



Canada's Immigration Reset: A Deep Dive into the 2026–2028 Plan

How Ottawa's recalibration of immigration levels may affect economic outcomes and settlement service capacity



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Introduction

Canada's 2026–2028 Immigration Levels Plan represents a notable slowdown in immigration growth, presented by the federal government as a measure to **restore balance and control** following several years of historically high admissions. In the early 2020s, immigration targets were significantly expanded—reaching up to 500,000 planned permanent residents by 2025—in response to post-pandemic labour shortages. At the same time, international student enrolment and temporary work programs expanded rapidly, contributing to accelerated population growth.

This period of growth coincided with increasing pressure on housing markets, transportation systems, and public services. Public opinion shifted accordingly: by 2025, 56% of Canadians reported that immigration levels were too high, the first time a majority had expressed this view in nearly three decades, even as surveys continued to signal broad recognition of immigration's economic contributions (Neuman, 2025). Labour market data also indicated challenges for recent newcomers, including an unemployment rate of 11.1% and higher rates of employment in occupations unrelated to prior training. This percentage is approximately double that of the unemployment rate for Canadian-born workers (Statistics Canada, 2025).

These outcomes suggest that the pressures associated with recent high immigration levels were not solely a function of volume, but also reflected longstanding issues such as credential recognition, labour market integration, housing supply, and settlement service capacity. In this context, the federal government, under Prime Minister Mark Carney, has emphasized the need to align immigration levels with Canada's capacity to support integration and service delivery.

The 2026–2028 Immigration Levels Plan is framed around the objective of returning to what the government describes terms as "**sustainable immigration levels**," primarily through:

- Stabilizing permanent resident admissions at 380,000 annually (below 1% of the total population);
- Reducing new temporary resident admissions to bring the non-permanent resident population below 5% of the total population by the end of 2027.

New Plan vs. Previous Plan

The 2026–2028 Immigration Levels Plan marks a shift from the expansionary approach that characterized much of the previous decade toward a more controlled and selective admissions framework. Relative to the 2025–2027 Immigration Levels Plan, the new plan extends and deepens further reductions in overall admissions, particularly within temporary resident categories, signaling a policy emphasis on stabilization.

Reductions in Temporary Residents

One of the most significant changes in the new plan is the reduction in new temporary resident admissions, including international students and temporary foreign workers.

- Canada plans to admit 385,000 new temporary residents in 2026, a 43% decrease from the 2025 target of 673,650.
- International student admissions are capped at 155,000, compared to 305,900 in 2025.
- Temporary worker admissions through the Temporary Foreign Worker Program (TFWP) and the International Mobility Program (IMP) are set at 230,000, a reduction of approximately 37% year over year.

By contrast, the 2025–2027 Immigration Levels Plan had projected more than 516,000 temporary resident arrivals in 2026, indicating that the new plan represents a substantial recalibration of intake levels. The government has linked these reductions to its objective of reducing the non-permanent resident population to below 5% of the total population by 2027, using this threshold as an indicator of system sustainability.

These changes build on policy measures introduced under the previous plan, including:

- Multi-year caps on study permit approvals;
- Increased financial requirements for international students;
- Province- and territory-specific allocation limits;
- More restrictive eligibility criteria for Post-Graduation Work Permits (PGWP) and spousal open work permits.

Taken together, these measures represent a multi-layered approach to moderating temporary resident intake through numerical limits and tightened eligibility criteria.





Stabilized Permanent Resident Admissions

After several years of incremental increases, permanent resident (PR) admissions are set to remain at 380,000 per year from 2026 to 2028, rather than increasing to the previously projected level of 500,000. This target is approximately 4% lower than the 395,000 planned for 2025 and follows an earlier reduction of 2025 targets from 500,000 to 395,000.

The composition of permanent resident admissions is also evolving:

- Economic-class immigrants are projected to account for 63–64% of total admissions, up from approximately 59% in 2025.
- Family reunification admissions are expected to represent 21–22% of the total.
- Refugees and humanitarian admissions remain at approximately 13%, although some subcategories are more tightly managed.

This shift reflects a move toward a more targeted, labour-market-oriented selection model. One notable change from the previous

plan is the increase in Provincial Nominee Program (PNP) admissions to 91,500 in 2026, compared to the 55,000 target set under the 2025–2027 plan. This adjustment reflects ongoing negotiations with provinces and territories and a renewed emphasis on regional labour market alignment.

One-Time Regularization Initiatives

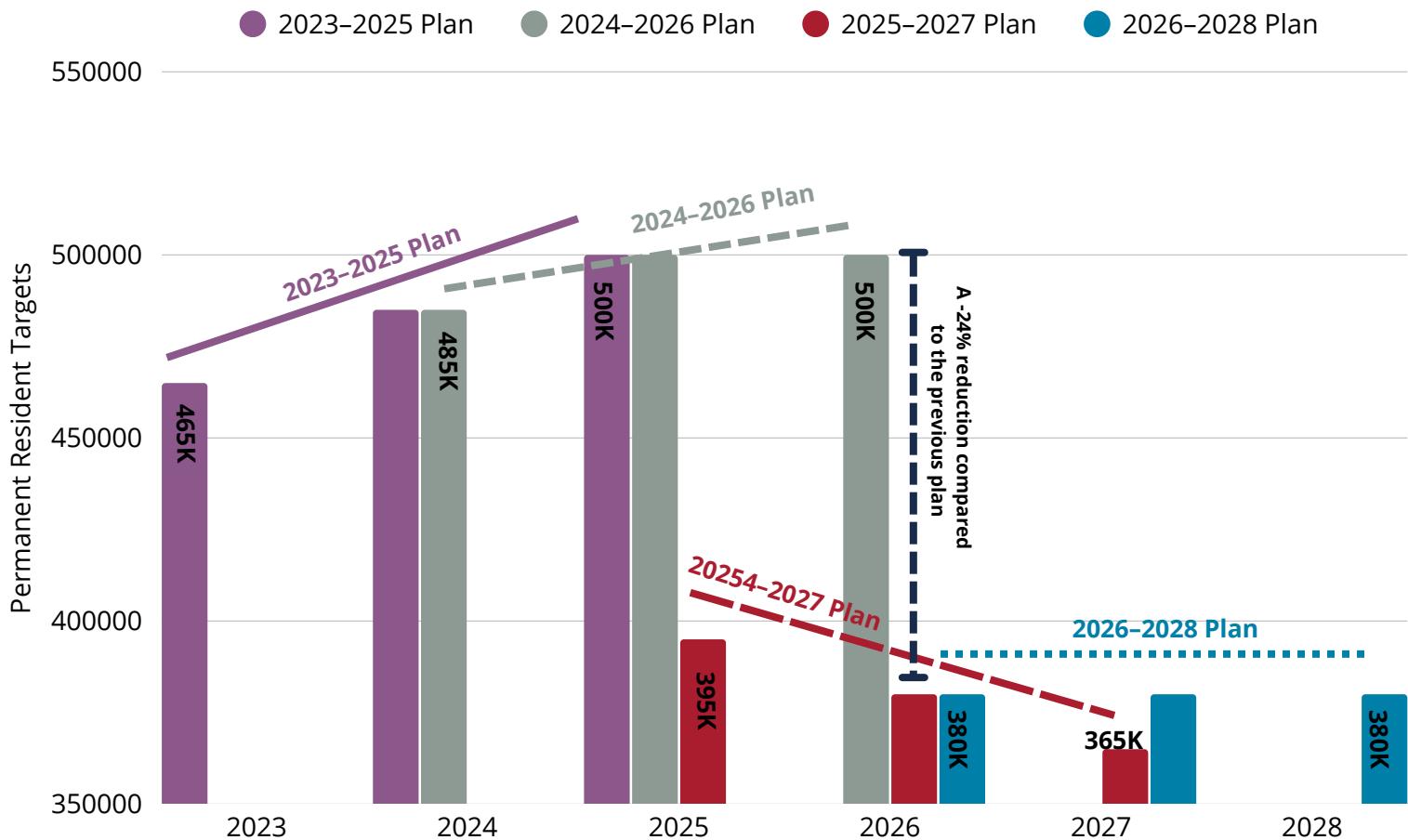
The plan also introduces two one-time initiatives aimed at individuals already residing in Canada:

- Approximately 115,000 protected persons are expected to transition to permanent residence over 2026–2027.
- Up to 33,000 temporary foreign workers in selected sectors and regions are expected to transition to permanent residence over the same period.

These initiatives address existing backlogs and recognize long-term contributors to the labour market. While these initiatives are time-limited and do not establish ongoing pathways for future cohorts of temporary residents, they do address existing blockages and recognize long-term contributors to the labour market.

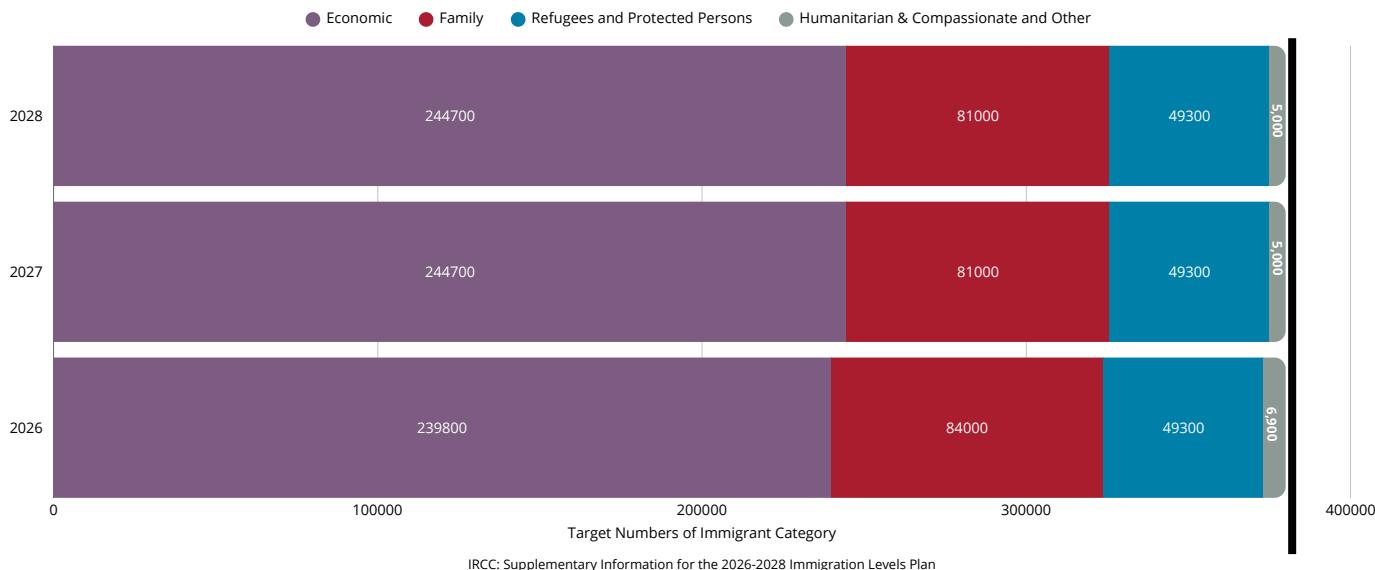
Analysis based on Charts

Canada Immigration Levels Plans





2026-2028 Plan
Permanent Residents Allocation



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2026-2028 Plan
Temporary Residents Allocation



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Expected Impacts on the Immigration System

Labour Market and Economic Implications

The federal government has indicated that reduced temporary resident intake may help ease pressures on housing and public services and improve alignment between immigration and labour market needs. However, several sectors that have historically relied on temporary residents may experience recruitment challenges, including:

- Agriculture and agri-food processing;
- Construction, particularly in housing-related trades;
- Hospitality and Tourism;
- Elder care and home support services.

Employers in these sectors have reported difficulties in attracting domestic workers due to wages, working conditions, and geographic constraints. At the same time, economic immigration pathways such as Express Entry and the PNP continue to rely significantly on individuals who initially enter Canada as students or temporary workers. Reduced temporary intake may therefore affect the future pool of candidates eligible for permanent economic immigration.

Potential economic implications include:

1. Short-term labour shortages in selected sectors;
2. A reduced pipeline of Canada-trained workers transitioning to permanent residence;
3. Slower labour force growth with potential implications for long-term productivity and fiscal sustainability.

International Education Sector

The international education sector is likely to experience adjustment pressures as a result of reduced study permit approvals:

- Post-secondary institutions, particularly smaller colleges and institutions outside major urban centres, may experience revenue constraints due to lower international enrolment.
- Recruitment challenges and higher refusal rates may affect Canada's reputation in key academic source countries.
- International students may face increased financial and planning uncertainty due to more restrictive admission and work policies.

Contact Information

TIES Centre for Immigrant Research (TCIR)

Email us:

research@immigrant-education.ca

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Partners



Pathways to Permanent Residence

By reducing temporary admissions, the plan may indirectly affect access to permanent residence:

- Fewer temporary residents may reduce the number of candidates with Canadian education and work experience.
- Competition within economic immigration streams may increase as overall PR targets remain stable.
- Provincial nominee allocations, while increased relative to the previous plan, continue to operate within a more constrained overall admissions environment.

While one-time regularization measures address existing populations, the long-term structure of pathways from temporary to permanent status remains limited.

Implications for Immigrant Service Provider Organizations

The plan also has implications for immigrant- and refugee-serving organizations (SPOs). Although overall arrival numbers are projected to decline, service demand may remain complex. Reduced numbers do not mean reduced need:

- Clients may present with more intricate needs related to status uncertainty, family separation, and prolonged application processes.
- Increased policy complexity may raise demand for information, navigation support, and legal referrals.
- Refugees and family-class immigrants continue to require intensive settlement support regardless of intake volume.

At the same time, settlement funding is often linked to intake volumes and geographic distribution, creating potential challenges for organizational stability, particularly in smaller and rural communities.

Conclusion

The 2026–2028 Immigration Levels Plan reflects a period of policy recalibration in Canada's immigration system, shaped by concerns surrounding **housing capacity, service delivery, and public confidence**. The plan is likely to achieve its stated numerical objectives, including a reduced temporary resident share and stabilized permanent resident admissions.

However, its longer-term effects will depend on how well reduced intake aligns with labour market needs, integration outcomes, and service capacity. Key indicators to monitor include **labour shortages** in critical sectors, **employment outcomes** for newcomers, **settlement service** demand, and **public attitudes** toward immigration.

The coming years will be important in assessing whether this recalibration supports sustainable integration and economic resilience, or whether further policy adjustments will be required to balance capacity constraints with Canada's long-term demographic and economic objectives, including the goal of building an inclusive and pluralistic society.