



Commentaries on the Signature Project: "Addressing Labor Shortages Due to Low Birth Rates and Aging Population in the APEC Region"

Successes and Failures of Cross-border Temporary Labour Migration Policies in Addressing Labour Shortages and Enhancing Economic Productivity

Sharon Zhengyang Sun

*Distinguished Fellow, Asia Pacific Foundation and Canada West Foundation/ Stephany
Lavery, Senior Policy Analyst, Canada West Foundation (Canada)*

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SUMMARY

- Demographic pressures across APEC, predominantly aging populations and low fertility rates, are shrinking workforces, straining economic productivity, and drawing greater policy attention to temporary cross-border labour migration as a potential solution.
- Canada's experience offers valuable lessons for other APEC economies. While temporary migration has helped address labour shortages, especially in low- and medium-skilled sectors, it has also revealed structural vulnerability and socio-economic trade-offs. These include policy instability, limited residency pathways, wage pressures, housing and service strains, and underutilised migrant skills due to weak credential recognition.
- APEC economies – including Canada – should adopt a coordinated, long-term approach to labour migration that balances workforce needs with sustainability, infrastructure, and social capacity. Strengthening regional cooperation through tools such as Mutual Recognition Agreements (MRAs) can improve cross-border credential harmonization, support migrant integration, and enhance professional mobility across the region.

Demographic pressures and emerging policy responses

Many advanced economies in the Asia-Pacific Region are grappling with the challenges of low birth rates and aging populations (Figures 1 and 3). Economies such as Japan, Korea and China recorded historically low fertility rates in 2023 of 1.20, 0.72, and 1.00 respectively. As population pyramids become increasingly bottom-light and top-heavy – taking on the shape of obelisks, as illustrated by [McKinsey & Company](#) in Figure 2 – this demographic shift is leading to shrinking workforces, rising dependency ratios and mounting pressure on public finances. The recent COVID-19 pandemic further exacerbated and complicated efforts to address labour market shortages. In response, greater emphasis and consideration have been given to cross-border labour migration

and temporary immigration systems¹ as policy tools to bolster labour supply and sustain economic dynamism in the face of demographic decline. Most cross-border labour migration in the Asia Pacific occurs within the region and traditionally has been temporary and transitory;² however, advanced APEC economies are increasingly easing barriers to both temporary visas and permanent residency.³

As an APEC member economy, Canada, too, shares many of these same demographic challenges, including low fertility rates, an aging population, and labour market constraints. Immigration – both permanent and temporary – has long been, and continues to be, a central pillar of Canada’s approach to addressing these challenges. Cross-border labour mobility is deeply woven into Canada’s national identity, social fabric, and economic development model, serving not only as a remedy for workforce shortages but as a strategic lever for long-term growth and competitiveness.⁴ Temporary labour migration, in particular, has significantly contributed to Canada’s recent population growth (Figure 4) and to filling workforce gaps across both low- and high-skilled industries. As demographic headwinds intensify, lessons from Canada’s successes and shortcomings in its cross-border temporary labour migration policies may offer insights for other APEC member economies.

Canada’s temporary labour migration policies

Canada operates several temporary labour migration programs designed to address sector-specific labour shortages, mainly the Temporary Foreign Worker Program (TFWP) and International Mobility Program (IMP). With designated streams under each program (Figure 5), the IMP and TFWP together account for most of the temporary work permits

¹ Expansive literature has proliferated, including [Endoh, 2019](#). “The politics of Japan’s immigration and alien residence control”; [Kalicki, 2021](#). “Toward Liberal Immigration Control: The Case of Japan.” *Asian Survey* (2021) 61 (5): 854–882; [Jinwook Hur, 2020](#). “Immigration to Korea: A Fiscal Boon or Burden?; [Kim & Lee, 2023](#). “Task specialization and low skilled immigration in a highly educated country: evidence from Korea”

² [Global megatrends shape migration dynamics | Demographic Changes](#)

³ <https://www.economist.com/asia/2024/08/29/rich-parts-of-asia-are-on-the-hunt-for-immigrants>

⁴ <https://www.thecanadianencyclopedia.ca/en/article/immigration>, para. 1

issued in Canada, with 285,750 and 82,000 permit targets respectively planned for 2025. These programs provide short-term migrant labour across sectors such as agriculture, construction, manufacturing, healthcare and various services.⁵ Figure 6 illustrates the sectors with the highest TFWP usage last year. The key difference between the two is that TFWP requires employers to obtain a Labour Market Impact Assessment (LMIA) to prove that no such local labour is available. Conversely, IMP exempts the LMIA requirement when the position aligns with Canada's broader economic and cultural interests through free trade agreements (FTAs), intra-company transfers, youth exchange, working holiday arrangements, etc. Unlike many Asian economies such as Japan that distinguish between high- and low-skilled labour, Canada differentiates based on wage levels to avoid oversimplifying the complexity of certain occupations. Nevertheless, programs in the High-Wage Stream and Global Talent Stream and under the IMP tend to focus on higher-skilled positions while the rest focus on low- to medium-skilled positions. Each admission stream has distinct requirements that reflect the nature of the job, wage level, and risk of exploitation associated with positions eligible under the program.

Lessons for advanced economies in the Asia-Pacific

The temporary labour migration programs in Canada have been successful from the perspective of addressing labour shortages and population growth. In 2022, temporary workers who had become permanent residents comprised half of recent economic immigrants to the economy.⁶ In 2023, "Canada's population growth would have been almost three times less (+1.2%)" without temporary migration.⁷ The use of TFWP workers, for example, has been highly effective in addressing labour shortages in Canada, particularly in lower-skilled sectors such as agriculture and tourism (accommodation and food services) , resulting in structural reliance within these industries. Figure 4 shows Canada's annual immigration flows by stream and the increasing share of temporary

⁵ <https://doi.org/10.1080/01436590802386542>

⁶ <https://www.statcan.gc.ca/o1/en/plus/7457-temporary-foreign-workers-canada-explained>

⁷ [The Daily — Canada's population estimates: Strong population growth in 2023](#)

labour migration.

Work-term durations and the ability to obtain permanent residency (PR) are important factors of consideration for both high- and low-skilled labour migrants when choosing an economy for temporary employment. Temporary foreign labour programs can serve as an entry point, allowing workers to experience life in the host economy before committing to long-term settlement. While Canada offers a broad range of pathways to permanent residency for temporary workers across all skill levels, navigating all the programs can be extremely challenging. Canada's permanent residency, which is based on a points-based system developed in the late 1960s, tend to focus on high-skilled individuals. The higher-skilled temporary streams under Canada's TFWP and IMP have both direct and indirect pathways to permanent residency. For example, the Caregiver program provides a direct route to permanent residency upon arrival. Low- and medium-skilled temporary streams do have pathways to permanent residency, albeit indirect, where workers can later apply for PR with local work experience that gives applicants higher merit points. Alternatively, low- and medium-skilled workers can transition to permanent residency through non-points-based programs such as the Provincial Nominee Programs (PNPs) of employer-driven streams (e.g., non-seasonal agriculture, truck driving), even though this type of program differs across provincial jurisdictions. Finally, lower-skilled programs such as the Seasonal Agricultural Worker Program (SAWP) continue to exclude PR options, leaving workers in cycles of temporary status and prolonged precarity. Comparatively, Japan established a temporary-to-permanent residency pathway in 2012 that also uses a points-based system, though it primarily targets high-skilled labour only.⁸ Japan's Specified Skilled Worker (SSW) visa, a historic reform introduced in 2019, offers a much longer duration of temporary work than Canada's equivalent, up to five years in occupations such as agriculture and food services.⁹ Longer work-term durations and clear and accessible pathways to permanent residency are vital for attracting and retaining skilled labour, particularly in the context of

⁸ [Points-Based Immigration System for Highly-Skilled Foreign Professionals | Kyoto University International Service Office](#)

⁹ <https://www.mofa.go.jp/mofaj/ca/fna/ssw/us/overview/>

population decline. Canadian temporary programs have short durations of only one to two years.

At the same time, overly generous or rapid transitions of temporary-to-permanent residency can have unintended consequences. While these pathways benefit workers and support population growth, they may disincentivize employers from participating in the programs if they risk losing trained workers to other employers once permanent residency is obtained. Additionally, the recent surge in temporary foreign workers has posed broader challenges for the Canadian economy, including strains on housing markets, wage pressures, domestic labour competition, and increased demand on social services and infrastructure.

In 2022, to address post-pandemic labour shortages, the government temporarily increased the cap on the proportion of a company's workforce that could consist of temporary foreign workers (TFWs) from 10% to 20%, and up to 30% for sectors such as construction and healthcare experiencing acute shortages.¹⁰ This policy adjustment led to a notable increase in TFW applications in sectors such as real estate, health care, mining and oil and gas extraction (Figure 6), sparking rising concerns among domestic workers in low-wage positions in particular. Research indicates that domestic workers in low-wage positions are most susceptible to wage fluctuations stemming from the TFWP and experience on average a 0.57% drop in wages.¹¹ Critics also argue that overuse in low-skilled jobs reduces incentives for employers to invest in automation or domestic training. Simultaneously, the influx of TFWs intensified demand and exacerbated existing housing shortages, contributing to higher housing and rental costs. On average, TFWs paid 21% more in monthly rental costs compared to Canadian-born individuals living in the same urban areas.¹² Lastly, a 2024 poll indicated that 64% of Canadians believed

¹⁰ <https://www.cicnews.com/2025/01/the-biggest-changes-to-canadas-temporary-foreign-worker-program-tfwp-in-2024-a-year-in-review-0150014.html#gs.l586iw>

¹¹ <https://clef.uwaterloo.ca/wp-content/uploads/2023/06/CLEF-057-2023.pdf>

¹² https://www150.statcan.gc.ca/n1/pub/36-28-0001/2024010/article/00004-eng.htm?utm_source=chatgpt.com

immigration had strained social programs such as healthcare and education.¹³ In response to these challenges, Canada quickly reversed these policies, reverting the TFW cap to 10% with no new TFWs for regions with high unemployment rates (6%+), and limiting the employment term to one year instead of two.¹⁴ The IMP also imposes stricter eligibility for open spousal permits and post-graduation permits as of 2025.¹⁵ Canada aims to reduce temporary residents to 5% of the population by the end of 2026.¹⁶

These developments highlight the complex and delicate balance between immigration policies and domestic economic and social systems. While increasing the TFW cap addressed immediate labour shortages, it also underscored the need for comprehensive planning to ensure that infrastructure and social services can accommodate population growth. Rapid policy swings – whether to expand or restrict immigration, including TFW streams – have created system-wide challenges in Canada, weakening domestic support for immigration while also damaging the economy's international reputation.¹⁷ As a economy that relies on immigration, such disruptions can have far-reaching and lasting effects if employers are unable to access the talent needed to not only survive but thrive. Sudden changes have also deepened the precarity faced by temporary workers, increasing the risk they could lose their status and become undocumented migrants.¹⁸ In some cases, TFWs apply for refugee or asylum status to remain in the economy, which in turn delays processing for legitimate claims.¹⁹ These trade-offs highlight the importance for advanced Asian economies of designing cross-

¹³ https://broadbentinstitute.ca/research/shifting-borders/?utm_source=chatgpt.com

¹⁴ <https://www.mltaikins.com/insights/federal-government-announces-restrictions-to-low-wage-stream-of-the-temporary-foreign-worker-program/>

¹⁵ <https://www.dentons.com/en/insights/articles/2024/september/20/canadian-government-announces-upcoming-changes>

¹⁶ <https://www.dentons.com/en/insights/articles/2024/september/20/canadian-government-announces-upcoming-changes>; <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2025-2027.html>

¹⁷ <https://financialpost.com/news/economy/canadian-immigration-system-lost-its-brand>

¹⁸ [Temporary foreign workers: Your rights are protected - Canada.ca](https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2025-2027.html)

¹⁹ [Some migrants in Canada lose work status while applications languish | Reuters](https://www.reuters.com/world/canada/some-migrants-canada-lose-work-status-while-applications-languish-2024-09-11/)

border temporary labour migration and temporary-to-permanent residency pathways that carefully balance workforce needs with long-term sustainability and social capacity.

Finally, Canada faces significant challenges in recognizing foreign credentials, resulting in systemic underemployment among high-skilled immigrants – unlike some APEC economies such as Japan, China and Australia which have made greater strides in credential recognition and alignment. The issue is particularly acute in healthcare, engineering, law and other regulated professions where licensing requirements are stringent and vary across provinces. For example, foreign degrees from non-Western institutions are 2.7 times more likely to be devalued than Canadian or Western credentials.²⁰ These disparities show how the perceived quality of foreign education, language fluency, and other factors shape labour market outcomes. Many regulatory bodies also require local work experience, which poses barriers for newcomers, as immigrants with foreign work experience are 61% less likely than Canadian-trained peers to have their experience recognized.²¹ The lack of credential recognition undermines both the attraction and retention of temporary and permanent residents, and remains a barrier to economic integration, contributing to declining productivity and perpetuating talent underutilization in critical sectors, particularly healthcare and STEM sectors, where labour shortages are acute.²² ²³ Underemployed immigrants are estimated to cost the Canadian economy between CAD\$13.4 and \$17 billion annually in lost productivity.²⁴ In response, the federal government has launched initiatives such as the Foreign Credential Recognition (FCR) Program and committed new funding to improving credential recognition systems, particularly in the healthcare and construction sectors.²⁵

²⁰ <https://cdhowe.org/publication/canada-wasting-talents-skilled-immigrants/>

²¹ https://needsinc.ca/wp-content/uploads/2022/03/Abdul-Karim_Abdul-Bari_Masters-Thesis.pdf

²² <https://cdhowe.org/publication/canadas-underemployed-economic-immigrants-how-stop-wasting-talent-globe-and-mail/>

²³ <https://www.bankofcanada.ca/2024/03/time-to-break-the-glass-fixing-canadas-productivity-problem/>

²⁴ <https://www.sprawlgary.com/foreign-credential-recognition-canada>

²⁵ https://www.canada.ca/en/employment-social-development/news/2025/03/added-essential-talent-and-depth-to-canadas-growing-healthcare-and-construction-sectors.html?utm_source=chatgpt.com

Nevertheless, jurisdictional consistency and harmonization in credential standards across provinces domestically and across economies through partnerships are essential in addressing these issues. APEC's initiative on Mutual Recognition Agreements (MRAs) for Professional Qualifications and Licensure focus on supporting the cross-border mobility of professionals and streamlining the recognition of qualifications across member economies.²⁶ Spearheaded by Australia, the initiative developed resources such as APEC MRA Inventory, MRA Toolkit, and MRA Community of Practice to foster collaboration and transparency, helping economies understand and implement MRAs effectively.²⁷ APEC MRA Inventory, for example, provides a searchable inventory by occupation to show where credentials are mutually recognized by agreements and to which economies the agreements would apply.²⁸ Canada currently has MRAs in 13 of the 34 professions listed under the APEC MRA Inventory with 15 APEC economies. APEC member economies should collaborate to further expand the number of professions that its MRAs encompass. Further, Canada should collaborate with APEC member economies to increase the number of MRAs it has with APEC member economies, foster regional cooperation, improve international recognition of professional licensure and qualifications, and enhance the mobility and interoperability of professional services across the region.²⁹

Conclusion

For APEC economies grappling with declining birthrate and workforce challenges, Canada offers lessons on how cross-border temporary labour migration policies can strengthen the workforce, particularly in lower-skilled positions which are less attractive to domestic workers, or in sectors where demand outstrips the capacity of educational systems to supply the required high-skilled talent. Canada's successes and shortcomings highlight the need for economies in the Asia-Pacific region to adopt a coordinated, holistic

²⁶ <https://www.apecservicesmras.org/>

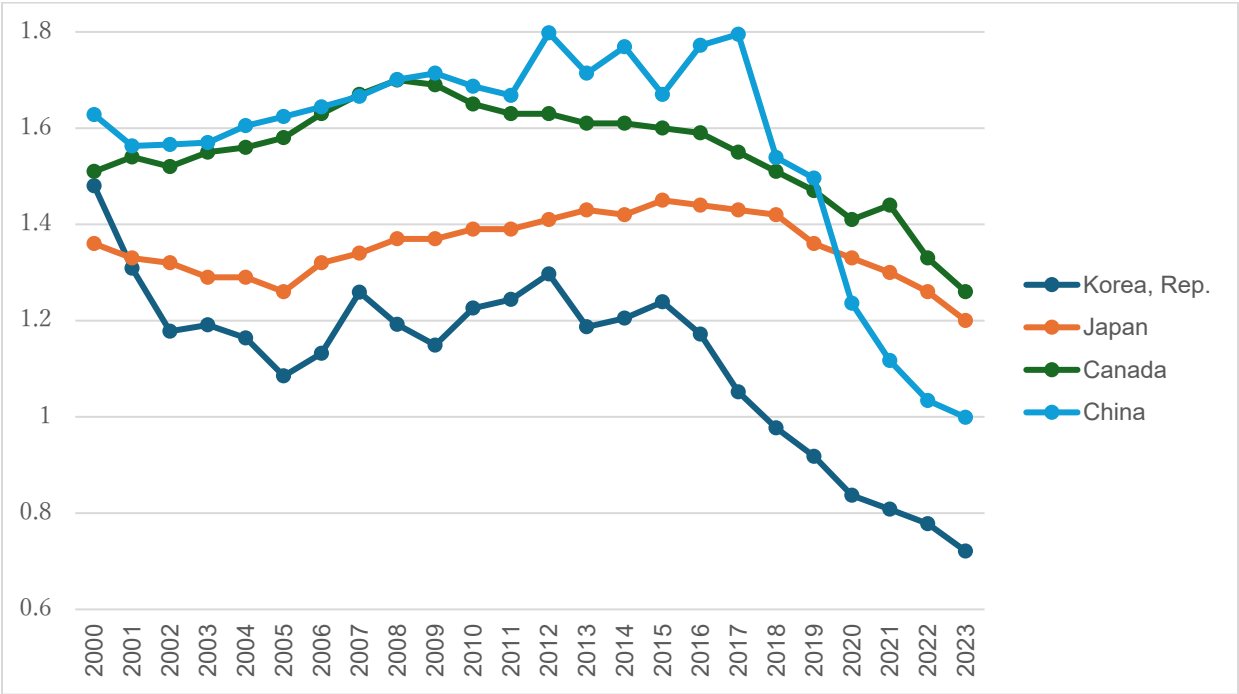
²⁷ <https://www.apecservicesmras.org/about/>

²⁸ <https://aasc.knack.com/mra-inventory>

²⁹ https://www.apec.org.au/_files/ugd/ab46bb_bfa18ec963b44cc0abe5b0c9f4af5bf6.pdf

systems-based approach involving multiple stakeholders. This includes collaboration at the inter-governmental, sectoral and regional levels. A balanced, systemic view – one that carefully considers the interconnections between workforce needs and long-term sustainability including temporary-to-permanent residency pathways, housing, infrastructure and social services – is essential. The room to develop and collaborate under APEC's MRA initiative emphasizes the need to strengthen regional cooperation aimed at enhancing labour mobility and professional integration across APEC economies.

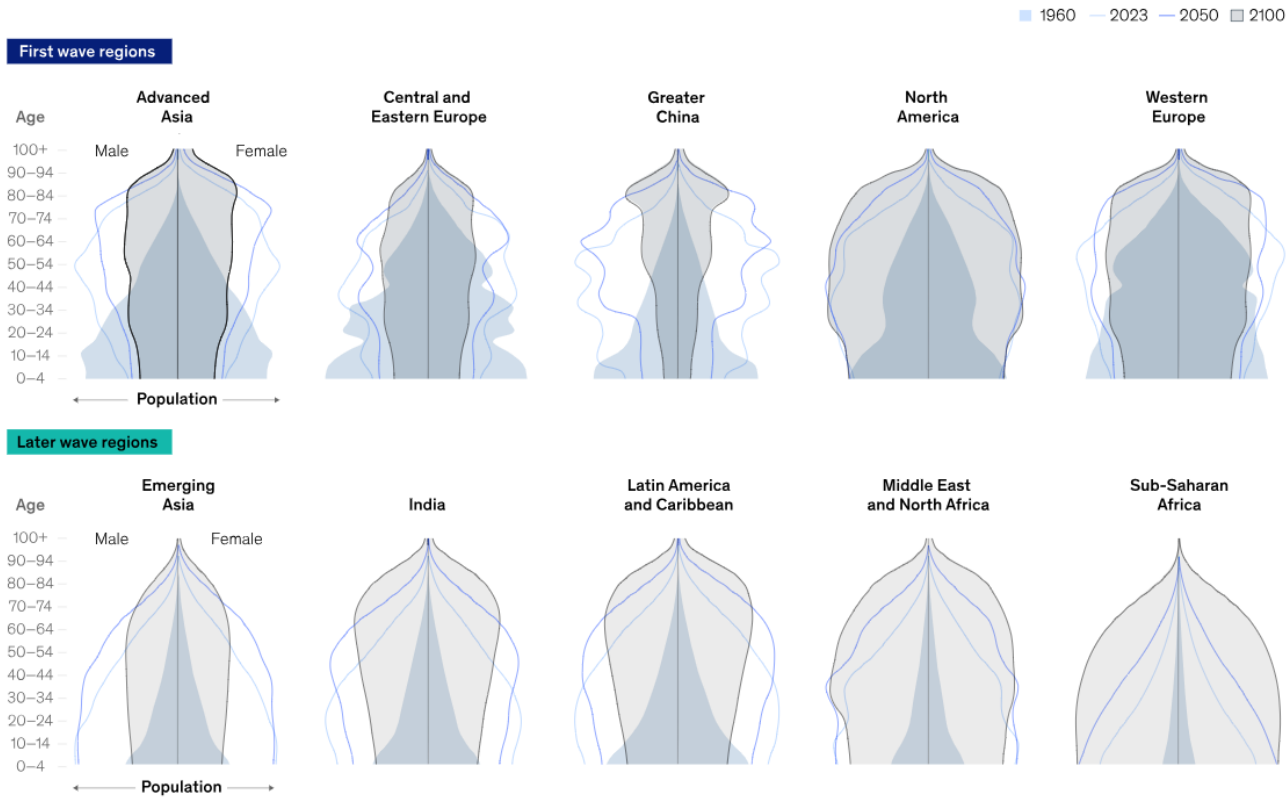
Figure 1: Total fertility rates (births per woman)



Source: [World Bank Development Indicators, 2025](#)

Figure 2: Population pyramid breakdown by gender and age group, 1960-2021

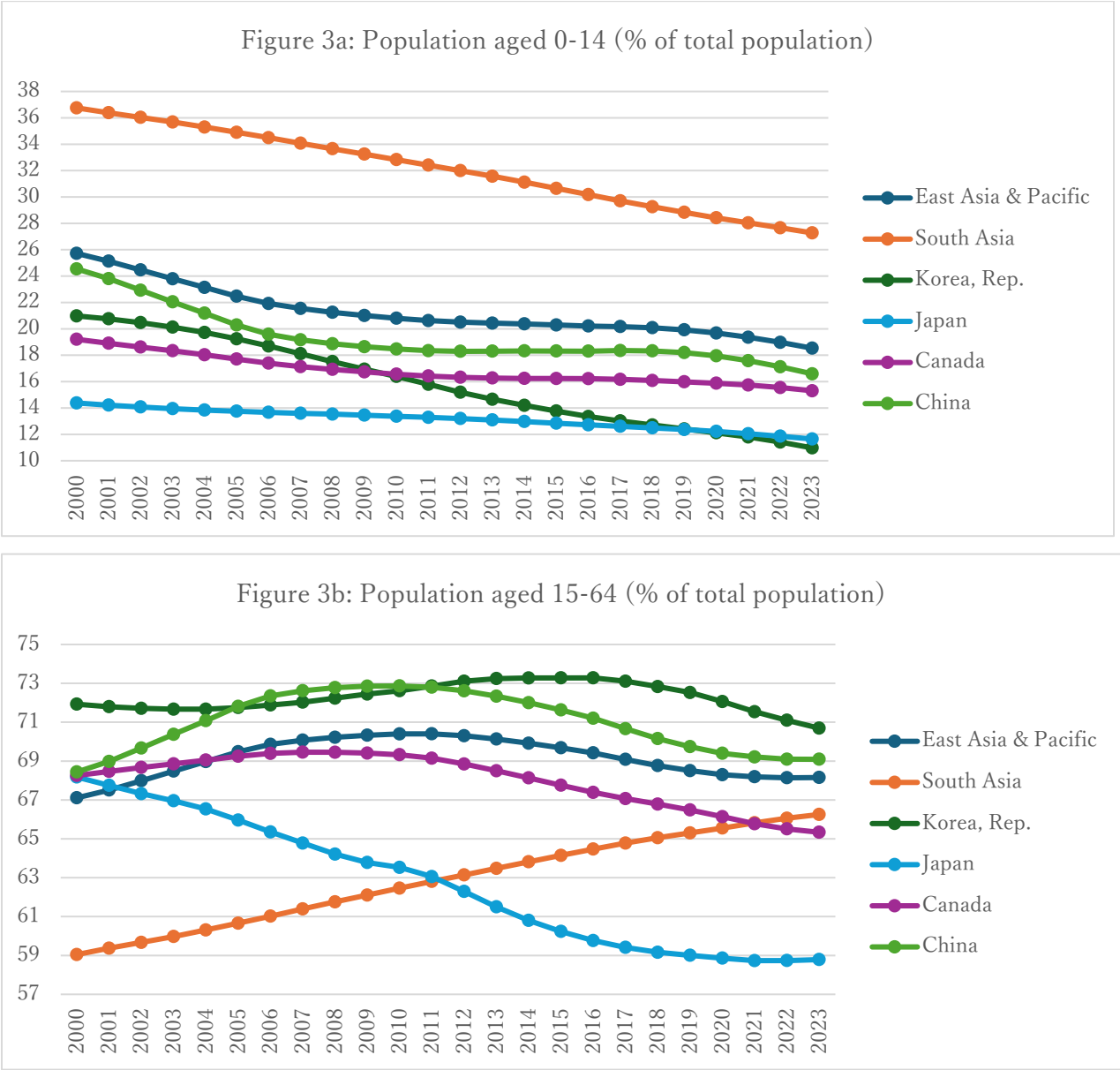
Population breakdown by gender and age group, 1960–2100

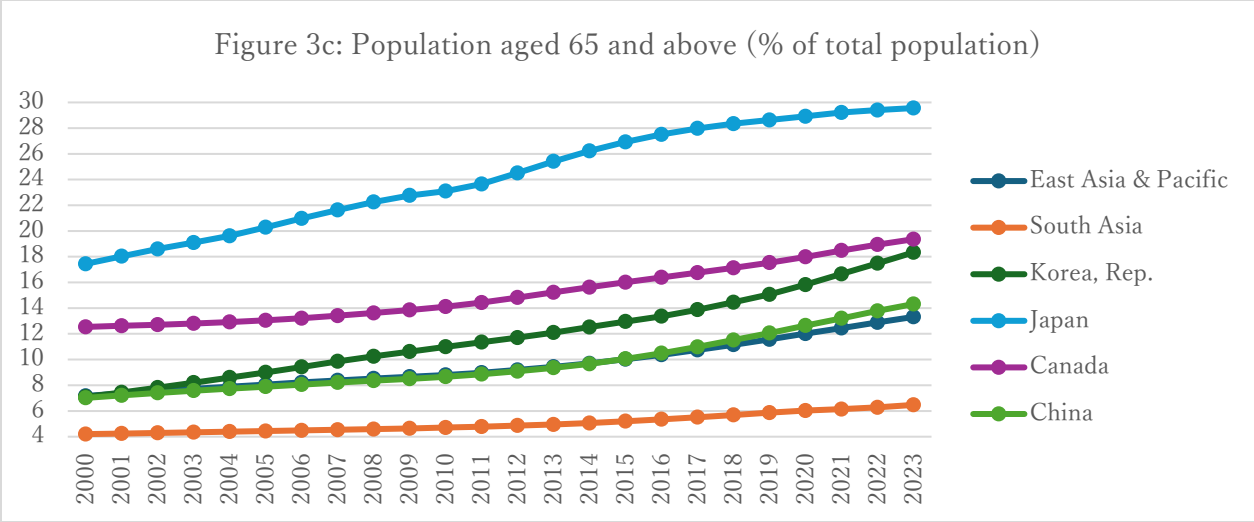


Note: Pyramids are drawn to scale within each region but not between regions.
Source: *World Population Prospects 2024*, United Nations; McKinsey Global Institute analysis

Source: *McKinsey Global Institute analysis, 2025*

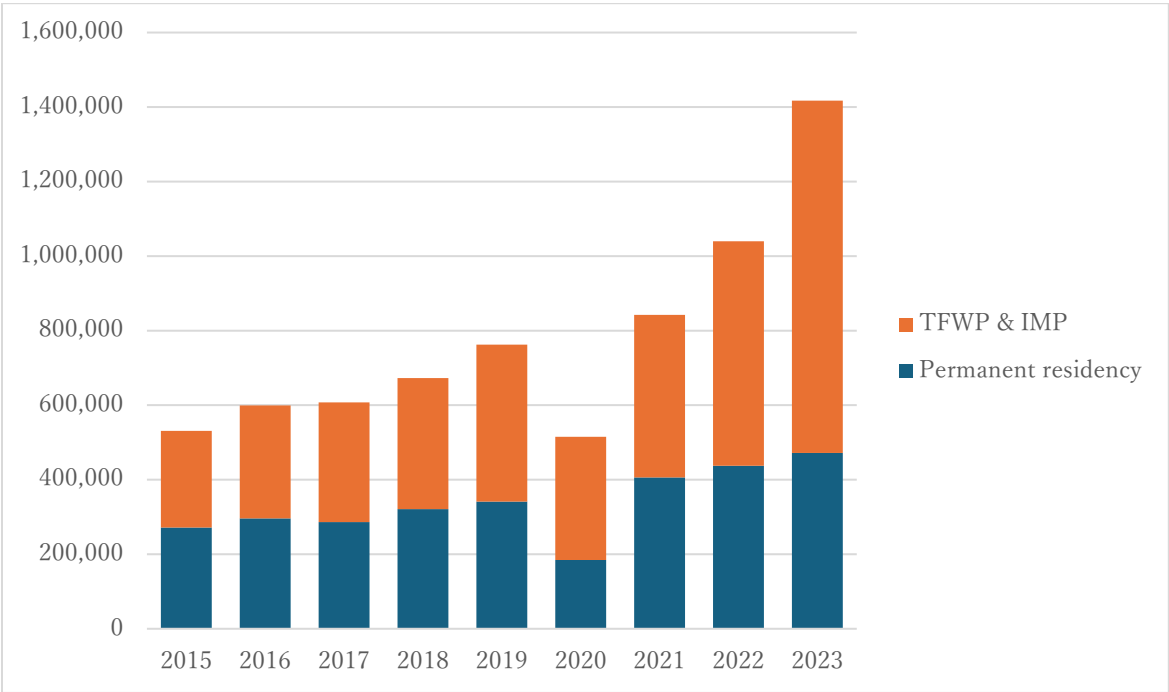
Figure 3: Population by Age Group in Selected Economies (2000–2023)





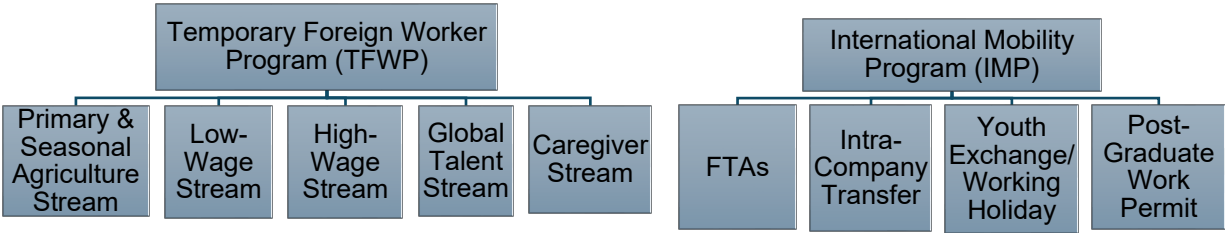
Source: [World Bank Development Indicators, 2025](#)

Figure 4: Annual immigration to Canada



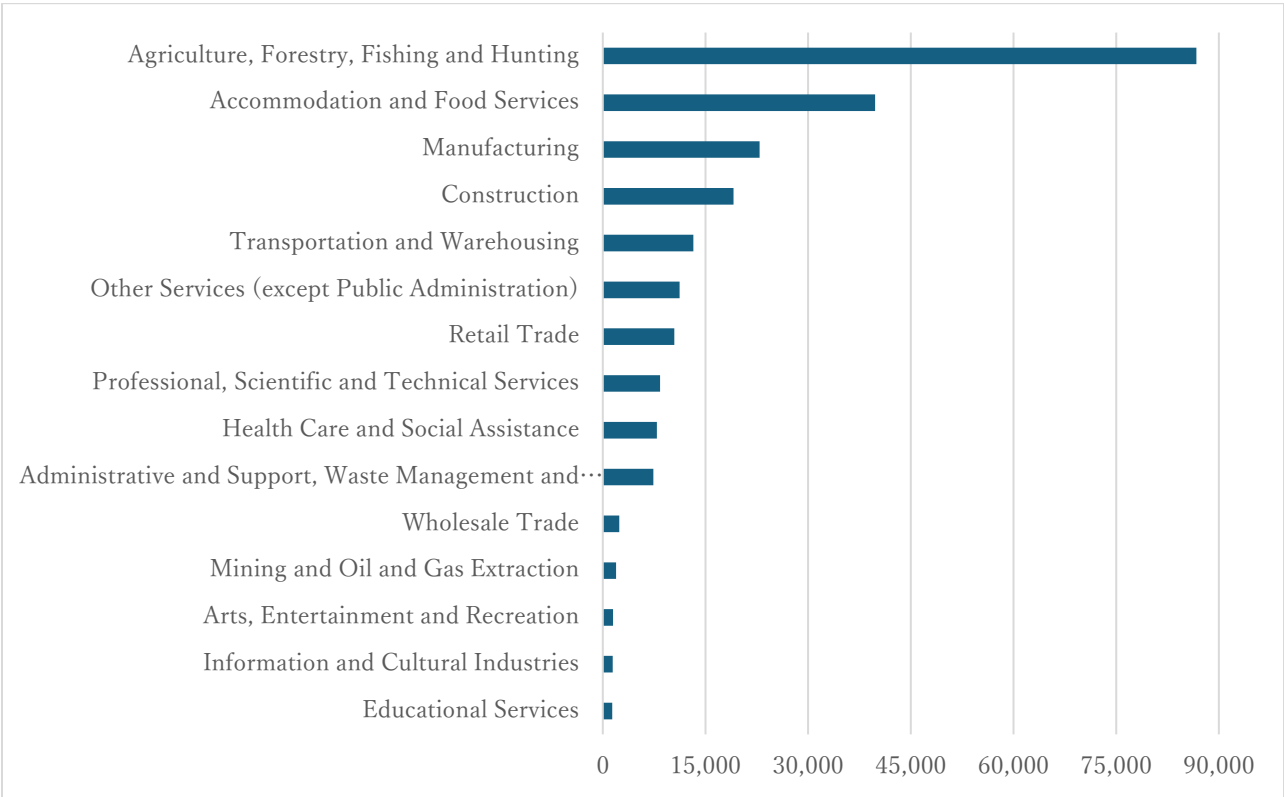
Data Source: [Government of Canada, Open Government Portal, 2025](#)

Figure 5 Canada's temporary labour migration programs



Source: Prepared by author

Figure 6 Number of Approved TFWP Applications in Canada for Top 15 Sectors, 2024



Source: Temporary Foreign Worker Program Labour Market Impact Assessment Statistics 2017-2024