OFWs: Smugglers of Faith and Joy

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In his inimitable sense of humour, Pope Francis called Overseas Filipino Workers (OFWs) in Rome, especially the women, as "smugglers of faith" in his homily during the celebration at the Vatican of the 500th Anniversary of Christianity in the Philippines last March 14, 2021. He thanked the Filipino community who attended the liturgical services commemorating the event for "the joy you bring to the whole world and to our Christian communities." HIs Eminence Luis Antonio Cardinal Tagle, in his response to the Pope, gave statistical flesh to the complimentary words of the Supreme Pontiff of the Catholic Church: "We bring you the filial love of Filipinos in the 7,641 islands of our country. There are more than 10 million Filipino migrants living in almost 100 countries in the world. They are united with us this morning." I was glad that, thanks to the EWTN TV network, I was one of those united with that small Filipino community who were lucky enough to be physically present in St. Peter's Cathedral to listen to the Pope's message.

Before I spell out the economic impact of the more than $30 billion of remittances annually sent by those over 10 million OFWs to their relatives in the Philippines, let me add some anecdotical evidences to support the words of both Pope Francis and Cardinal Tagle. During my recent two-year stay as a Visiting Professor of one of the leading business schools in the world, the IESE Business School in Barcelona, Spain, I had the occasion to travel extensively all over Europe and attest to the fact that Filipino migrant workers in key cities of Europe are indeed "smugglers of faith and joy" to vast numbers of Europeans, whether Roman Catholic or not. Whether they are in London, Paris, Stockholm, Helsinky, Madrid, Rome or Munich, Filipino Catholics among the OFWs are giving life once more to the many parishes in which they constitute a large majority of those who attend Mass on Sundays and even weekdays. More often than not, many of them are the ones who are active in choir singing and other services rendered by lay persons in their respective parishes. In fact, I was amused that during my time in Barcelona, there was a parish that was called the parish of San Agustin during weekdays but during the weekends, especially on Sundays, was referred to as either the Sto. Nino parish or San Lorenzo Ruiz parish. During road shows I had to conduct in Dubai, Qatar, and other cities in the Middle East, the very large presence of Filipino Catholics (together with Indian Catholics) was testimony to the contribution of Filipinos to keep the Catholic faith alive in these countries.

European Catholics are not the only ones who benefit from the attractive human qualities of most Filipino overseas workers. Together with some MBA students of the IESE Business School, I conducted an informal survey to find out some of the reasons why in many occupations that require personal interactions, Filipino workers are usually preferred to others of different nationalities. We found out that in addition to personal hygiene (Filipinos take a shower every day), one of the most appreciated traits of Filipinos is that they always have a "smiling face." Our people are famous for their soft skills. This fact is even more evident during the ongoing pandemic. In countries where there are significant numbers of Filipino nurses and health workers, there have been top government officials and CEOs who have publicly praised our OFWs in these professions for the great service that they have rendered to the COVID-19 and other patients. It would not be an exaggeration to say that the health systems of a number of these countries would collapse if we were to pull out the Filipino doctors, nurses and other health workers from their respective hospitals, medical clinics and nursing homes.

Also, from my years of residence in Barcelona and frequent travels to other European cities (I miss them now that all my "road shows" are conducted online), I would venture to say that the "smuggling of joy" is not limited to the health and wellness sector. Whether it is in the hospitality industry, retailing sector (the Dubai airport used to be like a district of Makati with the predominance of Filipino service workers) or in domestic services, the soft skills of Filipinos have contributed significantly to a bright and cheerful environment in many a European community. It is sad that we have recently lost a lot of points in the Gross National Happiness index because of the very inept and unpredictable manner by which some of our political leaders and government officials responded to the pandemic crisis (leading to the unemployment of 4.2 million workers and a worsening of our poverty incidence). I still think, however, that individually Filipinos are among the most hopeful and cheerful creatures in the world today. It would be interesting for some social scientists to conduct research on the role of migrant Filipino workers in putting Finland, Switzerland and other European countries at the top of the Gross National Happiness index. I would bet my bottom dollar (which is expected to appreciate with the $1.2 trillion stimulus package of President Biden) that without their Filipino service workers, some of these European countries would not rank high in the Happiness index.

One may ask, however, if our OFWs are doing much to cheer up people in their host countries all over the world (more recent estimates of the Commission of Filipinos Overseas put the number of host countries and territories closer to 200) what are they doing for their relatives and other loved ones whom they have left behind? We can find part of the answer to what happened to the economy in 2020. Because of the very long lockdowns imposed on consumers and business establishments, our GDP dropped by 9.5 percent for the whole year of 2020. There were doomsday projections like that of the World Bank that predicted that for the whole of 2020, remittances from OFWs for the whole year of 2020 would fall by 13 percent. Thanks to the generosity of these “smugglers of faith and joy,” the dollar remittances they sent home during 2020 dropped only by 0.8 percent. Without this assistance, many Filipinos at home would have been gloomier and more desperate than they were. We would have ranked even lower in the Happiness index. There are reasons for even greater optimism for 2021 among those left behind by the OFWs. Despite my own projection that GDP will grow only 4 percent in 2021 (in contrast with the majority of forecasts that cite 6 percent or more), remittances for 2021 are seen to settle at $31 billion, up 4 percent at the least and at most by 7 per cent, according to the multinational bank Morgan Stanley. In a February 2021 report, Morgan Stanley Research stated the remittances for 2021 will be better than expected and would drive a recovery in household discretionary spending and support the current account to stay in balanced position. These remittances will prop up the Philippine peso as well as domestic banking, consumer and property sectors.

Indeed, as Cardinal Tagle assured Pope Francis (whom he called "Lolo Kiko"), "By God's mysterious design, the gift of faith we have received is now being shared by millions of Filipino migrants in different parts of the world. We have left our families, not to abandon them, but to care for them and their future. For love of them, we endure the sorrow of separation." As we shall see in the subsequent parts of this series, the sorrow of separation is only one of the sufferings our OFWs have to bear to help their loved ones and the whole country survive, recover and grow during and after the pandemic.

Economic prospects for 2021 look bleaker by the day as COVID-19 cases are rising and our Government can't seem to put their act together in effectively distributing the vaccines available and managing more expertly the necessary balance between public health and the economy. In my own economic forecast, the Philippines shall continue to see paralysing lockdowns as we suffer from additional surges of even more infectious varieties of this deadly virus. I do not expect a positive GDP growth till the fourth quarter of the current year, coming mostly from the Government's stimulus packages and the Build, Build, Build program. The only other major source of growth will be from the more than 10 million Overseas Filipinos who are literally our global front liners helping to carry the burden of the Philippine economy as our doctors, nurses and health workers are the front liners caring for the health of the population. As I wrote in the first part of this series, we can expect as much as a 7 percent increase in the remittances sent by Overseas Filipino Workers to their relatives at home for the whole of 2021. Why am I bullish about OFW remittances?

The first reason is the evidence from last year that our workers abroad thrive in adversity. Despite the fact that practically all of their major host countries in Europe and the Middle East suffered huge economic losses and a good number of them had to return to the Philippines because they were laid off, the remittances that came from them hardly fell. There was a slight decrease of -0.8 percent (compared to the catastrophic decline of GDP of -9.5, the worst in East Asia). The close to $30 billion dollars that these OFWS sent to their relatives helped in preventing an even deeper decline in consumption expenditures that are the primary engine of growth of our economy. Thanks to these cash remittances, the low-cost and economic housing segments of the real estate sector continued to thrive (as contrasted with the more expensive housing units that have suffered a glut). The financial assistance that their families received from them also helped their children avoid the tragic fate of the 2.7 million students who had to stop schooling during the school year 2020-2021 because of loss of income of the breadwinners of their respective families. The very high priority given by the families of the OFWs to education is helping to mitigate the ongoing educational crisis that will surely prejudice the future of the Philippines as many children and young people today are unable to have access to quality education or for that matter, any education at all. A Consumer Expectations Survey conducted by the Central Bank research department in the last quarter of 2019 showed that 97 per cent of the OFW households spent the remittances on essential items like food and other household needs while 64 per cent put them in education and 44 per cent to cover medical expenses.

It is estimated by the Overseas Workers Welfare Administration that since 2020, 489,451 OFWs have been repatriated as of March 25, 2021, of which 20 percent came back to the Philippines during the first quarter of this year. More updated information comes from the Department of Health which reported on March 25, 2021 that a total of 1,031,495 million Returning Overseas Filipinos (ROFs) have arrived in the country, among whom 651,628 were land-based; 371,764 sea-based; and transferees from Sabah,1.986. Of these, 1,024,170 were released from facility quarantine (land-based, 651,626; sea-based, 370,558; and Sabah, 1,986). Among these ROFs, 15,394 were confirmed COVID-19 patients. Of these, 9,675 were land-based and 5,719 were sea-based. Among the confirmed COVID-19 patients, 378 are currently admitted, 14,985 have already recovered and 10 have died. It is cause for celebration that a very small number of the ROFs have passed away from COVID-19. We have among them still a very large human resource pool from which we can have productive workers who can be redeployed either in the Philippines (especially in the construction industry or health sector) or once again, especially among the younger ones, as Overseas Filipino Workers. Once the economies of their former host countries rebound sometime this year, some of them can reapply for work, especially in the Middle East that is getting a big help for recovery from the much higher oil prices that are expected to rise above $70 per barrel. The downside for the Philippine economy of these higher oil prices is greater inflationary pressure in our domestic economy. It is already a certainty that average inflation for 2021 in the Philippines will be closer to 5 percent.

To have an idea of the post-pandemic prospects of OFWS, let us analyse the data provided by the Commission on Filipinos Overseas. In the latest report of this Commission, the 10.2 million Filipinos Overseas (not necessarily all are OFWs) are categorised as follows: 4.8 million are permanent migrants (already citizens or permanent residents in their host countries); 4.2 million are temporary migrants (especially in the Middle East and East Asian countries) and 1.2 million irregular migrants. All these are spread out in more than 200 countries and territories. Although a good number of them are already permanent citizens in their host countries, they can still be a major source of remittances to their relatives in the Philippines, especially among those in the United States.

During the height of the pandemic in 2020, a leading researcher on OFWs, Dr.Bett Esposo Ramirez from the University of Asia and the Pacific, monitored the conditions of OFWs in select countries. She reported her findings in a paper entitled "OFWs in their country of work amidst COVID-19 pandemic." According to her, in Macau, a pending legislation on the conversion from tourist to worker status can allow Filipinos stranded in that part of China to stay and supplement the scarce labor supply. In Taipei, Labor Attache Cesar Chavez Jr. reported that the factories where thousands of Filipinos work were still operational. Some of the OFWs chose to pre-terminate their contracts to receive their bonuses. Those who elected to stay in Taiwan received the benefits specified in their contracts. In Japan, Philippine Overseas Labor Offices (POLO) Labor Attache in Osaka, Elizabeth Estrada reported that OFWs with residence card are given JPY100,000 (Php 47,000) one-time assistance. For those who had worked in Japan for at least six months and had made insurance payments, Unemployment Insurance up to 80 percent of salary was provided. Aside from the financial assistance, the Japanese government also allowed visa extension of three months so that the employees could continue working while waiting for the situation to normalise.

Countries in the Middle East, in which some 40 percent of the OFWS work, also manifested some of the most friendly policies towards immigrant workers, reflecting their dire need for them.

POLO Bahrain Labor Attache Vicente Cabe announced that Bahrain had granted an amnesty for undocumented or "irregular" migrant workers who were allowed to legalise their stay and were issued visas to prolong their stay. In Oman, POLO Labor Attache Greg Abalos reported that the country had started to shift to "Omanization" under which certain jobs held by expats would be given to Oman citizens. Instead of prejudicing OFWs, this measure would benefit them because there would be a greater demand for household service workers (HSWs) as Oman citizens leave their home to join the workforce. POLO Riyadh Labor Attache Nasser Mustafa said that the Ministry of Labor of Saudi Arabia issued a standing order against employee termination during the COVIDi-19 pandemic. OFWs received their salaries during the 14-day quarantine after which they received Paid Leave. Subsequently, they were under the No work, No pay scheme with food allowance and accommodations provided by their employers.

This information gathered by Dr. Ramirez on the practices of host countries may give some clues as to which countries, among others, will be most likely to welcome more Filipino immigrant workers after they have put the pandemic under reasonable control. Our Northeast Asian neighbours, represented in the survey conducted by Dr. Ramirez by Japan and Macau and the Middle Eastern countries represented by Saudi Arabia and Oman are the ones who most appreciate the services of our workers. They should be on top of the list of Filipinos seeking post-pandemic employment opportunities abroad. The Northeast Asian countries are among those hardest hit by very low fertility rates (as low as 0.8 to 1.1 babies per fertile woman) and, therefore, suffer from severe labor shortages. On the revenue side the Middle Eastern countries are the most benefited by the skyrocketing prices of oil that can enable them to resume a lot of infrastructure projects that will need many construction workers.

Meanwhile, as the last twelve months have demonstrated, when more than 1 million Overseas Filipinos returned, those who remained abroad were still able to be a strong support of our domestic economy. As Dr. Ramirez ended her paper: "The labor situation overseas is not stable and options are few. There are a lot of sacrifices, fear, uncertainty and confusion among migrant workers. And yet, the many millions who have decided or are compelled to stay in their country of work continue to communicate and send remittances to their family and relatives in the Philippines who are also affected by the consequences of the COVID-19 pandemic." These words written very early at the start of the pandemic in 2020 were quite prophetic. Indeed, the sacrifices and sufferings of our OFWs have paid off. Remittances from them hardly dropped in 2020 when the whole world was undergoing the worst depression in a hundred years. Even brighter news: in 2021, our OFWs are expected to send 7 percent more income to the Philippines as we are still struggling to free ourselves from the paralysing grip of this deadly virus called COVID-19.

The multinational bank Morgan Stanley issued a most optimistic forecast for the remittances that Filipino Overseas Workers will send to the Philippines in 2021. As the whole Philippine economy still struggles under the weight of lockdowns and delayed availability of the vaccines against COVID-19, once again Filipinos overseas are expected to deliver the goods by propping up domestic expenditures through an increase in their remittances by an above-average growth of as high 7 per cent. Over the last ten years, these remittances, which account for a much as 10 percent of our GDP, have grown by an average of 3 to 5 percent annually. After the world recovers from the pandemic, I expect that growth rate to accelerate to 5 to 8 percent annually in the next five to ten years. My reason for optimism is that the pandemic has highlighted the great need of the developed world for our migrant workers, especially in the sectors of health and wellness and in the care of the aged.

During the pandemic, dozens of articles appeared in the international press about "the severe cost of the world's baby bust." In an Opinion piece by Jeremy Grantham with the aforementioned title (Financial Times, March 13, 2021) we read the following warnings: "We are in a global baby bust of unprecedented proportions. It is far from over and its implications are gravely underestimated… The worldwide fertility rate has already dropped more than 50 percent in the past 50 years, from 5.1 births per woman in 1964 to 2.4 in 2018, according to the World Bank. In 2020, the 20 percent shortfall below replacement rate in US fertility, together with low net immigration, produced the lowest population growth on record of 0.35 percent, below even the flu pandemic in 1918. Many countries, including Italy, South Korea and Japan, are predicted to see their populations drop by more than half by the end of this century…The coronavirus pandemic is also having a profound incremental impact, with provisional fertility declines of 5 to 15 percent in most developed countries. South Korea recently reported a 2020 fertility rate of 0.84, the lowest rate ever recorded for a major economy."

This demographic crisis besetting practically all the developed countries in the world means tremendous pressures on pension programs and social security systems because of the related ageing problem. It also means shrinking domestic markets. For a country like the Philippines that is still enjoying a demographic dividend (half of our population are less than 24 years old), it opens up great opportunities for our unemployed and underemployed workers to supplement the labor forces of these richer countries, especially in those sectors requiring personal services that were most challenged by shortages during the pandemic, i.e. health, wellness, caregiving and domestic services in which Filipino workers have a distinct competitive advantage over other nationalities. It is important for both our Government and the private sector to discern and exploit these opportunities both over the short run (the next two to three years) and in the long run (over the next decade or so).

In an article that will be part of a book that will soon be published, Dr. Bett Esposo Ramirez, a top researcher on OFWS at the University of Asia and the Pacific, asked the question "What jobs await OFWs after the pandemic?" To answer the question, she first examined data on the pre-pandemic placements of OFWs provided by the Philippine Overseas Employment Administration (POEA). The statistics show that before the pandemic, land-based OFWs were mostly in elementary occupations—jobs with simple and routine tasks requiring the use of hand-held tools and physical effort. There was an increase in the top skills in which Household Service Works (HSW) increased by 7.51 percent annually, Nursing Professionals by 17.96 percent while manufacturing laborers decreased by 10.76 percent. Over the last ten years or so, the majority of our OFWs were in work that required them to be with people, such as care for the elderly, the sick and children; babysitting; selling goods in streets and public places; serving customers in restaurants or cruise ships. Many others performed tasks that are essential to daily living such as cleaning, washing, and care of apartment houses, hotels, offices and other buildings.

Will there be a significant change in demand for our OFWs after the pandemic? Dr. Ramirez provides some clues by examining the case of Japan, the large nation with the oldest population in the world with one-third of its citizens already over the age of 65, and a large number of them living up to 100. By 2030, the country's workforce is expected to fall by 8 million, leading to a serious labor shortage. Even before the outbreak of the pandemic, the Japanese government already identified 14 labor sectors needing low-skilled workers in the next five years. A legislation to this effect was approved by Prime Minister Shinzo Abe. The list includes nursing care and the cleaning of buildings; agriculture; fishing industry; food and beverage manufacturing; seafood processing; construction; ship building; marine industry; car maintenance; airport ground handling; aircraft maintenance; lodging and hospitality.

Such a list could apply to practically all developed countries suffering from similar labor shortages such as France, Italy, Spain, and Germany in Europe and Hong Kong, Macau, Taiwan and South Korea in Asia. These are the countries we should be especially targeting for our OFWs. In the next two to three years, we should be very proactive in mobilizing our three sectors—Government, business and the academe—to help retool, upskill and reskill our huge labor force in these and other sectors so that Filipino workers will be on top of the list of those who will be considered by these developed countries for possible short or long-term employment in their respective sectors that will suffer most from labor shortages. We should begin with the more than a million Returning Overseas Filipinos (ROFs) who have survived the pandemic and are healthy enough to return to their former places of work or to other countries in need of their services. They and other aspiring OFWs can be given short courses in the various languages of the countries where they plan to apply for work. To serve as a guide in determining which host countries should be especially targeted, in 2019 of the total remittances of $32.80 billion sent by OFWs, the US accounted for $11.10; Hong Kong (China), $5.36 billion; United Arab Emirates, $4.10 billion; Saudi Arabia, $4.10 billion; South Korea, $2.48 billion; Canada, $2.4 billion and Japan, $1.17 billion.

Already some enterprising work placement firms are importing German, Japanese and other foreign language instructors to give crash courses to nurses and other health workers in the different languages of the countries that are most affected by labor shortages because of the demographic crisis. We have a large pool of unemployed and underemployed people in our labor force (approximately 13 million) who in the short run can be equipped with the low-level and middle-level skills identified by the Japanese Government to address their labor shortage. This means giving the highest priority to the types of educational and skills training programs that are under the purview of the Technical and Skills Development Authority (TESDA). Industry associations, in tandem with educational institutions, can also organise these training programs. The Philippine Business for Education (PBEd) is taking the lead in these initiatives.

A longer-term challenge we have to face is the ongoing educational crisis characterised by the very low quality of education our children and youth are getting in our schools, as evidenced by the very low rating they get in international tests in reading comprehension and numeracy. Our students obtain the lowest scores in the Indo-Pacific region. If we do not meet this challenge, our country is sure to be caught in what is known as the Middle Income Trap which will prevent us from ever graduating to First World status, like many countries in Latin America. This serious educational crisis has been worsened during the pandemic when some 2.7 million students had to drop out of school, when millions of children are suffering even more from malnutrition and undernutrition (damaging their brains permanently) and when those who are enrolled are having serious difficulties adjusting to online learning made necessary by the pandemic because of lack of digital tools and services. This is an issue I will address in a future series of articles.