

THE PHILIPPINE OVERSEAS EMPLOYMENT: UNDERSTANDING ITS TREND AND STRUCTURAL CHANGE (Part 1)



This Labstat issue is the first of a five-part series focusing on the trend and structure of overseas employment. The report covered data series spanning 32 years based on deployment data compiled by the Philippine Overseas Employment Administration (POEA) and its predecessor offices, namely, the Overseas Employment Development Board (OEDB) and the National Seamen Board (NSB). This issue presents a discussion on the growth and long-term movements of overseas deployment. It describes the four subperiods that made up the series for land-based workers and the stable pattern observed for sea-based deployment.

OVERVIEW

The past three decades witnessed the rapid growth in the number of Filipinos employed overseas as globalization continuously create an environment conducive to freer mobility of people across economic borders. This phenomenon impacts positively on the Philippine labor market as it has created an avenue for more employment opportunities for Filipino workers abroad. Hence, overseas employment continued to be a viable alternative in managing the surplus in the Philippine labor market.

To date, the contribution of the Overseas Filipino Workers (OFWs) to the nation's coffers in terms of foreign exchange remittances has grown substantially from only 3.3 percent of the country's gross national product (GNP) in 1991 to 10.8 percent in 2004. A 2004 World Bank report has in fact ranked the Philippines as one of the labor sending countries with the

highest remittances, next to India, China and Mexico.

The above considerations have increased the saliency of examining the pattern of overseas employment in the Philippines. After three decades of implementation, it is worthwhile to study the trend and structural change of overseas employment in the country to understand their behavior and possibly identify appropriate interventions to further harness the positive effects and at the same time manage the weaknesses of pursuing overseas employment as an alternative to domestic employment.

This report was thus prepared in pursuit of this task using the overseas deployment data compiled since 1972 by the Philippine Overseas Employment Administration (POEA) and its predecessor offices, namely, the Overseas Employment

Development Board (OEDB) and National Seamen Board (NSB).

This report contains a detailed statistical analysis of the deployment data series. It provides an elaboration of the results of the decomposition of overall and region-specific deployment data series with respect to the presence or absence of cyclical patterns and irregular components that measures the volatility in the series. The report also discusses the events and labor market conditions (e.g., emergence of new labor markets and shifts in occupational demand) that may have affected the behavior of the data series overtime.

ANALYSIS OF THE OVERALL DEPLOYMENT TREND

The sphere of analysis of total deployment data for the period 1972-2004 covers only the behavior of land-based and sea-based deployment data regardless of the labor market occasions. This was done to determine the patterns and events across continents that could have affected the movement of the data

series regardless of the labor market destinations.

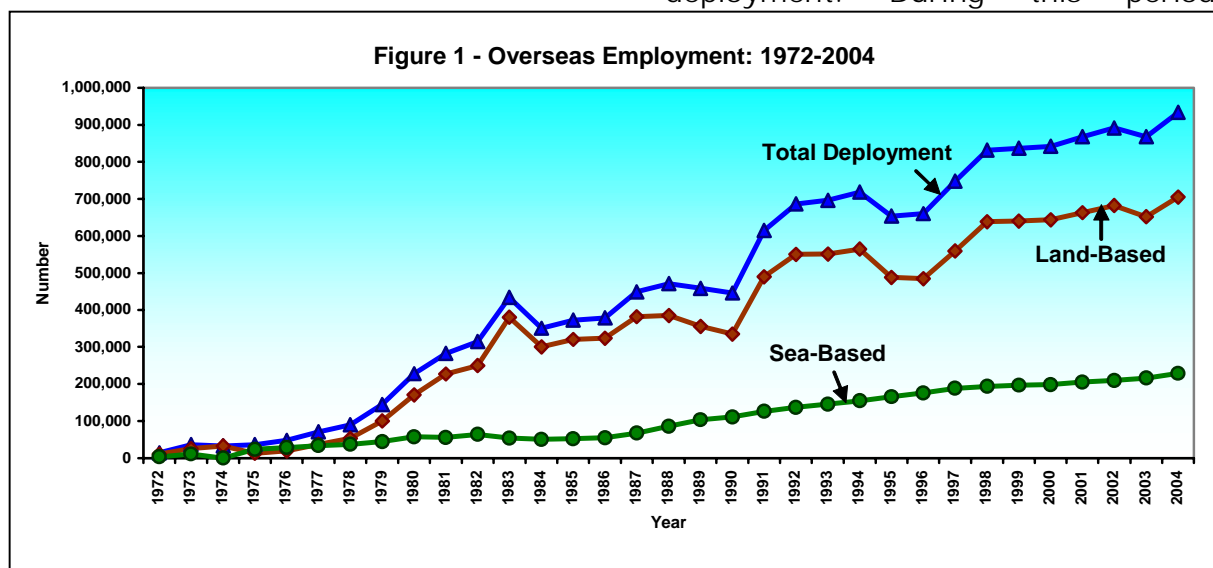
Deployment of Land-based Workers

Figure 1 shows the dramatic rise in the magnitude of overseas employment over the past 32 years. From a modest deployment of 14,366 workers in 1972, the annual deployment figures have grown by leaps and bounds to reach almost a million mark or 933,588 in 2004. Within the period 1972-2004, four subperiods can be observed as shown below:

| Sub-Period | Overall Trend | Average Annual Growth |
|------------|---------------------------------|-----------------------|
| 1972-1983 | Sustained and rapid growth rate | 41.1% |
| 1984-1990 | Volatility and general slowdown | 1.0% |
| 1991-1998 | Return to recovery path | 8.8% |
| 1999-2004 | Steady but modest growth rate | 2.0% |

Source: POEA

Of the four subperiods, the 1972-1983 period was the most important as it was characterized by a sustained and rapid growth in deployment. During this period,



deployment accelerated by an average of 41.1 percent annually or an increase of 30-folds over the period.

The second subperiod (1984-1990) was marked by volatility and general slowdown. For the first time, deployment fell in 1984 (-19.2%). It posted modest increases in 1985 to 1988 before declining again in 1989 (-2.6%) and 1990 (-2.7%).

The third subperiod (1991-1998) reflects a return to recovery path. Deployment expanded by a respectable 8.8 percent annually, despite the decline in 1995 (-9.0%). The final phase (1999-2004) was capped by a steady but a modest growth in deployment. Except for a decline in 2003 (-2.7%), average annual deployment over this period stood at 2.0 percent ranging from a low of 0.6 percent to a high of 7.6 percent.

By and large, the behavior of the data series over the span of 32 years was dictated by the outflow of land-based workers. This category of workers comprised more than three-fourths of total deployment at any given year and their movement overtime has been erratic except during the first 11 years of the data series.

Deployment of Sea-based Workers

In contrast to the wave-like movement that characterized the land-based deployment data series, the sea-based deployment data series exhibited a continuous and increasing trend except for a brief fluctuation in the early years of the eighties. This observation suggests the absence of a cyclical pattern on the deployment data of sea-based workers.

In particular, annual deployment for sea-based workers increased steadily from 3,674 in 1972 to 229,002 in 2004. This represents an increase of more than 60-folds during the span of 32 years. Overall, sea-based workers' deployment grew at an average growth rate of about 9.0 percent annually. Double-digit growth rates occurred between 1976 and 1980 (ranging from 10.6% to 27.6%) and also in the years 1982 (16.0%), 1987 (22.6%), 1988 (28.2%), 1989 (20.2%) and 1991 (13.1%). On the other hand, there were only four years that deployment recorded a decline, i.e., 1974 (96.5%), 1981 (3.3%), 1983 (15.9%) and 1984 (6.9%).

FOR INQUIRIES:

Regarding this report contact **EMPLOYMENT AND MANPOWER STATISTICS DIVISION** at 527-3000 loc. 313

Regarding other statistics and technical services contact **BLES DATABANK** at 527-3000 loc. 317

Or Write to BLES c/o **Databank, 3/F DOLE Bldg. Gen. Luna St., Intramuros, Manila, 1002**

FAX 527-93-24 E mail: emsd@manila-online.net, emsdbles@yahoo.com or blesemsd@bles.dole.gov.ph

Or visit our website at <http://www.manila-online.net/~bles> or <http://www.bles.dole.gov.ph>

**Overseas Employment by Type and Area of Destination
Philippines: 1972-2004**

| COUNTRY OF DESTINATION | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| TOTAL DEPLOYMENT | 14,366 | 36,418 | 33,157 | 36,035 | 47,835 | 70,375 | 90,360 | 144,936 | 228,202 | 282,506 | 314,284 | 434,207 | 350,982 | 372,784 | 378,214 | 449,271 | 471,030 |
| LAND-BASED | 10,692 | 25,320 | 32,764 | 12,501 | 19,221 | 36,676 | 53,080 | 100,118 | 171,006 | 227,199 | 250,115 | 380,263 | 300,378 | 320,494 | 323,517 | 382,229 | 385,117 |
| Middle East | 304 | 376 | 1,262 | 1,552 | 7,813 | 25,721 | 34,441 | 73,210 | 132,044 | 183,582 | 211,003 | 323,414 | 250,210 | 253,867 | 236,434 | 272,038 | 267,035 |
| Asia | 2,743 | 9,034 | 18,117 | 4,217 | 5,399 | 5,290 | 9,994 | 12,604 | 17,708 | 20,322 | 31,011 | 40,814 | 38,817 | 52,838 | 72,536 | 90,434 | 92,648 |
| Europe | 2,071 | 5,516 | 5,602 | 3,160 | 2,902 | 2,482 | 1,268 | 673 | 846 | 1,126 | 1,465 | 2,878 | 3,683 | 4,067 | 3,693 | 5,643 | 7,614 |
| Africa | 43 | 221 | 182 | 342 | 473 | 515 | 1,305 | 1,134 | 1,611 | 2,144 | 1,098 | 2,353 | 1,843 | 1,977 | 1,847 | 1,856 | 1,958 |
| Americas | 1,326 | 3,580 | 4,857 | 1,778 | 1,385 | 2,266 | 3,371 | 3,744 | 3,534 | 2,101 | 3,707 | 5,654 | 2,515 | 3,744 | 4,035 | 5,614 | 7,902 |
| Trust Territories | 4,184 | 6,387 | 2,177 | 901 | 1,116 | 263 | 502 | 842 | 1,486 | 1,438 | 1,148 | 3,077 | 2,397 | 3,048 | 3,892 | 5,373 | 6,563 |
| Oceania | 21 | 206 | 567 | 551 | 133 | 139 | 80 | 312 | 165 | 223 | 683 | 2,073 | 913 | 953 | 1,080 | 1,271 | 1,397 |
| SEA-BASED | 3,674 | 11,098 | 393 | 23,534 | 28,614 | 33,699 | 37,280 | 44,818 | 57,196 | 55,307 | 64,169 | 53,944 | 50,604 | 52,290 | 54,697 | 67,042 | 85,913 |
| UNSPECIFIED/OTHERS | - | - | - | - | - | - | 2,119 | 7,599 | 13,612 | 16,263 | | | - | - | - | - | - |
| COUNTRY OF DESTINATION | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | |
| TOTAL DEPLOYMENT | 458,626 | 446,095 | 615,019 | 686,461 | 696,630 | 718,407 | 653,574 | 660,122 | 747,696 | 831,643 | 837,020 | 841,628 | 867,599 | 891,908 | 867,969 | 933,588 | |
| LAND-BASED | 355,346 | 334,883 | 489,260 | 549,655 | 550,872 | 564,031 | 488,173 | 484,653 | 559,227 | 638,343 | 640,331 | 643,304 | 662,648 | 682,315 | 651,938 | 704,586 | |
| Middle East | 241,081 | 218,110 | 302,825 | 340,604 | 302,975 | 286,387 | 234,310 | 221,224 | 221,047 | 279,767 | 287,076 | 283,291 | 297,533 | 306,939 | 285,564 | 352,314 | |
| Asia | 86,196 | 90,768 | 132,592 | 134,776 | 168,205 | 194,120 | 166,774 | 174,308 | 235,129 | 307,261 | 299,521 | 292,067 | 285,051 | 292,077 | 255,287 | 266,609 | |
| Europe | 7,830 | 6,853 | 13,156 | 14,590 | 13,423 | 11,513 | 10,279 | 11,409 | 12,626 | 26,422 | 30,707 | 39,296 | 43,019 | 45,363 | 37,981 | 55,116 | |
| Africa | 1,741 | 1,273 | 1,964 | 2,510 | 2,425 | 3,255 | 3,615 | 2,494 | 3,517 | 5,538 | 4,936 | 4,298 | 4,943 | 6,919 | 8,750 | 8,485 | |
| Americas | 9,962 | 9,557 | 13,373 | 12,319 | 12,228 | 12,603 | 13,469 | 8,378 | 7,058 | 9,152 | 9,045 | 7,624 | 10,679 | 11,532 | 11,049 | 11,692 | |
| Trust Territories | 7,289 | 7,380 | 11,409 | 11,164 | 8,890 | 8,489 | 7,039 | 4,869 | 5,280 | 7,677 | 6,622 | 7,421 | 6,823 | 6,075 | 5,023 | 7,177 | |
| Oceania | 1,247 | 942 | 1,374 | 1,669 | 1,507 | 1,295 | 1,398 | 1,577 | 1,970 | 2,524 | 2,424 | 2,386 | 2,061 | 1,917 | 1,698 | 3,023 | |
| SEA-BASED | 103,280 | 111,212 | 125,759 | 136,806 | 145,758 | 154,376 | 165,401 | 175,469 | 188,469 | 193,300 | 196,689 | 198,324 | 204,951 | 209,593 | 216,031 | 229,002 | |
| UNSPECIFIED/OTHERS | - | - | - | - | - | - | - | - | 4 | 2 | - | 6,921 | 12,539 | 15,089 | 47,353 | 170 | |