prepared by the United Nations Technical Subgroup on
Movement of Natural Persons**

OUTCOME PAPER # 2¹

DEFINITION OF UNIVERSE FOR THE FRAMEWORK ON THE MOVEMENT OF PERSONS

UNITED NATIONS TECHNICAL SUBGROUP ON MOVEMENT OF NATURAL PERSONS

(Paris, 31 January – 1 February 2005)

1. The United Nations Technical Subgroup on the Movement of Natural Persons (TSG) at its meeting in Paris (31 January – 1 February 2005), discussed the choice of the universe for the framework on the movement of persons based on the issue paper *Definition of Universe for the Framework of the Movement of Natural Persons*.
2. Both economic and migration statistics, define migrants in a broadly consistent way. However, both frameworks do not define when a migrant changes its status to a non-migrant, thus making it difficult to identify transactions related exclusively to migrants, such as “workers’ remittances”.
3. The TSG did not consider necessary to restrict the universe for the framework on movement of persons to migrants only. As a general recommendation, it suggested eliminating the concept of migrant from the balance of payments and instead, using exclusively the concept of resident. This recommendation is in line with the recommendations described in the outcome paper # 1, which suggested to redefine workers’ remittances to include all personal transfers from resident households to non-resident households, independently of whether they are migrants or not and rename this new component as “personal transfers”.
4. The TSG agreed on the choice of a broad universe for the statistical framework to measure the economic impacts of the movement of persons. In line with the balance of payments, the universe would include all resident persons of a country and non-resident persons staying in that country for less than one year. This recommendation follows from the newly suggested definition of personal remittances to include personal transfers as well as net compensation of employees for persons working abroad for less than one year.
5. The TSG recommended “slicing” the universe of residents and non-resident workers according to the different policy needs, including Mode 4. It was noted that when measuring personal remittances, the broad universe could be subdivided, for practical purposes, into sub-universes, including, for example foreign born or citizens. This practice is already in place in some countries.

¹ The outcome paper will be submitted to the Balance of Payments Committee (BOPCOM), the Advisory Expert Group on National Accounts (AEG) and the Inter-agency Task Force on Statistics of International Trade in Services.

6. The TSG will further discuss criteria for “slicing” the universe for GATS mode 4 and the broader framework to measure the movement of persons at its next meeting.

Questions for the Committee

Does the Committee agree with the proposal of eliminating the concept of migrant from the balance of payments and of using exclusively the concept of resident? (See also Outcome paper #1 on the definition of personal transfers and personal remittances)



UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

**Meeting of the Technical Subgroup of the
Task Force on International Trade in Services,
Movement of Natural Persons – Mode 4
Paris, 31 January -1 February 2005**

ISSUE PAPER#2:

**DEFINITION OF UNIVERSE FOR THE FRAMEWORK
ON THE MOVEMENT OF NATURAL PERSONS**

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² The paper represents the views of the authors and not those of the United Nations. The paper was discussed at the TSG meeting.

1. Background

1. The paper *Statistical Framework for the Measurement of the Movement of Natural Persons – A proposal*, which was presented at the first meeting of the Technical Subgroup on the Movement of Natural Persons – Mode 4, discussed the objectives of the framework and its scope and coverage. As mentioned in the paper, although the original intention was to develop a statistical framework for the measurement of GATS mode 4, the approach taken is much broader. The framework proposed is designed to measure the economic impact of the movement of natural persons on the home and host economies. It is designed to meet different needs, including the development of an alternative presentation in the revised Balance of Payments Manual on the temporary movement of natural persons, the development of a framework for the GATS Mode 4 and the improvement of statistics on remittances. The framework is a satellite framework of the Balance of Payments Manual Fifth Edition (BPM5) and the 1993 System of National Accounts (1993 SNA). It calls for separate identification of flows which are already part of the BPM5 and 1993 SNA and for complementary information in non-monetary units (e.g. number of migrant workers disaggregated by socio-economic characteristics) to better meet the analytical needs of different groups. The choice of the universe for the framework is, therefore, fundamental to clearly define its boundary and to be able to separately identify the flows relevant for different types of analyses.

2. The paper addresses two issues: (a) the concept of migrant, which has an impact on the choice of the universe and has implications on the treatment of certain flows in the balance of payments; and (b) the choice of the universe. The paper discusses different options and discusses advantages and disadvantages of each. It also raises some questions for discussion at the TSG meeting.

2. Definition of migrant

3. The Balance of Payments Manual 5th edition (BPM5) and the 1993 System of National Accounts (1993 SNA) define migrants as:

“Persons who have become residents of economies by virtue of being expected to live there for a year or more” (BPM5 para 272 and 1993 SNA para 14.120).

4. The Recommendations on Statistics of International Migration (RSIM) Revision 1 define long-term migrants as:

“Persons who move to a country other than that of his or her usual residence for a period of at least a year, so that the country of destination effectively becomes his or her new country of usual residence” (RSIM Glossary)

and short-term migrants

“Persons who move to a country other than that of his or her usual residence for a period of at least three months but less than a year.” (RSIM Glossary)

5. The definition of migrant in the economic statistics recommendations is broadly in line with the definition of long-term migrant as defined in migration statistics recommendations. While both economic and migration statistics provide a minimum time limit for a person to be considered a migrant, neither mentions when a migrant ceases to be such.
6. When analyzing the economic impact of migration on the home and host economy it is important to identify the time or the condition(s) when a person is no longer a migrant. It is important because it influences balance of payments flows.
7. In BPM5, if a person is a migrant, employed in the host economy, transfers that he or she makes to a household in the home economy are recorded as *workers' remittances*. If a person is no longer a migrant, transfers that he or she makes to a household in the home economy are recorded under *other current transfers*. This difference in recording is particularly important in the context of the need to improve statistics on remittances. It also impinges on the definition of remittances (please see Issue Paper on Remittances).
8. In addition to looking at the impact of migration, the proposed statistical framework looks at the impact of “temporary” movement of natural persons. In the GATS, “temporary” is not defined, but permanent migration (residence, citizenship or employment on a permanent basis) is clearly excluded. Furthermore persons seeking access to the employment market (i.e. job seekers) are excluded. Although a majority of commitments refer to the temporary nature of the presence of persons (e.g. “temporary stay”), many commitments do not indicate an upper limit for the duration of stay (WTO 2005). It is understood that when the person has provided the service, he/she should leave the country.
9. Several proposals have been advanced to provide a criterion for defining when a migrant changes its status to a non-migrant as well as when a person should be considered “temporary” or more “permanently” residing in the host country. These criteria include: (a) citizenship - when a migrant acquires a new citizenship, he or she acquires all the rights of the receiving country and thus considered no longer a migrant in the host country; (b) a time bound criterion (e.g. after, for example, 15 years of residence in the host country a persons ceases to be a migrant; after 10 years he is no longer “temporary”).
10. Given that GATS is a legal framework, which is not applied evenly across countries and considering the fact that often GATS commitments are not time-bound, the identification of “temporary” as opposed to “permanent” resident is difficult to assess in practice, unless a special visa for GATS mode 4 persons is introduced. In this case, it would be feasible to clearly identify the persons covered by GATS mode 4 and identify the relevant flows for these persons in the 1993 SNA and BPM5.

3. Choice of universe for the framework on the movement of natural persons

11. The choice of the universe is closely linked to the various objectives of the framework (see para 1). As mentioned before, the proposed framework takes a broad approach and aims at measuring the resident and non-resident impacts of migration and movement of natural persons in the home and host economies. In the context of remittances, this includes household-to-household transfers across the border and in the broad sense transfers from any sectors to households and NPISHs.

12. As a result, the broadest universe that one would consider is *all resident households* augmented with non-resident persons staying in the country for less than one year. The choice of a broad universe would avoid the problem of defining migrants and in particular the criteria by which a migrant ceases to be so.

13. This universe could be further subdivided in the sub-universes of migrants (as defined in economic and migration statistics – without any connotation of whether temporary or permanent), which could in turn be sub-divided (“sliced”) on the basis of whether the household is resident in the country on a “temporary” basis or more permanently to meet the requirement of different needs such as GATS mode 4. The latter could be done on the basis of length of stay or other administrative variables (e.g. visas, type of work permit, etc.).

14. The choice of the sub-universe is very much linked to the definition of migrant. The following four options have been advanced:

- Option 1: Residents and non-resident persons staying in the country for less than one year
- Option 2: Non-citizens
- Option 3: Foreign born
- Option 4: Persons who have been in the country at certain intervals with a maximum period of time, for instance a 15-year benchmark rule

Option 1: Residents and non-resident persons staying in the country for less than one year

15. This proposal considers the broadest possible universe. Using a broad universe has the advantage that it encompasses all the population, regardless of whether the person is a migrant or not. It also permits to meet the coverage of information needs of the 1993SNA/BPM5 frameworks as well as different information needs of the GATS framework by allowing further sub-divisions by citizenship (option 2), foreign born (option 3) or time (option 4). It is easy to assess, as censuses and household surveys cover all resident population. Using all residents as a universe, would allow for a new definition of “personal remittances” which would bring together ALL household-to-household flows on the balance of payments, independently of whether the person is a migrant or not, thus providing, for example, a more complete picture of the income that a

household receives in the home country. The issue paper on remittances elaborates these considerations on the narrow and broad definition of remittances further.

16. It has been argued that “remittances” should be specifically linked to migration and that they should only refer to transfers from “short-term and long-term migrants” to households in the home country. Therefore using a universe which encompasses both migrant and non-migrant could be considered in the context of a broad remittance definition encompassing all resident household to non-resident household transfers in the BOP framework.

Option 2: Non-citizens

17. This universe is the proposal that has been advanced in the framework paper to redefine the resident household to non-resident household transfers under workers’ remittances in the BOP framework as well as to meet the GATS mode 4 requirements. It covers all non-citizens whether working or not in the host country and whether working in the host country on a temporary basis or more permanent basis. When a person becomes a citizen, he or she becomes legally a member of the host country. It is thus a clear-cut criterion which marks the change in status of a person in a country. In addition, citizenship has the advantage of being clearly defined, easy to assess (there is in general no confusion in interpreting the question) and easily accessible, not only from data collection activities data (e.g. censuses and household surveys), but also from banking records (e.g. Western Union asks for citizenship when sending money abroad).

18. Becoming a citizen, however, does not imply that the ties with the home countries have weakened. Often the possibility of acquiring the citizenship in the host countries depends on several factors, including the country of origin, the legal status when entering the country, etc. and it may not be linked to the length of stay. Therefore, the concept of citizenship is not universal across countries. Moreover, in certain countries, using citizenship as a criterion to identify migrants is not a viable option. This is the case for countries in which citizenship is acquired on the basis of *ius sanguinis*, rather than *ius solis*. According to *ius sanguinis*, citizenship is only acquired by blood and not by place of birth (*ius solis*). In this case, second or even third generation immigrants would still be considered non-citizens of the host country, although their ties to the home countries may be virtually nonexistent.

Option 3: Foreign born

19. For countries in which citizenship is acquired on the basis of *ius sanguinis*, foreign born seems to be a better choice for the universe. Conversely, foreign born, even after they acquire citizenship, tend to maintain close ties with the home country and often do not consider themselves as “complete” members of the host economy. As for the case of non-citizens, foreign born are also easy to assess and information on foreign born is collected on regular basis from censuses and household surveys.

20. However, increasingly with the advent of globalization, more and more people are born in countries that are not their “home” countries, that is in countries with which they

do not have any ties, direct family relations, cultural affinity or otherwise. The country of birth is less and less representative of the relation of the migrant to the “home” country. Obviously, using the foreign born criterion as universe would not be time bound.

Option 4: Persons who have been in the country for a certain periods of time, for instance at different intervals upto a maximum of a 15-year benchmark rule.

21. Defining the universe on the basis of a time bound criterion would result in a criterion which can be applied uniformly across countries. It could also allow for better assessing “temporary” persons. However, the length of stay is not really a measure of the intention to stay in a country, nor of the legal status of the migrant, nor the defining factor in determining the ties to the home country.

22. The length of stay as criterion is not easy to interpret: how should the length of stay be defined in the case of a person leaving the host country temporarily for a few months, a year or even longer? Secondly this information is not collected administratively by the banking systems, when people go to the bank to send money to the home country.

4. Points for discussion

23. The issues raised in the paper are listed below in the form of questions for discussion by the TSG:

Does the TSG agree with the choice of all residents, augmented by non-resident persons staying in the country for less than one year, as the universe for the statistical framework for the movement of natural persons? Alternatively, should the universe for workers’ remittances be limited to migrants defined either by non-citizenship, foreign birth or a time bound criterion? In which case, what option would be the preferred one?