

A Price Tag on Talent: Trump's \$100,000 H-1B Visa Fee



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It is about how two of the world's most dynamic economies navigate the future of work, the balance of openness and protection, and the value placed on human capital in a global age.”

On September 21, 2025, the United States drew a new line in the sand for global talent. A sweeping proclamation imposed a \$100,000 payment for every new H-1B visa petition, effective for the 2026 lottery and beyond. Supporters call it a safeguard for local workers. Critics warn it risks choking innovation and driving away the very people who built Silicon Valley's edge.

The rationale is simple yet controversial: make it less economical for firms to lean on foreign professionals by dramatically raising sponsorship costs. The bet is that companies will redirect resources into hiring and training graduates from the U.S. universities instead of importing labor from abroad.

From Red Tape to Price Tags

This is not Trump's first turn at tightening the screws. During his earlier term, administrative changes pushed denial rates for H-1B applications as high as 24%, compared with a historical norm of under 8% (Chart 1). The new proclamation takes the next step, moving from paperwork

obstacles to financial tolls. It is less an immigration form than a price tag, redefining the cost of accessing global talent.

Who Feels It Most?

The burden falls squarely on Indian and Chinese professionals, who together accounted for more than four in five H-1B approvals in FY2024 (Chart 2). For the IT and business process management sectors—where Indian engineers have long been the backbone of the U.S. operations—the \$100,000 fee introduces an unprecedented cost. Firms now face a choice: absorb the cost, look inward to the U.S. campuses, or send more work offshore.

India's Cushion: Domestic Demand and IT Growth

For India, the damage may be less severe than headlines suggest. Its economy is driven largely by domestic consumption, which makes up about 70% of GDP. At the same time, its IT sector remains

Chart 1: Denial Rate for H-1B Petitions for Initial (New) Employment



Source: National Foundation for American Policy.

formidable, projected to generate \$283 billion in revenues in FY2025, with exports still exceeding \$220 billion. The sector alone contributes around 7% of GDP.

This dual strength—domestic demand at home and IT services abroad—gives India resilience. Even as barriers rise abroad, India's middle class is expanding rapidly, projected to add tens of millions of households by 2030. Rising middle-class consumption offers a safety net even if fewer engineers move to America.

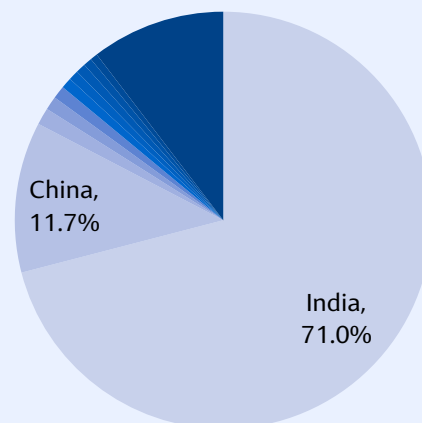
The Debate Over Jobs and Growth

The official justification for the fee rests on protecting local employment and national security. Authorities point out that the share of IT workers on H-1B visas has climbed from 32% in 2003 to more than 65% today. At the same time, unemployment among recent computer science graduates stands at 6.1%, and 7.5% for computer engineering—higher than in many other fields such as biology or art history.

Cases of companies cutting domestic jobs while increasing visa sponsorship have further fueled concern. In some instances, thousands of local workers have reportedly been laid off even as firms secured large numbers of H-1B approvals. These stories resonate strongly with voters who worry about wage competition and job security.

Yet another side of the story is often overlooked. H-1B professionals do not merely earn salaries in the U.S.; they also feed the U.S. economy. They rent

Chart 2: Countries of Birth of Approved H-1B Beneficiaries (% of Total), FY2024



Source: U.S. Citizenship and Immigration Services.

homes, buy groceries, pay taxes, and staff critical projects. Their presence supports local communities, not just corporate bottom lines.

A Crossroad for Global Talent

The \$100,000 fee may buy time for some American graduates, but it raises deeper questions about America's role in the global economy. Will firms really hire more locally, or will they accelerate automation and outsourcing instead? Will international talent pools shift to other countries with more welcoming policies? And can an economy that has long thrived on openness remain competitive by closing its doors?

For India, the policy is another reminder of the risks of global interdependence, but also a signal to lean further on domestic demand and strengthen global IT exports. For the U.S., it is a test of whether protection can coexist with innovation.

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Pornpawee Thammavichai

Pornpawee.Thammavichai@bangkokbank.com

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