# International Students, Institutional Incentives, and Canada's Policy Recalibration

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**Canada's reduction of international study permits reflects growing concerns about the sustainability of temporary migration and the pressures associated with rapid enrolment growth. This article argues that the current contraction is not solely the result of government policy but also of institutional reliance on international tuition revenue and concentrated recruitment practices. It examines the ethical and financial tensions within Canada's international education model and highlights the need for a more sustainable approach that balances economic benefits, student welfare, and public confidence.**

## INTRODUCTION

The Government of Canada's decision to significantly reduce international study permit targets marks a major shift in the country's approach to international education and temporary migration. Announced as part of the federal budget and the Immigration Levels Plan, the policy reduces allocations for new international study permits from the 2025 target of 305,900 to 155,000 in 2026, followed by 150,000 annually in 2027 and 2028. *(Immigration, Refugees and Citizenship Canada, "Supplementary Information for the 2026–2028 Immigration Levels Plan," Government of Canada, 2025)*

These reductions form part of a broader effort to lower the number of temporary residents in Canada—including both international students and temporary foreign workers—from 673,650 in 2025 to 385,000 in 2026 and 370,000 in each of the following two years.

Government officials have framed the policy as a necessary step to restore sustainability to Canada's immigration system. Rapid growth in temporary migration over the past decade has been widely perceived as placing increasing pressure on housing supply, healthcare services, and public infrastructure.
At the same time, the government has emphasized that the country remains committed to attracting highly skilled immigrants and international students who contribute to research, innovation, and economic growth.

Yet the reduction in international study permits is not simply an immigration policy adjustment. It also exposes structural tensions within Canada's international education model—particularly the growing dependence of universities and colleges on income from international tuition.

Over the past decade, many institutions expanded international recruitment aggressively, charging tuition fees that were often prohibitively high for students especially those from developing countries while simultaneously promoting narratives that linked education in Canada to eventual permanent residency. When policy tightened and visa approvals declined, the vulnerabilities of this model became visible.

The current policy shift therefore raises a broader question: to what extent are governments alone responsible for the reduction of international student admissions, and to what extent did institutional practices contribute to the conditions that made federal intervention politically and administratively inevitable?

## Canada's International Student Boom and Policy Reversal

For more than a decade, Canada positioned itself as one of the world's most attractive destinations for international students. A combination of high-quality education, relatively accessible study permits, and post-graduation immigration pathways made Canada particularly appealing compared with competing destinations.

As a result, international student numbers grew rapidly. Between 2019 and 2023 the number of study permit holders in Canada increased dramatically, reaching a peak of nearly 681,000 in 2023. However, this rapid expansion soon began to raise concerns among policymakers and the public about sustainability and oversight.

The contraction that followed has been equally dramatic. Between 2024 and 2025 alone, the number of study permit holders declined from approximately 514,915 to 383,905—representing a reduction of more than 25 percent. This decline followed another significant reduction in the previous year, marking a sharp reversal after more than a decade of expansion.

The table below illustrates these changes across major source countries.

| Study Permit Holders | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| **Canada** | 400,570 | 255,530 | 443,500 | 548,010 | 680,795 | 514,915 | 383,905 |
| **India** | 138,590 | 80,870 | 169,300 | 225,665 | 277,965 | 188,175 | 94,605 |
| China, People's Republic of | 84,140 | 57,695 | 55,735 | 51,585 | 58,025 | 56,175 | 49,125 |
| **Nigeria** | 7,505 | 5,830 | 9,510 | 16,085 | 37,475 | 26,445 | 25,570 |
| **Philippines** | 6,330 | 4,355 | 14,345 | 25,235 | 33,745 | 24,675 | 20,000 |
| **France** | 14,510 | 7,930 | 19,985 | 16,600 | 15,385 | 13,695 | 13,430 |
| **Vietnam** | 11,605 | 9,355 | 9,220 | 9,900 | 10,735 | 10,510 | 9,805 |
| **Iran** | 9,680 | 6,965 | 11,910 | 13,445 | 14,725 | 10,900 | 9,155 |
| Korea, Republic of | 16,990 | 10,925 | 10,590 | 11,455 | 10,460 | 8,455 | 8,765 |
| **United States of America** | 6,680 | 4,235 | 8,190 | 6,910 | 7,685 | 6,780 | 8,525 |
| **Mexico** | 6,255 | 3,645 | 9,695 | 10,315 | 11,355 | 8,325 | 7,975 |
| **Algeria** | 2,640 | 2,040 | 3,030 | 5,205 | 9,330 | 9,235 | 7,730 |
| **Ukraine** | 1,520 | 975 | 1,395 | 6,650 | 6,110 | 5,010 | 6,630v |

***Source:*** *Immigration, Refugees and Citizenship Canada. (2026). Temporary Residents: Study Permit Holders – Monthly IRCC Updates [2015-2025]. Government of Canada Open Government Portal. https://open.canada.ca/data/en/dataset/90115b00-f9b8-49e8-afa3-b4cff8facaee*

## Concentration Risk: The Dominance of Indian Students

One of the most striking patterns in the data is the disproportionate decline in students from India. Study permits issued to Indian nationals fell dramatically between 2024 and 2025, accounting for nearly two-thirds of the total reduction in international student numbers.

Other countries experienced reductions as well, though on a smaller scale. China, the Philippines, and Iran saw declines of roughly one quarter, while Nigeria experienced only a modest decrease. France and South Korea saw relatively little change, and the United States actually recorded an increase in study permits.

This geographic concentration reveals a structural vulnerability that had developed within Canada's international education system. Over time, institutions increasingly relied on a limited number of recruitment markets—particularly India—where demand for overseas education was strong and where the possibility of immigration to Canada made studying abroad especially attractive.

The risks of this concentration became apparent when immigration authorities tightened visa scrutiny and introduced additional verification measures. Reports indicated rising rejection rates for applicants from India as well as the discovery of fraudulent letters of acceptance in some recruitment channels. In response, the federal government implemented stricter verification procedures and higher financial requirements for applicants.

While these measures were intended to restore integrity to the system, they also exposed how dependent Canadian institutions had become on a single source country for international enrolment and tuition revenue.

## Public Perceptions of Responsibility

Public opinion research suggests that Canadians view the contraction in international student admissions as the result of shared responsibility among several actors. Governments are widely seen as the primary decision-makers, but institutions and recruitment intermediaries are also perceived as having contributed to the problem.

When thinking about recent reductions and caps on international student admissions in Canada, who do you believe is most responsible for the situation that led to these cuts? Combined two picks

| **When thinking about recent reductions and caps on international student admissions in Canada, who do you believe is most responsible for the situation that led to these cuts? Combined two picks** | **Total** |
|---|---|
| **The federal and provincial governments** | **77%** |
| **Universities and colleges administrators** | **52%** |
| **International students themselves** | **23%** |
| **Student recruitment agencies or placement offices** | **45%** |
| **Other** | **3%** |

***Source:*** *Leger for the Association for Canadian Studies. October 24-26, 2025.*

These findings indicate that Canadians recognize institutional responsibility alongside government policy decisions. Although immigration rules and visa approvals ultimately fall under federal authority, universities and colleges played a central role in shaping the scale and structure of international enrolment.

Importantly, public opinion distinguishes between institutions and students themselves. International students continue to be viewed relatively positively by Canadians compared with other migrant groups.

This distinction is important because international students themselves are not responsible for the policies or recruitment strategies that shaped the system. The responsibility instead lies primarily with governments, institutions, and recruitment networks that structured the incentives guiding international education.

| Net Trust | Total | Immigrant | Non-immigrant | White | Not White | South Asian | Chinese |
|---|---|---|---|---|---|---|---|
| Net Trust | Total | Immigrant | Non-immigrant | White | Not White | South Asian | Chinese |
| Immigrants - | 46% | 47% | 45% | 46% | 44% | 53% | 55% |
| Refugees | 36% | 28% | 38% | 39% | 26% | 30% | 32% |
| International/ foreign students | 44% | 44% | 45% | 45% | 42% | 39% | 47% |

***Source:*** *Leger for the Association for Canadian Studies. October 24-26, 2025.*

## Institutional Incentives and the Ethics of Recruitment

While government policy created the regulatory environment within which international education expanded, universities and colleges made strategic decisions that intensified the system's vulnerabilities.

As mentioned above, over the past decade, many institutions increasingly relied on international tuition fees as a central component of their financial models. Because international students often pay tuition rates several times higher than those charged to domestic students, they became an indispensable source of revenue. In those provinces where domestic tuition was frozen and public funding of higher education declined, international enrolment effectively subsidized institutional budgets.

However, this financial dependence also created powerful incentives for aggressive recruitment.

Many universities and colleges marketed Canada not only as a place to study but also as a place to settle permanently. Although Canada does offer seamless pathways from international study to permanent residency, these

pathways are competitive and subject to changing labour market and policy conditions. In practice, some recruitment narratives conveyed the impression that permanent residency was a likely or expected outcome after graduation.

For prospective students and their families, the decision to invest tens of thousands of dollars in Canadian higher education was therefore shaped by expectations that extended beyond academic opportunity. Education became intertwined with migration aspirations.

At the same time, the tuition fees charged to international students were often extraordinarily high relative to their economic circumstances. Many students incurred substantial debt or relied on family resources in order to finance their studies. Rising housing costs in major Canadian cities further compounded these financial pressures.

The result was that many international students found themselves in precarious financial situations. When labour market opportunities failed to materialize, immigration policies tightened, or educational programs failed to deliver expected outcomes, some students struggled to sustain themselves economically.

A small number attempted to remain in Canada through additional programs of questionable value or by filing asylum claims despite lacking justification for refugee protection. Although such cases represent only a small fraction of total asylum applications, they have attracted significant media attention and contributed to public perceptions of system abuse.

## The Irony of Institutional Ethics

The role of universities and colleges in this system raises an important ethical paradox.

Higher education institutions frequently present themselves as guardians of ethical standards in research, teaching, and public discourse. Academic integrity, fairness, and social responsibility are core principles that universities publicly champion. Yet the financial incentives created by international tuition revenue encouraged practices that sometimes blurred ethical boundaries.

Aggressive recruitment strategies, heavy reliance on private agents operating abroad, and messaging that emphasized immigration pathways all contributed to a system that placed many students in vulnerable financial situations. Institutions that uphold rigorous ethical standards in academic life were simultaneously participating in a market-driven recruitment environment that exposed students to significant risk.

This irony does not imply that universities intentionally exploited international students. Rather, it highlights the structural tension between the commercial pressures facing modern universities and the ethical values they seek to uphold.

Universities are, in many respects, complex organizations that must balance academic missions with financial realities. Yet the experience of the past decade suggests that the financialization of international education can generate incentives that undermine the ethical principles institutions claim to champion.

## Toward a More Sustainable Model

The recent reductions in international study permits represent both a policy correction and a cautionary lesson. They demonstrate how quickly a system built on rapid expansion can reverse when structural vulnerabilities accumulate.

Moving forward, Canada's international education model will likely require substantial recalibration.

Diversifying recruitment markets could reduce dependence on a single source country and mitigate financial risks. Clearer communication about immigration pathways would help ensure that prospective students understand both the opportunities and the uncertainties associated with studying in Canada. Stronger oversight of recruitment agents could improve transparency and protect students from misleading information.

At the same time, universities and colleges will need to reconsider the extent to which their financial stability depends on income from international tuition. Greater investment in student housing, support services, and program quality could help ensure that international enrolment growth does not exacerbate affordability pressures or undermine student well-being.

## CONCLUSION

The Government of Canada's decision to reduce international study permits reflects growing concern about the sustainability of recent migration levels and the pressures associated with rapid expansion. While governments ultimately control immigration policy, the dynamics that produced the current contraction were shaped by a complex interplay of policy incentives, institutional strategies, and recruitment practices.

Universities and colleges bear part of the responsibility for creating a system that became heavily dependent on international tuition revenue and concentrated recruitment in a limited number of source countries. Aggressive recruitment practices and messaging that emphasized immigration pathways contributed to expectations that were not always matched by economic or policy realities.

The irony is that institutions that proudly uphold high ethical standards in academic life became participants in a market-driven system that sometimes placed the very students they recruited in precarious circumstances.

The lesson is not that Canada should retreat from international education. International students remain an important source of intellectual and cultural capital and economic vitality. Rather, the challenge moving forward is to rebuild the system on more sustainable foundations—ones that balance financial realities with ethical responsibility, transparency, and genuine student success.