

Canada's ploy to use U.S.-trained immigrants to surpass American innovation

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The U.S. engages in the **global innovation race** every single day. From **artificial intelligence** to **nuclear technology** and **net-zero ambitions**, cutting-edge innovation is crucial to protecting the U.S.'s economic wellbeing and security. According to the **Global Innovation Index**, the United States falls behind Switzerland, ranking second for the most innovative economies in the world.

Yet our biggest competition comes from the countries ranking behind us. China and South Korea are rapidly rising through the ranks, nearing ever closer to ~~X~~ overtaking American innovation. And thanks to our ongoing immigration failures that drive talented immigrants away, Canada is also close in the rearview mirror.

This month, Canada launched a new visa specifically for individuals already holding an American H-1B visa. Less than 48 hours after the launch, **10,000 applications** were already submitted. **H-1B visas** are issued to foreign workers who U.S.-based employers sponsor to fill specialty occupations. These workers are educated and highly sought-after, and the demand for them **far outpaces visa availability**.

Most H-1B visas are issued on a **lottery basis**, and Canada has often been the **second-best destination** for companies and individuals failing to secure a spot. However, the new Canadian visa isn't targeted to these unsuccessful applicants—rather, it aims to entice those who were selected and now work in the U.S.

Although Canada has long benefited from the international appeal of its southern neighbor and from our immigration system's **inability to retain the talent we attract and produce**, this new visa is the most overt attempt yet to lure away valuable U.S. employees.

It demonstrates that Canada recognizes what the U.S. still does not: immigrants are among the **most creative and innovative members of our society**. They **patent more inventions and start more businesses** per person than native-born citizens. And when armed with a U.S. university degree or experience at a U.S. company, their value skyrockets—increasingly, to Canada's benefit.

Canadian Versus U.S. Programs

In designing its visa, Canada took the general **parameters of the H-1B** and made them even more attractive.

Like the American H-1B, the Canadian visa offers employees **an initial stay of three years**. Unlike the U.S., Canada will offer these workers open work authorization, allowing them to work for nearly any employer anywhere in Canada. While **only some spouses of H-1B workers** are eligible for work authorization in the U.S, Canada's program will allow all spouses and dependents to apply for **work or study permits**.

The Canadian program outshines the H-1B chiefly because it offers a much more accessible route to permanent residence. After just **one year of full-time eligible work experience**, workers can apply for many permanent residence pathways available to them.

One of the most direct and widely used pathways, the **Express Entry program**, **does not require employer sponsorship**, boasts processing times of **6-12 months**, has **no country caps**, and costs **just over \$1000**.

On the other hand, transitioning from H-1B status to **employment-based permanent residence** in the U.S. requires **employer sponsorship**, is subject to **country and annual caps**, **can take years to obtain**, and, at a minimum, **costs well over \$2000**.

While the worker benefits of the Canadian program are indisputable, the program is likely to be lucrative for Canada as well.

American Economic Loss Is Canada's Economic Gain

Canada has **repeatedly opened its doors to companies and employees** stalled by the American immigration system, and while company profits may still flow southward, even remote workers **boost economic activity in Canada by contributing in tax and local consumption.**

Even when accounting for money sent abroad or home to other relatives, an estimated **85% of migrant worker earnings are reinvested** in the local economy. For instance, an employee earning the average H-1B wage of **\$126,000** may invest over \$107,000 in taxes and local expenditure, adding up to nearly \$47 billion for the whole population of **FY2022 approved beneficiaries**. If these individuals instead worked remotely from Canada, that \$47 billion would likely be spent there, even if the company headquarters remained below the border.

With the introduction of this new program, however, the employees the U.S. loses will be free to terminate their relationship with the American company that sponsored their H-1B. They will have nearly free choice to work for any employer operating in Canada, whether that company is Canadian, American, Chinese, or other.

The U.S., therefore, is poised to lose not only the taxes and spending of these individuals but also the crucial knowledge they accumulated while working here. **Sixty-six percent of H-1B beneficiaries** approved in FY 2022 were employed in computer-related occupations. The technology they learned and mastered in the U.S. will fuel innovation in Canada and the companies working within its borders.

The Canadian program aims to recruit **only 10,000 H-1B holders this year**. Still, that amounts to nearly 12 percent of our **annual H-1B cap**—or as applied to the above model of income reinvestment, over \$1 billion in spending power. Without these specialty workers and their economic and innovative contributions, the U.S. is likely to fall behind.

This visa is set to compound the brain drain already siphoning **American-trained talent** across our northern border.

While there are many ways to promote innovation, one of the **primary weaknesses of the American economy** according to the Global Innovation Index is our underwhelming production of STEM graduates. International students in the U.S. are **much more likely to study STEM fields**, and when the H-1B lottery does not play in their favor or permanent

sponsors do not materialize, these students **often turn to Canada**, further slashing our already subpar numbers. This is already playing out as we recently lost **nearly 40,000 foreign graduates** through Express Entry alone. The new H-1B visa pathway will only expand that trend.

With this new visa, companies may also choose to **offshore employees to Canada more aggressively** to bypass the long waits and limited capacity of the U.S. Even **entrepreneurs** may choose to found their startups in Canada, rather than in the U.S., to facilitate easier access to necessary talent. The next **Google** or **Tesla** could begin in Canada. A one-year highway to permanent status seems like a more reliable business foundation than endless **waitlists** and **lotteries** with uncertain outcomes. Even so, these possibilities are just the tip of the iceberg in terms of what the U.S. could lose with the launch of Canada's latest poaching visa.

If we don't act before Canada entices away even more valuable talent, we are putting our innovative and economic advantage at risk. Much of Canada's strategy hinges on human capital that we educate, train, and discard thanks to our flawed immigration system. As such, we should respond by creating an immigration system that can rival Canada's. It must be accessible, affordable, and functional—a far cry from our current reality.