

## **NASSCOM – Written evidence**

### **INTRODUCTION TO NASSCOM**

NASSCOM is a global trade body representing over 2,500 companies from the IT industry, consisting of both Indian and multinational firms that have a presence in India and over 70 countries including the UK. NASSCOM member companies have been amongst the largest investors in the UK and include Tata Consultancy Services (TCS), Infosys, Wipro, HCL Tech, Tech Mahindra, NIIT Technologies.

### **BACKGROUND**

With the UK having exited the single market, the priority must be minimizing the level of friction encountered by services companies, which constitute 80% of the UK economy – of these, 40% are exports to the EU.

Both the UK and the EU have rightly committed to a comprehensive agreement on services on the basis of a free trade agreement. The UK Government has set out the welcome ambition that in services, it could be possible to move beyond the parameters of existing EU free trade agreements (FTAs).

### **THE IMPORTANCE OF THE INDIAN TECHNOLOGY INDUSTRY TO THE UK'S ECONOMY AND TRADE IN SERVICES**

The next normal will look unlike any in the years preceding COVID-19. Successful enterprises will need to be resilient to withstand short-term shocks, as well as agile enough to quickly adapt to evolving business demands and norms.

Technology has played an essential role in enabling business operations during the pandemic and will continue to be key as companies seek to resume normal ways of working, often in a phased manner.

In addition, as the UK looks to strengthen its economic recovery, the Indian IT industry can be a crucial partner in delivering investment and innovation into the UK. Specifically, the industry can catalyse the development of high skilled technology jobs that will be increasingly needed.

## **UK CASE STUDY: WIPRO**

Wipro helped one of the largest UK banks to deliver the Business Interruption Loan Scheme: within 3 days they updated and went live with their loan processing applications to ensure their corporate customers' businesses could stay up and running. Separately, the company supported an NHS Trust in developing a dashboard to track the progression of Covid-19 in their locality, including the number of tests, test results, the number of ITU beds and their level of utilization.

## **NASSCOM PRIORITIES FOR THE FUTURE UK-EU RELATIONSHIP**

### **• MOBILITY OF PROFESSIONALS**

- Migration arrangements between the UK and EU post-Brexit are expected to form part of the negotiations during the transition period.
- The current plan is for the UK immigration system to give EU and non-EU migrants the same rights and obligations and no longer discriminate between them – there is potential for this to change during the negotiations.
- For companies bringing workers to the UK from outside the EU, it will be important for this non-discriminatory provision to be maintained.
- A comprehensive mobility framework should include a reciprocal agreement on business visitors, independent professionals and intra-company transfers.

### **• MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS**

- Both the UK and the EU have committed in their negotiating objectives to reach an agreement on the mutual recognition of qualifications, which has been warmly welcomed by services industries.
- This will go a significant way towards reducing the red tape the UK's world-leading services providers have to manage to sell their services abroad.

- **THE POTENTIAL IMPACT FOR PROFESSIONAL AND BUSINESS SERVICES OF UNDERTAKING UK-EU TRADE UNDER THE WTO GENERAL AGREEMENT ON TRADE IN SERVICES**

- The development of the Digital Single Market is currently under review, and there is a risk that the EU may introduce provisions that could increase the non-tariff barriers faced by firms based in the UK.
- While the charge of over-regulation is frequently levelled at the EU, a single set of compliance costs is preferable to multiple regulatory compliance costs for businesses.
- This highlights the need for any UK-EU FTA to include mechanisms whereby the UK government can continue to formally influence and engage with the Commission and the EU27 in the development of the Digital Single Market after Brexit.
- To minimise disruption to cross-border trade in services, a future UK-EU FTA would need to maintain high levels of regulatory alignment, whether by continued UK acceptance of the relevant acquis or new mechanisms for managed divergence.

- **THE IMPLICATIONS FOR PROFESSIONAL AND BUSINESS SERVICES IF THERE WAS NO RECIPROCAL DATA ADEQUACY ARRANGEMENTS IN PLACE BETWEEN THE EU AND UK BY THE END OF THE TRANSITION PERIOD**

- The UK government has stated that, on the UK's exit from the EU, transfers of data from the UK to the EU will be permitted.
- However, it will not be possible for organisations inside the EU to send personal data to the UK until the European Commission has granted the UK a "data adequacy decision". This takes several months and cannot start until after the UK has left.
- As in the case of the EU-Japan Economic Partnership Agreement, an EU-UK FTA will probably be accompanied by a data adequacy ruling – but this is not certain.
- This would allow businesses to continue to store the personal data of EU citizens within the UK and would be a clear improvement over having no arrangements in place. Companies should encourage the UK to insist on an adequacy agreement accompanying an FTA.

## **FUTURE OF THE UK MIGRATION SYSTEM**

- **AVOIDING FURTHER CHANGES TO THE TIER 2 VISA REGIME**

- India has a surplus of STEM skills and produces ~4 million highly skilled graduates each year in specialisms that UK businesses need.
- NASSCOM members play a crucial role in helping businesses to tap into this talent through intra-company transfers (ICTs) – a visa route that allows companies to bring skilled workers into the UK to address a skills shortage that has been identified within a business.
- Furthermore, given that NASSCOM members’ highly skilled workers typically remain in the UK for short periods and do not wish to settle permanently, they have only a minimal impact on public goods and services at the same time as delivering significant economic benefits.
- Despite their value to the UK economy and critical role in forging links between UK and Indian businesses, the government has introduced measures that have had a damaging impact on the use of ICTs
- These changes have considerably increased the costs of bringing skilled workers into the country – harming the UK’s trade, productivity and competitiveness at a critical time for its economy.

- **IMMIGRATION SKILLS CHARGE – PREVENTING FURTHER BARRIERS TO INVESTMENT**

- NASSCOM members are committed to increasing the skills base of the UK – they invest several millions of pounds per year training their workforces, and the majority run graduate and apprenticeship programmes that help to inspire and engage young talent.
- We therefore recognise the UK government’s objectives in introducing the Immigration Skills Charge (ISC) – a £1,000 levy on each visa application – and the role it is intended to play in improving the skills of the domestic workforce.
- We were concerned by the 2019 proposal to double this to £2,000 and recommend maintaining the current £1,000 limit.

- **RING FENCING ISC FUNDS – BOOSTING DOMESTIC SKILLS AND EXPERTISE**

- The Immigration Skills Charge (ISC) is intended to generate funds that can be used to address skills gaps in the UK workforce.
- However, there is currently no mechanism or guarantee in place to ensure that money paid by NASSCOM members and other

technology businesses is being directed towards new initiatives that help to boost STEM skills specifically.

- As a result, we are concerned that the ISC will not be effective in helping UK workers to develop the skills required by NASSCOM member companies, and will thereby fail to reduce the current demand for highly foreign workers as intended by government.
- NASSCOM recommends that the government ring-fences ISC funds paid by technology businesses and directs them towards initiatives – either new or existing – that will help to boost the STEM skills of UK workers.

### **UK CASE STUDY: INFOSYS**

Infosys assisted the NHS TO onboard retired doctors and nurses to help fight the pandemic. The COVID-19 Rapid Response Service was developed to identify solutions in recruiting for NHS Nightingale hospitals in London and Manchester. The platform, which includes vital components such as registration, document checks and compliance, was designed and deployed in just 3 days. It enabled any healthcare worker with professional registration or otherwise, and with appropriate prior experience to be placed at any NHS Trust, as quickly as in 24 hours.

*June 2020*