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by Yuqian Lu

Release date: June 3, 2020

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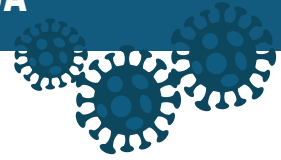
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Temporary foreign workers (TFWs) have played an increasingly important role in the Canadian labour market in recent years (Lu and Hou, 2019). Close to 470,000 foreign nationals have a work permit that became effective in 2019, compared to 340,000 in 2017 and 390,000 in 2018.¹ However, their contribution to the labour market could be severely impacted by the COVID-19 pandemic and the measures taken by governments at all levels to contain the spread of the virus. Even though TFWs are allowed to enter Canada, the availability of new TFWs may be reduced or delayed due to travel restrictions in some source countries, their unwillingness to travel due to the fear of virus infection, and the mandatory 14-day self-isolation policy upon arrival. Additionally, many businesses are temporarily closed or are operating considerably below their full capacity, which could lead to disproportionate layoffs among temporary foreign workers.

In 2017, there were about 550,000 temporary foreign workers in Canada, accounting for 2.9% of total employment. Although the overall percentage of TFWs may not be large, they were particularly important in agriculture, forestry, fishing, and hunting, accounting for 15.5% of the employment in that sector. In contrast, the share of TFWs in other goods-producing sectors was generally small, amounting to 1.0% of employment in mining, quarrying, and oil and gas extraction, and 1.7% in manufacturing.

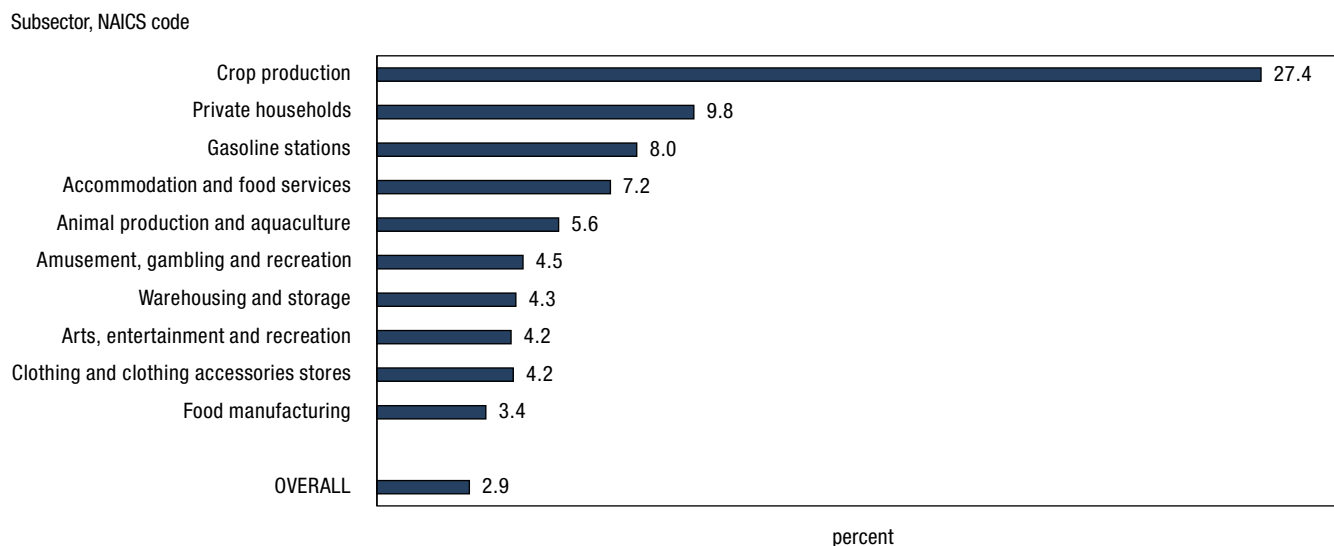
Among services-producing sectors, the highest proportion of TFWs was observed in accommodation and food services at 7.2%, followed by 5.8% in administrative and support services, waste management and remediation services, 3.8% in professional, scientific and technical services, and 3.8% in arts, entertainment, recreation, information and cultural industries. The shares of TFWs were relatively low in transportation and warehousing (1.7%), finance and insurance (1.6%), healthcare and social assistance (1%), and utilities (0.5%). All four industries have been providing essential services during the pandemic.

If the data is further broken down, it is clear that TFWs are more concentrated in specific subsectors (Chart 1). For example, 27.4% of employees in crop production were foreign workers in 2017. In fact, TFWs accounted for 41.6% of the agricultural workers in Ontario, and over 30% of the agricultural workers in Quebec, British Columbia and Nova Scotia during the year.

1. [Temporary Residents: Temporary Foreign Worker Program \(TFWP\) and International Mobility Program \(IMP\) Work Permit Holders – Monthly IRCC Updates.](https://open.canada.ca/data/en/dataset/360024f2-17e9-4558-bfc1-3616485d65b9#wb-auto-6) <https://open.canada.ca/data/en/dataset/360024f2-17e9-4558-bfc1-3616485d65b9#wb-auto-6>



Chart 1
Proportion of temporary foreign workers, selected industries

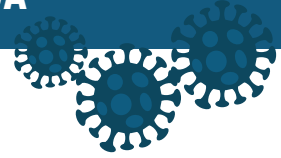


Note: NAICS = North American Industry Classification System.
Source: Statistics Canada, Canadian Employer–Employee Dynamics Database.

Some non-agricultural industries that are continuing to operate during the COVID-19 pandemic also have a relative high share of TFWs. In 2017, TFWs were over-represented in private household services (9.8%), gasoline stations (8%), warehousing and storage (4.3%), and food manufacturing (3.4%). In contrast, in non-essential industries in which TFWs are concentrated, such as accommodation and food services, general retail stores, amusement, recreation, and cultural industries, many of the employers had to suspend operations.

The impact of TFWs can also be assessed at the firm level. In 2017, 10% of firms in Canada employed at least one TFW. Furthermore, in 3.6% of Canadian firms, TFWs accounted for at least 30% of their annual workforce. In particular, 17% of the employers in private household services, and about one-tenth of the firms in crop production, gasoline stations, and food services and drinking places, had at least 30% of their employees as TFWs. In addition, in 6.6% of food and beverage stores, 5.2% of real estate companies, 4.3% of businesses in accommodation services, and 4.2% of food manufacturing firms, TFWs accounted for 30% or more of the annual workforce. Therefore, possible shortages of TFWs may have a significant impact on the performance and survival of these firms during and after the pandemic period.

It is too early to know the full impact of the COVID-19 pandemic on the supply and demand for TFWs, but given the continuous growth in the number of TFWs in recent years, the analysis provides important implications for the possible delays in the inflow of new TFWs that could affect essential services during the pandemic and the upcoming economic recovery period. This may have a particularly strong effect on the agriculture sector, given that the timing of pandemic coincides with the period of highest demand for seasonal agricultural foreign workers who primarily come to Canada in the spring and early summer.



Data and Methods

This article uses the 2017 Canadian Employer–Employee Dynamics Database (CEEDD) to examine the distribution of temporary foreign workers across industrial sectors and firms. Temporary foreign workers (TFWs) are defined as temporary residents (exclude visitors) who received a T4 slip during the year. If a TFW had multiple T4 records, only the information of the employment with the highest earnings is used.

Reference

Lu, Yuqian, and Feng Hou. 2019. “Temporary Foreign Workers in the Canadian Labour Force: Open Versus Employer-specific Work Permits.” Statistics Canada catalogue no. 11-626-X No. 102. *Economic Insights*. Statistics Canada. Ottawa.

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