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# Impact assessment of 2025-2027 Immigration Level Plan



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

This report uses demographic scenarios to estimate the economic impacts of the new immigration policies presented in the Government's 2025-2027 Immigration Levels Plan.

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# Highlights

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On October 24, the Government released its 2025-2027 Immigration Levels Plan (ILP), which included permanent resident targets and, for the first time, temporary resident targets for international students and temporary foreign workers.

The new targets for international migration translate to a 3.2 per cent downward revision to Canada's demographic outlook, equivalent to 1.4 million fewer residents by the end of 2027.

The changes from the 2025-2027 Immigration Levels Plan (ILP) would result in a 1.7 percent downward revision to real Gross Domestic Product (GDP) by 2027. However, real GDP per capita would be 1.4 per cent higher by 2027.

PBO estimates that the new immigration targets would reduce nominal GDP—the broadest measure of the government's tax base—by 37 billion on average over the next three years.

# Summary

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On October 24, the Government released its 2025-2027 Immigration Levels Plan (ILP),<sup>1</sup> which included permanent resident targets and, for the first time, temporary resident targets for international students and temporary foreign workers.

For permanent residents, the plan highlights a decrease in admissions from 464,265 in 2024 to 395,000 in 2025, 380,000 in 2026, and 365,000 in 2027. For non-permanent residents (NPRs), the plan sets arrival targets with the goal of reducing the number of NPRs to 5 per cent of Canada's population by the end of 2026.

These new targets for international migration translate to a 3.2 per cent downward revision to Canada's demographic outlook, equivalent to 1.4 million fewer residents by the end of 2027.

Overall, we estimate the 2025-2027 ILP would result in 1.3 billion fewer hours worked in 2027 with 93 per cent of this reduction being attributable to the demographic shock. This, in turn, would result in a 1.7 per cent downward revision to real Gross domestic product (GDP) by 2027. However, given the sizeable population shock, real GDP per capita would be 1.4 per cent higher in 2027 under the 2025-2027 ILP.

Overall, we estimate that the new immigration targets would reduce nominal GDP—the broadest measure of the government tax base—by 37 billion on average over the next three years.

# Background

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On October 24, the Government released its 2025-2027 Immigration Levels Plan (ILP), which included permanent resident targets and, for the first time, temporary resident targets for international students and temporary foreign workers.

For permanent residents, the plan highlights a decrease in admissions from 464,265 in 2024 to 395,000 in 2025, 380,000 in 2026, and 365,000 in 2027. For non-permanent residents (NPRs), the plan sets arrival targets with the goal of reducing the number of NPRs to 5 per cent of Canada's population by the end of 2026.

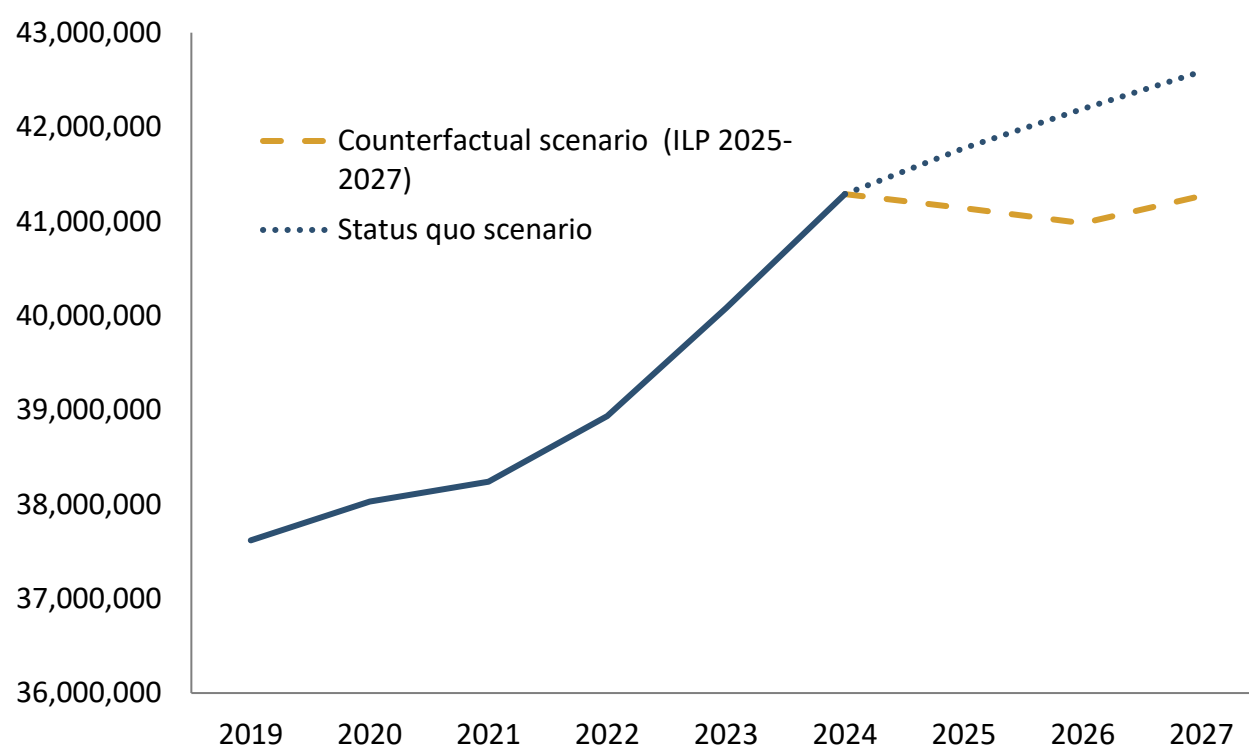
To measure the impact of this new immigration policy, two demographic scenarios were developed:

- A status quo scenario in which immigration policy remained unchanged. It assumes that the admission of permanent residents would stay at around 500,000 per year and that the non-permanent resident population would stabilize. Under these circumstances, the Canadian population would reach 42.8 million by the end of 2027.
- A counterfactual scenario that assumes that the 2025–2027 ILP is achieved as presented. Under this plan, the Canadian population would return near current levels (41.4 million) by the end of 2027.

Comparing the two scenarios (Figure 1) highlights that the new immigration policies translate to a 3.2 per cent downward revision to Canada's demographic outlook, equivalent to 1.4 million fewer residents by the end of 2027.

In this report, PBO uses these demographic scenarios to estimate the economic impacts of the new immigration policies presented in the Government's 2025–2027 ILP.<sup>2</sup>

**Figure 1**  
Demographic scenarios for total population



Description textuelle:

Year	Historical data	Counterfactual scenario (ILP 2025-2027)	Status quo scenario
2019	37,618,495		
2020	38,028,638		
2021	38,239,864		
2022	38,935,934		
2023	40,083,484		
2024	41,288,599	41,288,599	41,288,599
2025		41,139,382	41,775,145
2026		40,980,883	42,191,459
2027		41,268,452	42,587,189

Source:

Office of the Parliamentary Budget Officer.  
Statistics Canada.

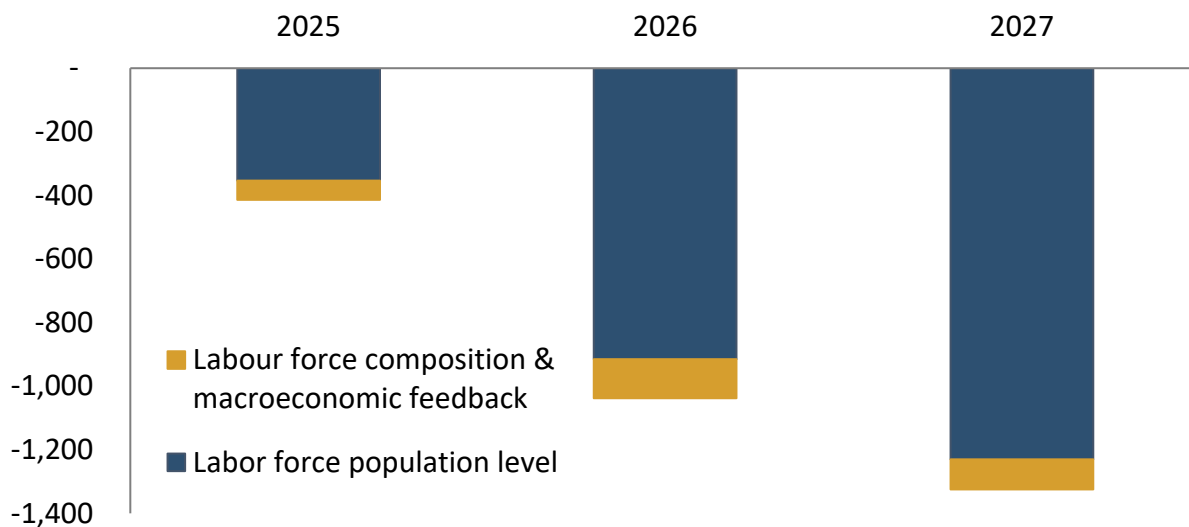
# Economic Impact Assessment

Under the two scenarios, the projected Canadian populations differ in size, but also in composition. Considering that, on average, immigrants and non-permanent residents are younger, under the ILP 2025–2027 scenario, the large reduction in international migration results in a comparably older total population.

Given that young people are more likely to participate in the labour market, the difference in the age distribution heightens the reduction of the labour supply. Overall, we estimate the 2025–2027 ILP would result in 1.3 billion fewer hours worked in 2027 with 93 per cent of this reduction being attributable to the demographic shock.

**Figure 2**

Decomposition of change in total hours worked (millions)



Textual description

Year	Labour force population level	Labour force composition & macroeconomic feedback
2025	-354	-60
2026	-915	-123
2027	-1,230	-95

Source:

Office of the Parliamentary Budget Officer.



Under the 2025–2027 ILP scenario, the reduced labour supply raises wages by 0.6 per cent on average between 2025 and 2027. However, over the same period, the smaller population reduces total household consumption by 2.0 per cent on average.

We estimate that new immigration policies presented in the 2025–2027 ILP would result in a 1.7 per cent downward revision to real GDP by 2027 (Table 1). However, given the sizable population shock, this translates to a 1.4 per cent upward revision to real GDP per capita.

Given an assumed net reduction in excess supply, the 2025–2027 ILP would raise GDP inflation by an average of 0.1 per cent over 2025–2027.

Overall, we estimate that the new immigration targets would reduce nominal GDP—the broadest measure of the government tax base—by 37 billion on average between 2025 and 2027.

**Table 1**  
Economic impacts

Year	2025	2026	2027
Real GDP (%)	-0.6	-1.4	-1.7
Real GDP per capita (%)	0.8	1.3	1.4
GDP inflation (%)	0.0	0.1	0.2
Nominal GDP (\$ billions)	-17	-43	-52

Source:

Office of the Parliamentary Budget Officer.

The estimates presented in this analysis are directly tied to population projections presented in the Government’s 2025–2027 ILP. We judge that there is significant risk to this demographic outlook, as such, the economic impacts of the new immigration policies reported above are uncertain.

# Notes

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<sup>1</sup> [2025–2027 Immigration Levels Plan](#).

<sup>2</sup> The outlook presented in PBO's [October 2024 Economic and Fiscal Outlook](#) was used as a baseline for both economic scenarios. Trend labour input and the labour force population were the channels used to produce the two economic scenarios. Our approach assumes that, on average, new permanent residents and temporary residents do not have significantly distinct economic behaviors vis-à-vis the labor market or consumption decisions.

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