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[Stealing talent from Uncle Sam](#)

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America's best friend and oldest trading partner—that's Canada. Happy member of the world's largest free trading zone? Sure. But when it comes to the global competition for talent, well, friendship only goes so far. When immigration managers at Canada's consulate in Los Angeles were asked last year to provide a snapshot of the immigration situation in their region, their tone sounded downright predatory. "Significant numbers of high quality economic class immigrants are being gleaned from this territory," they wrote in a report obtained by *Macleans*. Most of the workers have been educated at U.S. universities, the document went on, obtaining degrees in valued fields like biomedical research or software engineering. With such talent in short supply in Canada, the pencil pushers in L.A. boasted, "this office regularly engages in promotion and recruitment efforts to exploit this talent."

Exploiting? Canada? It would seem so—and at Uncle Sam's expense. As a political war over immigrant workers rages south of the border, Canada has left a key under its mat for those who have been squeezed out and accused in some quarters of stealing high-paid work from native-born Americans. Each year, a wave of foreign-born employees in the U.S. exhausts the sixth and final year of work visas known as H-1Bs—documents created for companies who can't find homegrown talent to fill certain jobs. But politicians in Congress have for years fought for a cap on the number of new H-1Bs (it now stands at 85,000), which has left thousands of educated, skilled workers out in the cold.

It is these workers Ottawa has been targeting, and its efforts appear to be paying off. During the period from 1998 to 2008, the number of skilled workers coming into the country from the United States more than doubled, from 1,969 to 4,085.

The trend has raised fears among business and political leaders south of the border, who see skilled immigrants as key drivers of economic growth. "The smartest people want to come here and that's a huge advantage to us," Microsoft founder Bill Gates told a congressional committee last month. "In a sense, we're turning them away." New York Mayor Michael Bloomberg has been calling for an increase in the number of visas, citing Canada, among other countries, as a destination for talent. He points to a study by the National Foundation for American Policy, which found that every time an American technology company requested an H-1B visa position, it added five additional jobs.

In some cases the restrictions have prompted companies to vote with their feet. Microsoft last year opened a 70,000-sq.-foot "development centre" in the Vancouver suburb of Richmond to house 300 workers hailing from more than 40 different countries. Many

have “immigration challenges” preventing them from working in the U.S., explains Dennis Pilarinos, a former H-1B visa holder who returned to his native Vancouver to manage the facility. Now, at the sprawling complex, they work on everything from the Xbox to Microsoft Office software. The rules have also been a boon for Canadian firms, says Tom Jenkins, executive chairman of Waterloo, Ont.-based Open Text. “It’s left Canada at a competitive advantage for attracting talent.”

Critics wonder whether offices like Microsoft’s represent a long-term gain for Canada. For some U.S. companies, the goal is to create a temporary home for employees before shifting them stateside as soon as possible; others are taking advantage of NAFTA provisions allowing people holding Canadian work permits to do business in both countries. In a practice known as “parking,” employers will place workers in Canadian branch offices, yet have them spend most of their time doing business south of the border.

But Canada’s innate appeal to immigrants often wins out in the end, says Peter Rekai, a Toronto immigration lawyer who has counselled former H-1B holders. “A lot of these workers end up liking things better here, and stay,” he says. “They find that it’s a better climate for them in Vancouver or Toronto—there are bigger [ethnic] communities, it’s more multicultural than where they were in the States.” Nor should Canadians underestimate the sheer demand for skills in certain parts of the country. Alberta, working in conjunction with Immigration Canada, has been running a special program targeting H-1B holders, offering permanent residency to workers with as little as one year’s experience in the U.S. In the past 18 months, it has received thousands of applications and accepted 393 workers—like Carlos Barrios, a civil engineer who jumped at the chance to move his family to Calgary from Houston. Barrios, who is originally from Venezuela, had spent seven years trying to get a green card in the U.S. before “Canada came in and offered me a chance to be a permanent resident in less than six months. We love it here.”

That demand could work even more heavily in Canada’s favour as the U.S. economy languishes. This year was the first in several in which all of the H-1B spots made available in the U.S. weren’t filled on the first day (after six months, about 18,000 remain available). In other words, a shortage of work in the U.S., not a shortage of visas, may be driving these U.S. castaways north. Either way, Canada increasingly looks like a net brain-gainer after years of watching its best talent disappear south. The longer Uncle Sam takes to get his house in order, the better it is for us.