

ESPON



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ESPON IRiE

Interregional Relations in Europe

Interregional Remittances Flows in Europe
(University of Thessaly)

Pamplona, 24th November 2022

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ESPON Final Event
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Context

EU economic integration emaciates border obstacles and generates (releases) spatial dynamics that relate the flows of people, products, production factors, capital, and knowledge.

The debate concerning the distribution of the overall welfare gains from the EU economic integration process finds fertile ground since the size, the direction, and the composition of flows determine the prospects (and the limitations) for development.

Indeed, as the 'space of flows' (integration) affects the 'space of places' (development), the mix of opportunities and threats to EU territories continues to change.

Against such a backdrop, regional development strategies suffer from the lack of data on interregional relations.

Objectives

Within the ESPON IRiE project framework, the report on interregional remittances flows aims at:

- recording interregional remittances flows across the EU space (O-D matrices).
- overviewing the relatedness (interdependencies) among the EU regions.
- detecting the explanatory factors (drivers and barriers) of the interregional remittances flows across the EU space.
- feeding the discussion on future territorial and sectoral policies at the EU, national, and regional levels.

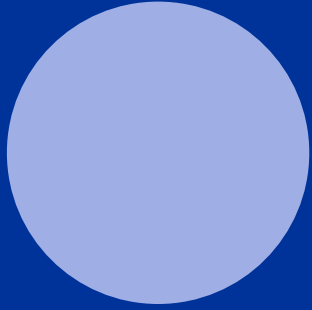
Remittances Definition

Remittances: “household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies”.

The term “remittances” may describe, solely, as interregional international flows.

Remittances flows retain an inverse relation with migration flows. This means that incoming remittances flows are related with the corresponding outgoing migration flows, and outgoing remittances flows are related with incoming migration flows.

Within the ESPON IRiE project framework, interregional remittances flows are estimated on the basis of a formula that links national-level remittances flows and the share of regional migration flows to the corresponding national ones. The application of the method rests on a couple of assumptions: a) the ratio of regional to national incoming (outgoing) migration flows is equal to the ratio of regional to national outgoing (incoming) remittances flows; and b) remittances flows for the years considered follow the corresponding pattern of migration stocks.



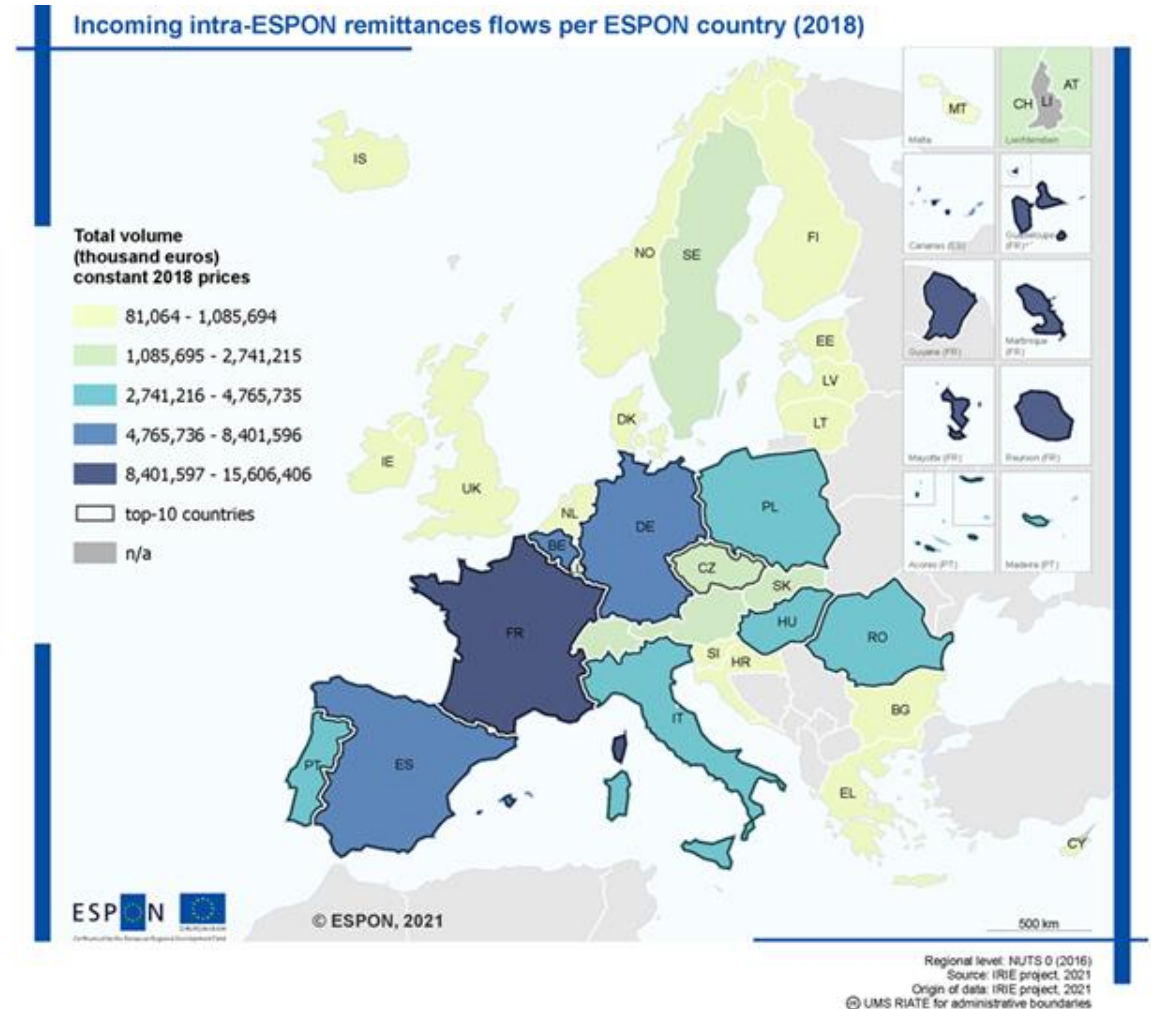
Recording interregional remittances flows across the EU space

Specific Objective

- production and analysis of C2C and R2R (NUTS II) intra-ESPON remittances flows data (years 2010-2018)
- 32 ESPON countries [+ 44 “third” countries + RoW countries] / 329 ESPON NUTS II regions / 9 years (2010-2018)
 - ESPON area: EU countries + UK + Switzerland + Lichtenstein + Norway + Iceland
- **Data Sources:**
 - **WB**
 - **EUROSTAT**
 - **migration data (from IGSO PAS; for the ‘regionalization’ of remittances flows)**

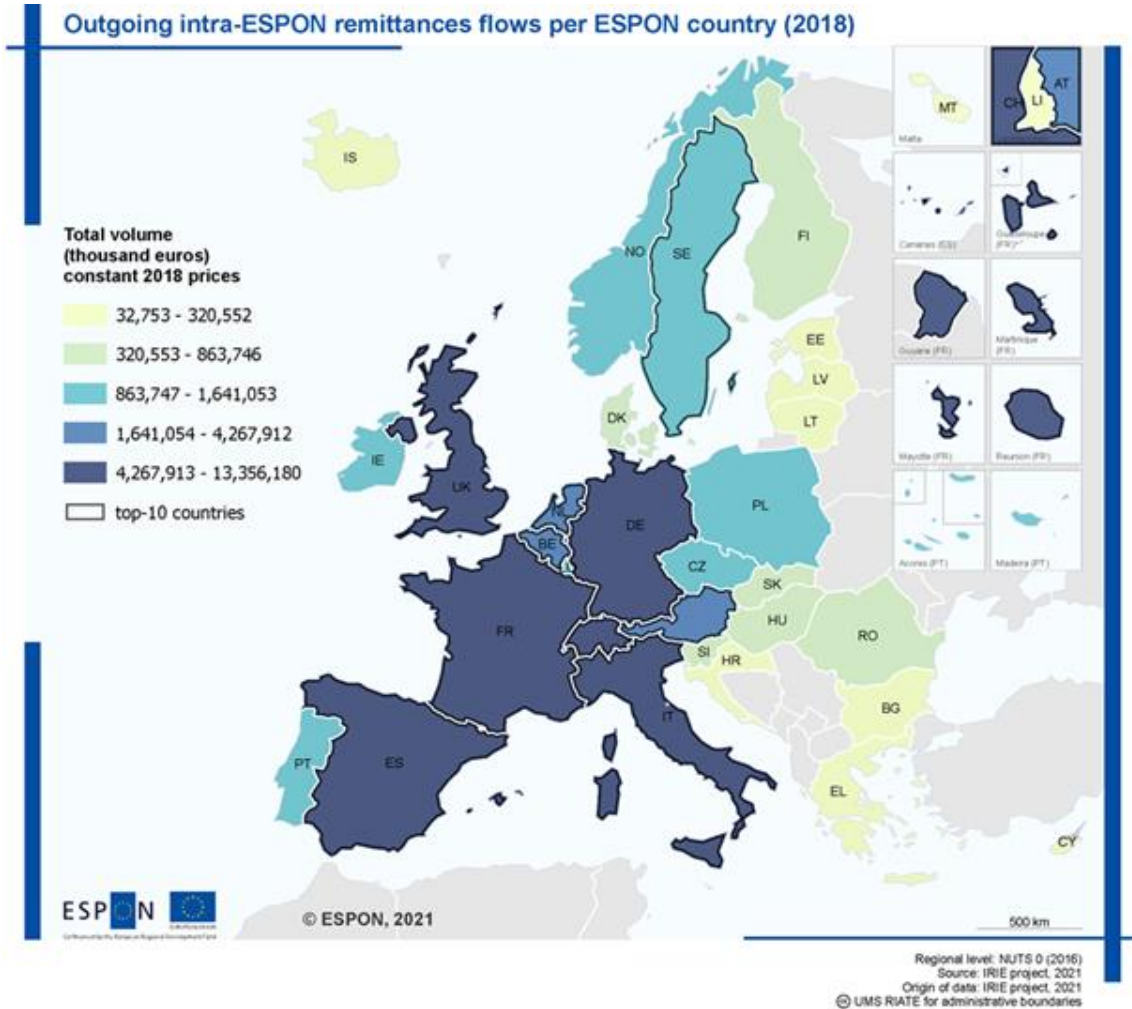
Country Level (I)

- FR, DE, BE, ES, IT, PL, RO, PT, HU and CZ are the top-10 ESPON countries in terms of total volume incoming intra-ESPON remittances flows for the year 2018



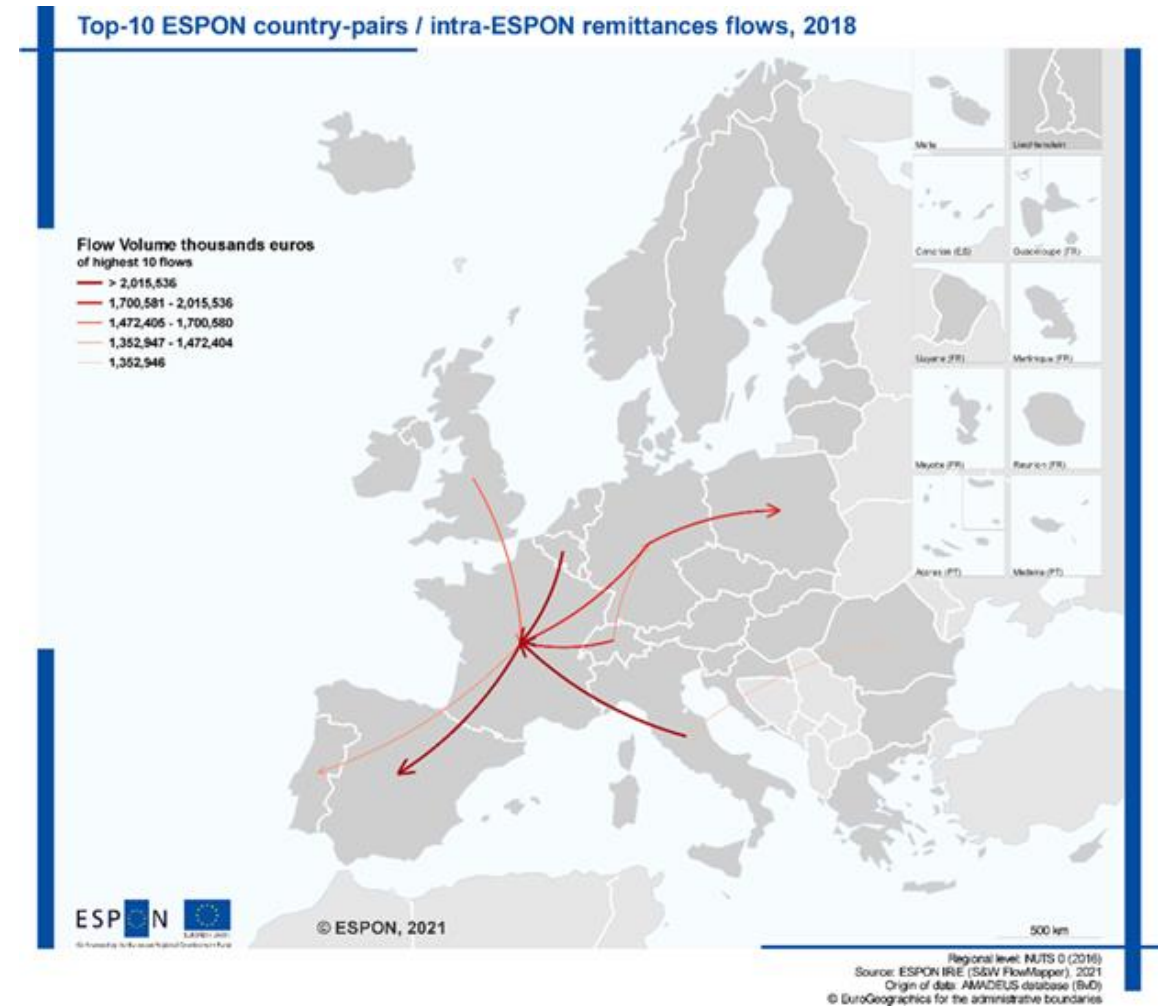
Country Level (II)

- DE, FR, UK, IT, ES, CH, BE, NL, AT, and SE are the top-10 ESPON countries in terms of total volume outgoing intra-ESPON remittances flows for the year 2018



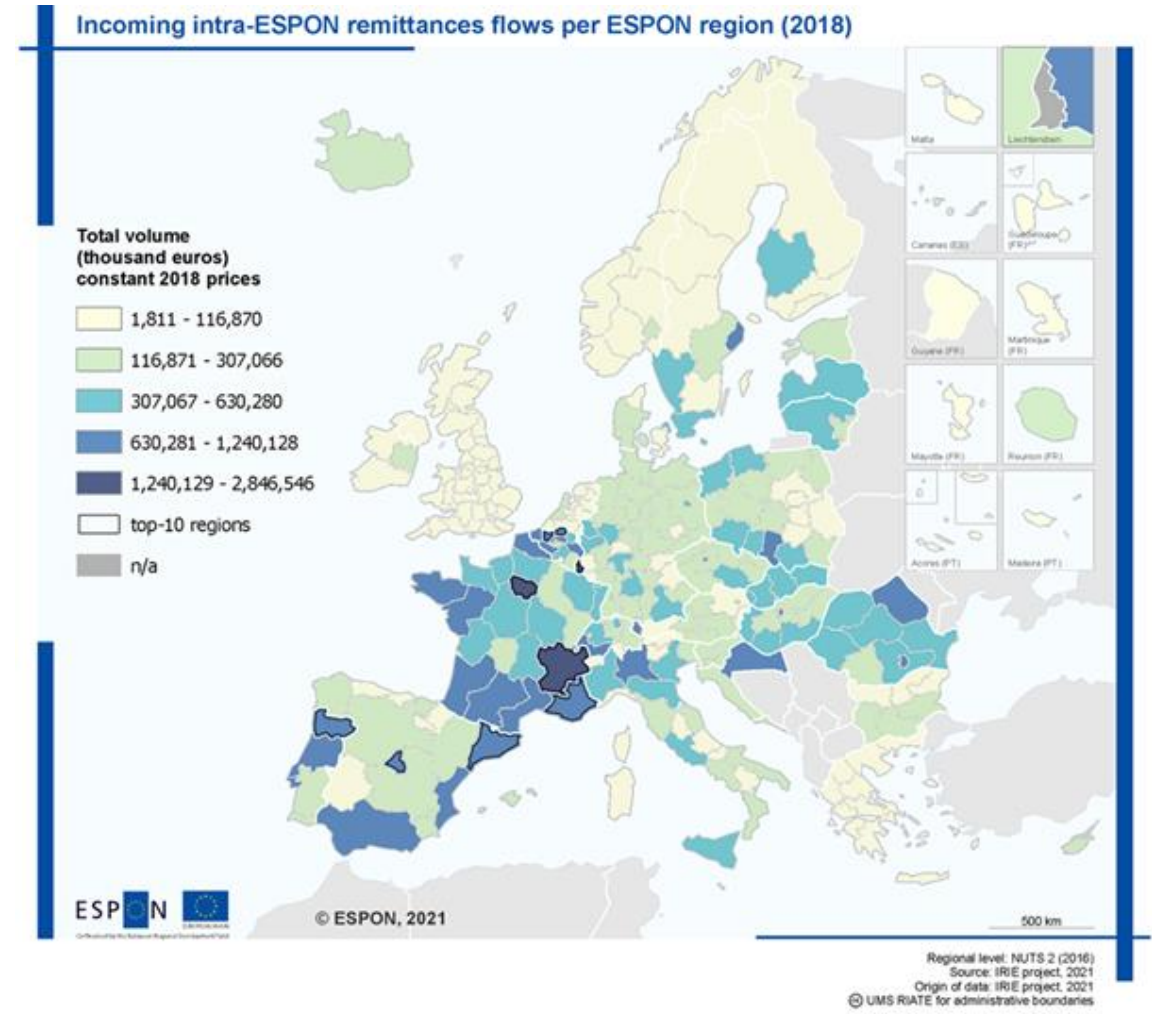
Country Level (III)

- FR-ES, BE-ES, DE-PL, DE-FR, IT-RO, IT-FR, CH-FR, UK-FR, CH-DE, and FR-PT are the top-10 ESPON country-pairs in terms of the total volume of intra-ESPON remittances flows during the year 2018.



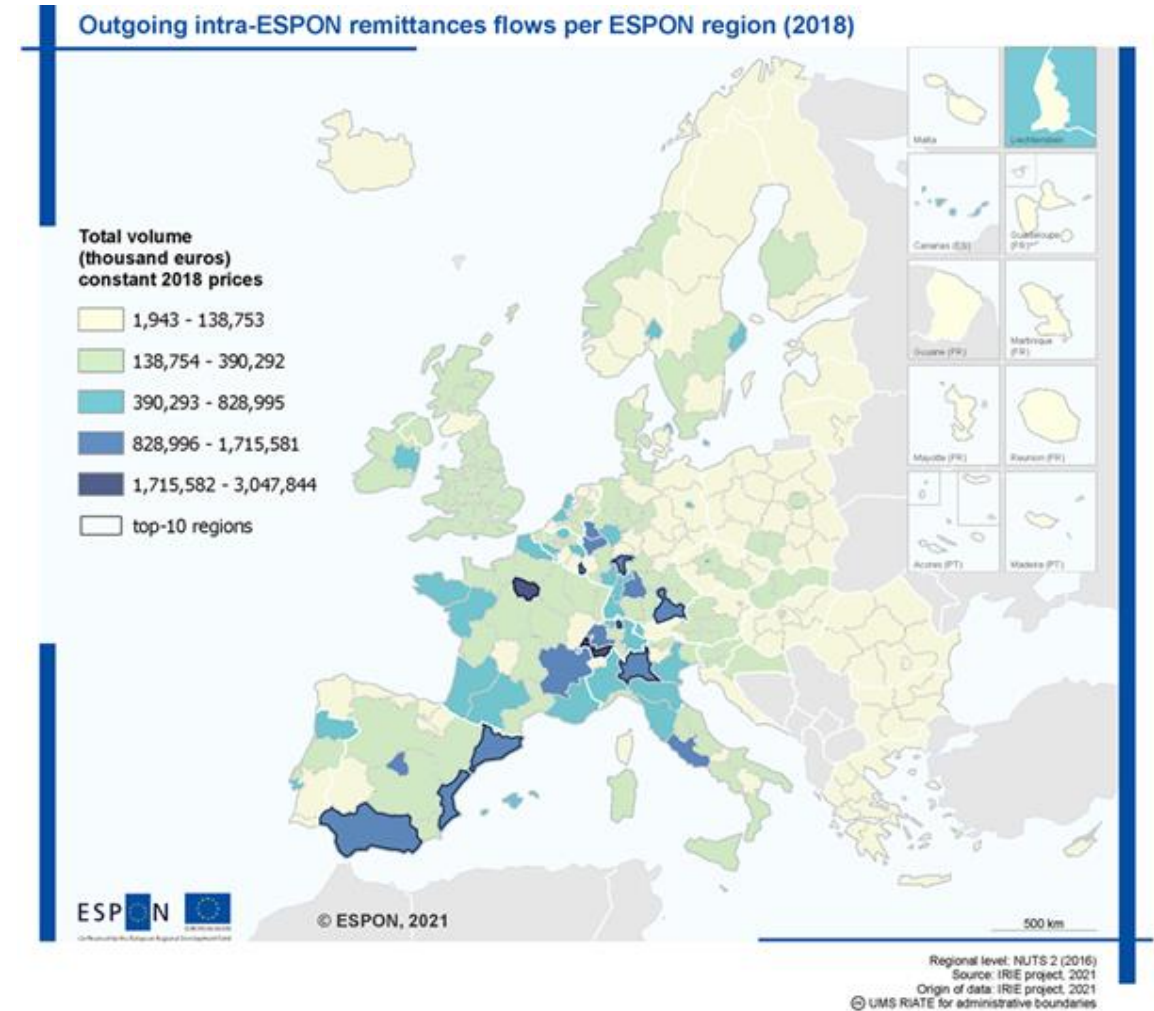
Regional Level (I)

- FR10, FRK2, LU00, BE21, ES51, ES30, BE23, FRL0, PT11, and CZ01 are the top-10 regions in terms of total-volume incoming intra-ESPON remittances flows during the year 2018.



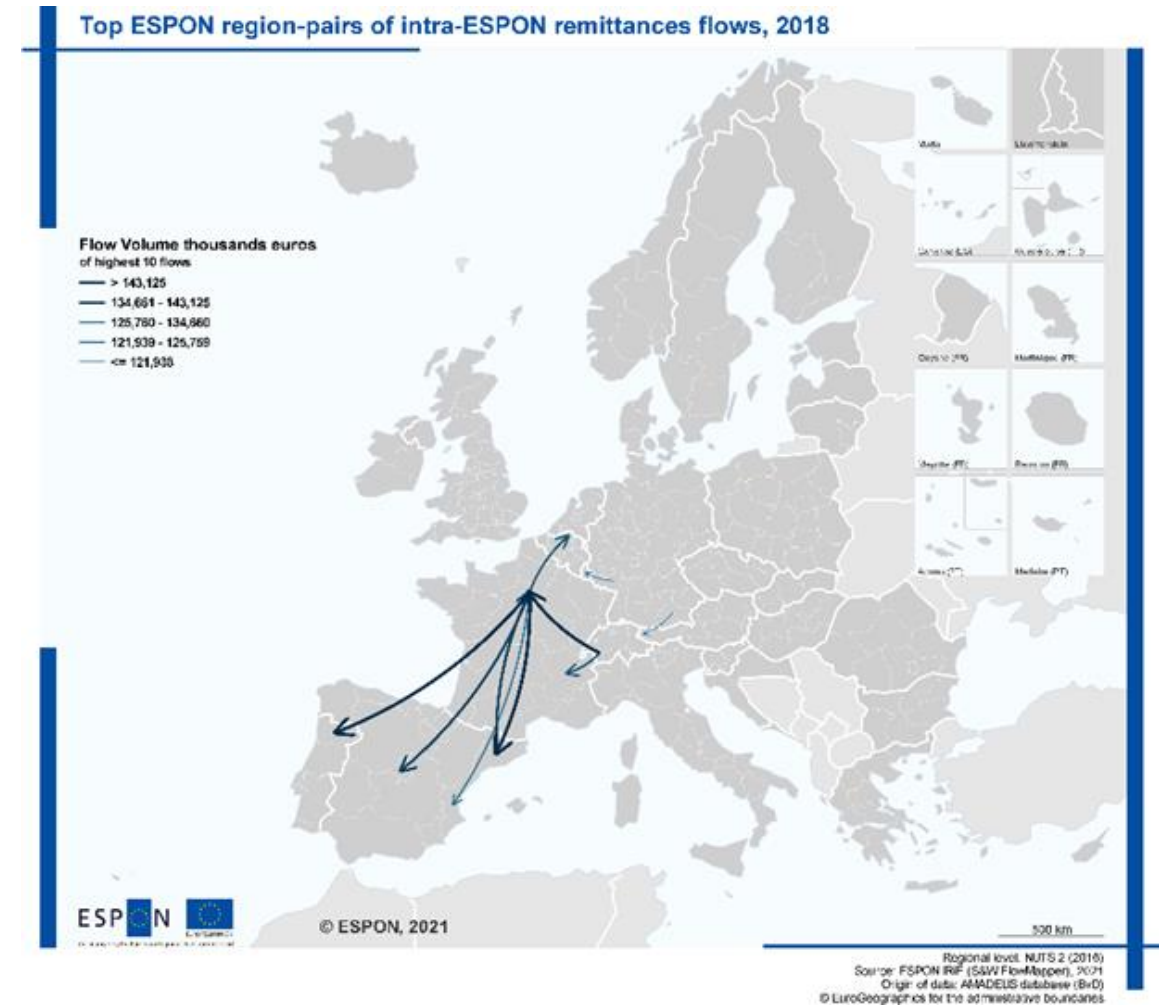
Regional Level (II)

- FR10, CH01, DE21, ES51, ES52, DE71, ES61, ITC4, LU00, and CH04 are the top-10 regions in terms of total-volume outgoing intra-ESPON remittances flows during the year 2018.



Regional Level (III)

- CH01-FR10, FR10-PT11, FR10-ES51, FR10-ES30, ES51-FR10, FR10-BE21, FR10-ES52, DE21-AT34, CH01-FRK2, and DEB3-LU00 are the top-10 ESPON region-pairs in terms of the total volume of intra-ESPON remittances flows during the year 2018.



2

Overviewing the relatedness
(interdependencies) among
the EU regions

Specific Objective

- classification of EU regions, on the basis of common characteristics with respect to remittances flows, and creation of typologies (separately for incoming and outgoing remittances flows).

- **Methodology:**

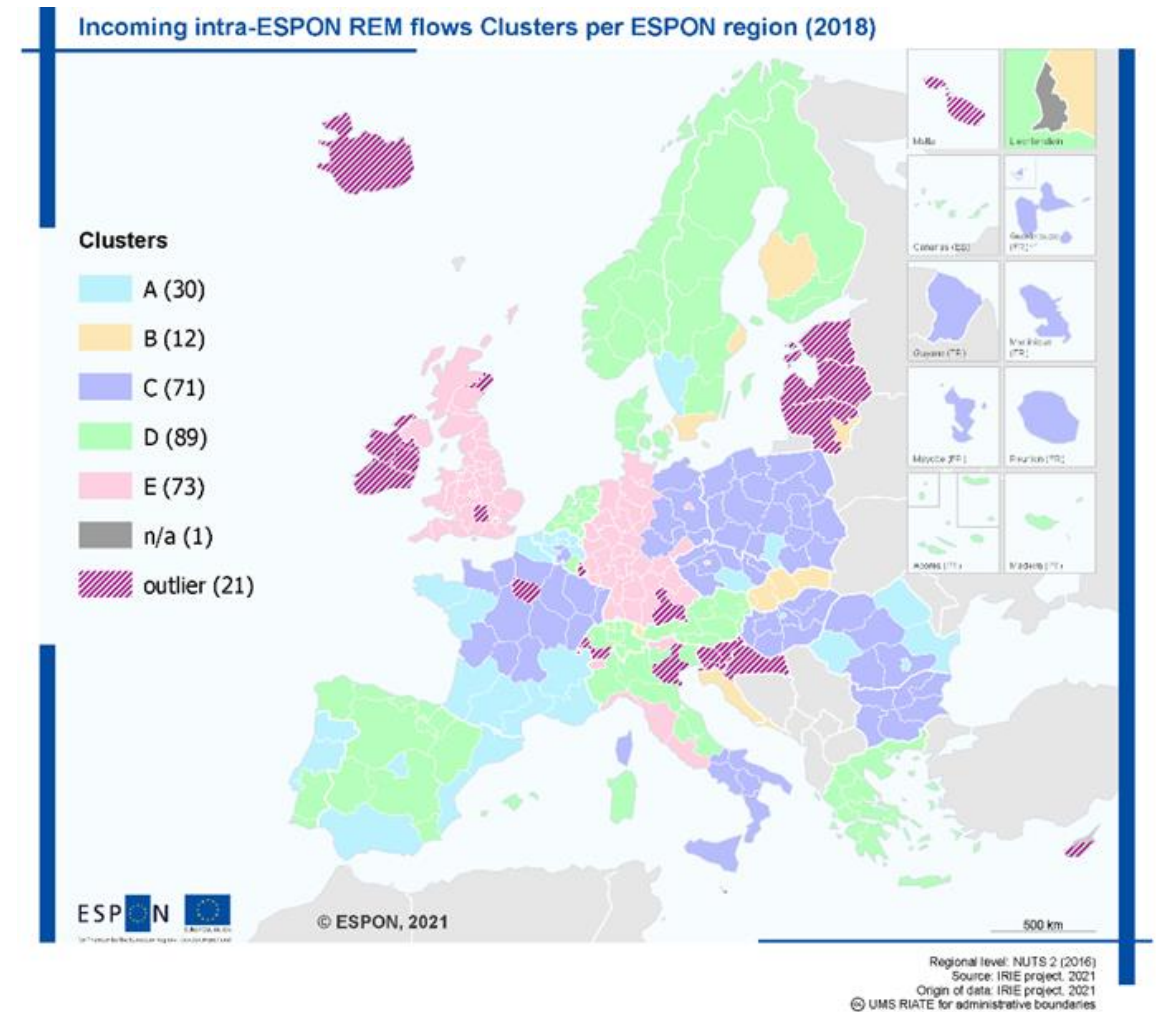
- **k-means (partition of n observations into k clusters in such a way that the within-cluster variances are minimized)**

- regional typologies are constructed on the basis of interregional remittances flows *per se* (i.e., seven (7) indicators)* and not on the basis of already-existing (i.e., pre-defined) regional typologies.

* INTENSITY, CONNECTIVITY, WEIGHTED INTENSITY, INTERREGIONAL BALANCE, NETWORK SELECTIVITY, EXTERNAL INFLUENCE, SEND-RECEIVE BALANCE

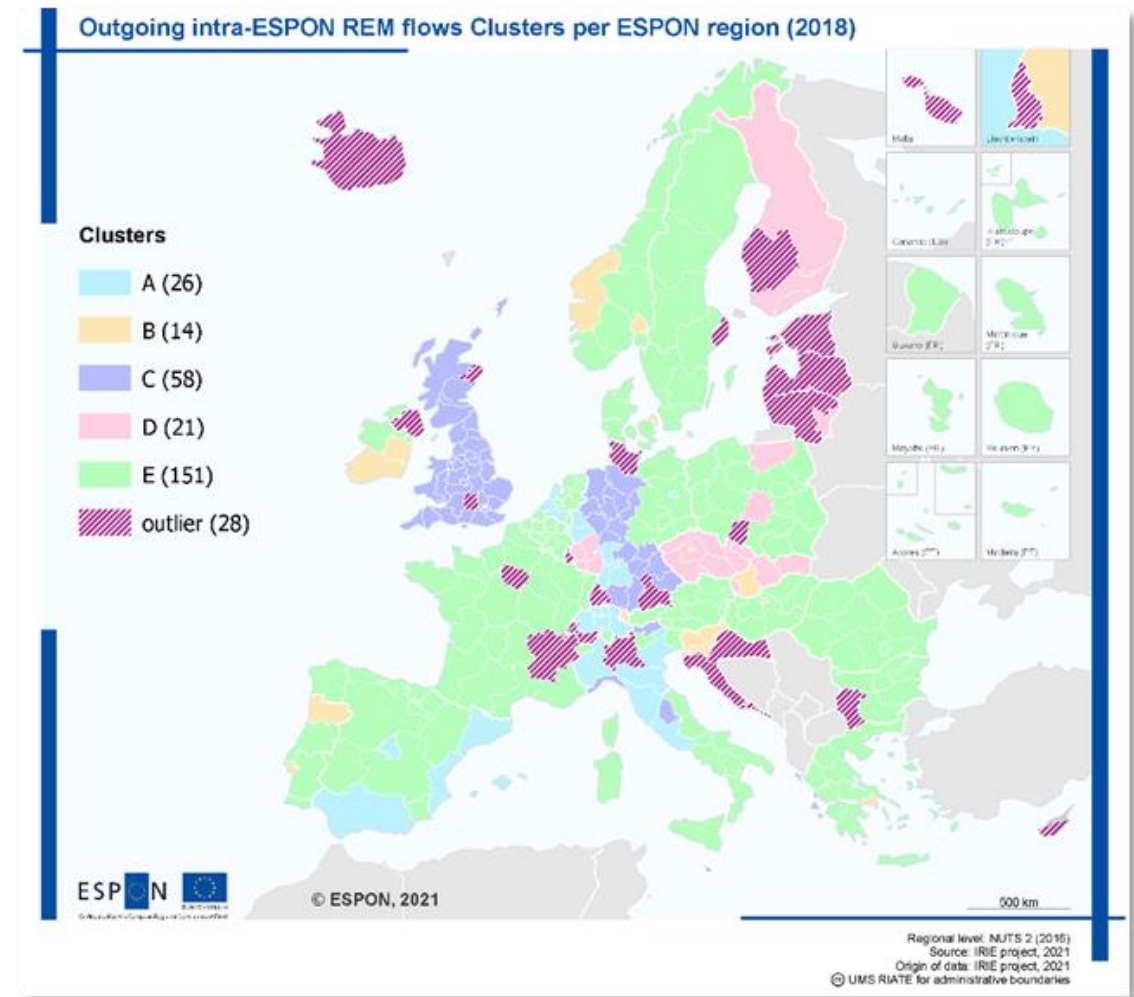
Regional Level (I)

- Regarding the incoming intra-ESPON remittances flows, five (5) clusters have been identified: a) cluster A (**incoming remittances ESPON-wide hubs**) – 30 regions, b) cluster B (**incoming remittances national-wide hubs**) – 12 regions, c) cluster C (**incoming remittances ESPON-wide relative hubs**) – 71 regions, d) cluster D (**second-level incoming remittances ESPON-wide hubs**) – 89 regions, and e) cluster E (**second-level incoming remittances independents**) – 73 regions.



Regional Level (II)

- Regarding the outgoing intra-ESPON remittances flows, five (5) clusters have been identified: a) cluster A (**outgoing remittances ESPON-wide hubs**) – 26 regions, b) cluster B (**outgoing remittances national-wide hubs**) – 14 regions, c) cluster C (**outgoing remittances ESPON-wide relative hubs**) – 58 regions, d) cluster D (**outgoing remittances dependents**) – 21 regions, and e) cluster E (**outgoing remittances independents**) – 151 regions.



3

Detecting the explanatory factors (drivers and barriers) of the interregional remittances flows across the EU space.

Specific Objective

- detection of the drivers and barriers of interregional remittances flows
- **Methodology:**
 - **panel-data Poisson-type gravity model specification**
 - * **624,132 (or 734,616) observations**

Regional Level (I)

Dependent	remittances			
	absolute values		share of GDP	
	(1)	(2)	(3)	(4)
$\ln POP_{i,t}$	0.73***	0.69***	1.24***	0.99***
$\ln POP_{i,t}$	0.80***	0.74***	-0.59***	-0.70***
$\ln DIST_{i,i}$	-0.25***	-0.50***	-0.29***	-0.72***
$\ln PCGDPGAP_{i,i,t}$	0.49***	0.38***	1.11***	1.14***
$\ln PCGDPGR_{i,t}(-1)$		0.001**		0.003***
$\ln CRED_{i,t}$	-0.02***		-0.04***	
$CONCOR_{i,t}$		-0.07***		-0.51***
$CONCOR_{i,t}$		0.33***		0.49***
$\ln EDHIGH_{i,t}$	0.66***		0.27***	
$\ln TAXES_{i,t}$	-0.67***		-1.44***	
$\ln EXP_{i,i,t}$	0.24***	0.27***	0.35***	0.34***
$EMU_{i,i}$	0.15***		0.53***	
$CLBORD_{i,i}$	0.76***		1.52***	
constant	-14.26***	-10.40***	-71.02***	-63.46***
Country (origin & destination) and time fixed effects	YES	YES	YES	YES
Observations	624,132	734,616	624,132	734,616

Regional Level (II)

- The econometric analysis highlights that the population of origin regions, the population of destination regions (only for absolute volume remittances), the development gap between the origin and the destination regions, the growth rate (1-year time lag; only for relative volume remittances), the control of corruption in the origin regions (only for relative volume remittances), the presence of skilled migrants (only for absolute volume remittances), the existence of trade relations between the origin and the destination regions, the EMU membership of both the destination and the origin regions, and the existence of common land borders between the origin and the destination regions are drivers for the attraction of intra-ESPON remittances flows.

Regional Level (III)

- In contrast, the econometric analysis highlights that the population of destination regions (only for relative volume remittances), the distance between the origin and the destination regions, the credit availability in the destination regions (only for absolute volume remittances), the control of corruption in the destination regions (only for relative volume remittances), and the taxes in the origin regions (only for absolute volume remittances) are barriers to the attraction of intra-ESPON remittances flows.

4

Feeding the discussion on future territorial and sectoral policies at the EU, national, and regional levels.

Specific Objective

- better understanding of the linkages among EU regions and provision of corresponding policy recommendations

Provision of Policy Recommendations

- The report on interregional remittances flows in the EU space fills an important gap in the current European statistical system, opening new fields for understanding the regional interlinkages in terms of remittances flows.
- Such an understanding eases the provision of specific, tailor-made, policy recommendations for the EU regions.
- This is especially so in the light of the mega-trends and events that are, currently, taking place (e.g. BREXIT, COVID19 pandemic, EU Green Deal Strategy, Russo-Ukrainian War).

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