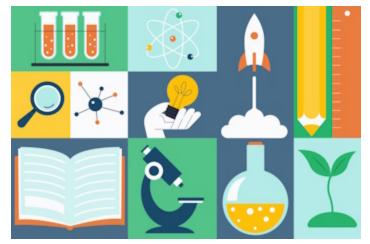# Canada should emphasize STEM-focused immigration

By **Sergio R. Karas**

Law360 Canada (January 28, 2025, 2:15 PM EST) -- Canada is at a pivotal juncture in shaping its immigration policy, as it grapples with the challenges of an aging population, shifting global economic pressures and the pursuit of long-term prosperity.

A recent study by the Fraser Institute highlights the need for reforms to prioritize candidates with qualifications in STEM (science, technology, engineering and mathematics). The study notes that by targeting such skilled individuals, Canada may bolster productivity and drive innovation. The aim of immigration policy should be to attract newcomers who can contribute meaningfully to enhancing the living standards of those already residing in Canada.

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The 2025-2027 Immigration Levels Plan aims to admit over 445,000 immigrants annually in 2025 and decreasing slightly in the following years. High immigration rates alone do not guarantee increased living standards or productivity gains. Without strategic selection criteria, the system risks prioritizing quantity over quality. For sustainable economic growth, there is a need for an immigration framework that brings expansion of the skilled workforce. Over-reliance on temporary immigration programs or on immigrants in low-demand occupations can strain public resources, such as housing and social services.

The Fraser Institute study argues that individuals with specialized skills in STEM fields are most likely to raise average labour productivity and per-capita gross domestic product (GDP) over time. High-skill immigrants are also more likely to lead innovation, and this addresses productivity challenges. An immigration system that is focused on high-skill immigrants can result in a reduction of wage inequality since there will be less competition for lower-wage jobs. For all these reasons, the study concludes that high-skill immigration, at the right annual level, can be beneficial.

The question that arises is: How might immigration affect innovation? According to the National Bureau of Economic Research in the United States, the immigration of skilled scientists and engineers has contributed significantly to innovation. This does not seem to be the case in Canada. The growing Canada-U.S. labour productivity gap is now30 per cent and that is equivalent to $20,000 less in GDP

per capita for Canadians relative to Americans. Further, President Donald Trump proposed during the campaign to give green cards to international students who graduate in the United States. This shows the growing importance of STEM education and focus on drawing high-skilled immigration. There is a clear shift in the type of education the United States wants international students to pursue. Vocational education is being replaced by degrees centered on technology and engineering.

According to economic studies by Porter (2024), Ercolao (2023), and Marion and Ducharme (2024), second-quarter 2024 data showed that real GDP per Canadian had fallen for five straight quarters. The GDP per capita in other Organisation for Economic Co-operation and Development (OECD) countries has significantly outpaced Canada, implying that Canada is becoming less attractive for talented people to live and work. An array of recent publications has highlighted declining real GDP per person in Canada and that has ominous implications for the standard of living. Carolyn Rogers, a senior deputy governor of the Bank of Canada made headlines when she described Canada's dismal productivity performance as an "emergency" that meant it was "time to break the glass."

The country is facing a population trap as noted by the economists at the National Bank. A "population trap," according to Oxford Reference, is defined as a situation where no increase in living standards is possible because the population is growing so fast that all available savings are needed to maintain the existing capital-labour ratio. Another study by economists Stéfane Marion and Alexandra Ducharme agrees that immigration is good for the GDP, "but all good things have their limits."

A recent study by the C.D. Howe Institute highlights that highly educated immigrants, particularly those trained in STEM-related subjects, are likely to increase the productivity of existing residents, and directly and indirectly contribute more to the tax base than they draw in government-funded public services and income transfers. This pattern primarily reflects the disproportionate contribution that highly educated immigrants make to innovation and entrepreneurship.

The Fraser Institute's study recommends that the government reinforce the role of the "points-based" system in selecting permanent residents and ensure that they assign high weight to prospective immigrants with STEM-related qualifications along with appropriate language skills. There are reasons to be concerned about how we currently select immigrants and temporary residents. The federal government's decision to raise the targets for francophone immigrants planning to settle outside Quebec, with up to 8.5 per cent of the total federal admissions in 2025 rising to 10 per cent in 2027, represents a shift away from focusing on the skill level and potential earnings of economic immigrants.

During an interview with Global News, the Minister of Citizenship and Immigration described the idea of a cap on international students as akin to "surgery with a hammer." The authors of the Fraser Institute study also recommend reducing the number of "temporary" immigrants admitted to Canada under the various international student and temporary foreign worker programs. Further, they said, "At the same time, we believe international student selection should be re-oriented to target students who enroll in and complete programs that lead to high-paying jobs and careers, rather than programs that graduate individuals who — if they stay in Canada — typically end up in low-productivity jobs in relatively low-paying industries."

The recent shift to category-based draws in the Express Entry system signals a strategic focus on STEM professionals. However, concerns remain regarding the implementation of the Temporary Foreign Worker Program. While the recent reduction in the cap for temporary foreign workers in the low-wage stream to 10 per cent of a company's employees was a positive policy change, it could be further improved by eliminating the low-wage stream completely, save and except for agricultural occupations. This would free up room in the temporary migration targets for high-wage foreign workers and international students in high-skill post-secondary programs who could be highly successful future immigrants.

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