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# The Triennial Comprehensive Report on Immigration

Part III

International Impacts

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CHAPTER

5

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# Selected Economic Impacts of International Migration

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## Introduction

**The Bureau of Economic Analysis (BEA) prepares estimates of five categories of international transactions** (see attached table) related to nonimmigrant and immigrant flows: travel expenditures in the United States by foreign visitors, their related passenger fares paid to U.S. carriers, education services to foreign students, personal remittances by foreign-born residents in the United States to persons abroad, and the amount of wealth that immigrants bring with them when they enter the United States. Travel, passenger fares, and education are major components of rapidly expanding exports of U.S. services, collectively accounting for more than 38 percent of the annual totals in 1995-98. Personal remittances abroad by the foreign-born population in the United States is a component of private unilateral transfers, and immigrants' transfers are a component of the capital account. BEA does not project economic activity for future years.

### Travel and Passenger Fare Exports

Travel exports include aggregate purchases of goods (food and gifts) and services (lodging, recreation/entertainment, and local transportation) by foreign residents visiting the United States for less than 1 year for business or personal reasons. Expenditures by Canadian and Mexican visitors include border transactions that often involve short stays (some less than 24 hours). Passenger fare exports are fares received by U.S. operators for transporting foreign residents between the United States and a foreign country and between two foreign countries.

The method for estimating both travel and passenger fare exports combines data on the number of foreign travelers to the United States as provided by the Immigration and Naturalization Service (INS), with average expenditures/passenger fares developed from the travel surveys conducted by the Tourism Industries Office of the International Trade Administration, U.S. Department of Commerce. Travel exports increased from \$63.4 billion in 1995 to \$71.3 billion in 1998. Passenger fare exports increased from \$18.9 billion in 1995 to \$20.0 billion in 1998. The three countries with the largest number of nonimmigrant visitors to the United States in 1998 were Japan, the United Kingdom, and Canada.

### Education Exports

Foreign students are defined as individuals enrolled in institutions of higher education in the United States who are not U.S. citizens, immigrants, or refugees. The value of these students' tuition, room and board, and living expenses are recorded as private service exports. Population totals and characteristics are obtained from annual surveys of accredited U.S. institutions conducted by the Institute for International Education. These data are matched with average tuition/room/board expenditures compiled by the National Center for Education Statistics, U.S. Department of Education, to arrive at estimates of total education exports.

Education exports increased from \$7.5 billion in 1995 to \$8.9 billion in 1998. Students from Japan, China, South Korea, Taiwan, and India accounted for more than 40 percent of the foreign student population in the United States during 1995-98. Foreign students from Canada were also significant during this period.

### Personal Remittances Abroad of the Foreign-born Population

Personal remittances abroad by the foreign-born population in the United States are a major component of private unilateral transfers in the U.S. international accounts. Remittance estimation is the aggregated product of three variables that are specified by country of nativity and duration of stay in the United States: population (converted to family units), average family income, and income propensity to remit abroad.

Foreign-born population levels and associated socioeconomic characteristics are obtained from the decennial censuses of 1980 and 1990 which identify population totals, family totals, and average family incomes by country of nativity and by duration of U.S. residency (in 5-year intervals). Annual inter-decennial flows are based on data from INS and the U.S. Census Bureau's Current Population Survey. These data are combined with remittance/income relationships of the foreign-born population (arrayed by

country of nativity and 5-year intervals of U.S. residency) that were estimated from income and remittance questions on a sample survey of legalized aliens conducted by the INS for 1987 activity and a follow-up survey of the same sample conducted by the U.S. Department of Labor for 1991 activity. The source data and survey results support the following broad conclusions: a significant number of families do not remit, even for recent immigrants; the proportion of income remitted is significantly higher for persons from developing countries than from developed countries; the proportion of income remitted is highest in the initial years of U.S. residency and drops sharply thereafter; and the proportion of income remitted is higher for single foreign-born persons than for foreign-born persons with family in the United States.

Remittances increased from \$11.8 billion in 1995 to \$15.5 billion in 1998. More than 50 percent of remittances went to countries of South and Central America during 1995-98.

### **Immigrants' Transfers**

Immigrants' transfers are the amount of wealth that immigrants bring with them when they enter the United States. The estimates are based on the number of individuals immigrating to the United States each year, the per capita gross domestic product (GDP) of their home country, and wealth-to-income ratios.

Immigrants entering the United States include both legal and undocumented foreign-born individuals who expect to reside in the United States for more than 1 year. Legal immigration totals by country of birth and year of entry are from the INS, and estimates of undocumented foreign-born individuals are based on INS published work.

Annual per capita GDP, converted into U.S. dollars, is used as a proxy estimate of income for immigrants from each country for each year of entry. Population and GDP estimates are from the United Nations and the International Monetary Fund.

The wealth-to-income relationships were derived from periodic current population reports from the Bureau of the Census, based on a longitudinal study on wealth and asset ownership of households in the United States for 1983, 1988, 1991, and 1993.

In order to arrive at estimates of immigrant transfers, the number of immigrants from each country for each year is multiplied by the associated per capita GDP of each country converted into U. S. dollars, with the resulting product for each country further multiplied by the wealth-to-income ratio derived from U. S. relationships.

Immigrants' transfers increased from \$0.66 billion in 1995 to \$0.76 billion in 1998. More than 45 percent of immigrant transfers' were from Canada and the countries of Central and South America during 1995-98.

Table 5-1 — Selected U.S. International Accounts and Components<sup>1</sup>  
1995-1998 (Millions of dollars)

	CY 1995	CY 1996	CY 1997	CY 1998
U.S. Service Exports	217,637	237,749	258,828	263,661
Travel – Exports	63,395	69,751	73,301	71,250
Passenger Fares – Exports	18,909	20,413	20,789	19,996
Other Private Services – Exports	63,502	72,412	85,566	92,116
Education – Exports	7,515	7,887	8,343	8,964
Private remittances and other transfers, net	20,796	22,384	25,341	26,668
Personal Remittances from the United States	11,846	12,860	14,132	15,491
Immigrants' Transfers	658	773	681	756

<sup>1</sup>Account estimates appear in table 1 of the international transactions presentation in the July 1999 issue of the *Survey of Current Business*: Services - line 4, Travel - line 6, Passenger fares - line 7, Other private services - line 10, and Private remittances and other transfers, net - line 38.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Balance of Payments Division