PULLING BACK:

The Social and Economic Implications of Reducing Canada's Immigration Levels in Unstable Times

KEY INSIGHTS REPORT

08

JUNE 2025

Century Initiative | Initiative du Siècle

About
Century Initiative

Century Initiative (CI) is a national, non-partisan movement shaping a bigger, bolder Canada. Through leading research and convening, we champion data-driven solutions for responsible population growth, advocate for long-term planning, and drive bold policies that secure Canada's future.

Century Initiative | Initiative du Siècle

www.centuryinitiative.ca | info@centuryinitiative.ca

Canadian charitable number: BN 843519638 RR0001

Context

In October 2024, the Government of Canada announced significant reductions in Canada's immigration levels in the 2025-2027 Levels Plan. These reductions include:

- A 20% reduction in Canada's permanent resident targets, from 500,000 in 2024 to 395,000 in 2025, with further declines in 2026 and 2027;
- A reduction in the number of non-permanent residents in Canada, from 7.3% of Canada's population to 5% (a net reduction of nearly 900,000 non-permanent residents by 2026).[1]

Since these changes were announced, Canadian policymakers are now facing new pressures to address short-term concerns about economic volatility, housing affordability, cost of living and border integrity while planning long-term for Canada's economic growth and prosperity, diversification of trade relationships and national sovereignty. Both approaches are needed to ensure that all Canadians can enjoy a high quality of life, both now and in the future.

This paper explores the impact of Canada pulling back on its immigration levels, and in particular what these reductions mean in the context of the evolving Canada/U.S. trade relations landscape and emerging geopolitical instability. Numerous stakeholders were consulted to better understand how pulling back on immigration levels at this critical time will impact Canada socially and economically from both a short and long-term perspective.

[1] Rachel Battaglia (25 October 2024). *How Canada's new immigration targets will impact the economy.* Toronto: Royal Bank of Canada. Retrieved from https://thoughtleadership.rbc.com/how-canadas-new-immigration-targets-will-impact-the-economy/.

Economic Growth and Prosperity

In Brief: Reduced immigration levels will reduce Canada's nominal GDP by $37 billion over the next 3 years and accelerate Canada's trajectory towards economic decline due to reductions in labour supply and economic growth.

Prior to the 2025–2027 Levels Plan, Canada's increased immigration levels significantly boosted Canada's labour supply and non-inflationary growth potential.[2] Without increased immigration levels, Canada's aging population would have led to a decline in the labour supply (as measured by total hours worked).[3]

Reduced labour supply is only one part of the equation. Immigrants also make important contributions to Canada's economy as job creators. 800,000 immigrants are self-employed, with 250,000 employing other paid staff (representing 32% of all business owners with paid staff in Canada).[4]

As a result of these losses to Canada's labour market, the 2025–2027 Levels Plan has put Canada on a trajectory towards economic decline. The Office of the Parliamentary Budget Officer's projections estimate that Canada's nominal GDP will reduce by $37 billion on average over the next 3 years and result in 1.3 billion fewer hours worked in 2027.[5]

This reduction in nominal GDP and labour supply is occurring alongside significant demographic pressures, including a rapidly aging population and a declining fertility rate.[6] It creates a "perfect storm" to exacerbate critical labour shortages in key industries at a time when many Canadian companies are considering relocating or restructuring their operations, stockpiling materials, revising contracts with suppliers or holding off on major transactions to insulate against or mitigate the effects of U.S. tariffs. The Royal Bank of Canada estimates that tariffs on five strategic sectors (automotives, steel and aluminum, lumber, pharmaceuticals and semiconductors) could impact $125B of economic activity in Canada due to high levels of tariff exposure.[7]

---

[2] Julien Champagne, et al. (7 December 2023). *Assessing the effects of higher immigration on the Canadian economy and inflation* at p. 8. Ottawa: Bank of Canada. Retrieved from https://www.bankofcanada.ca/wp-content/uploads/2023/12/san2023-17.pdf.

[3] Julien Champagne, et al. (7 December 2023) at p. 8.

[4] Government of Canada (23 October 2024). *Immigration matters in business*. Retrieved from https://www.canada.ca/en/immigration-refugees-citizenship/campaigns/immigration-matters/growing-canada-future/business.html.

[5] Caroline Nicol and Albert Kho (23 January 2025). *Impact Assessment of the 2025–2027 Immigration Level Plan*. Ottawa: Office of the Parliamentary Budget Officer. Retrieved from https://www.pbo-dpb.ca/en/publications/RP-2425-028-S--impact-assessment-2025-2027-immigration-level-plan--evaluation-incidenceplan-niveaux-immigration-2025-2027.

[6] Century Initiative (2024). *Support for children & families*. Retrieved from https://www.centuryinitiative.ca/scorecard/support-for-children-and-families.

[7] Royal Bank of Canada (17 April 2025). *$125B Exposed: What's at risk for Canada as Trump eyes 5 strategic sectors*. Retrieved from https://thoughtleadership.rbc.com/125b-exposed-whats-at-risk-for-canada-as-trump-eyes-5-strategic-sectors/.

Bank of Canada Governor Tiff Macklem has also indicated that increased global protectionism is expected to result in higher long-term interest rates, elevated government debt, reduced household income, increased prices for consumer goods and lacklustre productivity for Canada.[8]

National Security

In Brief: By slowing economic growth, reduced immigration levels will indirectly threaten Canada's national security by weakening Canada's economy. Reduced immigration levels will also exacerbate labour shortages in key industries that support national security, such as IT and cybersecurity.

National security issues, such as the integrity of the Canada/U.S. border and Arctic sovereignty, are of increasing concern for Canadian policymakers and inextricably linked to economic security. A diversified, innovative and growing economy creates jobs but also strengthens Canada's fiscal position. Canada's aging population, declining fertility rate, and now reduction in immigration levels means a smaller customer base, lower tax base and reduced ability to invest in national defence. This will impact Canada's ability to secure its borders and natural resources and defend its national sovereignty. Reduced immigration also slows economic growth, ultimately weakening Canada's ability to project strength on the world stage.

Reduced immigration levels also exacerbate labour market shortages in the highly skilled professions that Canada relies upon to ensure its national security, such as computer science, mathematics, cybersecurity and artificial intelligence. Public Safety Canada recently identified labour market shortages in cybersecurity as a key priority to prevent future cybersecurity breaches[9]. While these roles are highly sensitive and can be susceptible to foreign interference, Canada has no choice but to engage in strategic and rigorous recruitment efforts to attract and retain highly skilled immigrants to expand the existing Canadian talent pool.

[8] Matt Lundy (7 February 2025). *Tariff threats already affecting Canada's economy, BoC's Macklem says.* Globe & Mail. Retrieved from https://www.theglobeandmail.com/business/article-tariff-threats-already-affecting-canadas-economy-bocs-macklem-says/; Tiff Macklem (21 February 2025). *Tariffs, structural change and monetary policy.* Ottawa: Bank of Canada. Retrieved from https://www.bankofcanada.ca/2025/02/tariffs-structural-change-and-monetary-policy/.

[9] Public Safety Canada (2025). *Canada's National Cyber Security Strategy.* at p. 18. Retrieved from https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/ntnl-cbr-scrt-strtg-2025/ntnl-cbr-scrt-strtg-2025-en.pdf.

Rural Communities

In Brief: Rural communities will be among those hardest hit by reduced immigration levels, as the 2025-2027 Levels Plan cuts spaces in the Provincial Nominee Program in half. This will be particularly challenging as rural communities with tariff-sensitive local industries work to adapt to the evolving Canada/U.S. trade relations environment.

Rural communities play a significant role in Canada's economic prosperity, accounting for 30% of Canada's GDP (and in some provinces, significantly more).[10] Many rural communities in Canada rely heavily on immigration to address labour market shortages and sustain their local populations and economies. For example, rural communities such as Winkler, Manitoba have doubled their population sizes since the Provincial Nominee Program – a key driver of rural immigration in Canada – was introduced in 1998. The Provincial Nominee Program has been reduced to 55,000 spaces per year instead of the 120,000 spaces allocated in the previous Levels Plan.[11]

Attracting and retaining immigrants to rural communities in Western and Atlantic Canada and the North often require municipalities to adopt multi-year strategies to establish partnerships with employers and local economic development organizations, ensure appropriate housing and municipal infrastructure is available and address service gaps pertaining to transportation, child care, language training and cultural integration/supports.

Unexpected fluctuations in immigration levels can be very disruptive to rural immigrant attraction and retention strategies, resulting in closures or service reductions for local businesses, hospitals, health care facilities and child care centres and reductions in municipal tax revenue. For example, local businesses in Prince Edward Island have reported significant labour shortages, reductions in revenue and potential closures at fish plants and daycares as a result of the recent reductions to the Provincial Nominee Program.[12]

---

[10] Government of Canada (2024). *Rural Opportunity, National Prosperity An Economic Development Strategy for Rural Canada*. at p. 1. Retrieved from https://ised-isde.canada.ca/site/rural/sites/default/files/documents/red-strategy-e.pdf; Federation of Canadian Municipalities (May 2018). *Rural challenges, national opportunity: shaping the future of rural Canada*. Retrieved from https://fcm.ca/en/resources/rural-challenges-national-opportunity.

[11] Government of Canada (24 October 2024). *Notice – Supplementary Information for the 2025-2027 Immigration Levels Plan*. Retrieved from https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2025-2027.html; Government of Canada (1 November 2023). *Notice – Supplementary information for the 2024 – 2026 Immigration Levels Plan*. Retrieved from https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2024-2026.html.

[12] Thinh Nguyen (9 March 2025). *How immigration cuts are affecting newcomers, businesses and communities on P.E.I.* CBC News. Retrieved from https://www.cbc.ca/news/canada/prince-edward-island/pei-immigration-cuts-impacts-1.7478040#:~:text=Recent%20immigration%20policy%20changes%20in,and%20essential%20services%20on%20P.E.I.

The Role of Rural and Northern Canada in Securing Canada from Geopolitical Threats

It has never been more important for Canadian policymakers to prioritize population growth in rural and Northern Canada as a strategic pillar of national security. 2025 has marked a shift in the global order, with President Trump openly expressing intentions to annex Canada, Greenland, and assume control of the Panama Canal.

At the same time, Russia and China continue to expand their economic, military, and geopolitical presence in the Arctic, militarizing the region and increasing their strategic foothold. These threats are further exacerbated by climate change and the growing prevalence of climate migration.[13]

With vast, largely untapped Northern resources, Canada is at risk of heightened geopolitical pressure, particularly as the U.S. seeks to assert dominance in the Arctic. This could manifest through diplomatic and economic influence, tariffs, trade restrictions, and even threats of annexation—tactics the U.S. has historically used to advance economic priorities and gain leverage over trade partners. In a resource hungry global market, such pressure will only intensify.

Rather than allowing external powers to dictate access to these resources, Canada must proactively strengthen its sovereignty by ensuring that resource development in the North is led by Indigenous communities and aligned with long term national interests. Without strong international alliances, strategic self sufficiency, and proactive leadership, Canada could face increasing pressure to cede control over its Northern resources, jeopardizing its long term economic and geopolitical stability.

However, securing Canada's North also requires addressing its population challenges. While Canada's total population grew 1.8% between Q1 2024 and Q1 2025, population growth was 1.5% in Nunavut and 1.3% in the Northwest Territories in the same timeframe.[14] One major factor is low immigration rates. While immigrants comprised 23% of Canada's population in the 2021 Census, they were significantly underrepresented in the Northwest Territories (10.3%), Yukon (13.6%) and Nunavut (3.2%).[15]

With permanent and temporary resident reductions under the 2025 2027 Levels Plan, these population challenges will become more acute over time. If Canada does not act decisively, the North will remain underpopulated, underdeveloped, and vulnerable to external pressures.

---

[13] Abrahm Lustgarten (23 July 2020). *The Great Climate Migra tion*. New York Times. Retrieved from https://www.nytimes.com/interactive/2020/07/23/magazine/climate migration.html.

[14] Statistics Canada (19 March 2025). *Population estimates, quar terly*. Table 17 10 0009 01. Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid 1710000901. Note that the Yukon's population growth in that timeframe was 2.6%, exceeding Canada's level.

[15] Statistics Canada (2022). *Focus on Geography Series, 2021 Census of Population*. Retrieved from https://www12.statcan.gc.ca/census recensement/2021/as sa/fogs spg/page.cfm?topic 9&lang E&dguid 2021A000011124.

Labour Market

In Brief: As global economic instability changes labour mobility patterns, Canada faces a once-in-a-generation opportunity to implement an international talent attraction strategy targeted at American workers. This talent attraction strategy can help address significant labour shortages in critical industries of Canada's economy and strengthen Canada's research and innovation ecosystem for the long-term.

Labour shortages in critical industries of Canada's economy are becoming increasingly urgent due to an aging population, declining immigration levels and global economic volatility.[16] Immigration is an important part of the solution, but to effectively improve labour market outcomes, immigration must be aligned with Canada's long-term, structural labour market needs.[17]

These labour market pressures in Canada are occurring at a time of significant political and economic volatility in the United States, which has started to change migration and labour mobility patterns for American workers. The "Trump effect" has the potential to create a significant brain drain among high-skilled American workers such as research scientists. For example, the European Union has recently escalated talent attraction efforts for American researchers and academics by increasing university research funding and research appointments/fellowships.[18] Aix Marseille Université in France has introduced a recruitment program targeted to American scientists called the "Safe Place for Science" program, intended to welcome scientists "wishing to pursue their work in an environment conducive to innovation, excellence and academic freedom".[19] These international talent attraction efforts have already received significant interest from American workers.[20]

This shift has created a once-in-a-generation opportunity for Canada to lead the global competition for talent by attracting both low and high-skilled immigrants to contribute to the Canadian economy in a way that is aligned with Canada's long-term, structural labour market needs, particularly in areas such as research, science and technology. Immigrants have long filled critical gaps in Canada's labour market through programs such as Express Entry, making significant contributions to

[16] Labour Market Information Council (2024). *Labour market resilience in the face of an aging population*. Retrieved from https://lmic-cimt.ca/labour-market-resilience-in-the-face-of-an-aging-population/; Anis Heydari (25 October 2024). *Immigration prevented a recession last year, but looming changes could stall growth: economists*. CBC News. Retrieved from https://www.cbc.ca/news/business/economic-impact-immigration-cuts-1.7362448.

[17] Julien Champagne, et al. (7 December 2023) at p. 7; Benjamin Richardson and Cynthia Leach (13 March 2024). *A Growing Problem: How to align Canada's immigration with the future economy.* Royal Bank of Canada. Retrieved from https://thoughtleadership.rbc.com/a-growing-problem-how-to-align-canadas-immigration-with-the-future-economy/.

[18] The Economist (27 March 2025). *Trump is driving American scientists into Europe's arms*. Retrieved from https://www.economist.com/europe/2025/03/27/trump-is-driving-american-scientists-into-europes-arms.

[19] Aix Marseille Université (2025). *Safe Place for Science: Aix Marseille University Ready to Welcome American Scientists* (English translation). Retrieved from https://www.univ-amu.fr/fr/public/actualites/safe-place-science-aix-marseille-universite-prete-accueillir-les-scientifiques.

[20] Alexandra Mae Jones (30 March 2025). *A U.S. brain drain could be Canada's gain*. CBC News. Retrieved from https://www.cbc.ca/news/canada/canada-brain-gain-trump-1.7496085.

Canada's labour market overall.[21] In 2024, the labour force participation rate among landed immigrants was higher (at 66.4%) than individuals born in Canada (64.2%).[22]

However, Canada's approach to date has been highly segmented by industry and region-specific immigration programs, lacking a broader, integrated national strategy for talent attraction. In certain industries, such as construction, increased immigration levels were unable to address persistent labour market shortages due to a lack of long-term labour market alignment.[23] In other industries, such as health care, recent immigrants continue to face credentialization barriers to effectively use their experience and training in Canadian health care settings.[24] Further, certain industries such as transportation/trucking and manufacturing are particularly susceptible to short-term policy changes in Canada/U.S. trade relations despite longer-term trends with an aging Canadian workforce.

If Canada can capitalize on these shifts in labour mobility patterns, it could significantly improve Canada's outlook regarding research & development and innovation – two key drivers of the Canadian economic engine.[25] Canada is currently an underperformer in these areas, often lagging behind other advanced economies.[26]

[21] Tingting Zhang, Rupa Banerjee and Aliya Amarshi (2023). "Does Canada's Express Entry System Meet the Challenges of the Labor Market?" *Journal of Immigrant & Refugee Studies 21*(1): 104-118.

[22] Statistics Canada (2025). "Labour force characteristics of immigrants, annual". CANSIM Table 14-10-0083-01. Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410008301.

[23] Julien Champagne et al. (7 December 2023) at p. 7.

[24] Healthcare Excellence Canada (August 2024). *Policy Considerations for the Retention of Internationally Educated Healthcare Workers*. Retrieved from https://healthcareexcellence.ca/media/juahojej/policyconsiderationsiehw-en-final.pdf.

[25] Business Council of Canada (19 December 2022). *Canada needs a R&D powerhouse to fuel economic growth*. Retrieved from https://www.thebusinesscouncil.ca/publication/canada-needs-a-rd-powerhouse-to-fuel-economic-growth/.

[26] Century Initiative (2024). *Economy, innovation & entrepreneurship*. Retrieved from https://www.centuryinitiative.ca/scorecard/economy-innovation-entrepreneurship?detailsId=innovation.

Post-Secondary Institutions

In Brief: Reduced numbers of international students will have significant impacts on Canada's economy, tax revenue and the viability of post-secondary institutions.

International students make enormous economic contributions to Canada's economy and society. In 2022, international students contributed $37 billion to the Canadian economy (after accounting for scholarships and bursaries), $7.4 billion of which was tax revenue.[27] Their economic contributions accounted for 1.2% of Canada's GDP and supported 361,230 Canadian jobs.[28] International students with Canadian post-secondary education credentials also tend to fare better in the labour market compared to new immigrants without Canadian educational credentials. This results in international students having a higher quality of life, making greater contributions to Canada's tax base and placing less demand on social services over the long term.[29]

The 2025 – 2027 Levels Plan set a target of 305,900 study permits each year – a significant decline from 360,000 study permits in 2024.[30] The dramatic decline in study permits has already had catastrophic effects for Canada's post-secondary institutions, as many cut programs and closed campuses to address the significant drop in revenue.[31] For example, Ontario universities are projecting losses of more than $900 million between 2024 – 2026 due to the reductions in study permits.[32]

These losses in revenue will have significant long-term effects for Canada's labour market, as fewer domestic and international students can access the academic programs needed to prepare for high-skilled occupations and the quality and international reputation of Canadian post-secondary institutions decline. The only options for universities and colleges in the future will be to continue to cut costs or increase domestic tuition.

---

[27] Statistics Canada (25 June 2024). *Economic impact of international education in Canada – 2022 update*. Retrieved from https://www.international.gc.ca/education/report-rapport/impact-2022/index.aspx?lang=eng.

[28] Statistics Canada (25 June 2024).

[29] Hannah Hunter, Wasiimah Joomun and Ahmad Baker (24 February 2025). "Why Canada should do more to keep international students". *Policy Options*. Retrieved from https://policyoptions.irpp.org/magazines/february-2025/keep-international-students/.

[30] Government of Canada (24 October 2024); Immigration, Refugees and Citizenship Canada (22 January 2024). "Canada to stabilize growth and decrease number of new international student permits issued to approximately 360,000 for 2024". Retrieved from https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/01/canada-to-stabilize-growth-and-decrease-number-of-new-international-student-permits-issued-to-approximately-360000-for-2024.html.

[31] Matthew Scace and Maan Alhmidi (31 January 2025). *International study permit data an 'earthquake' for Canadian university finances*. Globe & Mail. Retrieved from https://www.theglobeandmail.com/canada/article-international-study-permit-data-an-earthquake-for-canadian-university/.

[32] Council of Ontario Universities (18 October 2024). *COU Statement: Impact of Federal Changes to International Student Study Permits*. Retrieved from https://ontariosuniversities.ca/news/cou-statement-impact-of-federal-changes-to-international-student-study-permits/.

Housing

In Brief: While reduced immigration levels will reduce housing demand, housing supply shortages may be exacerbated due to the important role of immigrants filling critical labour shortages in Canada's residential home construction industry.

One of the Government of Canada's key drivers for reducing immigration levels was to improve housing affordability.[33] The Office of the Parliamentary Budget Officer estimates that the 2025 – 2027 Levels Plan will reduce Canada's housing gap in 2030 by 534,000 units (resulting in a remaining housing gap of 658,000 units) based on calculations of housing demand.[34]

However, it is important to note that reducing immigration levels is not a panacea for addressing Canada's significant housing supply and demand pressures. These pressures have intensified in recent years due to decades of underinvestment in non-market affordable housing and regulatory barriers that have impacted new home construction, including cumbersome development approval processes, outdated building codes and cost-prohibitive development charges.[35]

On the supply side, reduced immigration levels will further exacerbate the significant labour shortages that currently exist in Canada's residential home construction industry. BuildForce Canada, the labour market information aggregator for the construction industry, estimates that an additional 158,400 workers will need to be recruited in Canada's residential construction industry from 2024 – 2033 to meet housing demand and replace the 133,800 workers slated to retire in the next decade.[36]

The construction industry continues to rely heavily on immigrants to fill critical labour market gaps. More than 1 in 5 (23%) general contractors and builders are immigrants, who are also well-represented in other professions in the construction sector, including architecture (41%), civil engineering (40%), urban and land use planning (23%) and construction management (24%).[37]

---

[33] Immigration, Refugees and Citizenship Canada (24 October 2024). *2025 – 2027 Levels Plan*. Retrieved from https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/10/20252027-immigration-levels-plan.html.

[34] Caroline Nicol and Zachary Vrhovsek (15 November 2024). *Impact of the 2025-2027 Immigration Levels Plan on Canada's Housing Gap*. Ottawa: Office of the Parliamentary Budget Officer. Retrieved from https://www.pbo-dpb.ca/en/additional-analyses--analyses-complementaires/BLOG-2425-006--impact-2025-2027-immigration-levels-plan-canada-housing-gap--repercussions-plan-niveaux-immigration-2025-2027-ecart-offre-logement-canada.

[35] Carolyn Whitzman (2024). *Home Truths: Fixing Canada's Housing Crisis*. Vancouver: On Point Press at pp. 49-50, 103; Mike Moffatt (1 October 2024). *Unlocking Canada's housing crisis: How the federal government can boost housing supply through smart, low-cost reforms*. Ottawa: Smart Prosperity Institute. https://institute.smartprosperity.ca/unlocking-canada-s-housing-crisis.

[36] BuildForce Canada (April 2024). *Residential Scenario Outlook 2024-2033 A construction industry employment estimation to address Canada's housing supply gap*. at p. 5. Retrieved from https://www.buildforce.ca/wp-content/uploads/2024/10/Residential-scenario-outlook.pdf.

[37] Government of Canada (23 October 2024). *Immigration matters in residential construction*. Retrieved from https://www.canada.ca/en/immigration-refugees-citizenship/campaigns/immigration-matters/growing-canada-future/residential-construction.html. These figures reflect data from the Statistics Canada 2021 Census.

Child Care

In Brief: Reduced immigration levels will significantly impact Canada's ability to train, recruit and retain early childhood educators and child care workers.

Canada's child care workforce relies disproportionately on immigrants and non-permanent residents, especially for home-based child care provision (e.g. nannies). In 2016, 1 in 3 child care workers in Canada were immigrants or non-permanent residents (compared to 1 in 4 in all other occupations).[38] Home-based child care providers were 10 times more likely to be immigrants and non-permanent residents when compared with early childhood educators or assistants.[39]

International students are a significant proportion of college students studying early childhood education (ECE). For example, in Ontario 5,300 international students were enrolled in ECE in 2024, comprising approximately 50% of total enrollments.[40] With an expected shortage of 8,500 ECEs by 2026, retaining the pipeline of international students to work as early childhood educators will be essential to address labour market shortages and ensure childcare operators can operate at full capacity and open new childcare spaces to meet growing demand.

[38] Statistics Canada (25 June 2021). *Study: child care workers in Canada*. Retrieved from https://www150.statcan.gc.ca/n1/en/daily-quotidien/210625/dq210625-eng.pdf?st=FmaQWyH9.

[39] Statistics Canada (25 June 2021).

[40] Allison Jones (29 October 2024). *Work permit changes a concern for child-care shortages: Ontario*. CBC News. Retrieved from https://www.cbc.ca/news/canada/toronto/work-permit-changes-childcare-staff-shortages-ontario-1.7366635.

Philanthropy and Volunteerism

In Brief: Immigrants participate in philanthropic giving at higher levels than the Canadian-born population and make larger donations on average. As a result, reduced immigration levels have the potential to reduce revenues for Canadian charitable organizations at a time when demand for services is at an all-time high. These revenue pressures will be particularly acute as tariffs create further economic volatility and reduce government revenues that provide core funding for charities, leaving more Canadians in need. While overall charitable donation amounts rose in 2023, the proportion of Canadians making donations has continued to decline, reflecting broader structural pressures on the sector.

Immigrants are more likely to donate to charitable causes, and donate in higher amounts, than the Canadian-born population. In 2024, Imagine Canada reported that 84% of permanent residents and 83% of naturalized Canadian citizens reported donating to charitable causes in the last 12 months, when compared to 80% of the Canadian-born population.[41] Permanent residents who donated contributed an average of $994 per year, compared to $884 for naturalized Canadian citizens and $730 for the Canadian-born population.[42] Immigrants who arrived in Canada 10 or more years ago make the most significant philanthropic contributions, at a 83% donation rate and average annual donation of $1,075.[43]

At the same time, national trends suggest an overall decline in donor participation. According to Statistics Canada, while the total value of charitable donations claimed on tax returns increased by 11.8% in 2023 to $12.8 billion, the share of tax filers claiming a charitable donation tax credit declined from 17.1% in 2022 to 16.8% in 2023, continuing a long-term downward trend.[44] Recent survey data suggests this decline in charitable engagement reflects broader shifts in Canadian society, including reduced religiosity, changing social values, weaker community connections, and increased economic pressure.[45]

Immigrants are also active volunteers in Canadian society. 40% of immigrants over the age of 15 are volunteers, contributing an average of 162 hours individually each year.[46] As Canada's immigration levels decline, reduced numbers of volunteers and volunteer hours will have significant impacts on the sustainability of the charitable

[41] Imagine Canada (2024). *Navigating New Horizons: The Contributions and Perspectives of Multicultural Canadians* at p. 11. Retrieved from https://imaginecanada.ca/sites/default/files/navigating-new-horizons.pdf.

[42] Imagine Canada (2024). at p. 11.

[43] Imagine Canada (2024). at p. 11.

[44] Statistics Canada (25 June 2021). *Charitable donors, 2023*. Retrieved from https://www150.statcan.gc.ca/n1/daily-quotidien/250401/dq250401c-eng.html.

[45] Sector3Insights (March 2025). *A Survey About Generosity in Canada – Study #2*. Retrieved from https://sector3insights.com/products/a-survey-about-generosity-in-canada-study-2/.

[46] Government of Canada (23 October 2024). *Immigration matters in philanthropy*. Retrieved from https://www.canada.ca/en/immigration-refugees-citizenship/campaigns/immigration-matters/growing-canada-future/philanthropy.html.

sector and the programs and services many Canadians rely upon to meet their basic needs (e.g. food banks or shelters for individuals experiencing homelessness or domestic violence).

At a time when philanthropic giving is steadily declining in Canada and the demand for services is steadily increasing, harnessing the generosity of immigrants will be essential to sustain the vital work of Canadian non-profit and charitable organizations for the future.[47]

[47] CanadaHelps (2024). *The Giving Report 2024: From Disconnection to Collective Action.* at p. 9. Retrieved from https://www.canadahelps.org/en/the-giving-report/.

Foreign Policy and International Commitments to Refugee Protection

In Brief: Refugee protection is one of the most impacted immigration categories in the 2025 – 2027 Levels Plan reductions. A perceived failure for Canada to fulfill its international commitments to refugee protection will have significant implications from a foreign policy perspective.

Refugee protection is one of the most impacted categories in the 2025 – 2027 Levels Plan reductions, with a reduction of almost 30% between 2024 and 2027. While the impacts of refugee protection on Canada's economy may be harder to quantify, refugee protection is a core Canadian value and increasingly vital from a foreign policy perspective as global conflicts in Ukraine, Sudan, Israel/Palestine and other regions of the world continue. Canada is also facing increased demand to support LGBTQI+ refugees and asylum seekers, who continue to experience significant vulnerability and marginalization as a result of their sexual orientation or gender identity.[48]

By honouring its international commitments for refugee protection, Canada maintains foreign policy credibility and contributes to global stability, security and public health at a time when the geopolitical environment is increasingly unstable. Refugee protection also promotes healthier families and communities by facilitating family reunification and allows Canada to respond to emerging international crises, such as the rise in climate migration.

[48] Georgie Smyth (29 June 2024). *Rainbow refugees increasingly look to Canada for safety.* CBC News. Retrieved from https://www.cbc.ca/news/canada/british-columbia/rainbow-refugees-1.7249300.

Key Takeaways

01 The immigration level reductions in the 2025-2027 Levels Plan are expected to put Canada on a trajectory towards economic decline, reducing Canada's nominal GDP by $37 billion on average over the next 3 years.

02 Rural communities in Canada rely heavily on immigration to sustain and grow their populations and local economies. Reduced immigration levels, particularly through the Provincial Nominee Program, will have disproportionate impacts on the services, municipal infrastructure and employment opportunities available to rural Canadians in the future.

03 Canadian policymakers need to adopt a national talent attraction strategy to engage American workers who may be willing to relocate due to economic and political volatility. This strategy should adopt an integrated, long-term approach that carefully calibrates immigration levels with long-term labour market needs, shifting away from a fragmented, piecemeal and short-term approach.

04 While reducing immigration levels will have short-term positive impacts on the demand for housing in Canada, housing supply pressures may continue due to labour shortages in the residential home construction industry. Targeted recruitment efforts for immigrants with construction/trades experience may be required to accelerate new home construction. Other policy interventions, such as investing in non-market affordable housing and reducing regulatory barriers to new home construction, are also needed to address Canada's housing crisis from a systemic perspective.

05 In a changing geopolitical environment, Canada's immigration levels planning should also be considered from the perspective of ensuring Canada's national security and sovereignty – particularly in less populated regions such as rural and Northern Canada.

06 Canadian policymakers should consider the unintended consequences of reduced immigration levels beyond the economic impacts, such as philanthropic giving, volunteerism and fulfilling Canada's international commitments for refugee protection.

Conclusion

On April 29, 2025, Canada elected the incumbent Liberal Party under the leadership of a new Prime Minister, Mark Carney. While the Liberal platform includes commitments to streamline credential recognition, improve processing times, and attract global talent, particularly through the revitalization of the Global Skills Strategy, its core proposals remain closely aligned with the reductions introduced in the 2025–2027 Immigration Levels Plan. The pledge to cap temporary residents at under 5% of Canada's population and to stabilize permanent resident admissions at less than 1% annually signals not a departure from, but rather a formalization of, a more cautious and restrictive approach to immigration. As such, the post-election policy direction reinforces the paper's central argument: that Canada is intentionally scaling back population growth at a time when long-term planning, labour market alignment, and regional demographic needs demand a more ambitious and integrated strategy. Without such a shift, the economic, social, and geopolitical consequences identified throughout this analysis are likely to persist.

To avoid the lasting economic, social, and geopolitical consequences of this pullback, the federal government must take a more strategic approach to immigration rather than maintaining a wholesale pullback. Canada needs an evidence-based, long-term population strategy that aligns immigration planning with housing, infrastructure, and labour market needs. The Smart Growth Framework emphasizes that immigration should not be treated in isolation but as a critical economic, social policy, and national security tool. A well-managed system must balance economic and humanitarian objectives by prioritizing pathways to permanent residency, strengthening regional immigration programs, and ensuring immigration policies support workforce development and long-term prosperity. This approach will allow Canada to maintain its competitive advantage, sustain essential services, and secure economic resilience while upholding its humanitarian commitments.

ACKNOWLEDGEMENTS

Century Initiative thanks the following informants for their valuable input in this research brief:

Andrew Griffith
Canadian commentator on immigration and citizenship issues

Steve Reynolds
Executive Director, Regional Connections Immigrant Services

Martha Friendly
Executive Director, Childcare Resource and Research Unit

Jodene Baker
Vice President, Research, Advocacy & External Relations, Imagine Canada

Gauri Sreenivasan
Canadian Council for Refugees

Trevor Neiman
Vice President and Legal Counsel, Business Council of Canada

Appendix A: Quick Reference of Reductions in 2025 – 2027 Levels Plan

The following figures are retrieved from the Government of Canada's Supplementary Information to the 2025-2027 Levels Plan.[49]

Temporary Residents

	2025 (Target)	2026 (Target)	2027 (Target)	% Change (2025 – 2027)
International Mobility Program	285,750	128,700	155,700	- 46%
Temporary Foreign Worker Program	82,000	82,000	82,000	0%
International Students	305,900	305,900	305,900	0%
Total	673,650	516,600	543,600	- 19%

Note: Targets for temporary residency categories were first introduced in the 2025-2027 Levels Plan, so there is no 2024 comparator.

Permanent Residents

	2024 (Target)	2025 (Target)	2026 (Target)	2027 (Target)	% Change (2024 – 2027)
Economic	281,135	232,150	229,750	225,350	- 20%
Family	114,000	94,500	88,000	81,000	- 29%
Refugees and Protected Persons	76,115	58,350	55,350	54,350	- 29%
Humanitarian & Compassionate and Other	13,750	10,000	6,900	4,300	- 69%
Total	485,000	395,000	380,000	365,000	- 25%

[49] Government of Canada (24 October 2024). *Notice - Supplementary Information for the 2025 – 2027 Immigration Levels Plan*. https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2025-2027.html.

KEY INSIGHTS REPORT
JUNE 2025

Pulling Back: The Social and Economic Implications of Reducing Canada's Immigration Levels in Unstable Times

Century Initiative | Initiative du Siècle