

Voices within US back India on l'affaire H1B

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Hike in visa fees only harms American interests, say policymakers, politicians



Mumbai, June 9:

India's protests against the steep hike in H1B visa fees — which is becoming a key sticking point in trade talks between India and the US — has found support from sections within the Washington administration and local politicians.

One of the biggest voices against the hike in visa fees is Vinai Thummalapally, a classmate and friend of Barack Obama who was handpicked by the US President to set up SelectUSA in 2011 to attract foreign investments into the country.

Thummalapally told *BusinessLine* from Washington that while India was the fourth-fastest growing FDI source for the US, there were hurdles Indian companies faced while looking at investments in US. These needed to be resolved, he said.

“This (the H1B visa issue) is huge issue for us...a big concern for the Indian companies. Of the top 18 companies in IT services, about 15-16 are Indian companies, including Wipro, Tata and Infosys. They have been impacted by the rule.”

‘US only gains’

He said US affiliates of Indian companies employed 45,100 people in the US and contributed \$1.5 billion to the country's exports in 2013 and fears of job losses by bringing in foreign workers was unfounded.

Thummalapally added that India-US trade had the potential to grow from \$117 billion to \$500 billion in next 10 years, but protectionist moves such as doubling work visa fee were hindrances.

In March, India initiated WTO dispute proceedings against the US on measures imposing increased fees on certain applicants for H1B and L1/L2 visas — two categories of non-immigrant temporary working visas — into the US, and measures relating to numerical commitments for some visas.

India argues that the measures appear to be inconsistent with US commitments under the General Agreement on Trade in Services (GATS).

Republican backing too

Voices against H1B visa restrictions can be heard even from members of the Opposition Republican Party who feel blocking highly-skilled Indians from working in US could not only affect trade relations between the two countries but also have an impact on the US economy, which is in dire need for skilled workforce.

“We have so many Indian students that come here and go to our universities and what kills me is the fact that they are trained, they are talented and then they get sent back... It's the first talent we want to see be able to join our forces and work for our companies,” said Nikki Haley, Governor of South Carolina and a prominent Republican Party leader.

US' FDI slump

The bigger loser in the trade battle between the two countries appears to be US, which is already seeing a decline in foreign investment. FDI inflows into US more than halved to \$106.6 billion in 2014, from \$211.5 billion in 2013. India is now being seen as a huge untapped source for FDI by US.

“There is a huge dichotomy in US' trade policies, which is increasingly becoming protectionist while trying to attract more investment. This has led to the US' share of global FDI falling from 45 per cent in 1984, to 12 per cent in 2012. India is a huge untapped market for the US and the H1B visa issue has had a huge negative impact of trade,” said Marek Gootman, Director, Strategic Partnerships & Global Initiatives at Brookings Institute, the Washington-based think tank.

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