

# IMMIGRANT LABOUR SUPPLY IN THE BROADER AUTOMOTIVE SECTOR AND SUPPLY CHAIN

LABOUR UPDATE 2024

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## About the FOCAL Initiative

The Future of Canadian Automotive Labourforce (FOCAL) Initiative, funded by the Government of Canada, is a collaboration of the Canadian Skills Training and Employment Coalition (CSTEC), the Automotive Policy Research Centre (APRC) and Prism Economics and Analysis.

The FOCAL Initiative has produced labour market information and data related to Canada's automotive manufacturing sector, examine key trends affecting the automotive labour market, and produced forecasts of supply and demand for key occupations in the broader automotive sector.



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## Executive Summary

Canada's automotive manufacturing sector has historically presented employment opportunities for immigrants that provide family sustaining wages. While immigration is critical to the skill needs of many industry sectors, few are as important as automotive manufacturing.

Given its importance in addressing skills shortages, this paper takes a closer look at labour utilisation of landed immigrants in the automotive production sector and the automotive supply chain for electric vehicles (EVs) and internal combustion engine vehicles (ICEVs). The paper also looks at developments in immigration policies that can be helpful for recruitment of workers and provides some policy directions that support automotive manufacturing in meeting hiring needs. We make several observations based on this analysis.

### Auto Manufacturing Workforce Representation

- **Employment trends** – In Canada, immigrant labour will continue to be essential to the automotive production sector in motor vehicle manufacturing (assembly – 3363) and parts production (motor vehicle parts manufacturing - 3361). From 2010 to 2021, there has been a slow but steady increase in immigrant workers in assembly and parts production. There was little impact of the pandemic on immigrant employment. In 2019, immigrants made up 23% of the labour force in assembly which increased to 25% in 2022 and increased from 40% in parts production to 45% in 2022. The latter is much higher than the overall share of immigrants in the Canadian labour force which was 26%.
- **Women** – Parts production is a big employer of immigrant women at 50% of total women employed, while 25% of women employed in Assembly are immigrants.
- **Automotive Supply Chain** – For industrial sectors in the automotive sector supply chain which is evolving with the transition to electric vehicles (EVs) manufacturing, there are some other sectors (e.g., mining, chemical; rubber) that do not have a significant share of immigrant workers, which means those sectors will have to create greater outreach and efforts to recruit immigrants.
- **Occupations** – Immigrants are highly represented in specific professional occupations, semi-skilled production jobs and high skilled information technology (IT) jobs. However, they are very underrepresented in skilled trades occupations at <30% in both assembly and parts.
- **Older immigrant workers** – The share of older immigrants (60+ years) working during the pandemic was much higher in assembly and parts production than the overall manufacturing sector and the overall economy. Older immigrant workers have proven to be a reliable source of labour in difficult times for the automotive manufacturing sector.

- **Wages** – Labour force survey data indicate that immigrant employees face pay gaps compared to their Canadian-born counterparts when looking at aggregate sectoral data for *parts production* and the *general manufacturing* employees. However, in *assembly*, immigrants made an average hourly wage of 9% more (or \$3.30) than their Canadian-born peers. This number decreases to only 1% greater when looking at the median hourly wage, implying that the wage distribution is skewed towards a group of high-earning immigrant workers. Looking at wage differences between Canadian-born and newcomer workers (landed immigrants who arrived in the past 5 years), the wage gaps increase in magnitude. The mean hourly wage for newcomer workers in assembly is 72% more than their Canadian-born peers and median hourly wage is 67% more.
- **Education** – The educational profile of workers shows a low percentage of immigrants with a skilled trade certification at 2-3%. Parts production has the highest share of immigrant workers with high school or no credential at 42%. For the more educated with university degrees (bachelor’s degree and above), assembly has the higher share at 45%. This difference accounts for the wage differentials discussed above.

### Immigration Policy and Future Directions

- **Labour market need** – The high shares of university educated immigrants admitted to Canada demonstrate that people with degree-level education are overwhelmingly prioritised in the points-based system, resulting in a mismatch in labour supply and demand, where many vacancies exist in semi-skilled and labourer positions. Statistics Canada research has also shown underemployment of highly educated immigrants as the economy is unable to absorb everyone in their field and level of study. The intake of immigrants should be informed by FOCAL’s occupational labour market forecasts which shows recruitment gaps for specific occupations to 2040.
- **Policy changes** – The federal government continues to consult employers and review immigration policy. Some changes include improvements in processing times; creation of pilot programmes to help Northern and rural areas; amendment of legislation and the creation of category-based selection under express entry (EE) to include a few occupations where labour shortages exist in manufacturing. Manufacturing employers have been hiring temporary foreign workers (TFWs) to fill vacancies. These TFWs often apply to transition to permanent resident status. We expect that recent announcements to implement a cap in the TFW programme will consider any impact on manufacturing employers especially in the automotive manufacturing and supply chain sectors. In addition, the cap on international student admissions to PSE institutions could impact some employers in rural and Northern areas. The data and feedback from employers suggest a need for a policy shift to give greater weight to admit immigrants with industrial skilled trades experience and credentials, and to align immigrant intake with labour market needs across sectors based on occupation. In turn, this should reduce the need for TFWs.

- **Newcomer challenges and retention** – The country of origin of immigrants further indicate a need for language support and other supports for newcomers and employers to retain them at companies and in Canada. Employers noted transportation and public transit in smaller towns, language, an overeducated newcomer recruitment pool versus jobs available, and housing as policy issues that need to be addressed by different levels of government. Broader issues of access to *affordable home ownership* and *healthcare* access are two issues that will impact Canada’s ability to attract and retain immigrants.

## Introduction

This paper follows up on our 2021 report, *Recruiting Immigrant Labour in the Automotive Production Sector*. This paper provides an update on immigrants in Canada's automotive industry based on the latest labour market data. While this paper focuses on industries with NAICS codes 3363 (motor vehicle manufacturing or assembly) and 3361 (motor vehicle parts manufacturing or parts production). It also includes labour market information (LMI) on industries in the supply chain in light of the transition to electric vehicles (EVs). In addition, we look at immigration policies and its implications for recruiting immigrant labour. This paper and its findings should be of interest to employers, policy-makers, unions, and employment services providers.

### Methodology

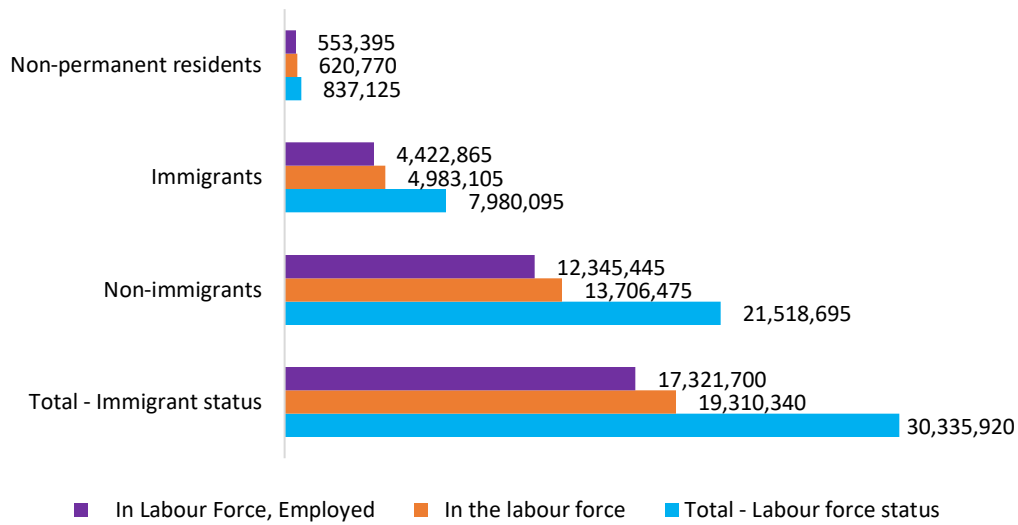
The paper uses three data sources: secondary data from government sources – custom data requests for the Immigrant Administrative Database (IMDB); Census 2021, and the Labour Force Survey (LFS); a review of policy documents and online sources on immigration policy in recent years; and primary research data was used from interviews with employers and one focus group with CSTEAC coordinators. The paper does not focus on non-permanent residents (NPR) immigration policy and data (temporary foreign workers and international students), but NPRs are discussed in relation to anecdotal employer experiences and implications of shifts in policy.

### The Labour Market Context in Canada

There are over thirty million people who are either not in the labour force or in the labour force. The former are students, people unable to work, children, and some withdrawn from the labour market for various reasons (caregiving, illness, etc.). According to Statistics Canada, 'the *labour force status* refers to whether a person was employed, unemployed or not in the labour force during the reference period for the 2021 Census. Almost 5 million people are immigrants or 26% of the people in the labour force - people available to work. With 4.4 million immigrants employed or 25% of the total employed, 560,240 immigrants (11%) are unemployed but available for work. See Figure 1 below.



Figure 1: Labour Market Status of People in Canada



The growth in the labour force in Canada has become highly dependent on immigrant labour given current retirements and birth rates. The FOCAL Initiative’s labour market forecasts suggest that in the coming years, there will continue to be a need for immigrants to fill labour shortages in highly skilled jobs, as well as in specific occupations in production and skilled trades. Table 1 below shows the occupations with the largest recruitment gaps from the FOCAL Initiative’s EV model for the forecast period 2025 to 2040. The recruitment gap is related to industries who form part of the automotive manufacturing supply chain. The forecasts are not solely for the share of automotive employment in each industry, but employment and recruitment gaps in all industries as a whole.

Table 1: Top Ten Occupations ranked by Recruitment Gap, 2025-2040 forecast period

Rank	Occupation	Recruitment Gap
1	90010 Manufacturing managers	14,111
2	94200 Motor vehicle assemblers, inspectors and testers	9,077
3	21222 Information systems specialists	8,326
4	20012 Computer and information systems managers	5,563
5	94201 Electronics assemblers, fabricators, inspectors and testers	4,822
6	72400 Construction millwrights and industrial mechanics	4,814
7	73300 Transport truck drivers	4,616
8	72100 Machinists and machining and tooling inspectors	3,927
9	20010 Engineering managers	3,859
10	14400 Shippers and receivers	3,770

Source: FOCAL Initiative Forecasts, 2024

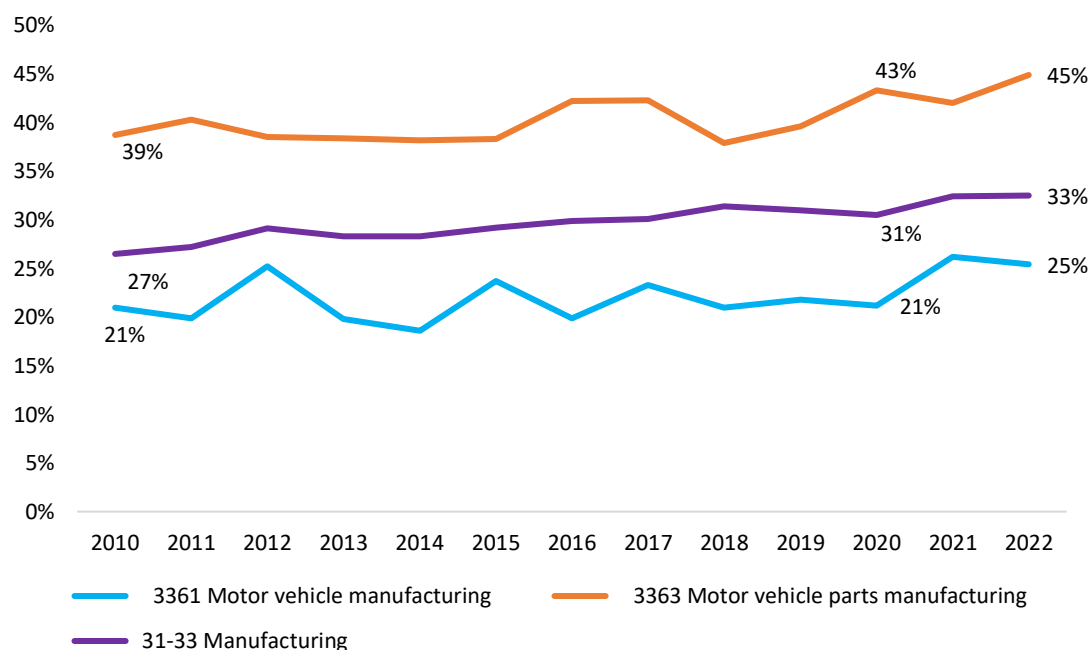
## Immigrant and Newcomer Profile in the Automotive Sector

### Trends in Immigrant Employment in the Automotive Sector

From 2010 to 2021, there has been a slow but steady increase in immigrant workers in assembly and parts production. Overall, manufacturing and parts production has seen a 6% share increase of landed immigrants from 2010 to 2021, with a 4% increase in assembly. Looking at 2022 levels of landed immigrant shares for each sector, assembly has the lowest share at 25%, followed by manufacturing at 35%, with parts production being the highest at 45%. There was little to no effect of the COVID-19 pandemic on the share of landed immigrants in manufacturing and parts production since 2020. In assembly, there is a significant jump of 5% in the share of immigrants from 2020 to 2021, with similar levels in 2022. When excluding the pandemic years, assembly saw a flat growth in the share of landed immigrants at 0.1% a year on average from 2019 to 2010. See Figure 2 below.

It should be noted, that while most of the data presented is presented at the national level, the majority of assembly and parts production occurs in Ontario, with 24% of the employed being immigrants in assembly and 47% in parts production, almost half the workforce in the latter. The sector is, therefore, highly reliant on immigrant labour.

Figure 2: Trends in the Share of Landed Immigrants Employed in the Automotive Sector in Canada

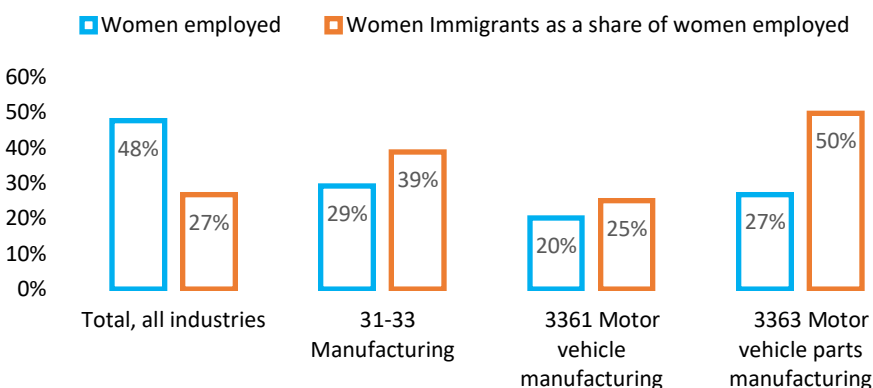


Source: Labour Force Survey, CSTEC Custom Request

## Immigrant Women Employed in Automotive Manufacturing

Women comprise 48% of the employed in the economy with 27% being immigrants. Parts production is a big employer of immigrant women at 50% of total women employed, while 25% of women employed in assembly are immigrants. See Figure 3 below.

Figure 3: Representation of Immigrant Women Employed in Automotive Manufacturing



Source: Labour Force Survey, 2022

The share of immigrant women employed who are newcomers (landed 5 years or less) was representative of the overall economy of 14%; 14% in manufacturing and 15% in parts production<sup>1</sup>.

## Employment – Industry Comparison for Automotive and Supply Chain Sectors

The automotive sector has a broad supply chain that is evolving with the transition to electric vehicles (EVs). Using Census 2021 data, table 2 below compares assembly and parts production with related sectors in the supply chain regarding the share of immigrants employed. Immigrants are slightly over-represented in manufacturing at 30% compared to the total labour force at 26%. However, there is significant variation among sectors. For example, hardware manufacturing has a 27% higher share of immigrants, and semiconductor manufacturing has a 26% higher share of immigrants than manufacturing, respectively. The mining sector has the lowest share of immigrant labour compared to the total labour force, with metal ore mining being 22% lower than all industries at 8%, and 20% lower for non-metallic mineral mining and quarrying at 6%. Parts production is ranked the 5th highest in their share of immigrant employment, with an 18% higher share when compared to manufacturing as a whole. Assembly is ranked as having one of the lowest shares at 20th. Despite this, the share of 27% is still slightly lower than manufacturing at 30%.

<sup>1</sup> Assembly's data for newcomer women was not significant and was suppressed.

Table 2: Immigrant Employment in the Automotive Sector and Supply Chain

Rank	Sector	% of Immigrants
	Total, all industries	26%
	31-33 Manufacturing	30%
1	3325 Hardware manufacturing	53%
2	3344 Semiconductor and other electronic component manufacturing	52%
3	3351 Electric lighting equipment manufacturing	47%
4	3341 Computer and peripheral equipment manufacturing	46%
5	<b>3363 Motor vehicle parts manufacturing</b>	<b>44%</b>
6	5415 Computer systems design and related services	41%
7	4173 Computer and comms. equipment and supplies merchant wholesalers	40%
8	3342 Communications equipment manufacturing	39%
9	3272 Glass and glass product manufacturing	37%
10	3261 Plastic product manufacturing	37%
11	3359 Other electrical equipment and component manufacturing	37%
12	3328 Coating, engraving, cold and heat treating and allied activities	35%
13	3345 Navigational, measuring, medical and control instruments manufacturing	35%
14	3353 Electrical equipment manufacturing	35%
15	5413 Architectural, engineering and related services	32%
16	3335 Metalworking machinery manufacturing	31%
17	5416 Management, scientific and technical consulting services	30%
18	3255 Paint, coating and adhesive manufacturing	30%
19	3259 Other chemical product manufacturing	27%
20	<b>3361 Motor vehicle manufacturing</b>	<b>27%</b>
21	3321 Forging and stamping	27%
22	3323 Architectural and structural metals manufacturing	27%
23	3327 Machine shops, turned product, and screw, nut and bolt manufacturing	27%
24	3312 Steel product manufacturing from purchased steel	25%
25	3315 Foundries	22%
26	3251 Basic chemical manufacturing	20%
27	3311 Iron and steel mills and ferro-alloy manufacturing	16%
28	3262 Rubber product manufacturing	13%
29	3314 Non-ferrous metal (except aluminium) production and processing	11%
30	2122 Metal ore mining	8%
31	2123 Non-metallic mineral mining and quarrying	6%

Source: Census 2021

### Employment of Immigrants in Selected Occupations in Auto

The 2021 Census data in Table 3 on occupational employment shows that immigrants are highly represented in specific professional occupations - mechanical engineers (41% in assembly and 50% in parts production) and industrial and manufacturing engineers (50% and 51% respectively). These skills are essential to manufacturing and automotive manufacturing. The same is true for semi-skilled production and high skilled information technology (IT) jobs.

Immigrants are more than half of the labour force in a few occupations. For example, immigrants make up 67% of computer engineers in parts production, 52% in assembly; and 58% of software developers/programmers in parts production. However, for skilled trades, they tend to be underrepresented at <30% in both assembly and parts. The lowest share of immigrants was industrial electricians in manufacturing at 18%, and material handlers in parts production at 22%.

Table 3: Share of Immigrants Employed in Selected Occupations in Assembly and Parts Production

Occupation Type	Occupation	Manufacturing	Assembly	Parts Production
Professional/technical/managerial occupations	Engineering managers	37%	36%	29%
	Manufacturing managers	27%	27%	23%
	Mechanical engineers	<b>41%</b>	<b>41%</b>	<b>50%</b>
	Industrial and manufacturing engineers	<b>48%</b>	<b>50%</b>	<b>51%</b>
Skilled Trades	Welders and related machine operators	20%	25%	23%
	Industrial electricians	18%	23%	24%
	Machinists and machining and tooling inspectors	27%	28%	29%
Production	Supervisors, motor vehicle assembling	30%	30%	29%
	Plastic products assemblers, finishers and inspectors	<b>40%</b>	<b>40%</b>	33%
	Mechanical assemblers and inspectors	<b>35%</b>	<b>36%</b>	27%
	Motor vehicle assemblers, inspectors and testers	<b>41%</b>	<b>41%</b>	23%
	Material handlers	30%	26%	22%
Information Technology	Computer engineers (except software engineers/designers)	<b>52%</b>	<b>46%</b>	<b>67%</b>
	Computer systems developers and programmers	34%	28%	25%
	Software developers and programmers	<b>46%</b>	<b>39%</b>	<b>58%</b>
	Cybersecurity specialists	<b>42%</b>	34%	N/A

Source: Census 2021

### Educational Attainment of Immigrants in the Automotive Manufacturing Labour Force

Table 4 below shows the breakdown of the educational credentials of immigrants in the labour force in assembly and parts production compared with manufacturing and the overall economy. The data indicates that there is a low percentage of immigrants with a skilled trade certification at 2-3%. Parts production has the highest share of immigrants with high school or no credential at 42%, with assembly at 32%, and manufacturing at 39%, which are all higher than the overall economy at 26%. For the more educated, university certificate, diploma, bachelor or graduate degree (higher education), assembly has the higher share at 45%, parts at 35%, manufacturing at 39% and, which are lower than the overall economy, where 52% of immigrants have higher education credentials. The credentials break-down are reflective of immigration policy where higher education provides more points to applicants for permanent residence. Employment in Table 2 and credentials in reflects the prioritisation of degree level credentials over skilled trades in admitting people to Canada. A smaller pool of immigrants with skilled trades

qualifications leads to a lower number of immigrants (and smaller share of immigrant employees) hired into those positions since an applicant with employer-based training (such as an apprenticeship) do not score the same number of points as a university-educated applicant. The lower educated immigrant workers may have been admitted in the family reunification, or spouse/children of principal applicant category. The data suggests the need to reconsider how we recognise and value employer-based training in admissions.

Table 4: Educational Attainment of Immigrants in the Labour force by Credential

Credential	All industries	Manufacturing	Assembly	Parts manufacturing
No certificate, diploma or degree	8%	14%	7%	14%
Secondary school diploma or equivalent	19%	24%	25%	27%
Non-apprenticeship trades certificate or diploma	3%	4.3%	2.9%	3.9%
Apprenticeship certificate	2%	3%	3%	2%
3 months to < 1 year program (College, CEGEP and other non-university certificates or diplomas)	2%	2%	2%	2%
Program of 1 to 2 years or more (College, CEGEP and other non-university certificates or diplomas)	14%	13%	16%	15%
University certificate or diploma (pre or post bachelor) or bachelor level	35%	29%	30%	26%
Graduate Degree	16%	10%	14%	9%
Total	100%	100%	100%	100%

Source: Census 2021

## Wages

### Wages for Canadian-born Employees and Immigrant Employees<sup>2</sup>

Using 2022 Labour Force Survey data, we examine wages for immigrant employees. In *assembly*, immigrant employees made an average hourly wage of 9% more, or \$3.3 more, than their Canadian counterparts. This number decreases to only 1% greater when looking at the median hourly wage, implying that the wage distribution is skewed towards a group of high-earning immigrants. For weekly wages, immigrants in assembly earned 8% more than Canadian-born employees on average, and 3% more when looking at median wages. On the other hand, immigrants made less than their Canadian-born peers when looking at average and median wages (hourly and weekly) for parts production and manufacturing, in general. The differences in wages between industries is related to the types of jobs immigrants occupy in both sectors, as well as tenure. Immigrant employees occupy both highly skilled occupations and lower skilled occupations in the industry. Reasons for pay differences may also be related to tenure and other factors that require further research. See Table 5 below.

Table 5: Wages for Canadian-born Employees and Immigrant Employees in Assembly and Production

Wages	Sector	Total Wage (\$)	Born in Canada (\$)	Landed immigrants (\$)	Pay Difference (\$)	Immigrant Pay Gap (%)
Average hourly wages \$ (employees only)	31-33 Manufacturing	31.01	32.26	28.9	3.36	10%
	3361 Motor vehicle manufacturing	35.69	34.89	38.19	-3.3	-9%
	3363 Motor vehicle parts manufacturing	27.43	29.26	26.14	3.12	11%
Median hourly wages \$ (employees only)	31-33 Manufacturing	26.67	28	24.1	3.9	14%
	3361 Motor vehicle manufacturing	34.5	34.5	35	-0.5	-1%
	3363 Motor vehicle parts manufacturing	24	26	22.54	3.46	13%
Average weekly wages \$ (employees only)	31-33 Manufacturing	1,224.3	1,275.62	1,137.58	138.04	11%
	3361 Motor vehicle manufacturing	1,429.44	1,404.59	1,512.48	-107.89	-8%
	3363 Motor vehicle parts manufacturing	1,087.61	1,155.4	1,040.87	114.53	10%
Median weekly wages \$ (employees only)	31-33 Manufacturing	1,057.7	1,120	961.6	158.4	14%
	3361 Motor vehicle manufacturing	1,380	1,360	1,400	-40	-3%
	3363 Motor vehicle parts manufacturing	944	1,000	900	100	10%

Source: Labour Force Survey, CSTECH Custom Request 2023

<sup>2</sup> This data in the Labour Force Survey for wages refers only to employees not all workers (some of whom may be subcontracted workers for other companies).

## Wages for Canadian-born Employees and Newcomer Employees

Using the 2022 LFS data, when looking at wage differences between Canadian-born and newcomer employees (landed immigrants who arrived in the past 5 years), the wage gaps increase in magnitude. The mean newcomer hourly wage for assembly is 72% more than their Canadian-born peer, and the median hourly wage is 67% more. This gap is also seen in weekly wages for employees in assembly.

On the other hand, newcomer employees in parts production and manufacturing have lower wages than Canadian-born employees and longer-term immigrant employees. These trends and the relative size of this pay difference remain consistent when looking at median and average weekly wages. The differences in wages between industries is related to the types of jobs immigrants occupy in both sectors. Immigrant employees occupy both highly skilled occupations and lower skilled occupations in the industry but the large positive wage difference in assembly for newcomers indicate that they are hiring highly skilled people, which can also be seen in Table 3 above with selected occupations. See Table 6.

Table 6: Wages for Canadian-born Employees and Newcomer Employees in Assembly and Production

Wages	Sector	Total Wage (\$)	Born in Canada	Immigrants, landed 5 or less years	Pay Difference (\$)	Immigrant Pay Gap (%)
Average hourly wages \$	31-33 Manufacturing	31.01	32.26	27.91	4.35	13%
	3361 Motor vehicle manufacturing	35.69	34.89	59.89	-25	-72%
	3363 Motor vehicle parts manufacturing	27.43	29.26	23.03	6.23	21%
Median hourly wages \$	31-33 Manufacturing	26.67	28	23	5	18%
	3361 Motor vehicle manufacturing	34.5	34.5	57.69	-23.19	-67%
	3363 Motor vehicle parts manufacturing	24	26	20	6	23%
Average weekly wages \$	31-33 Manufacturing	1,224.3	1,275.62	1,098.21	177.41	14%
	3361 Motor vehicle manufacturing	1,429.44	1,404.59	2,341.38	-936.79	-67%
	3363 Motor vehicle parts manufacturing	1,087.61	1,155.4	909.07	246.33	21%
Median weekly wages \$	31-33 Manufacturing	1,057.7	1,120	920	200	18%
	3361 Motor vehicle manufacturing	1,380	1,360	2,307.6	-947.6	-70%
	3363 Motor vehicle parts manufacturing	944	1,000	800	200	20%

Source: Labour Force Survey, CSTECH Custom Request 2023

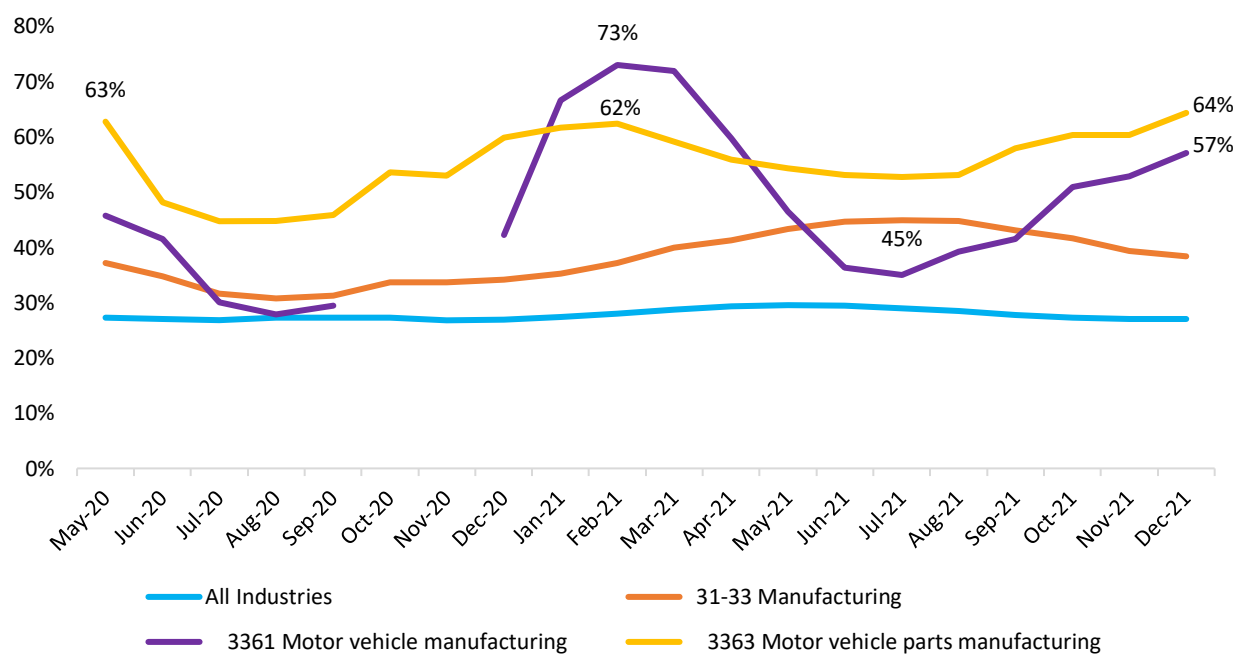


## Older Immigrants: A COVID-19 Pandemic Story

Older workers as a source of labour is overlooked in the literature on labour supply. As more people want work longer, out of necessity or choice, employers need to be open to hiring or retaining workers from this labour pool. The Labour Force Survey (LFS) asked workers aged 60 years and over, why they were working (by choice or necessity) during COVID-19. This is important given that they were seen as an at-risk group if they contracted the virus. Most who responded were working by necessity in each industrial sector. Looking at the immigrant share, it shows that immigrants were a large proportion of 60+ people who worked during the pandemic. Table 7 below shows monthly trends for older immigrants (as a share of all older workers) working in assembly and production from May 2020 to December 2021 (the pandemic period), compared with manufacturing and the overall economy.

The share of older immigrants working during the pandemic were much higher in assembly and parts production, than the overall manufacturing sector and the overall economy. For assembly, older immigrant workers reached a peak in Spring 2021 at 73% and for parts production, peaked in May 2020 and December 2021. The data also broke down 60+ aged workers who worked out of necessity or choice, which suggests that more immigrants worked out of necessity than Canadian-born during the pandemic. The information suggests that immigrant labour, even among older workers, is a reliable source for recruitment. Immigrants (principal applicants and adult family) also work past normal retirement years to account for entry into the Canadian labour market at an older age.

Table 7: Share of older workers (60+ years) who were immigrants working during the pandemic



Source: Labour Force Survey, CSTEK Custom Request

NB: No data for Oct. and Nov. 2020 for assembly.

# Immigration policy and programmes

This section provides a brief overview of immigration programmes and also looks at some recent immigrant admission data from government sources. We then provide some directions for shifting immigration policy to better match recruitment with the needs of the labour market. The data focuses on admissions of permanent residents, as the automotive and manufacturing sectors do not rely heavily on temporary foreign workers like other industrial sectors.

Canada has increased its annual immigrant targets in the past few years. The *2024-2026 Immigration Levels Plan* has annual targets for new permanent residents of **485,000** in 2024, **500,000** in 2025 and **500,000** in 2026. These targets are related to population decline and overall labour market needs in Canada. The 2023 Annual Report to Parliament on Immigration notes that in 2022, 437,539 permanent residents were admitted to Canada. (See Table 8) Outside of permanent residents, temporary foreign workers (TFWs), and international students also form part of the labour supply. Many international students work and study and use their Canadian work experience to transition to permanent resident status.

Table 8: 2022 Permanent Residents Admitted and Visa Holders

Legal Status	Count
Permanent residents	437,539
Prior work or study permit	124,970
Refugees	45,528
Study permit holders	550,187
Work permit (TFW/IMP)	604,382

Source: IRCC, 2023

## Immigrant Admission programmes

There are several routes to permanent residence. The table below summarises the various immigrant admission programmes in 2024.

Table 9: Summary of Immigration Programmes for permanent residence, 2024

Immigrant Category	Sub-group
Economic	<b>Federal High Skilled - Federal Skilled Worker Program, Federal Skilled Trades Program, and Canadian Experience Class.</b>
	Federal Economic Public Policies - time-limited temporary public policies for temporary resident to permanent resident pathways ending in 2023
	Federal Business (includes the Start-up Visa Program and the Self-employed Persons Program.)
	Economic Pilots: <i>Caregivers (Home Child Care Provider and the Home Support Worker Pilots and legacy programmes); Agri-Food Pilot; Rural and Northern Immigration Pilot; Economic Mobility Pathways Project. Admissions under the Municipal Nominee Program will be included here.</i>
	Atlantic Immigration Program
	<b>Provincial Nominee Program (PNP)</b>
	Quebec Skilled Workers and Business
Family	Spouses, Partners and Children
	Parents and Grandparents
Refugees and Protected Persons	Protected Persons in Canada and Dependents Abroad
	Resettled Refugees – Government Assisted
	Resettled Refugees – Privately Sponsored
	Resettled Refugees – Blended Visa Office-Referral
Humanitarian & Compassionate and Other	

Source: IRCC, 2023c

Canada's immigration system uses a human capital model for selecting immigrants. The Comprehensive Ranking System (CRS) is a points system used to select immigrants and favours university educated applicants. The Express Entry (EE) system was introduced in 2015 to refine the selection process. Currently the CRS allocates points based on:

- Core points for human capital characteristics (e.g., age, education, official language, work experience)
- Additional points component - a candidate can receive points for having a provincial/territorial nomination, arranged employment, Canadian post-secondary education credentials, French-language proficiency, or a sibling in Canada.

No one is guaranteed admission except for those with points for a provincial/territorial nomination. The CRS continues to privilege candidates with degree level education. TFWs and international students use the Canadian Experience Class (CEC) as a step to permanent residency status.

The PNP, which started in 1998, is targeted to ‘workers who have the skills, education and work experience to contribute to the economy of a specific province or territory and want to live and work there’ (IRCC). Each province/territory has more flexibility to decide who can be admitted. Under the PNP, the Rural and Northern Immigration Pilot (RNIP) started in 2019 to attract skilled workers to 11 smaller and northern communities across Northern Ontario and Western Canada. The legislation allowed the programme for five years, but it was extended to July 2024. In March 2024, IRCC announced that it will start the Rural Community Immigration Pilot and the Francophone Community Immigration Pilot in Spring 2024. The Federal government has indicated that the RNIP will be made permanent.

### Express Entry (EE) Application

People who want to apply for permanent resident status can apply through the online express entry application system using the *Federal Skilled Worker Program*, the *Federal Skilled Trades Program*, the *Canadian Experience Class*, and the *Provincial Nominee Program*. After legislative amendments to the Immigration and Refugee Protection Act (IRPA) in June 2022, the Minister of IRCC invited foreign nationals to apply for permanent residence through the EE using category-based selection. These people must have ‘skills and attributes needed to respond to Canada’s evolving economic needs and Government priorities. The development of categories for use in category-based selection rounds will be informed by data, labour market information engagement with provincial and territorial partners and stakeholder consultations. Categories will be based on key attributes, such as official language knowledge and work experience and will change over time’ (IRCC, 2022). In May 2023, category-based express entry was implemented. IRCC (2022) noted that this first round would ‘address structural labour market shortages and support economic growth through francophone immigration outside of Quebec’ (p. 9). Most of the occupations listed in the EE list are not where the shortages are in manufacturing, which are in skilled trades, semi-skilled jobs and labourers, although occupations such as industrial mechanic, welder, and transport truck driver have been added, which are in high demand in manufacturing. Currently, the NOCs (occupations) for EE are being updated every two weeks.

The immigration system has to do a better job in acknowledging labour market needs in assessing immigrants including where that need is in low skilled and semi-skilled jobs in manufacturing. The auto sector and broader supply chain require workers under the *Skilled worker and skilled trades category* and *PNP*. However, the 2022 category-based intake as indicated in the 2022 IRCC report included only one skilled trade in manufacturing - machinist and machining and tooling inspectors, and some IT positions that are also in demand. The 'other occupations' of people accepted may address labour shortages in other sectors but focuses on people with higher education credentials. Invitations to apply issued to candidates from 2020-2022 included 50% with masters/PhD and 40% with post-secondary credential of 3 years or longer. The latter could include skilled trades credentials if IRCC chooses to accept more people with a journeyperson credential of 3 or more years or certification of 2-3 years which could also be supported by work experience in the country of origin or Canada. Based on 2020 to 2022 invitations to apply under EE, the majority of people were already resident in Canada, followed by people resident in India, Nigeria and the USA. This means that these were not new arrivals being added to the workforce in Canada.

### Admission Trends by Category

Based on IRCC admission data<sup>3</sup>, over 1,000,000 people were admitted from 2015 to 2019 under various programmes. Under the *Skilled worker and skilled trades category*, there was a 17% increase, which is very small given the labour shortages for skill trades in various industrial sectors including manufacturing. There has been a 60% increase under the *Provincial/Territorial Nominee Programme*, where provinces can prioritise admission based on labour market needs. This includes a sub category for municipalities. The admission data in Table 9 for immigrant intake indicate that there has been a 103% increase from 2015 to 2019 in persons admitted under the *Canadian experience class (principal applicant)* admissions category. This supports the data that show international students and TFWs on work permits obtain work experience in Canada and apply for and are granted permanent resident status. The increase in international student enrollment at colleges and universities is linked to this subcategory. The *post-graduation work permit programme (PGWP)* has allowed international students to remain in Canada and work and apply for their permanent residency status.

IRCC and the Government of Ontario announced changes in March 2024 with regards to international student recruitment, which may impact manufacturing employers who have been recruiting these students to work in their companies. However, recruiting immigrants from the international student population is not always the most effective approach, as people are forced to enrol in education programmes, that may not interest them or which they cannot afford, as a backdoor to immigration. This is an opportunity cost for the international student both in terms of time and money. In addition, public and private higher education institutions should not become over reliant on international students to meet enrollment targets. There are other more

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<sup>3</sup> Admission year is the year in which an immigrant first obtained their landed immigrant/permanent resident status. This may or may not be the same as the year of arrival. The total number of residents (Total number of filers) represents the number of immigrant tax filers residing in Canada on December 31, 2020 tax year. Tax filers are used to net out people who may have died, left the country and/or not paying taxes.

efficient and effective ways to recruit immigrants based on labour market need through existing immigration programmes.

Recruiting immigrants from the international student pool at universities, also continue to prioritise the *human capital model* of recruitment, which has been beneficial in recruiting highly educated people for jobs in specific sectors. However, the numbers admitted based on admission programme does not reflect the current labour market needs that include jobs for the skilled trades, production workers and general labourers. A study by Hou et al (2019), using data from 2001 to 2016 shows:

The type of employment growth among university-educated workers varied considerably by immigration status. Among the Canadian-born, about 60% of employment growth was concentrated in high-skilled jobs. Among recent immigrants, the majority of employment growth was in low-skilled and medium-skilled jobs. Overall, university-educated immigrants accounted for 70% of the growth in low-skilled employment, but only 38% of the growth in high-skilled employment (p. 18).

The study indicates a mismatch between intake of immigrants and labour market need. Canada expanded higher education access at the same time that it was shifting to recruiting more highly educated immigrants. The labour market outcomes were underemployment and working in fields unrelated to their education, or unnecessary return to university in Canada due to lack of recognition of foreign credentials.

Table 10: Immigrant Tax filers by Admission Category and Admission Year, 2015-2019 (for tax year 2020)

Admissions	2015	2016	2017	2018	2019	% change, 2015-2019
Immigrants Sponsored by Family	52,510	62,345	64,435	66,065	67,930	29%
Economic Immigrant, principal applicant	68,770	62,405	73,255	83,435	87,200	27%
<i>Skilled worker and skilled trades, principal applicant</i>	27,525	27,120	22,420	31,265	32,150	17%
<i>Canadian experience class, principal applicant</i>	9,655	8,515	19,130	16,950	19,605	103%
<i>Provincial/territorial nominee, principal applicant</i>	19,150	18,725	21,500	27,350	30,590	60%
<i>Business programs, principal applicant</i>	1,500	1,305	1,165	1,075	875	-42%
<i>Caregiver, principal applicant</i>	10,940	6,740	9,040	6,800	3,980	-64%
Economic Immigrant, spouse and dependent	56,630	49,205	44,655	47,225	44,825	-21%
Refugees	22,995	37,270	27,885	29,630	30,935	35%
Other immigrants	3,135	2,760	2,645	2,825	3,400	8%
<b>Total</b>	<b>204,040</b>	<b>213,985</b>	<b>212,875</b>	<b>229,180</b>	<b>234,290</b>	15%

Source: Longitudinal Immigrant Database, CSTEC Custom Request

## Country of origin

Table 11 shows data for immigrants in admission years 2015 to 2020 and country of origin. India has been the main country providing immigrants, followed by the Philippines, and China. Of the top ten sending countries of immigrants, France and the US speak one of the national languages, and English is a second language for India and Pakistan. English is the official language in Nigeria although there are local languages spoken and some parts of the population do not speak English. For other sending countries, English or French would be a second language.

Table 11: Country of Origin of Immigrants to Canada, 2015-2020

Country of origin of tax filers	2015-2020
India	242,665
Philippines	163,980
China	113,005
Syria	48,270
Pakistan	37,805
Nigeria	30,175
Iran	30,080
United States	24,655
France	23,645
Brazil	15,835
Other	492,325
<b>Total</b>	<b>1,222,440</b>

Source: Longitudinal Immigrant Database, CSTEC Custom Request

The English as a Second Language (ESL) provided by settlement services are basic language training focusing on citizenship and community participation does not meet the requirements for work in plants where communications related to health and safety is important with regards to instructions and use of machinery. While there is some occupation-specific training available, in research conducted by CSTEC (2023), employers have noted that language remains an issue in plants where English is not the mother tongue. Immigrants in the top ten countries come from diverse parts of the globe; four countries are in Asia, one in Africa, one in Europe, one in Latin America, and two in the Middle East, along with the US.

## Labour Market Impacts of Immigration Policy Shifts for Auto and Supply Chain Employers

Based on qualitative research with employers, some experiences and observations are presented in this section to demonstrate how manufacturing companies enact immigration policy to address their labour needs.

- Employers use the *TFW programme* to bring in people to fill vacancies where they cannot find people. The programme was intended for this purpose. However, they find the process to use the online application portal, to find and recruit people, time-consuming and bureaucratic. *Labour Market Impact Assessments* are felt to be too time consuming and costly. This is challenging for small and medium-sized companies with small or no human resources departments.
- Employers have been approaching local colleges and universities to recruit international students as employees. One manufacturer noted that 90% of their production workers hired in 2023 were newcomers, and only some had their permanent resident status. They had been recruited as international students who wanted to transition to permanent residence. Positions for which employers had recruited for (from immigrants/newcomers and foreign students/TFWs) include supervisors, facilities/maintenance workers, human resources, electrician and millwright, and production workers. They find it difficult to hire local talent since not many people are entering the trades, so some employers are hiring directly from abroad by applying for LMIA's and getting TFWs.

*'Our organisation has been able to use the pilot program successfully and we would be eager to utilise the program in the future. Having access to international talent is critical for the ongoing success and growth of our community. With our Electric Arc Furnace transformation in progress, the demand for skilled trade workers is on the rise and the RNIP program can assist us to bridge this gap'.*

Laura Devoni Director of Strategy,  
Corporate Affairs, and Sustainability,  
Algoma Steel

#### Finding Workers: A Manufacturer's Story

'We are recruiting five people from the Philippines and three arrived and they had to await approvals for the others. We post vacancies on Indeed and the Canada job bank. The process is starting to work. We find the resume and contact them. We follow the internal recruiting process – do assessments, same as for Canadian workers except the interviews are virtual. Getting the work permits afterwards – the timing is strange. We got a couple quickly in a month. Others took a number of months. We applied in February (2023) and made requests and we are still waiting. Once the government gets the passport information, it's quick to process them. There is no specific person assigned to companies for the work permit. The new employees can go to Ministry of Labour and prove they have done the hours and can challenge the exam. No one has done that yet. We have registered apprentices. Ten apprenticeship positions were filled by people coming from Mexico and the Philippines. They have to come in as apprentices since there are no real equivalencies for other countries in the skilled trades'. (Interview, 2023)

- The educational requirement for some jobs are higher and wages are higher. There are unfilled higher-level positions, as well but people are not applying. Newcomers tend to be overqualified because they are using the student visa as a route to permanent resident status. One employer noted that a few people who were in production were hired into other jobs. People let Human Resources know if they have higher qualifications. They



moved a few newcomers into supervisor positions instead of trade or production to recognise their technical skills and supervisory experience.

- Language fluency in English impacts hiring. In a 2023 survey of CSTEAC coordinators who recruit newcomers and immigrant clients for the manufacturing sector in apprenticeship and production jobs, they noted that proficiency in English is an issue when recruiting newcomers for manufacturing jobs, especially from refugee populations. One employer indicated how they test language skills. They have a 30-minute conversation to see if they can converse in English. If they cannot converse in an interview, they ask them to work on their English and come back, since this is a safety issue in the plant.
- There has been success in finding workers from the refugee population, but this depends on the country of origin on whether people stay or are retained.
- Transportation is an issue for newcomers who do not have access to a car and where public transit is problematic in smaller towns.
- The TFW employees apply for permanent residence while working through EE. The immigration forms for people seeking a pathway to PR is confusing, i.e., The Form for the Employer to complete for Employee Permanent Residence Status. Employees ask for Confirmation of Employment letters to include job description, earnings, hours but they are unsure of what is required.
- IRCC should continue to engage employers through forums, workshops and advisory boards so that they can continue to learn the legal aspects (NOC codes) and government can understand employers' quickly evolving job requirements.
- Recognition of Foreign Credentials – Simplify/Streamline foreign qualification/credentials and address skilled trades credentials.
- Workers come from the Philippines, Mexico, India, and Brazil. This is reflected in the IRCC data.
- Retention – turnover rate is an issue, but it has been improving. A few newcomers may enrol in PSE education or find work in their field of study. Employers wonder if people will be retained after a few months and a few years. Retention is related to the mismatch of labour demand and supply skills in newcomers recruited and labour market needs.

## Conclusion

Given the nature of labour shortages in specific occupations in auto manufacturing and the supply chain; and the underemployment and oversupply of university-educated immigrants in the immigrant pool in fields where fewer job opportunities exist, a shift in immigration policy is needed. In addition, more focused support is needed for newcomers to integrate more quickly into the labour market. We make some recommendations to this end.

- Recruitment of immigrants should be based on the needs of the economy and skills shortages, which includes the semi-skilled jobs and skilled trades jobs. Increase the PNP quota that allows provinces to recruit based on labour market needs. Utilise the category-based occupations system under Express Entry to add NOCs (occupations) based on labour shortages. The government indicated that this change to EE will allow addressing labour shortages in specific occupations based on labour market forecasts, and the latter has been done by FOCAL for the automotive and broader supply chain.
- Reduce red tape and improve processing times for immigrants and TFWs.
- Improve recognition of skilled trades credentials and training to support employer hiring and newcomer labour market integration.
- Continue programs (e.g., RNIP) that incentivises immigrants to settle in towns and regions outside the metropolitan areas where manufacturing exists, and labour supply is waning.
- Provide pre-arrival online language training for approved candidates, especially related to industry and the Canadian workplace, and sector terminology and usage. Continue language skills supports, post-arrival, for people who need help to improve labour market integration.
- Continue the pathway to permanent resident status for TFWs (people on work permits and/or international students enrolled in high quality PSE (university and college) programmes) which are filling labour market needs.
- Government and employers need to continue to prioritise labour market demand for caregivers to allow women's participation in the labour market.
- Link immigration and recruitment to infrastructure needs – housing, transportation and access to healthcare outside metropolitan areas for workers. IRCC indicated a move 'to establish a *whole-of-government* and *whole-of-society approach* to admissions planning in order to promote integrated planning and coordination across levels of government and with partners and stakeholders. This recognises the need for access to healthcare and affordable housing for immigrants, in order to not just attract but retain them. Broader issues of affordable housing ownership and quality healthcare access are two issues that will impact Canada's ability to attract and retain immigrants, who have easy access to the US.
- Data collection and evaluation of immigration policy and programmes – Government should collect data on intended NOC and actual NOC in Canada; pre-arrival education and job relatedness; and retention, in addition to earnings, to assess success of immigration policy. In addition, utilise current government employer surveys to track hiring of immigrant labour and employer satisfaction.
- Government should fund outcomes-based labour market intervention programmes for newcomers with high touch service, customised to address specific cohort challenges

and skills profile, and matching with appropriate employers and jobs to promote retention with wraparound supports.

- Employers have to address immigrant pay gaps for workers doing the same or different jobs and performing at a high level, observing the principle of equal pay for work of equal value.

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