New 2024-2026 federal immigration targets flat amid policy tweaks

- New targets for 2024 and 2025 are unchanged from last year, while the first-time 2026 target is flat relative to 2025 at 500,000 permanent residents. There were also no target changes among the various immigration classes—economic, family, refugee, and humanitarian. Immigration targets are set annually for the 3 prompt years.

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<th>New immigration targets unchanged</th>
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Source: IRCC, RBC Economics

- This pauses the recent pattern of increasing targets at each annual update, which has led to Canada’s final immigration target growing by 36% between 2020 and 2023. After hovering around 0.8% of the population for the past 30 years, Canada’s immigration system now targets adding 13 new permanent residents for every 1000 people, every year.

- The government is responding to concerns that Canada’s infrastructure—especially housing—cannot withstand a greater influx of people without first addressing structural impediments to improving infrastructure and better integrating immigrants into the labour market.

- Canadians are also concerned about unprecedented levels of international students and other temporary residents the past two years. Net temporary resident inflows outnumbered immigration inflows in 2022-23 (by 1.5x), the first time in the 50 years since the series was tracked. Permanent residents have increasingly been drawn from the pool of temporary residents, but many will not make the transition.

- The new levels are one part of the government’s intended immigration policy fine-tuning. Last week it announced measures to tie student visa processing to responsible institutional intake and support of foreign students and reduce the occurrence of fraudulent foreign student admission letters.
Yesterday it released its review of Canada’s immigration system, announcing measures to improve newcomer experience (service standards, communication, etc.), develop a comprehensive growth plan – including integrated immigration-infrastructure planning and supporting immigration to remote and francophone communities – and better align immigration with labour market needs. On the latter, the government will find ways to attract foreigners with in-demand skills, including in tech, start-ups, and international students, and a new talent officer responsible for mapping future skills needs.

Pause in growing ambition of immigration targets

**Bottom Line:** The pause in targeted immigration levels is appropriate given housing challenges and eroding public support for higher levels of immigration. With a weakening economy, labour markets should not feel a pinch overall with the pause in the number of new permanent residents. But Canada needs immigrants over the long term. Even the annual immigrant intake of 1.3% of the population is not sufficient to stabilize the age structure of the population, which would require about 2.1%.

Ottawa’s measures are directionally appropriate, but they are mostly plans at this point and it needs to double down on two things. Addressing an unrestrained temporary resident population is essential since it may further erode support for permanent residents, which contribute long-term to the Canadian economy. Here the feds will need to lean heavily on the provinces and may need to resort to stronger federal incentives to get them to budge.

Second, Canada needs to be more strategic in selecting immigrants – and temporary residents who often become future immigrants – with the strongest long-term economic prospects, including those outside highly-educated fields. Doing so will ensure Canada retains more of the benefits of elevated immigration levels, to offset or mitigate the short-term costs.