#### Association of European Businesses in the Russian Federation





Association of European Businesses in the Russian Federation







#### Property, Schooling & Relocation

### RESIDENTIAL RENTAL MARKET STRUCTURE. RECENT TENDENCIES AND PERSPECTIVES

Marina Markarova, Managing partner, Mayfair Properties and Varvara Kruglikova, ZAO Volvo Vostok, Human Resources

#### ACCOMODATION CLOSE TO INTERNATIONAL SCHOOLS

Michael Bartley, General Director, Four Squares and Natalia Bulaeva, Mobility Specialist, IBM East Europe/Asia

#### **SCHOOLING IN MOSCOW**

Ross Hunter, English International School

Association of European Businesses in the Russian Federation



Ross Hunter, MA (Cantab), Founding Headmaster, The English International School, Moscow

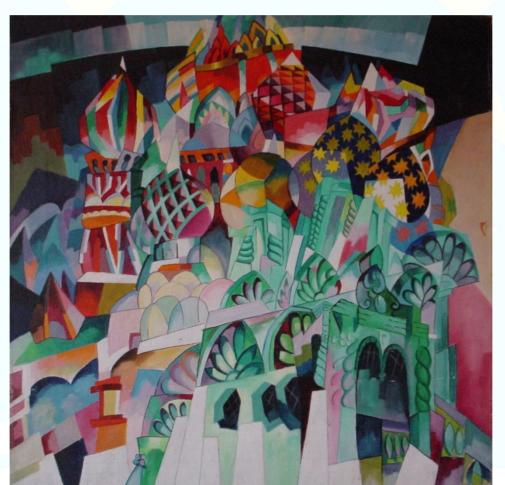




## **Education in Moscow Ross Hunter – The English International School**



## "Welcome to Moscow"...





**Education in Moscow** Ross Hunter - The English International School







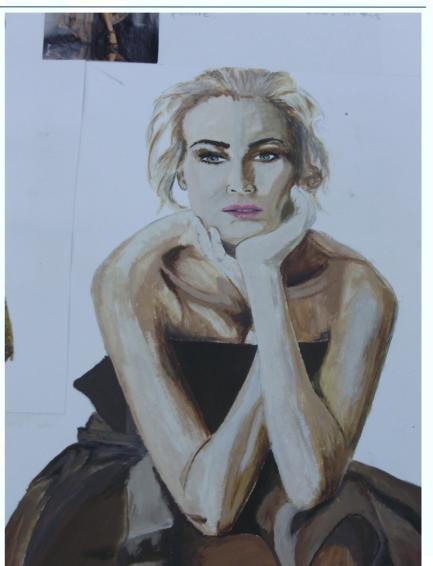


## **Education in Moscow Ross Hunter – The English International School**



# What is there to worry about?

Only .....





## **Education in Moscow Ross Hunter – The English International School**



...bad weather, security, shopping, transport ...







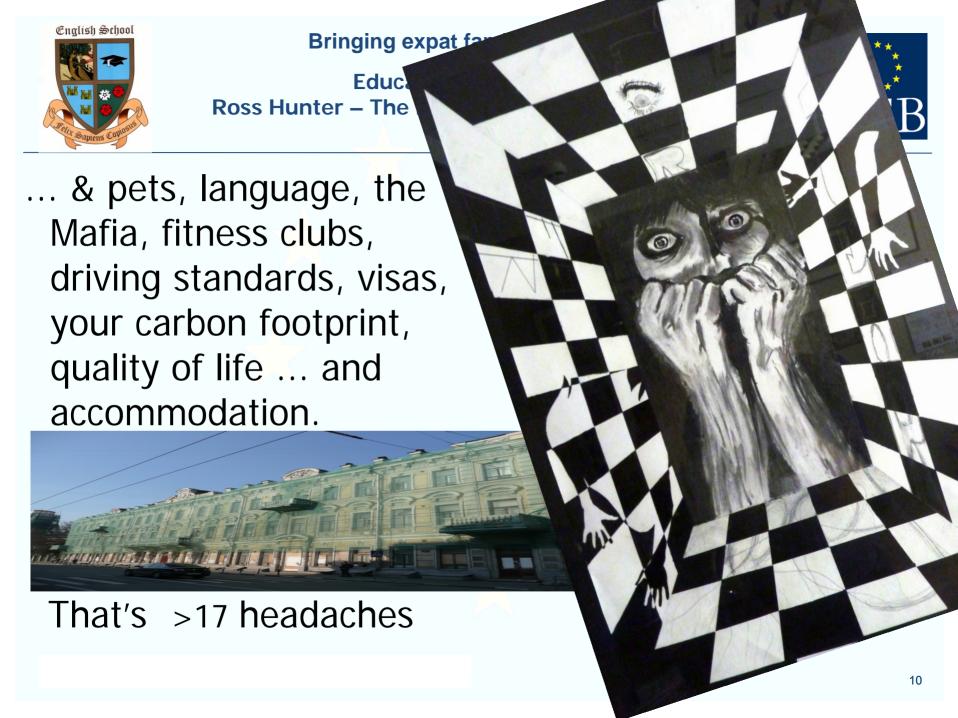


## **Education in Moscow Ross Hunter – The English International School**



#### ... & the job & health & medical care ...







## **Education in Moscow Ross Hunter – The English International School**



#### But ... Don't panic!

Chin up, best foot forward: education and schooling can help.





## **Education in Moscow Ross Hunter – The English International School**



Good news! A wide Choice of Schools.

But that means decisions:

Russian or foreign?

National or international?

Big or small?

Single school or age group specific?

A school where the children's needs > the system's (or not)?

The right one for your child ....



#### Education in Moscow Ross Hunter – The English International School



Russian Schools: a possibility. Price from zero to ... lots. May be suitable for mixed nationality families.

National: Japanese French Swedish Jewish Finnish Lithuanian Turkish Indian German Italian ...

#### And In English

Nurseries: aged 2 to 6; small; some central, some suburban. Some bilingual, some trilingual. All will require a change of school at 6+. English Nursery School (x3), Busy Bees, P'tit Cref, English Play School, Little Angels ...

International: mostly the same distance from the centre; small or large, with other languages, all age or split campuses.

Examples: BIS NIST ISM AAS HCA **EIS** 



#### Education in Moscow Ross Hunter – The English International School



An example. The English International School

Infant (age 3-6), Junior (6-10) and Senior (10-18+) sections Single campus – spacious grounds Nearer St Basil's than other fine schools Bespoke bus service – mostly door-to-door

Full UK curriculum, up to and including University entrance
British managed (that's me!) and owned (sadly, not me)
Learners of English welcome – support available
Dyslexia, individual learning needs, care required – no problem!
Art, sport, swimming, music, visits off campus – essential.
Small classes, dedicated UK and local staff.

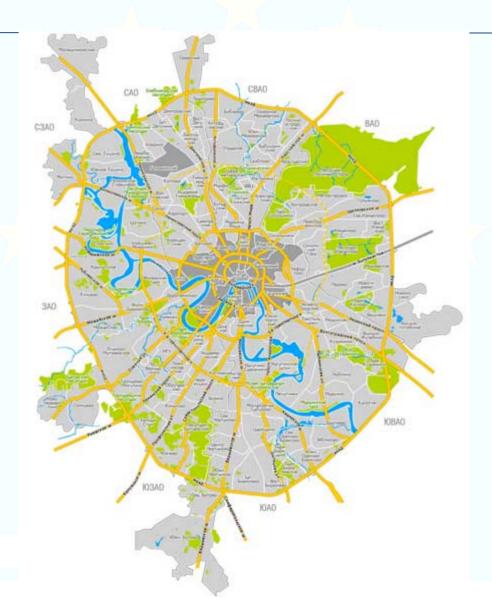
Russian and French (from 7), German available Homework set daily; nurse on duty; all meals included in the price



#### Education in Moscow Ross Hunter – The English International School



Where to Live?





#### Education in Moscow Ross Hunter – The English International School







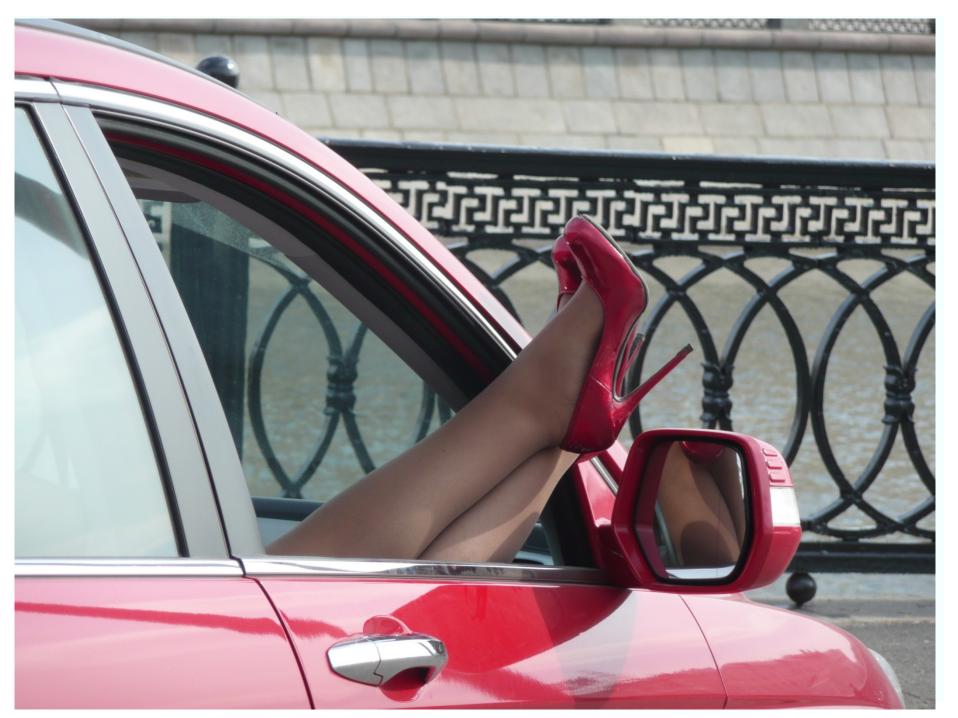
#### Education in Moscow Ross Hunter – The English International School



## But! Do you need to bring the wife and children?

Does keeping the family together matter to you, or them?

Is Moscow "a hardship posting"?





## **Education in Moscow Ross Hunter – The English International School**



Advice!

DO give parents a full choice: NOTHING matters more to them.

DON'T just follow the herd...





#### Education in Moscow Ross Hunter – The English International School



#### Focus carefully

Get expert advice.





## Thank you for listening





Association of European Businesses in the Russian Federation





Association of European Businesses in the Russian Federation





# Market Structure of the Residential Real Estate Rentals. Current Tendencies and Expectations









Crisis period	2010
Staff reduction in many international companies	Influx of foreign managers in Russian offices of the companies
Outflow of foreign tenants	Growth of market supply
Demand mainly came from the Russian lessees.	Stabilization of the level price
Additional discounts or bonuses	No more additional discounts or bonuses







#### **Demand-Supply in the first half of 2010**

- the demand has increased by 30 % on average compared to the corresponding period of the previous year
- the number of clients has grown considerably in first half of the year – by 20 % on the average
- the greatest demand was for apartments with the rental rate of \$3,000-5,000 (80% of clients), more than \$5,000 has made 13%, exceeding \$ 10,000 – equaled 7 %
- in a traditionally great demand are apartments in the Central Administrative District of Moscow
- most in-demand directions are: Rublevo-Uspenskoe highway, Novorizhskoe highway, Ilyinskoe highway.



October 2010 25





#### **Prices. Appartments.**



Number of bedrooms	Minimum(\$)	Max(\$)
Studio	1200	4000
1 Bedroom	1500	6000
2 Bedrooms	2000	10000
3 Bedrooms	3500	20000
4 Bedrooms and more	7000	25000

October 2010





#### **Prices. Houses rental prices.**

Direction	Sq.m.	Price (\$)
Rublevo-Uspenskoe, Novorizskoe	300-1000	2000- 50000
Mozaiskoe, Kievskoe, Kaluzskoe	150-700	1000- 15000
Dmitrovskoe, Piatniskoe	100-600	1500- 12000



October 2010





More precise and selective approach toward hiring international personnel

Companies cannot risk loosing a perspective employer due to housing or settlement



Companies have started to tighten requirements for service providers



The majority of companies choose a local provider on a tender basis in accordance with their specific demands

For the last year average budgets have increased almost by 30-50%

problems



Corporations have mainly - focused on relocation of top managers



This fact directly influences the quality of market supply and indirectly improves the quality of services rendered by providers





#### **Ecological situation**

Very few people realize the real scale of pollution of Moscow air :

- 2,3 million cars throw out every day 910 tons of an oxide of carbon and 30 tons of oxides of nitrogen.
- The nitrogen dioxide, exceeding norm by 200-250%
- Formaldehyde by 200-400%
- Benzene by 220-340%
- Ammonia by 125-325%.







#### **New Object: New Cottage Compounds**

Market leaders (demand among foreigners)

- "Silver Forest"
- "Ostrov Fantazij" (Fantasy Island")
- "Rosinka"
- "Pokrovsky Hills"

















#### **New Object: New Cottage Compounds**

#### Growing interest to such cottage compounds as:

- «Ekaterinovka» (1st km of Rublevo-Uspenskoye highway)
- «Aleksandrovka» (10th km of Iliyinskoye highway)
- «Myakinino» (1st km of Novorizhskoye highway)
- «Poselok Khudozhnikov» (in the area of Sokol Metro Station)
- «Godunovo» (in the area of Silver Forest)







Name	Location	Specific Characteristics, Expertise	Cottage Compounds near by
«President»	Nikolina Gora Village, "Sosny" cottage compound	Kindergarden department provides education in Russian and in English.	«Ekaterinovka» «Aleksandrovka»
«Mir Znaniy» (World of Knowledge)	Petrovo-Dalneye Village, Moscow region	Foreign language school (in-depth education)	«Aleksandrovka» «Myakinino»
«Bachelor»	Krylatskiye Kholmy	Educational process is organized in the form of classes, intellectual games, cultural-educational trips, excursions and other effective educational forms.	«Ekaterinovka» «Myakinino»
«Moscow Economic School»	29 Zamorenova St., Moscow	Moscow Economic School is a bilingual school (education is both in Russian and in English).	«Myakinino» «Poselok Khudozhnikov»

October 2010





#### **New Tendencies: Buying Apartments, Not Renting!**

An apartment located in the Central, Western or North Western Administrative District of Moscow at least 3 bedrooms with parking, security and other benefits of luxurious life:









October 2010





Monthly rent: 10,000-15,000 dollars per month



Annual rent: 120,000-180,000 dollars per year

Purchase price: 1,200,000-2,000,000 dollars



In 10-12 years the apartment will start to save the budget and bring money

Real estate market continues to grow



Asset capitalization.

Possibility to sell it in 5-10 years for the price by 20-30% exceeding the price of purchase





#### **Summing up:**

- new market
- new real estate objects
- more varied choice
- better conditions







## Thank you for your attention!





## **Contacts**

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## Integrating Expats in Russia

## KEY LEARNINGS OF BRINGING EXPATS TO RUSSIA (PRE-ASSIGNMENT PREPARATION AND RELOCATION ISSUES)

Larisa Barkovskaya, International assignees and compensations manager, JTI

#### PREPARING FOR YOUR NEW ARRIVAL

David Gilmartin, GD, Troika Relocations and Lynn Udalov, Nestle

#### **MOVING AND SETTLING IN**

Maria Tarabanova, Sales manager, IWM

## SPOUSE INTEGRATION TO MOSCOW LIFE AS KEY TO SUCCESSFUL RELOCATION – MAIN CHALLENGES AND SOLUTIONS

Claire Geddes (spouse of an employee of a big international company) and Marina Semenova, IntermarkSavills Clients Services Director





## KEY LEARNINGS OF BRINING EXPATS TO RUSSIA

(PRE-ASSIGNMENT PREPARATION AND RELOCATION)





## JŢĪ



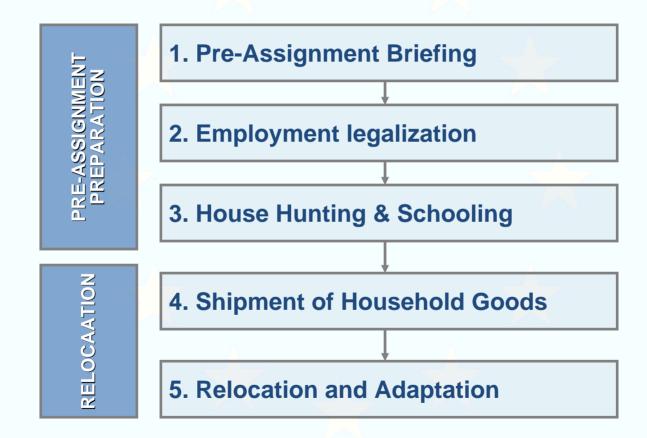
## Japan Tobacco International

- Japan Tobacco International (JTI) is the international tobacco business of Japan Tobacco, the world's third largest industry player, with a global market share of 11%.
- We manufacture and market internationally recognized brands across the globe, including three of the top five worldwide cigarette brands: Winston, Camel and Mild Seven.
- JTI has 89 offices around the world (with HQ in Geneva, Switzerland), 26 factories and 5R&D Centers where work more than 25 000 employees.
- JTI in Russia is represented by 5 legal entities: JTI M&S (58 offices across Russia with HQ in Moscow), and 4 factories. More than 6 000 people are employed by JTI in Russia.
- International assignment is the important support process in developing **JTI**'s global talent community. In Q2 2010 JTI has exceeded the 500 (long term) IAs mark.
- Currently in Russia we have **17 expats**, assigned on the top managers` positions.





## **Contents page**







## 1. Pre Assignment Briefing

**Key Issue** 

The success or failure of an assignment is determined in actions taken before its commencement.

#### **Findings**

#### We do:

- Pre assignment HR briefing (home);
- Local orientation guide for IA (to preview before the move);
- Home & School Searching Trip (orientation trip), childcare (home);
- Pre-assignment tax consultation (home & host).

Learning's

Ensure that all the steps of the process is clear to the assignee.

The high quality coordination at all the stages is the guarantee of the timely IAs transfer.





## 2. Employment legalization

**Key Issue** 

The process of receiving work permit may take up to 4 months.

The Russian government may not approve the employer's application

The process that has worked in the past may not work again with no formal technical changes in the regulations.

**Findings** 

- Annually submit the declaration of projected need for foreign nationals (for the next year);
- Apply to Inter-Department Commission on Migration Matters (in the current year);
- Use agency's support (work permits & visas);

Learning's

Using the professional agencies expertise you'll have more chances to receive the required documents without any delays.





## 3. House Hunting & Schooling

#### **Key Issue**

How to find the most suitable apartment which:

- ✓ matches the expat's family needs,
- ✓ consistent with the company's requirements,
- ✓ meets the relocation schedule?

#### **Findings**

#### We do:

- Conclude the rent agreement between the landlord & the company;
- Ask expat to choose at least 3 preferable apartments;
- Request the agency to prepare the information about the schools / kindergartens available.

#### Learning's

Start the process in advance.

Rent the apartments from Russian residents & pay on to the accounts in Russia.





## 4. Shipment of Household Goods

**Key Issue** 

Customs procedures in Russia are extremely complex.

It is difficult for expat to define whether his goods are subjects to obligatory customs declaration.

**Findings** 

#### We do:

- Provide expat with the list of goods that are subject for obligatory declaration or prohibited for import;
- Choose the trusted moving service providers with the full scope of international forwarding services door-to-door and have a wide chain of offices abroad;
- Use global insurance provider for JTI.

Learning's

Consider public holidays when planning the shipment.

Ensure that the goods are transparently declared.

Use regular import customs regime (not temporary import relief).





## 5. Relocation and Adaptation

Key Issue

Relocating abroad is always stressful.

How to bridge effectively the cultural differences so that the relocation will result in a positive and productive experience for expat?

#### **Findings**

#### We provide:

- Post-arrival temporary living;
- Company's car with the driver;
- Social & Sport clubs membership;
- Language lessons;
- Home leave, Rest& Relaxation trip;
- Spousal assistance account (education, career counseling & advice, local networking clubs).

#### Learning's

Having a support structure within your company is vital so that expatriate employee could get to the harder work at the new location.

The hand over possibility (with predecessor or other expats) will help expat to feel at home within shorter period.

#### **Pre-assignment Preparation and Relocation**





## Key Learning's of Brining Expats to Russia

The process of brining expats to Russia affects many aspects of local legal regulations (migration, labor, tax, customs).

Using the reputable professional agency's knowledge and expertise is expensive but it will pay off with minimizing the risks and saving your time & efforts.

The quality coordination with the ability to adapt quickly to ever-changing circumstances and the professional execution at all the stages of transfer is the success guarantee.

Clear and timely communication of the process to expat significantly helps him/her to adapt in the new environment and escape the possible sanctions for non-compliance in the immigration area.

## Thank you!





## Larisa Barkovskaya

International Assignees & Compensations Manager

+7 (495) 221-37-00 Larisa.Barkovskaya@jti.com www.jti.com







# Is it easy to bring your household goods to Russia?









- □ Customs Union Agreement between Russia,
   Belarus, Kazakhstan 6 Oct. 2007
- ☐ Agreement for the transfer of the personal belongings across the border of the customs union
  - 18 June 2010

#### **RUSSIAN CITIZENS**





#### **Before June 2010**

#### No taxes and duties

- < EUR 1500, < 50 kg
- Refugees
- Leaving for more than 6 month abroad;

#### Taxes and duties

- > EUR 1500(> 50 kg), but < EUR 15 000 (< 200 kg) 30%
- < EUR 15 000 (< 200 kg) 30 % (EUR 4/kg)</li>
- > EUR 15 000 (> 200 kg):

If sender and consignee are different people – 30%

If sender and is the same person – EUR 4/kg for the first 200 kg, the rest is 30%

#### After June 2010

#### No taxes and duties

- < EUR 1500(< 50 kg)</li>
- Refugees
- Inheritance
- Registered at the consulate of any foreign country + constantly staying for more than 1 - if < EUR 5000</li>
- => 30% (EUR 4/kg)

#### **FOREIGN CITIZENS**





#### **Before June 2010**

#### No taxes and duties

- Temporary import
- Diplomats

#### Taxes and duties

 if the goods were not returned to the country of origin after expiration of the temporary import

#### After June 2010

#### No taxes and duties

- < EUR 1500(< 50 kg)
- Diplomats (1 per year)
- Temporary import for Jewellery, items of personal hygiene, electronic devices (cameras, DVD, PC), wheelchairs

BUT 3% per month from the amount of taxes and duties (partial relative exemption)

=> 30% (EUR 4/kg)

#### IMPORT OF CARS,





CARS: foreigners – temporary import

=> taxes up to 54% from the valued cost (EUR 2.5-5.5/1cbcm of engine's volume) – www.tks.ru

**Duties free:** 

Refugees, cars coming from former USSR, heritage

#### **ALCOHOL:**

Before June 2010

Allowed 10 lt

Duties-free 2 It

After June 2010

5 It

3 It



#### **REALITY**





- Obstacle on the way of inflow of foreign professionals to Russia
- Taxes and Duties from USD 1.5 till EUR 4 per 1 kg
- •Usually import of 2 000-2 500 kg => EUR 10 000!
- •Time expansion of the Import Customs Clearance procedure
- => Extra costs
- •Form TD6 has to be fulfilled by the owner to pass duties-free 50 kg => measure the total weight
- The payment has to be processed from the personal account

## **NEGOTIATIONS**











## Thank you!



Maria Tarabanova

Tel.: (495) 937-9454

e-mail: m.tarabanova@iwm.ru







## IntermarkSavills Residential Real Estate and Relocation

## SPOUSE INTEGRATION TO MOSCOW LIFE AS KEY TO SUCCESSFUL RELOCATION - MAIN CHALLENGES AND SOLUTIONS







## Why invest in the Expat Spouse?



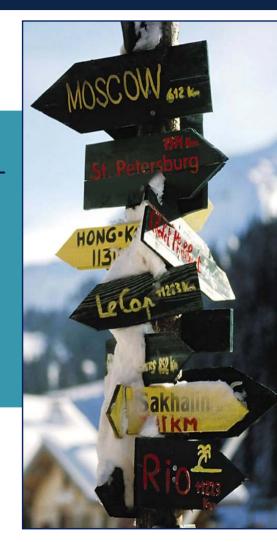
The main reason assignments fail Spouse unhappy (65%)

Relocating an expat – significant cost to a company

The cost becomes a loss when assignments fail

Russia has the 6th highest assignment failure rate

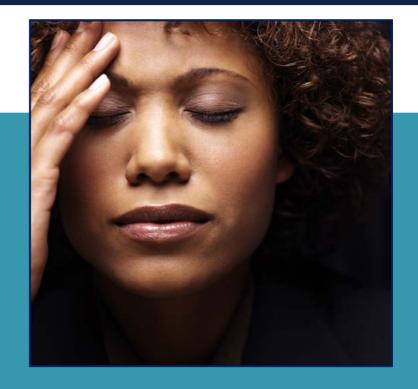
Allows expat employee to focus - adding value



## Main challenges faced by the Expat Spouse:



- Loss of identity
- Culture shock
- Language / isolation factors
- Silent partner focus on children & the Employee



Expat partner travelling - lack of emotional support

## Particular to Moscow...



Russia voted 24 / 26 on league table of Expat Experience (HSBC)

infrastructure

Visa issues

Extreme climate

Spread out
Long commutes/traffic

Language issues (alphabet)

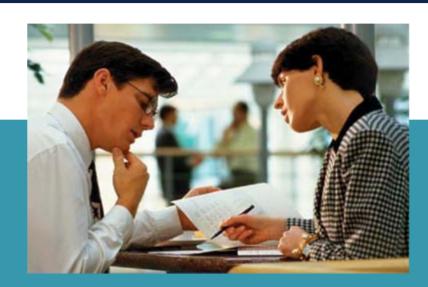
Corruption



### HR Solutions ...



- Determine the budget.Can you afford to look after them?
- Involve spouse in relocation at earliest possible time



- Provide Look-see Tours and prepare for assignment right first time
- Provide support in the emotional, practical and logistical issues talk to them!
- Give focus to expat spouse by specialised Expat / Global Coaching

## What can coaching achieve?



- Supports the expat spouse to overcome the challenges
- Allows the expat spouse to recreate their identity
- Gives focus on the future work with the expat spouse to plan the life they want
- Gives positive focus on life in Moscow

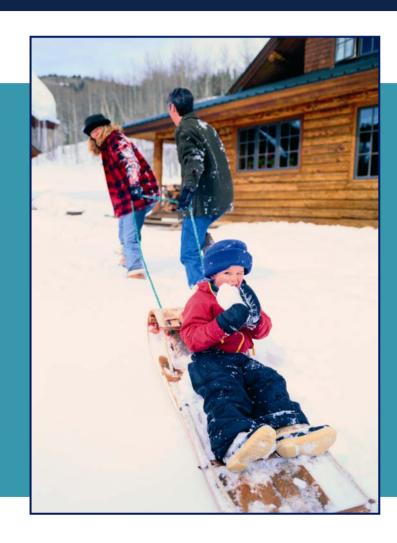


Coaching can make the difference between the success and failure of an assignment!

### **Conclusions**

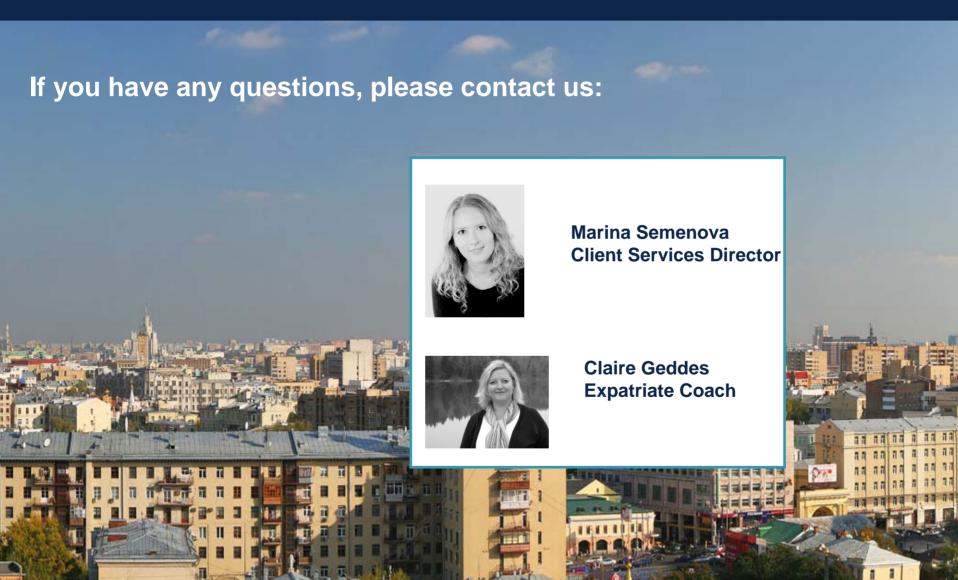


- •This extra investment into expat spouse and family (look-see trip, cross-cultural training, coaching) tiny percentage of overall cost of relocation.
- •If the expat spouse and family are happy, settled and secure the company will gain through increased productivity and motivation of employee.



## **Contact Information**







October 7, 2010 Marriott Tverskaya, Moscow







## Å\*\*\*\* AEB

## Immigration & Labour Law

## UPDATE ON IMMIGRATION LAW ASPECTS

Alexei Filipenkov, Visa Delight

#### **IMMIGRATION TO RUSSIA: MOVING FORWARD**

Maria Obodovskaya, Senior Immigration Adviser, Intermark Relocation Services, Tim Knoll, Director, Chief Operating Officer, Deutsche Bank

#### LABOUR LAW ISSUES FOR EXPATS IN RUSSIA

Julia Borozdna, Head of Employment and Migration Law Practice, Pepeliaev Group



# Residence Permit: benefits one can't deny

Presented by:

Maria Obodovskaya, Senior Immigration Adviser Intermark Relocation Services



#### Introduction:

## Immigration Perspective from Intermark



www.intermarkrelocation.ru

# AS BRITISH AEB MEMBER COMPANY

• 10 foreign employees on board



# AS PROFESSION IMMIGRATION SERVICE PROVIDER

- Launched immigration service in-house as of critical 2008
- Over 150 immigration files on average per year



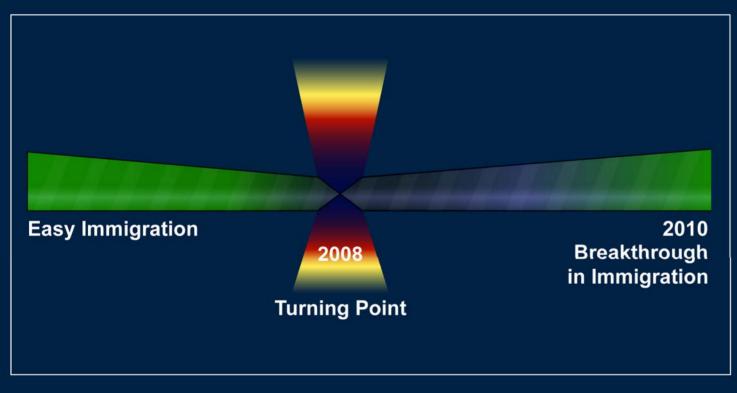


# **Immigration Practice in Russia:** Key Benchmarks

INTERMARK RELOCATION SERVICES IN RUSSIA

www.intermarkrelocation.ru







## Residence Permit: Temporary & Permanent



www.intermarkrelocation.ru



- ✓ Applicable for everyone vs. highly-skilled employee
- ✓ Eases the process of getting a work permit
- ✓ Annual work visa is substituted by 3 year exit visa
- ✓ Gives the right to apply for permanent residence permit.

## Permanent Residence Permit

- ✓ Allows to stay and work in Russia with no work permit or visa
- √ Valid for 5 years with no visa requirements
- ✓ Should not be confused with citizenship.



# **Temporary Residence Permit:**Growing Popularity



www.intermarkrelocation.ru



- ✓ 2009: 2500 TRPs issued in Moscow
- ✓ 2010: 3200 TRPs issued in Moscow to date

### Major reasons of popularity

- ✓ Flashback from 2008-2009
- Undisputable advantages

#### Potential Concerns

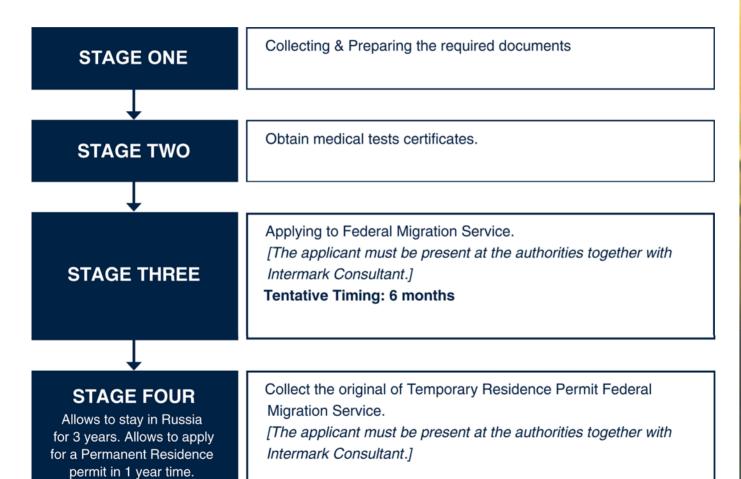
- √ 6 months of waiting
- ✓ Medical test procedure
- Apostille on docs required





### **Step-by-Step Procedure**

www.intermarkrelocation.ru







## Our expert opinion

www.intermarkrelocation.ru

### Conclusions & Perspectives

- ✓ Clear advantages and benefits overweigh disadvantages
- ✓ Evident growing popularity
- Additional simplifications in the process of issuing can be expected

### Suggestions

The earlier you start, the quicker you get!



# Thank you



www.intermarkrelocation.ru

Association of European Businesses in the Russian Federation





Bringing Expats to Russia

(Key Learnings To Take Home)









# **Property & Schooling**





**Practicalities & Processes** 

Varvara Kruglikova has given us an excellent insight in to Volvo Group's processes for managing expat moves to multiple locations

Accomodation and Schools -

Mike Bartley and Galina Pereskokova showed us the pros and cons of livign in close proximity to the schools.

#### **Schools**

The choice of schooling for expat families is now better than ever.

Ross Hunter has clearly outlined the factors that should be taken into consideration

# Integrating Expats





#### **Key Learnings**

Larisa Barkovskaya shared some of JTI 's experience with bringing IA's to Russia

#### Hand Holding

Lynn Udalov expanded some of those themes and outlined some ideas for working with trailing spouses, among other points.

#### Moving

Maria Tarabanova shed light on the headache that is Removals and Customs Clearance

#### Spouse Integration

Claire Geddes addresses one of the biggest obstacles to a successful expatriate assignment, and what HR can do to help.

# Immigration & Labour Law





**Ever Changing Rules** 

Alexei Filipenkov gave an excellent update on Immigration Law, including the HQS rules.

Temporary Residence Permits

Maria Obodovskaya explained the increasing popularity of TRP

Labour Law Issues

Julia Borozdna outlined current LL legislation, as it relates to Expatriate employees.

# Thank you!



## **David Gilmartin**

General Manager

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