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India, Canada see free trade deal by 2013

Agence France Presse

Nov 5, 2012, New Delhi: Negotiations on a free trade pact between India and Canada are "proceeding smoothly" and the two countries are on track to clinch a deal by next year, an Indian minister said on Monday.

Progress on the proposed Comprehensive Economic Partnership Agreement (CEPA), was reviewed at a meeting in New Delhi between Indian trade minister Anand Sharma and Canada's international trade minister Edward Fast.

The two countries launched the talks in 2010 to boost investments and forecast bilateral trade to triple to \$15 billion by 2015.

"Negotiations on CEPA are proceeding smoothly and we hope it would be finalised by 2013," Sharma said in a statement after meeting Fast who is accompanying Canadian Prime Minister Stephen Harper on a six-day official visit.

Progress on the free trade pact came as Canadian and Indian negotiators struggled to clear a diplomatic logjam over resuming trade in nuclear materials and technology, according to media reports.

The countries agreed two years ago on a nuclear co-operation deal that was supposed to open doors to new exports of Canadian uranium and reactors.

But India is resisting calls that Canada be allowed to scrutinise the use of its nuclear material.

New Delhi already reports to the International Atomic Energy Agency (IAEA) and believes its actions should not have to be vetted by Canada as well, Toronto's Globe and Mail newspaper said.

"We are concerned about where Canadian nuclear material goes," the newspaper quoted Stewart Beck, Canada's High Commissioner to India, as saying.

Last month, visiting Australian Prime Minister Julia Gillard agreed to open negotiations to export uranium nuclear fuel to energy-hungry India but it also is demanding the same monitoring safeguards as Canada, the paper said.

New Delhi, backed by the United States, won an exemption in 2008 from the Nuclear Suppliers Group, which governs global nuclear trade, to allow it to buy reactors and fuel from overseas.

India, which has tense relations with nuclear-armed rival Pakistan, had been subject to a global embargo since 1974 when it first staged an atomic weapons test.

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Indian IT companies set to be hit as Canada tightens visa norms for foreign workers

Adith Charlie, Business Line (The Hindu)

Mumbai, 6 May 2013: Canada has joined the US in tightening the visa regime for foreign workers, a move that could be detrimental for Indian IT service companies with operations in that country. Seen by experts as a ‘knee-jerk’ reaction to the recent controversy surrounding iGate and Canadian bank Royal Bank of Canada (RBC), the move is set to increase the time and costs associated with procuring a temporary work permit.

The Accelerated Labour Market Opinion (ALMO) programme, a fast-track immigration programme to secure a temporary work permit in two weeks, has also been suspended.

Labour Market Opinion

Indian companies will now have to revert to the Labour Market Opinion (LMO), a time-consuming process, compared with H1B visa regime in the US. A LMO is an authorisation that a recruiter has to obtain from the Canadian state, if a job has to be offered to an Indian.

Moreover, the employer has to prove that it had advertised for the position across Canada, but was unable to find a qualified Canadian to do the job. The latter is what makes it time-consuming.

“Earlier, with the ALMO programme, employees of IT companies with a good track record of compliance, would get work permits in two weeks time. The suspension of the programme means companies will have to go through the LMO route, thereby pushing up the permit filing time by 3-5 months,” said Gagan Sabharwal, Deputy Director, Global Trade Development, NASSCOM.

IT companies will have to factor in the delays in securing work permits before entering into contracts with a significant onshore component, added Sabharwal.

Moreover, a new fee will be imposed on employers when they apply for an LMO. In addition, the Canadian Government also intends to increase work permit fee from the present \$150. However, it has not specified the quantum of the rise.

Canada’s temporary foreign worker programme came to the forefront last month after news reports suggested that the RBC was using temporary foreign workers hired by outsourcing firm iGate, replacing existing staff. Following the disclosure, RBC Chief Executive Gord Nixon apologised for being “insensitive” to local employees. iGate said its hiring practices were “fully compliant” with the Canadian law.

“The new visa laws will see an additional fee being charged for the work permit applied in Canada. There will be a direct cost implication. Though there are some changes on the immigration side, I do not believe that there will be any long-term strategic structural change. Our focus will continue to be very strong in the Canadian market with investments and job creation in the country,” said Phaneesh Murthy, President and Chief Executive Officer of iGate.

In its third change, Canada has also disallowed a rule allowing companies to pay temporary foreign workers 15 per cent less than prevailing wages for high-skilled positions, and five per cent less for low-skilled ones.

Most IT companies did not respond to queries on the changed circumstances.

Farid Kazani, CFO of mid-size IT solutions company Mastek, said that the impact of the new development on his company would be negligible. “In Canada our onsite requirement is less. Also, we hire locals with domain knowledge in insurance,” he said.

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