Intelligence MEMOS

From: Colin Busby and Parisa Mahboubi

To: The Hon. Ahmed D. Hussen

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Re: **DESTINATION CANADA: WHAT A MORE ATTRACTIVE CANADA MEANS FOR OUR FUTURE**

Should recent US immigration decisions make our southern neighbour a less desirable destination for potential migrants, it could be a boon for Canada.

Canada's immigration programs are designed to screen for some of the world's most talented individuals, regardless of race and country of origin. Historically, the economic results of our immigration program have, in the main, been quite encouraging, whether evaluated based on the labour market outcomes of primary applicants or based on the education success of their children.

That said, not all recent migrants to Canada have succeeded and negative wage gaps vis-à-vis Canadian born workers has been growing in recent years. The reasons are many, including earlier screening practices that placed too much emphasis on the foreign work experience – which domestic employers tended to discount – in addition to a lack of stringent screening for language skills or adaptability.

The federal government made some significant changes to the points system in recent years that should see immigrant wage and employment gaps shrink over time. In particular, fewer points are rewarded to foreign experience, and primary candidates aged above 47 with relatively poor English or French language skills are excluded from this immigration process. In addition, a new Express Entry system allows quicker processing for applicants that have receiving a Canadian postsecondary education and who have a job offer in hand.

Supply-side issues held back the immediate potential of these changes. Significant processing backlogs made Canada a less desirable potential destination country than our peers, and the US is often the country of choice for most international migrants: globally, in 2010, about 24 percent of nearly 700 million possible international migrants selected the US as the top destination of choice while only 7 percent chose Canada as their top pick.

Even a slight decline in the desirability of relocating to Canada instead of the US – say the share picking the US as top choice drops from 24 to 20 percent – could see up to 28 million adults shift their eyes towards Canada.

By 2030, Canada's future workforce growth is expected to be almost entirely reliant on immigration. Having more of the world's best and brightest arrive on our shores could be a source of great strength.

How long lasting a shift in immigrant destination preferences might be, due to recent events, also brings us back to the question of immigration levels, which the Advisory Council on Economic Growth brought to the Finance Minister's attention earlier this year. If more of the world's best and brightest desire to locate Canada, this may prove to be too good an opportunity to pass up and calls to allow for higher annual immigration targets will growth in strength. Your Department would do well, in that context, to envisage setting immigration targets on a 5- to 10-year basis rather than on a 1-year basis – although the idea was initially proposed to better adapt to the business cycle it would also provide Canada with more flexibility to capitalise on any spike in its desirability among skilled migrants.

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