

The E-2 Visa: U.S. Misses Out on Foreign Entrepreneurs

By [Pam Prather](#)

With unemployment hovering around 8.5 percent and our presidential election cycle in full swing, all we hear these days is “jobs, jobs, jobs.” You can turn on the television or browse the internet to hear the myriad of solutions people have to better our economy. Unfortunately, what we don’t hear as often is how critical foreign entrepreneurs are to job creation in the United States.

The lack of options for foreign national entrepreneurs, particularly those from India and China, is yet another example of the serious need for immigration reform in the United States. From all angles, business immigration law is having a significant negative impact on our economy. At a time when new employment numbers are anticipated every month, and seen as one of the main indicators of our economic recovery, we must consider every possible opportunity for U.S. job creation.

According to the [Kaufmann Foundation](#), immigrant entrepreneurs accounted for 29.5 percent of new businesses in 2010. In *The “New American” Fortune 500* (June 2011), [The Partnership for a New American Economy](#) found that:

1] More than 40 percent of the 2010 Fortune 500 companies were founded by immigrants or their children. 2] The newest Fortune 500 companies are more likely to have an immigrant founder. 3] Fortune 500 companies founded by immigrants or children of immigrants employ more than 10 million people worldwide. 4] The revenue generated by Fortune 500 companies founded by immigrants or children of immigrants is greater than the GDP of every country in the world outside the U.S., except China and Japan. 5] Seven of the 10 most valuable brands in the world come from American companies founded by immigrants or children of immigrants.— Apple, Google, AT&T, Budweiser, Colgate, eBay, General Electric, IBM, and McDonald’s, to name just a few.

[Vivek Wadhwa](#), a well-known scholar and authority on immigration matters, found that:

According to the studies, in a quarter of the U.S. science and technology companies founded from 1995 to 2005, the chief executive or lead technologist was foreign-born. In 2005, these companies generated \$52 billion in revenue and employed 450,000 workers. In some industries, the numbers were much higher; in Silicon Valley, the percentage of immigrant-founded startups had increased to 52 percent. **Indian immigrants founded 26 percent of these startups**—more than the next four groups from Britain, **China**, Taiwan, and Japan combined. (emphasis added)

It is clear that Indian and Chinese entrepreneurs play an important role in founding companies and creating jobs in the U.S. Yet these entrepreneurs were not able to immigrate to the US directly in order to start their businesses. They had to find sponsorship through other means – usually an employer, or sometimes a family member. Only later were they able to develop the companies that create U.S. jobs. The one visa applicable in these circumstances, the E-2, is not available to them.

The E-2 (Treaty-Investor) visa is given to individuals who have made a “substantial” investment in a new or operating business in the U.S. It is based upon treaties we hold with the applicants’ country. Surprisingly, the U.S. does not have a Treaty with India, so its citizens are not eligible for an E-2 investor visa. Neither is China or Israel included on the list. Therefore, Indian, Israeli and Chinese nationals cannot use the E-2 visa to start businesses in the U.S. and create jobs.

The US State Department reports that there were approximately 25,000 E-2 visas issued in 2010. That’s 25,000 new businesses, all of which must – by law – have a positive impact on U.S. economy. It’s a win-win situation, and a clear indication that E-2 visas are highly beneficial to the U.S. Unfortunately, the U.S. is missing out on even more impressive numbers, because there is not a simple, effective business immigration law allowing foreign nationals from India, China and other countries to come to the US to start and invest in a new business.

The Partnership for a New American Economy’s 2011 report concluded with a statement that “[t]o compete, we must modernize our own immigration system so that it welcomes, rather than discourages, the Fortune 500 entrepreneurs of the 21st century global economy. We must create a visa designed to draw aspiring entrepreneurs to build new businesses and create jobs here.” This is from a group whose co-chairs include the CEOs of Microsoft, Disney, Marriot and Boeing, and the Mayors of New York, Los Angeles, and Philadelphia.

One simple fix would be to expand the list of countries whose nationals can benefit from the E-2 investor visa to start businesses and create jobs. We can also pursue other immigration policies such as the [Start Up Visa Act](#) to help spur growth and innovation. Or, to truly get creative and innovative, we can pursue both! After all the more immigration laws we have that encourages foreign entrepreneurship in the U.S. helps job creation, our economy, and our country.

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