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BRINGING EXPATS TO RUSSIA

17 February 2015
AEB OFFICE



Association
of European
Businesses

Marina Semenova

**Chair of the AEB Relocation Sub-
Committee, Managing
Partner, Intermark Relocation**

***OPENING REMARKS &
RELOCATION SERVICES GLOBAL
TRENDS OVERVIEW***



2014 – Relocation & Housing Market Trends

February 2015

Economic & Political Situation



Oil : - 47% in a year



US Dollar Exchange Rate: +72% in a year



February 2014

Ukrainian crisis starts

March 2014

EU&US Sanctions

August 2014

Russian food embargo

Housing Market 2014 Results

9%



DEMAND

24%



SUPPLY



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AEB Relocation Conference «Bringing Expats to Russia»

- Session 1: Relocation industry and rental market**
- Session 2: Outbound relocations**
- Session 3: Recent legislative developments in immigration and labour law**



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Irina Yakimenko

Managing Partner, Intermark Relocation

SESSION 1: RELOCATION INDUSTRY AND RENTAL MARKET



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Anastasia Stepanenko

International Assignments

Coordinator, Human Resources,

British American Tobacco Russia

RELOCATION UNDER PRESSURE- MANAGING RELOCATIONS WITH BUDGET AND TIME CONSTRAINTS

Relocation under pressure:

managing relocation under budget and time constraints



Prepared by:
Anastasia Stepanenko



HR

**No missions impossible in HR –
when the Business needs someone
in Russia we have to deliver!**

Finding solution to any problem

2 most challenging factors



time & budget constraints

Brief #1 - Time constraints

Family profile

Family of 2 adults 3 kids
and one underway



Time for preparation
of look&see:



- 2 working
days

Home country:
Latin America



Planned date
of arrival



5 January 2015

No prior work done on immigration – the task to do it all before arrival and baby birth – otherwise the family would have to leave Russia with a one month old baby and apply for visa in home location

Result



look-see

*2 working dates
for preparation*

8-10 Dec

3 Dec

information about
the assignment

20 Dec



move-in

*8 days to approve and
sign the contract*



HQS visas
received

13 Jan

6 Feb



baby born in Moscow



Solutions

- ✓ Immigration – coordinated HR team work – quick preparation and submission of all docs (lucky to have all docs apostilled in advance)
- ✓ Even when everything is right, reality gets in the way – New Year
- ✓ Managing expectations in advance – not a great idea to arrive for look-see on the 5th of January
- ✓ Customized selection of relocation consultant
- ✓ Payment solutions – sublease – allows the expat to move before the contract is signed
- ✓ Signing rental contract is just the beginning - extended move-in support is the key

Brief #2 - Time constraints

- Expats are not always Senior management

Option	Yes	No
Senior manager	-	X
HQS option	-	X
look&see	-	X

- Apartment search gets outside of approved time limits
- Home country – South Africa /Latin America/CIS countries /Eastern Europe

- Budgets limited but expectations not

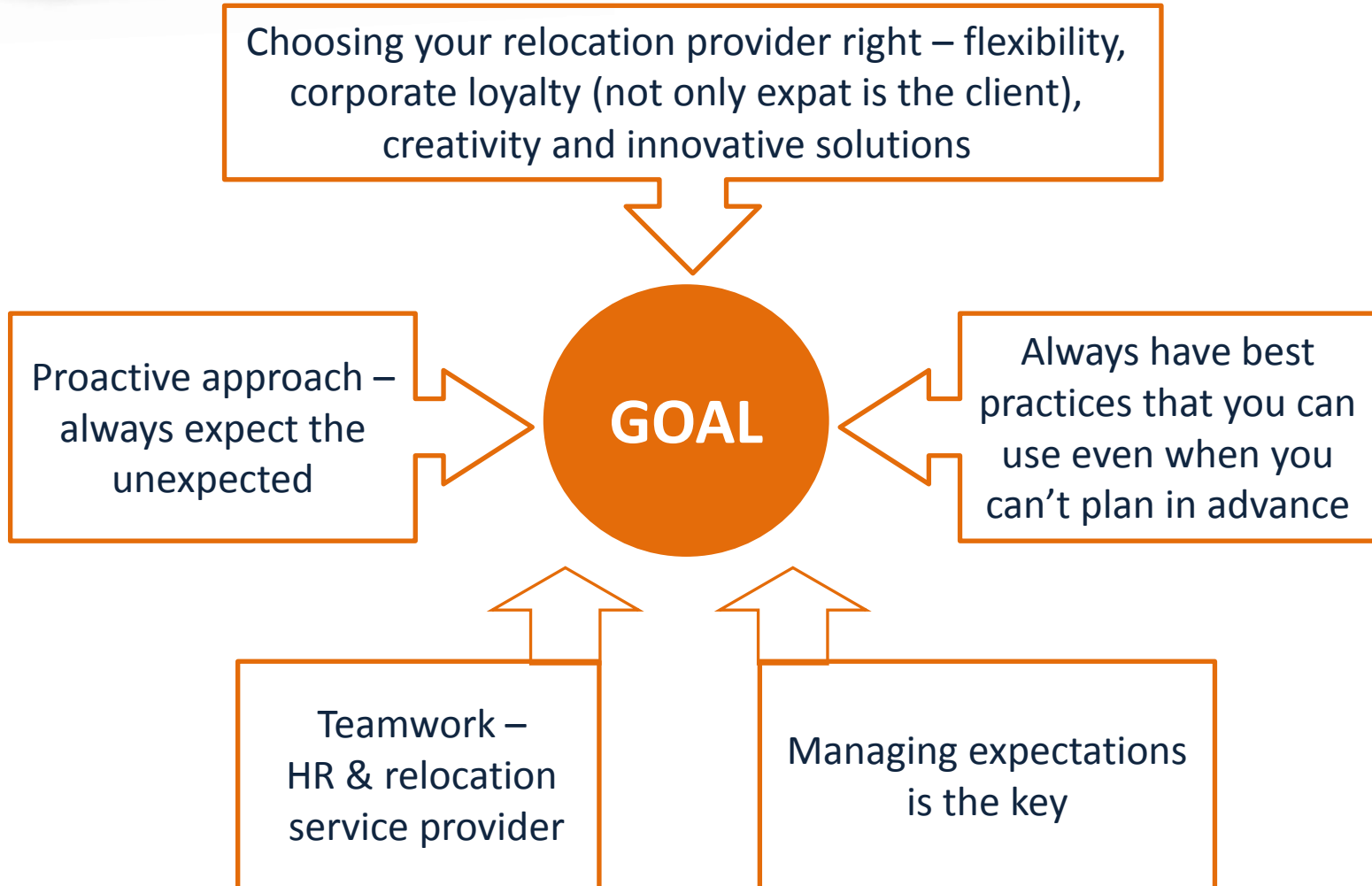
- *I want a spacious and light 2 room apartments for 50 000 rubles*
- *I want 10 new options every day*
- *viewings only in the evenings and weekends*
- *parking*



Solutions

- ✓ Immigration - case by case solutions, depending on home location and visa restrictions
- ✓ Patents – Are they an option for CIS?
- ✓ Expectations management very critical
- ✓ Focus on customer service (no matter how hard it is) – they must not feel “low-budget”
- ✓ Make sure your relocation service provider covers all budget segments and complete property pool
- ✓ Flexibility on process – private leases vs company leases

Conclusions & Strategies



Questions?

Thank you for attention!

If you have any questions do not hesitate to ask:

Anastasia Stepanenko



Anastasia_Stepanenko@BAT.COM



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Yulia Semenkova

General Services Officer, Total

EXPAT MANAGEMENT IN CRISIS TIMES



TOTAL

COMMITTED TO BETTER ENERGY

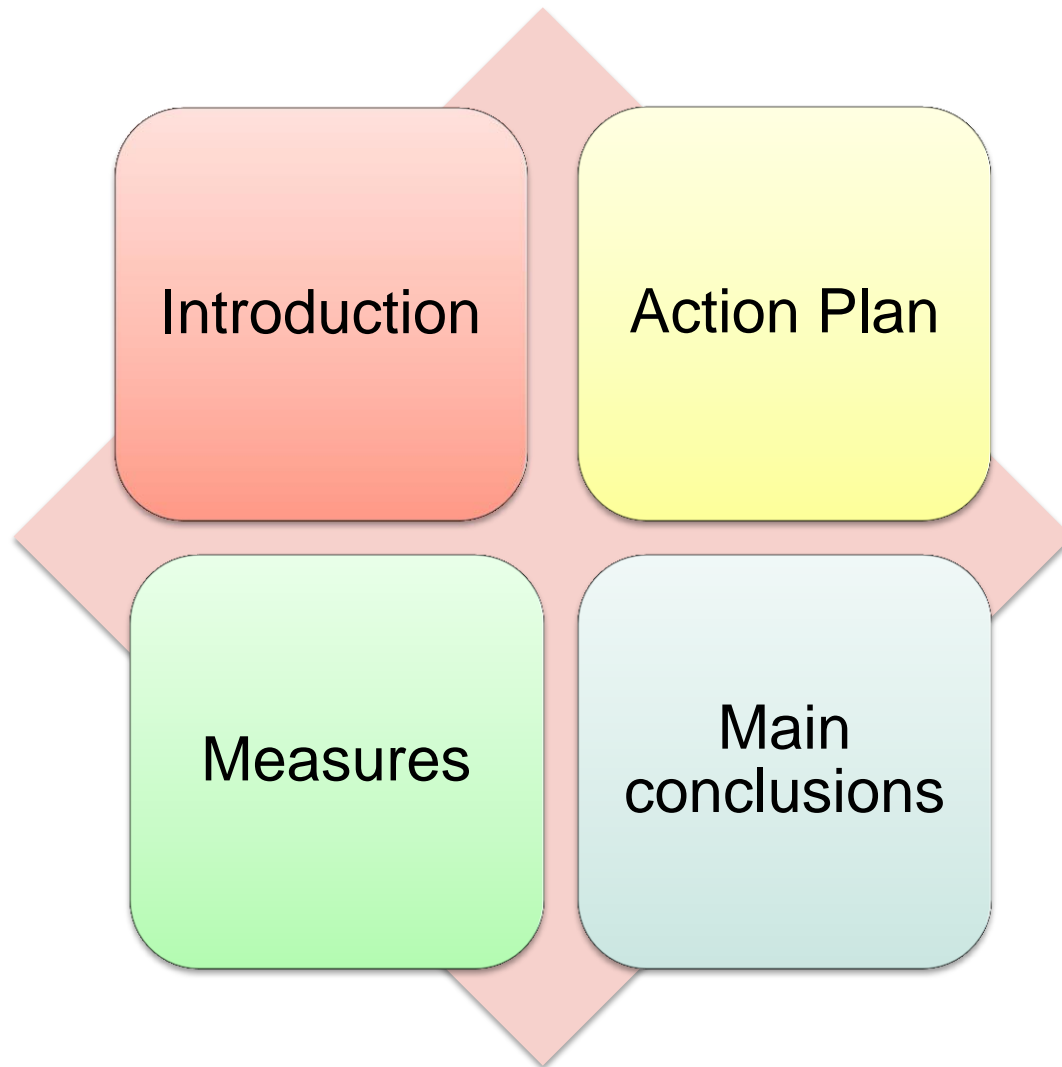


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HOUSING FOR EXPATS MANAGEMENT IN CRISIS

February 17, 2015

AGENDA



INTRODUCTION

1. Current economic context

- Considerable Brent price decrease
- Macro economical changes
- European sanctions

Consequences

- Rental rates fall down
- Demand decrease



2. Competitive environnement

- High Cost Inflation over recent years
- Major Cost Reduction Programs launched by competitors

ACTION PLAN & MEASURES

- ✓ Cost Culture Campaign
- ✓ Benchmarking
- ✓ Cost re-analysis (budget limits re-estimation)
- ✓ Negotiation with Landlords

Expected & already achieved results

- ☐ Rates fixed in RUR without stipulating terms on rate change due to USD/RUR exchange rate change
- ☐ Adequate rates estimation based on objective parameters *
- ☐ No Security Deposits

*Relocation of expats if needed

LET US CHANGE THE MARKET TODAY !

Our ambition is

- Know our costs and monitor them in a systematical & rigorous manner
 - Always consider the impact on our costs when making a decision
 - When looking for the best, do not forget about best price



THANK YOU FOR YOUR KIND ATTENTION !



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Susanne Doenitz

Managing Partner, Alexander Hughes
CIS

***EXPATRIATES - YES OR NO?
PRACTICAL AND PSYCHOLOGICAL
ASPECTS OF HIRING FOREIGN
LABOUR FORCES IN TIMES OF
CRISIS***



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Svetlana Tolmacheva

Managing Director, ST Management Consulting

ADAPTING EXPATS TO LOCAL CROSS-CULTURAL CHALLENGES

ADAPTING EXPATS TO LOCAL CROSS-CULTURAL CHALLENGES

Committed to Career Management Solutions

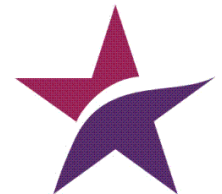


Penna



Svetlana Tolmacheva
ST Management Consulting

Member of:

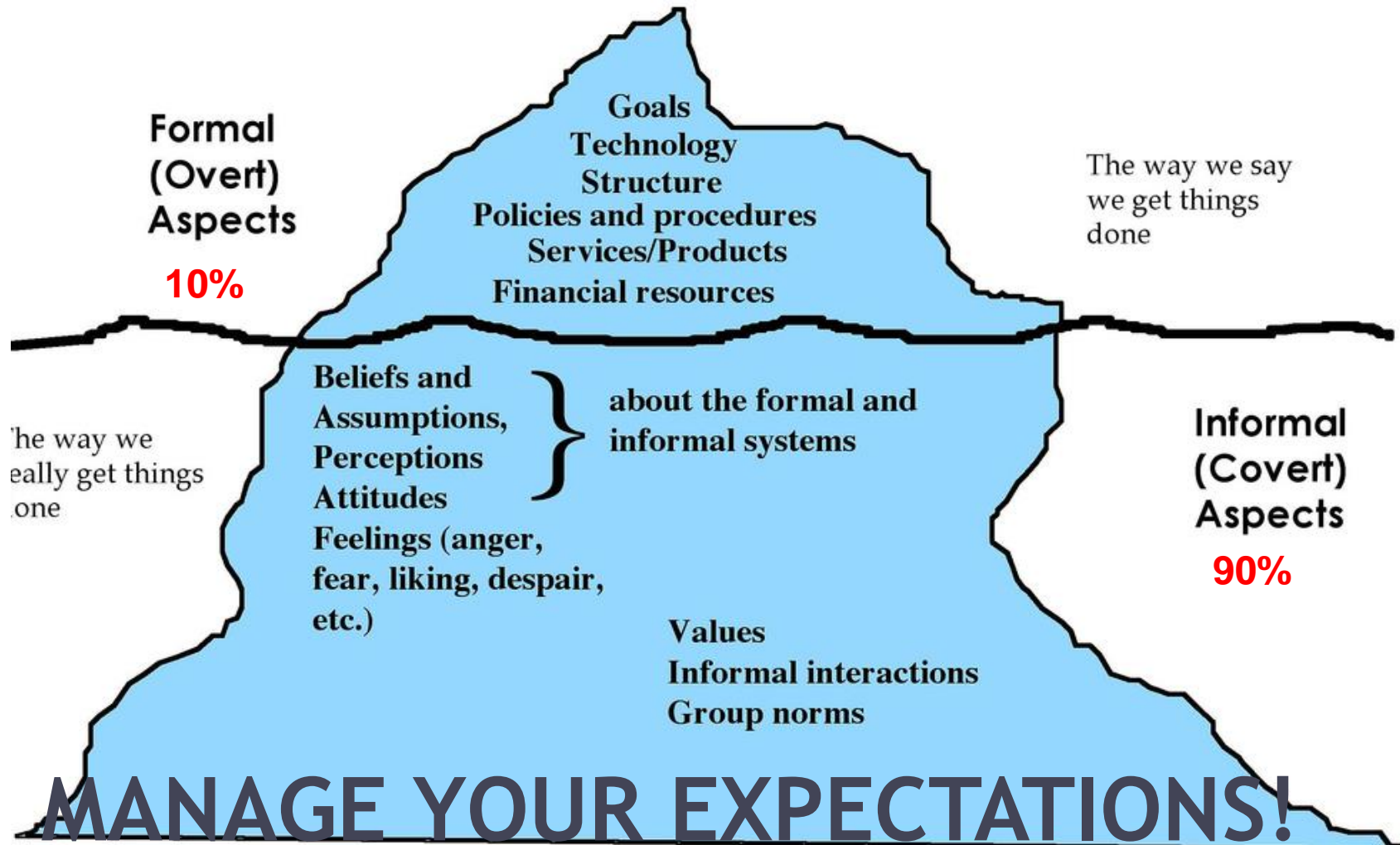


CAREER **STAR** GROUP

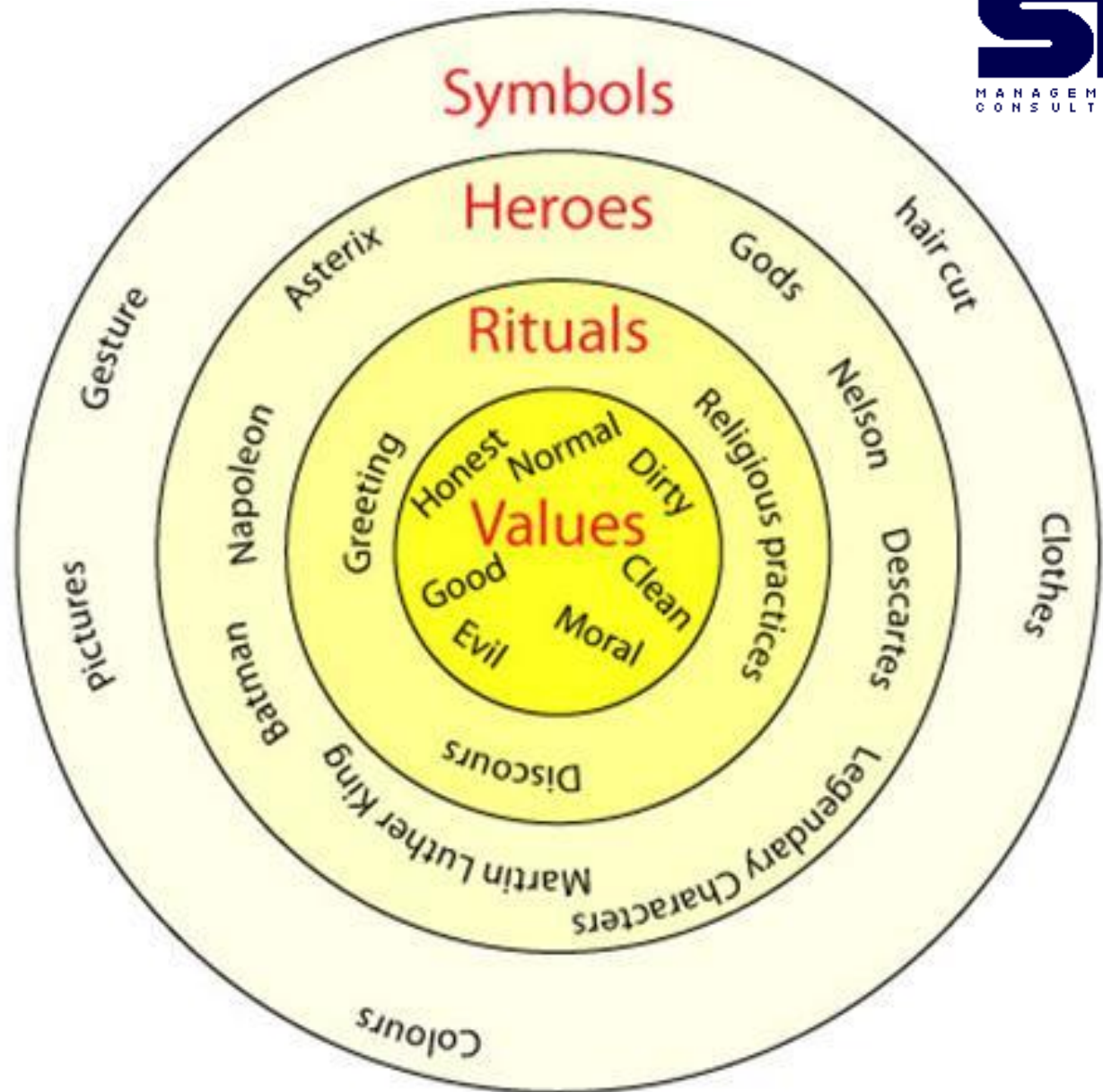
THE BEST LOCAL KNOWLEDGE
TO DELIVER GLOBAL CAREER TRANSITION SOLUTIONS

www.careerstargroup.com

THE CULTURAL ICEBERG:



CULTURAL ONION



SYMBOLS



Standards/Values	Western	Russian
Rules	high extent of liability	low extent of liability
Behaviour	rational	emotional
Status	ability, effort, education	age, position, education
Power	has to legitimate	is accepted without question
Success	individual	Group-related

THE RULES

WESTERN

Rules are to be observed
Breaking Rules will be punished

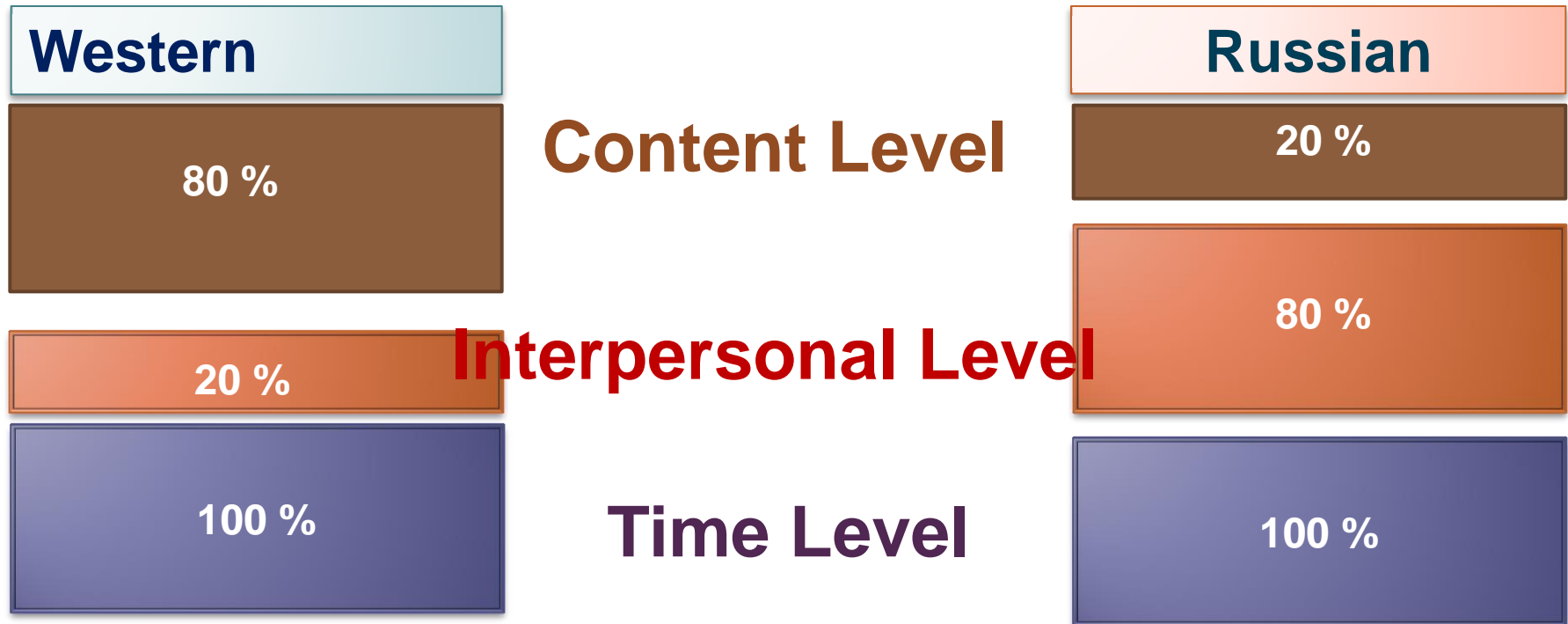
• RUSSIAN

Rules are to be observed
depending on circumstances
Don't be stupid to be caught
Rules are made to be broken



Standards/Values	Western	Russian
Affiliation	it's me	it's us
Handling of time	sequential	synchronous
Conflicts	a chance	to avoid
Decision making	through consent	"majority" or seniority principle
Products	culture of quality	culture of use

COMMUNICATION CULTURAL MODELS

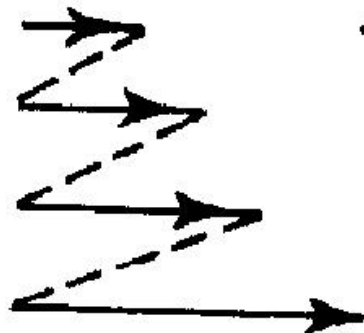


COMMUNICATION MODELS

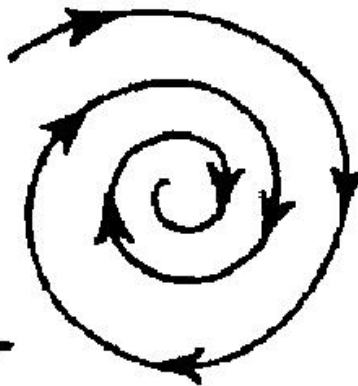
English



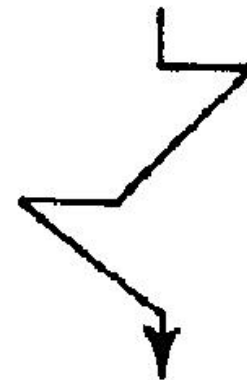
Semitic



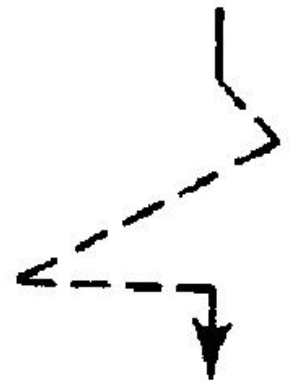
Oriental



Romance



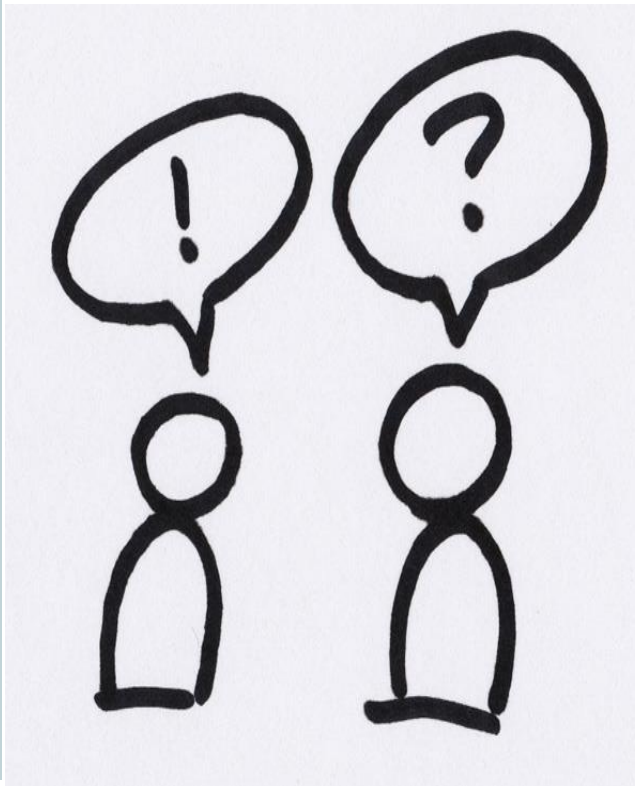
Russian



PERSONALITY PERCEPTIONS

Western

- Russians are unreliable
- Russians are corrupt
- Russians cannot separate private from business
- Russians take things personally



Russian

- Westerns are formal
- Westerns are hypocritical.
- Westerns are just interested in business
- Business nothing personal.

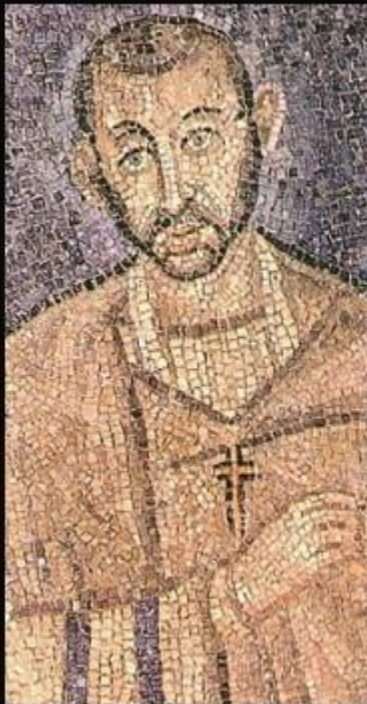
MAJOR DIMENSIONS OF NATIONAL CULTURES

Index	Western Europe	Russian
Power Distance	low	high
Individualism	high	low
Masculinity	high	mid
Uncertainty avoidance	low	high

SUMMARY



When in Russia- DO AS RUSSIANS DO!



When in Rome, live as the Romans do; when
elsewhere, live as they live elsewhere.

(Saint Ambrose)



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LEADERSHIP DEVELOPMENT



Components:

Simulations, 360 questionnaires, Career anchors, Personality, ability tests

Components:

Participant, line manager & executive communications, Talent review board

Member of:



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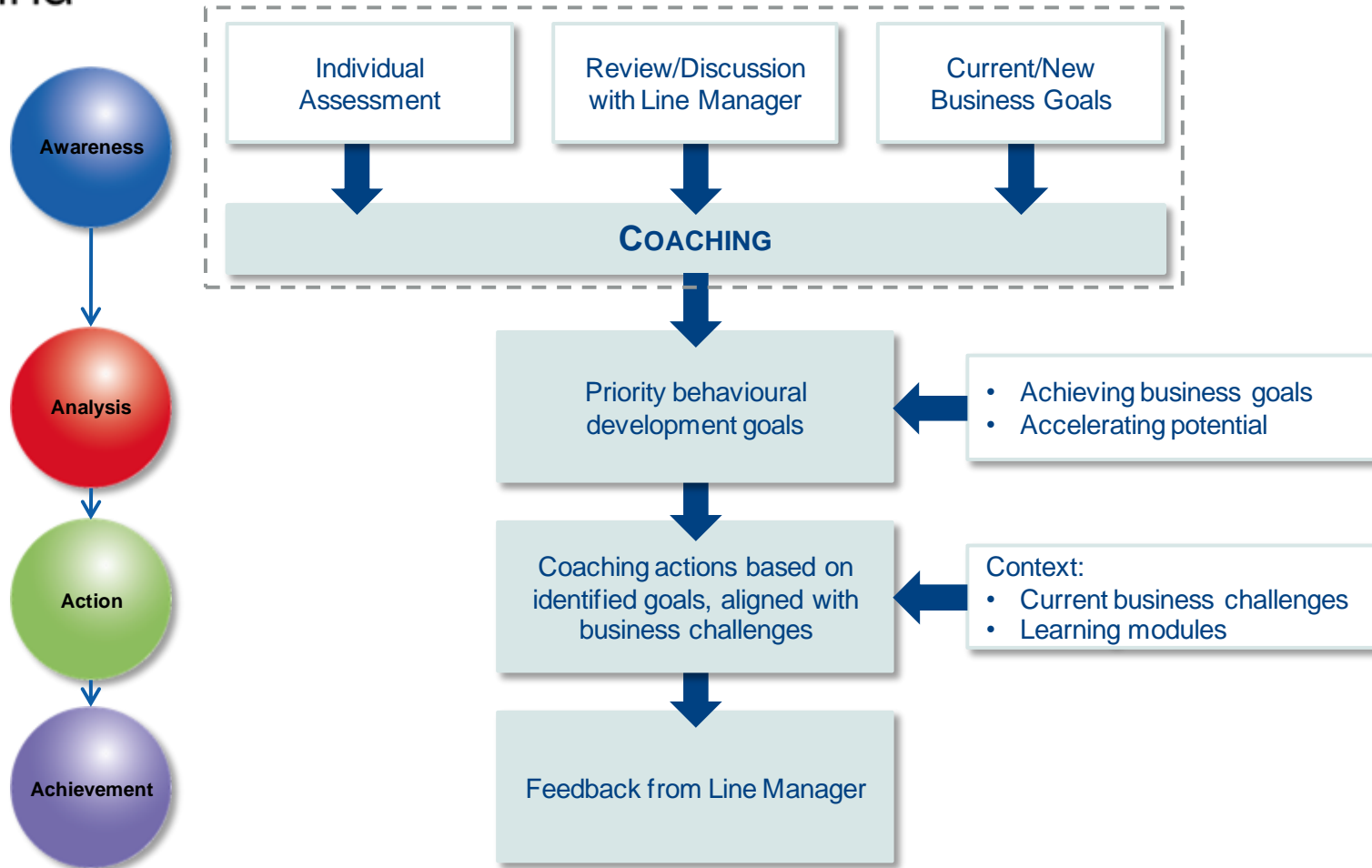
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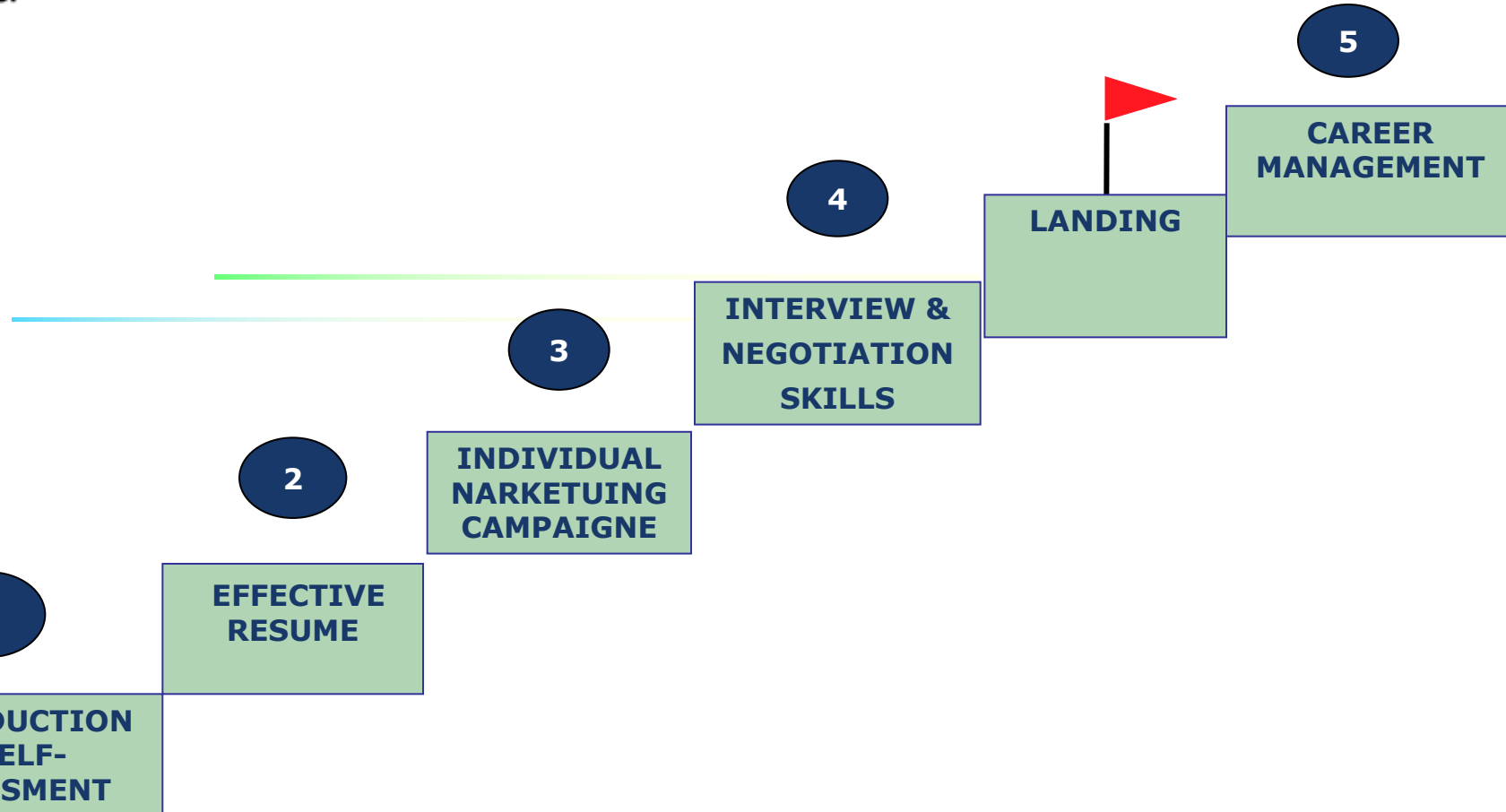
BUSINESS-DRIVEN COACHING





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CAREER TRANSITION PROCESS





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Thank you!!!



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Olga Stepchenkova

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MANAGING IMMIGRATION AND RELOCATION SUPPLIERS



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Tatiana Izmailova

Ford Sollers

REGIONAL RELOCATION



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David Gilmartin

General Manager, Troika Relocations

SESSION 2: OUTBOUND RELOCATIONS



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Elena Groshkova

Director Location Promotion

Switzerland Russia, Swiss

Business Hub Russia, Embassy of Switzerland

OUTBOUND TREND. SWITZERLAND?



Outbound trend. Switzerland?





Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

**SWITZERLAND
GLOBAL
ENTERPRISE**
enabling new business

WHY?





Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Country Report

+ Switzerland



Expatriate Insider
The InterNations Survey

Ranking

Overall Index	4 (out of 61)	
Quality of Life	1 (out of 61)	
Ease of Settling In	53 (out of 61)	
Working Abroad	4 (out of 61)	
Family Life	20 (out of 34)	
Personal Finance	8 (out of 61)	
Cost of Living	58 (out of 61)	

Top 3 reasons for relocating (vs. global average)

21%
(16%)



I found a job here on my own

13%
(7%)



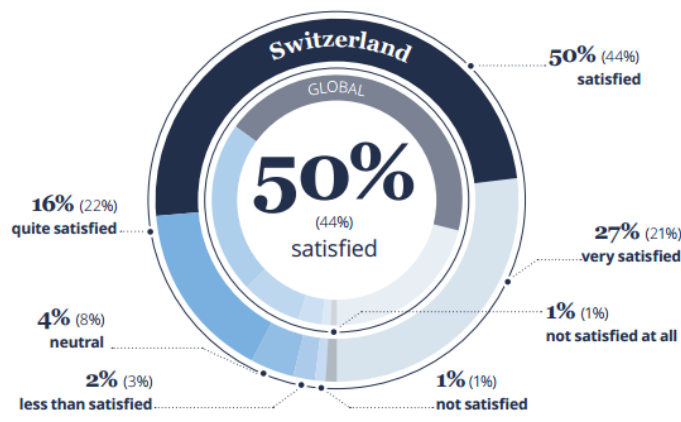
I was recruited by a local company

12%
(10%)



I moved for my partner's job or education

How satisfied are expats with life in Switzerland?



Expatriate stats Switzerland (vs. global average)

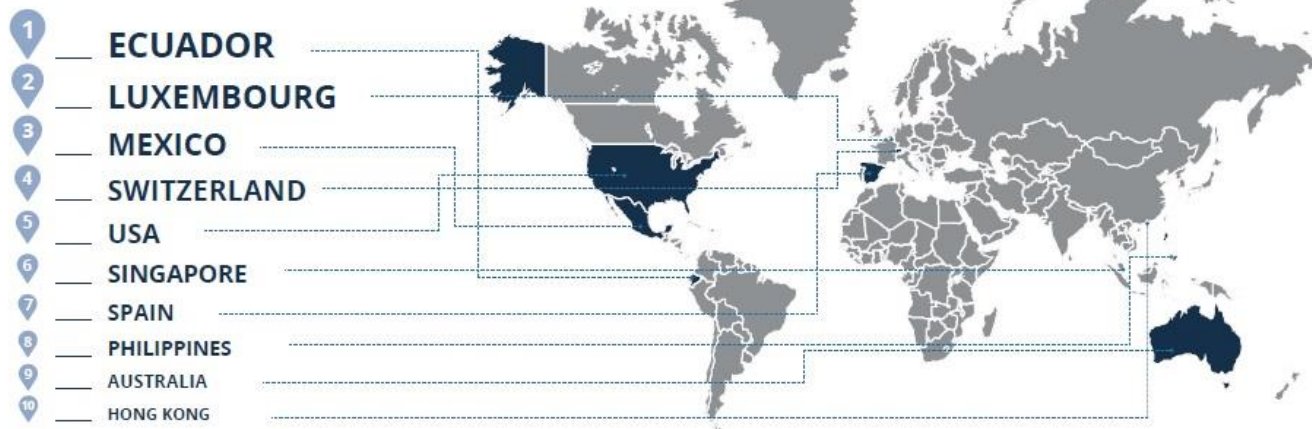
Gender	64% female (53%) vs. 36% male (47%)
Average age	38 years (39.5 years)
Top 3 nationalities	US-Americans: 11% (13%) Italians: 9% (3%) Germans: 9% (6%)
Top 3 employment status	Employee/manager: 58% (47%) Looking for work: 9% (6%) Entrepreneur/business owner: 6% (7%)
Top 3 income groups	USD 100,000-150,000: 31% (13%) USD 150,000-200,000: 15% (6%) USD 75,000-100,000: 13% (13%)
Average working hours	42.3 hours/week (41 hours/week)
Single in a relationship	41% singles (36%) 59% in a relationship (64%)



The Top Expat Destinations 2014



Rank — Country



Rank — Country

11_ Costa Rica	21_ United Kingdom	31_ Peru	41_ Portugal	51_ Uganda
12_ Germany	22_ Thailand	32_ Denmark	42_ Brazil	52_ Egypt
13_ South Korea	23_ Netherlands	33_ UAE	43_ Ireland	53_ Italy
14_ Canada	24_ Panama	34_ Sweden	44_ South Africa	54_ Russia
15_ Poland	25_ Malaysia	35_ Kazakhstan	45_ Senegal	55_ India
16_ New Zealand	26_ Vietnam	36_ Chile	46_ Argentina	56_ Nigeria
17_ Czech Republic	27_ Colombia	37_ Kenya	47_ Japan	57_ Ghana
18_ Norway	28_ Hungary	38_ China	48_ Bahrain	58_ Qatar
19_ Austria	29_ Belgium	39_ Cyprus	49_ Turkey	59_ Greece
20_ Indonesia	30_ Oman	40_ France	50_ Israel	60_ Saudi Arabia
				61_ Kuwait



Working Abroad Index



RANK	OVERALL RANK	SUB-CATEGORIES		
	Working Abroad *	Job and Career	Work-Life Balance	Job Security
1-61				
1	Norway	Senegal	Norway	Norway
2	Luxembourg	USA	Costa Rica	Luxembourg
3	Germany	Nigeria	Denmark	Germany
4	Switzerland	Luxembourg	Australia	Switzerland
5	Ecuador	China	Sweden	Singapore
6	Panama	United Kingdom	Luxembourg	Austria
7	Denmark	Brazil	Cyprus	Sweden
8	Austria	Kenya	Czech Republic	Chile
9	Sweden	Czech Republic	Netherlands	Panama
10	Singapore	Mexico	Austria	Denmark
11	Netherlands	Germany	Germany	Hong Kong
12	Australia	Hong Kong	Argentina	Oman
13	Oman	Norway	Egypt	Qatar
14	New Zealand	Singapore	New Zealand	China
15	Canada	Colombia	Oman	Netherlands
16	Czech Republic	Kazakhstan	Canada	New Zealand
17	United Kingdom	Ecuador	Vietnam	South Korea
18	Peru	Switzerland	Ecuador	UAE
19	China	Russia	South Africa	Canada
20	USA	Ghana	Peru	Ecuador

* Overall rank based on survey results in the sub-categories Job and Career, Work-Life Balance, as well as Job Security



Labour market in Switzerland

- **4 Millions**
- **28% foreigners**
- **40-42 hours per week**
- **No minimum wage**



Labour market in Switzerland

**«Fighting for
talents»**

High level of qualification

**Responsibility &
Performance
(Model of education)**

Foreign specialists





Labour market in Switzerland

Freedom



Value

Challenge

Money

Comfort

Stability

Status

Power



Interim-management



Interim-manager

- ✓ **Efficiency**
- ✓ **Neutrality**
- ✓ **Perfect match**
- ✓ **Limited time**
- ✓ **Productivity**

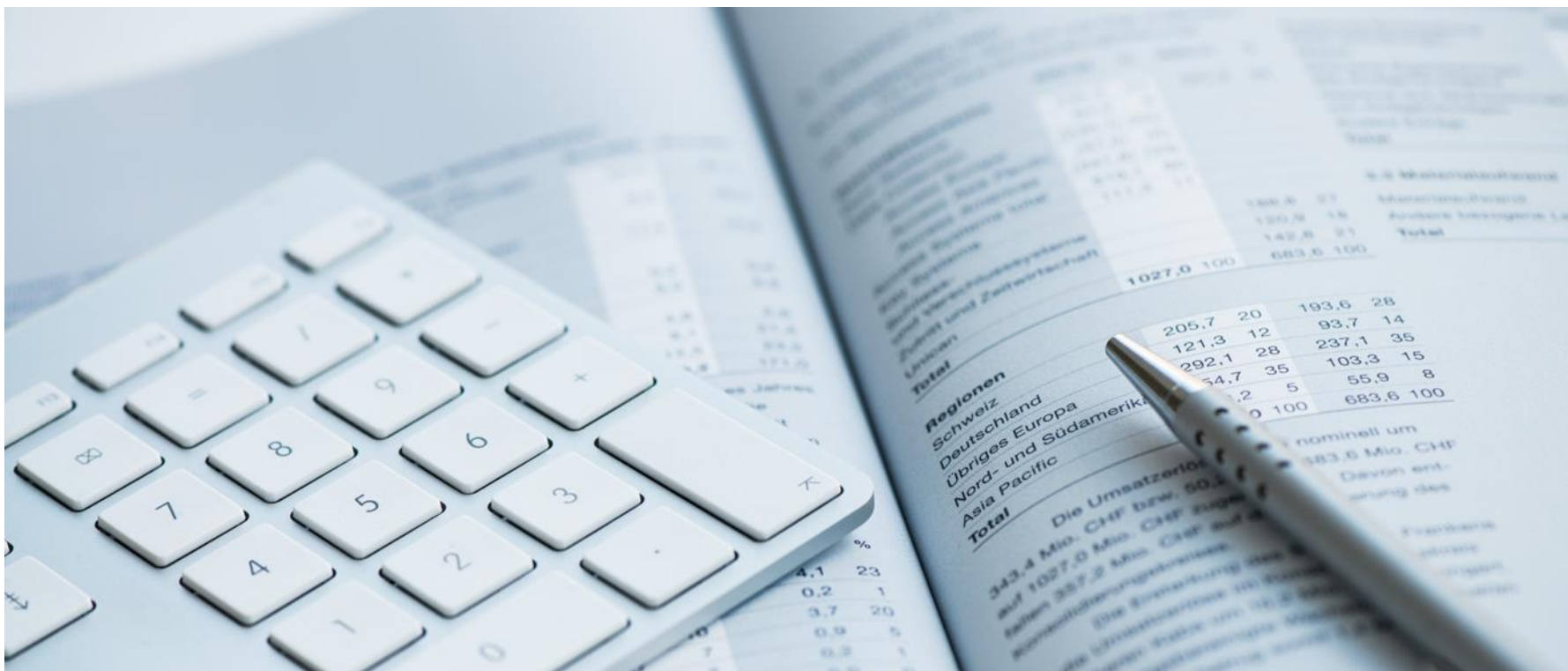


✓ Qualified personnel





What is good to know?





Annual salary (2013/2014)

Graduates

> 75 000 CHF/year

Average wage

80-170 000 CHF/year

Manager

> 100 000CHF/year



		Employee	Company's costs
Gross Salary (Employment Contract)	CHF	100'000	100'000
Old-Age (OASI/DI/EO)	CHF	-5'150	5'150
Old-Age admin (OASI/DI)	CHF		350
Unemployment (UI)	CHF	-1'100	1'100
Accident (AI)	CHF	-1'470	1'470
Accident compulsory employer (AI)	CHF		240
Occup. Old-Age (OI)	CHF	-7'500	7'500
Sickness daily allow. Ins. (HI)	CHF	-214	214
Health / sickness allowance	CHF	-500	
Family allowances	CHF		1'250
TOTAL (net received/total paid out)	CHF	84'066	117'274



Hidden obstacles

- Work permit
- Expensive workforce
- Social adaptation





Work permit

- ❖ **National and cantonal quota (except for EU)**
- ❖ **Canton's Offices for Migration and Labour Market**
- ❖ **Higher education – Experience – Dedicated experts**





Work permit

❖ Work permit «L»

❖ Work permit «B»

❖ *Student work permit*

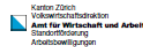
With a limited validity period

With an unlimited validity period

❖ Work permit «C»



Conditions of employment for foreigners



Letter of assignment

Person (= foreign employee who will be sent to Switzerland)

Surname:	Given Name:
Nationality:	Date of birth:
Employed by the foreign employer since:	

Foreign Employer (= agent/contractor) complete address:	Swiss company (= principal/contracting party) complete address:
---	---

Duration of the assignment: from to

Attendance (number of days / weeks):

Exact task (kind of activity the employee has to fulfill) during the assignment:

Place of assignment (address, location, company name where the activity takes place):

Salary confirmation:

Salary paid to the employee abroad: (converted into CHF)	Per month or per year: CHF CHF
Supplementary payment during the foreign assignment in Switzerland: (In the supplementary payment no expenses for lodging, board and travelling are allowed to be added)	Per month or per year: CHF CHF
Further allowances paid by the employer, e.g.: - Health insurance premium paid in Switzerland - Taxes (if paid by the employer as fringe benefits) - Social deductions in Switzerland	Per month or per year: CHF CHF CHF CHF CHF CHF
Gross salary during the assignment: (It has to be equal to the salaries in this region and industry in the Canton of Zurich.)	Per month or per year: CHF CHF

The foreign employer confirms that the expenses for travelling, board and lodging are covered by the foreign employer or by the Swiss company and that those expenses are not deducted from the gross salary above.
Furthermore the foreign employer guarantees the existence of a health and an accident insurance during the assignment in Switzerland.

For the accuracy of the above statements:
Signature foreign employer (compulsory) Signature employee (compulsory)

Doc. 11

- Immigration form
- Information about company/ Tasks
- Letter of appointment/ Contract of employment
- Detailed information about the employment/
Duration of appointment
- CV / Diplomas, certificates
- Copy of passport
- Additional documents



**SWITZERLAND
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enabling new business

Swiss Business Hub

Russia

Embassy of Switzerland in Moscow

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Location Promotion



Russia



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Irina Soltyk

**Business Development Manager,
MoveOne**

OUTBOUND SERVICES IN RUSSIA



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Julia Borozdna

Chair of the AEB Labour Law Sub-Committee, Partner, Pepeliaev Group

SESSION 3: RECENT LEGISLATIVE DEVELOPMENTS IN IMMIGRATION AND LABOUR LAW



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Andrey Slepov

Senior Associate, BEITEN BURKHARDT
Moscow

***SPECIFICS OF THE LEGAL REGULATION
GOVERNING THE EMPLOYMENT OF
FOREIGN EMPLOYEES: PRACTICAL
COMMENTS ON NEW LEGISLATION
AND INITIAL EXPERIENCE OF LAW-
ENFORCEMENT PRACTICE***

AEB Conference organized by the AEB Relocation Sub-Committee, AEB HR Committee 17 February 2015, MOSCOW

Specifics of the legal regulation governing the employment with foreign employees: practical comments on the new legislation and initial experience of law-enforcement practice

AEB Relocation Conference, Moscow, 17 February 2015

Andrey Slepov

Senior Associate, Head of the Labor and Migration Law
Practice Group

BEITEN BURKHARDT

Contents

- Sources
- Term of a contract
- Additional data and terms & conditions of an employment contract
- Conclusion of a contract
- Business trips of patent holders
- Suspension from work
- Dismissal of foreign employees
- Contact

Sources

- Federal Law No. 409-FZ dated 01.12.2014 (amendments to the Labor Code)
- Federal Law No. 357-FZ dated 24.11.2014 (amendments to the law on foreign citizens regarding patents)
- International treaties (e.g. on the Eurasian Economic Union)

Term of a contract

- Open-ended – general rule
- Fixed-term – in accordance with Article 59 of the Labor Code
- New grounds for dismissal VS fixed-term contract
 - Work permits VS patents

Additional data and terms & conditions of an employment contract

- Work permit/patent/temporary or permanent residence permit data
 - Special case regarding a highly qualified specialist (HQS)
- Terms & conditions and data of medical insurance/support – for temporarily staying foreign employees only
 - Special case regarding citizens of the EEU states (Belarus, Kazakhstan, Armenia + Kyrgyzstan to join)
- Implementation:
 - Leaving gaps in the contract
 - Additional agreements

Conclusion of a contract

- Time of conclusion VS time of entry into force
- Who is responsible for medical insurance?
- When a contract cannot be concluded (e. g. zero quota)

Business trips of patent holders

- Within the region where the patent was issued or abroad – **yes**
- Outside the region where the patent was issued – **no** (order of Minzdravsotsrazvitija dated 28.07.2010 No. 564n)
- Alternatives:
 - Several patents
 - HQS status
 - “Alibi” paperwork for your employee

Suspension from work

- Expiration of the term of a work permit/patent/insurance policy is not a ground for immediate dismissal
- Discontinuance of salary payment?
- Procedure:
 - Memorandum/Act
 - Order on suspension from work
 - Statement on refusal to sign the order (where necessary)

Dismissal of foreign employees

	Reason for dismissal	Date of dismissal
1.	Expiration of the term of the document granting the right to work in Russia or of the voluntary medical insurance contract (policy)/medical aid contract	Upon expiry of one month after the date of expiration of the document/contract
2.	Bringing the number of foreign employees in line with the limits set	No later than the deadline specified in the relevant federal law, order of the President of Russia or decree of the Russian Government
3.	Impossibility to provide the employee with his/her former job after the end of temporary transfer to another job	Last day of the temporary transfer
4.	Cancellation of the work permit	Time of receipt of the information on cancellation?

Contact



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Andrey Slepov, Lawyer Senior Associate

Legal advice in the fields of

Labor and migration law, legislation on personal data

Professional experience

Moscow State Institute for International Relations
(MGIMO), 2008;

Clifford Chance, 2006-2009;

Pepeliaev Group, 2009-2012;

BEITEN BURKHARDT, since 2012.

Member of the Expert Council of the Moscow City
Duma Commission on Legislation.

Deputy Chairman of the Migration Committee of the
Association of European Businesses.

Languages

Russian, German, English

This presentation has been prepared exclusively for information purposes. It should not be considered to be a comprehensive analysis of legal or tax issues. This presentation does not constitute legal or tax advice by BEITEN BURKHARDT Rechtsanwaltsgesellschaft mbH.

Thank you for your attention!

Olga Kurilova

Lawer, Bruck Consult Associate
Partners

RECENT CHANGES IN RUSSIAN LABOR AND MIGRATION LAW: HOW TO FORMALIZE EMPLOYMENT RELATIONSHIPS WITH FOREIGN EMPLOYEES?

„More than just Consulting“

**Bruck
Consult**



RECENT CHANGES IN RUSSIAN MIGRATION LAW

OLGA KURILOVA
Lawyer

February 17, 2015
MOSCOW
AEB

**BRUCK CONSULT-DER RUSSLANDS
SPEZIALIST**

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- Statistics
- HQS legal status changes
- Insurance
- Patents
- Exams for foreign employees

Foreign citizens entered Russia	1 744 952
Registered	585 403
Currently on the territory of RF	10 940 527
Work permits issued	15 752
Issued work permits for HQS	1 829
Patents issued	430
Money sent to the budget (in thousand Rubles)	1 901 585,6
Including patents (in thousand Rubles)	763 529,3

According to the information from FMS official
web-site www.fms.gov.ru

Brought to administrative liability	1 968
Imposed administrative fines (in thousand Rubles)	4 107,5
Entrance to the RF closed for	38 270
Administrative expulsion and deportation	156

**According to the information from FMS official
web-site www.fms.gov.ru**

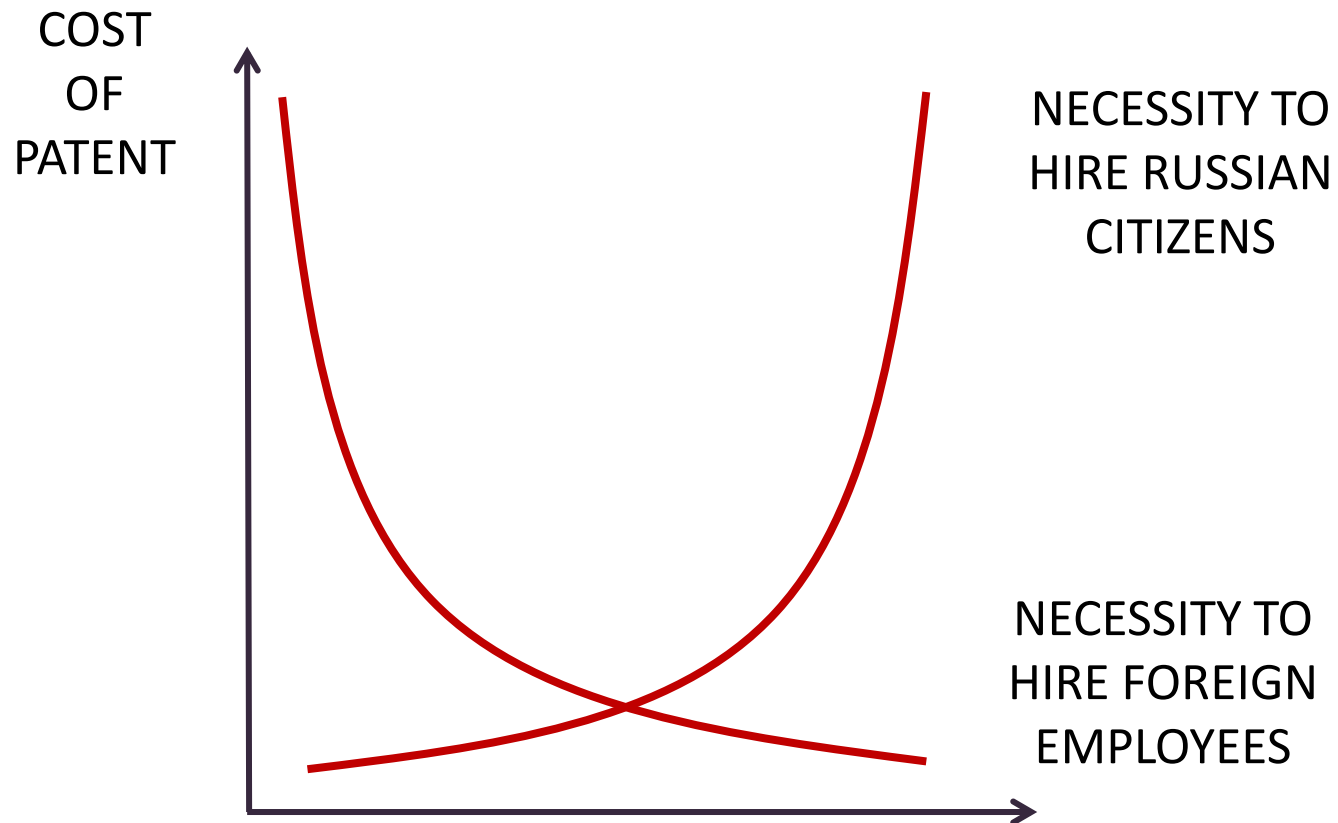
HQS LEGAL STATUS CHANGES

„More than just Consulting“

- Since January 01, 2015 the following amendments in status of foreign HQS have come into force:
 - ✓ Obligatory salary – not less than 1 000 000 Rubles annually (for those employees hired by the companies located in Crimea and Sevastopol)
 - ✓ Accredited representative offices got the right to hire HQS
 - ✓ Prohibition to hire foreign employees in case

- Foreign employees are obliged to have medical insurance certificate valid in RF
- Pension, social and obligatory medical insurance, temporary disability and maternity insurance – for foreign employees working more than 6 month within a calendar year (excluding HQS)

- Companies and individual entrepreneurs in Russia got the right to hire foreign employees who obtained **patents**
- No quotas for visa-free countries (still actual for visa countries)
- Within 30 days after entrance the territory of the RF the foreign employee shall file documents for patent
- 4000 Rubles per months (in Moscow)



EXAMS FOR FOREIGN EMPLOYEES

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- Since January 01, 2015: Russian language, Russian history, Russian Federation legislation (basics)
- For obtaining permit for temporary residence, work permit, patent, residence permit (except for HQS)
- Authorized educational centers
- Certificate valid within 5 years
- Filing to FMS within 30 days since obtaining the work permit (otherwise – annulation)

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THANK YOU FOR YOUR ATTENTION!

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Marina Semenova

Chair of the AEB Relocation Sub-Committee, Managing Partner, Intermark Relocation

CLOSING REMARKS



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Q&A