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**Briefing  
DOING BUSINESS IN RUSSIA: RUSSIA'S NEW IMMIGRATION RULES  
Building Russia's Creative Capital**

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**Moderator:**

**Alexander Ivlev**, Country Managing Partner for the Russian Federation, Ernst & Young

**Panelists:**

**Konstantin Romodanovsky**, Director, Federal Migration Service of the Russian Federation

**Frank Schauff**, Chief Executive Officer, Association of European Businesses in the Russian Federation

## **A. Ivlev:**

I think we will begin now. It is clear that there are people in the audience who are interested in immigration policy, which is nice to see.

Today, President Medvedev said in his speech that immigration policy issues are on the government's agenda, and that they will be examined by the government as one of its priorities.

If we speak about work that has already been accomplished, a lot has clearly been done. Investment policy includes, among other things, immigration issues. If we look at the number of foreign specialists that foreign companies and investors bring to Russia, we can unequivocally say that there are tens of thousands of specialists that are unfortunately not to be found in Russia today.

I can speak, for example, about our company. We provide consultation services and conduct audits. Nevertheless, when our government approached us seven to eight years ago with questions about how the private-public partnership was working in regards to infrastructure projects, unfortunately, at that moment there was no expertise in Russia, and we had to bring a team of about ten people to Russia to work, which has been instructing our specialists in Moscow over the past several years. Today, we provide high quality services in this area. The same thing is happening in other industries, and bringing specialists here, is honestly speaking, a big problem

Many problems are connected with registration and with various kinds of permits. The government drew attention to this issue about two years ago within the framework of an advisory council for foreign investments. We began to discuss this issue on a regular basis with the Ministry of Economic Development and Trade and the Federal Migration Service. Leading international business associations working in Russia joined the dialogue. The Association of European Businesses did a great deal to improve immigration legislation. A year ago, specific amendments were introduced that simplified the procedures provided earlier: time periods for issuance of permits were amended and shortened,

authorization for issuance of a three-year visa and work permit were granted. That is, the number of documents necessary to bring a foreign specialist to Russia was drastically reduced, and the time periods were amended. Progress has been made with Skolkovo, and the law in regard to Skolkovo is very liberal, which allows the recruitment of highly qualified specialists for the project without any kind of limitations. Many amendments were made, and today at our round table, we will talk about what has changed since that time and what further amendments foreign companies want to see from the government.

Many amendments that were reflected in the legislation were accomplished with the help of the Association of European Businesses.

I would like to first give the floor to the participants in our discussion for short speeches, after which we will move to questions and answers. I suggest beginning with the opinion of the foreign business community about what is happening with us in terms of investment legislation, immigration legislation, and what problems are still on the agenda. Frank, please.

**F. Schauff:**

Thank you, Alexander, for the invitation to participate in today's discussion. I think that when an auditorium is packed – it is a good sign. In 2007, we conducted a session in Moscow with the FMS in which 300-400 people were present. We organized the meeting in three days. We were concerned by what was happening in immigration policy, specifically from the perspective of foreign investors. It may seem somewhat strange, but the Association of European Businesses also deals with this issue, but it delivers practical results for the members of the association, for our companies, and therefore, immigration policy will always be a priority issue for us. We appreciate the changes that have occurred in the past year. We see that the new status of 'highly qualified specialist' makes coming to Russia to conduct business both for managers and their families easier, and it simplifies entry into the Russian labour market.

There are also drawbacks. For example, I just spoke with the head of the representative office of the company Metro. The system of representative offices is still not working, and this, in my opinion, is not completely logical, as these representative offices also confer a benefit to the Russian economy, and for now, many foreign firms work under the system of representative offices. In addition, I found out several weeks ago that it is impossible to combine the position of General Director in various legal entities, and this prevents the crossing of a certain salary threshold. In my opinion, this is not right, and correcting this situation would make it easier to attract medium-sized and small businesses working according to this model, as well as highly qualified specialists. We also hope for improvement of the bureaucratic process by introducing an automated on-line system for resolving such issues as registration. This year, the time period for immigration registration has increased from three to seven days, and this, of course is an improvement for many.

During the course of our discussion in the beginning of the year, the suggestion to abolish the system of immigration registration in its existing form was raised. We believe that registration of a person should occur in the same way it usually occurs in various European countries – registration upon arrival in Russia and removal from the register with the final departure from the country. Or, it is at least possible to simplify immigration registration in such a way that the necessity of registration is connected with the beginning of the validity of the new visa, which reduces bureaucracy.

A bill was proposed several weeks ago in the State Duma, and we are participating in a working group on issues of out-staffing. Out-staffing is not directly connected with immigration policy, but one paragraph in this draft bill concerns a specific clause in the criminal code that makes secondment impossible, which in my opinion, should be deleted. For example, a company from Germany has a subsidiary company and sends a manager here to head the company. The manager has an employment contract from the headquarters in

France or in Germany and a different contract here in Russia. In this bill, such an arrangement would be prohibited, which contradicts the policy for recruiting highly qualified employees, as this leads to many foreigners such as Germans, French, and Scandinavians not wanting to work in Russia under such conditions. They drop out of their social welfare systems – in particular, their pension. The FMS should deal with these issues, analyzing the consequences this will have on the policy for recruiting highly qualified specialists.

We understand the FMS when Mr. Romodanovsky said several weeks ago that it is necessary to abolish the quota. We also believe that a quota is a very inflexible bureaucratic approach that it makes it very difficult to plan. A company that is required to state by the end of April how many employees they will have in the next year and what their qualifications and citizenships are encounters great difficulty in planning, and this is a very inflexible approach to practical issues in the recruitment of foreign workers. We believe that the introduction of the category of highly qualified workers is a big step in the right direction. We hope that in the future everything will continue to develop in this way. If, earlier in the course of discussion with members or our association or potential investors in Russia, these immigration issues were always very significant because it seemed very difficult to move to Russia and engage in business here, now this has changed, and it is necessary to say that people have ceased to be as concerned as they were two to four years ago. And we see that the liberalization of this system will certainly help achieve the goals for which it was introduced.

**A. Ivlev:**

Thank you, Frank. Yelena, please comment on Frank's speech, if you will.

**Y. Dunayeva:**

Thank you, Alexander. Good day, ladies and gentlemen. President Dmitry Medvedev noted in his speech today, in my opinion, three key issues that generally characterize the trends in making progress on immigration issues.

Firstly, it was mentioned that the economy should move along the path of modernization; that various innovative technologies should be introduced; that the economy should be open. In my opinion, it is possible to achieve these only through specific regulations that would enable the creation of conditions for modernization and introduction of innovative technologies and openness. And because of this, we see (and this was just noted now by Mr. Schauff) how much immigration legislation is changing in a more liberal direction. Two years ago, the President of the Russian Federation noted in his message to the Federal Assembly that it is necessary to create a continuously operative mechanism for support and recruitment of the most authoritative Russian and foreign scientists, various specialists, and entrepreneurs to work in Russia. On the basis of the challenges posed, appropriate amendments of Russian legislation in the area of immigration were made, and last year, FMS Director Konstantin Romodanovsky spoke at the Economic Forum about the fact that appropriate amendments would enter into force from July 1. This occurred, and in accordance with the 86th Federal Law, which was adopted in May 2010, we now have a category of 'highly qualified specialists', which was just mentioned. And this category specifically received the most favourable conditions for arranging employment and working in the Russian Federation. Specifically, today highly qualified specialists have the possibility of entering Russia with a normal business visa and finding an employer within 30 days while remaining located in the Russian Federation, if they do this independently. That is, while still located abroad in his home country, the foreign specialist is entitled to demonstrate that he is a highly qualified specialist in the relevant Ministry of the Russian Federation, receive a business visa and then independently find an employer after already arriving in the Russian Federation. It is worth noting that sufficiently liberal conditions for being

located in Russia have been created for this category, and even immigration registration, about which Mr. Schauff just spoke, enables the specialist to be in Russia for 90 days without immigration registration. Of course, this represents great progress.

Furthermore, highly qualified specialists have an advantageous distinction that sets them apart from typical migrant workers, as they are able to immediately apply for a work permit for a period of up to three years. The period of time for everyone else is only one year. Another innovation in the legislation is that a highly qualified specialist can terminate his contract with the specific employer for which he arrived initially and remain in Russia for 30 days in order to find a different employer, and upon concluding a new contract remain and work and complete all the necessary documents - but not for a period of time of more than three years. At the same time, the possibility of extending a visa and a work permit is also provided for and is already operative, also for a period of three years, and this extension can be made multiple times.

In my opinion, it is also very important and significant that today not only the most highly qualified specialists can be located in Russia for a period of three years, but also the members of their family. Previously, family members experienced certain complications. Family members of highly qualified specialists include not only children and spouses, but parents, grandchildren, grandmothers, and grandfathers – that is, a wide range of people are understood as family members. Now, all of these foreign citizens may not simply be located in Russia during the entire period of validity of the permits as highly qualified specialists, but they may also work, study in institutions of higher education, and they do not have to fulfil any additional requirements. This is a sufficiently serious step, and at the moment, we already have about eight thousand permits for highly qualified specialists in the Russian Federation. These people can already appreciate all of the benefits that they received, being placed into this remarkable category.

Another essential point is the possibility for a highly qualified specialist to receive a work permit when coming to the Russian Federation not just for one Federal Territory, as is the case for all other foreign citizens working in the Russian Federation, but for several Federal Territories. When moving to the Russian Federation, highly qualified specialists can postpone immigration registration for a period of thirty days. All other foreign citizens must register within seven days. In my opinion, all of these points will enable the number of highly qualified workers entering our country to increase.

The problems that Mr. Schauff spoke about undoubtedly do exist. However, if we look at the history of the development of immigration legislation in the Russian Federation, we are moving in the direction of liberalization, and there are quite positive changes year after year. If you remember, in the beginning of the year amendments were introduced and entered into force affecting immigration registration, which provoked some anxiety in the business community. Following relevant dialogues being conducted on various levels with the participation of the Director of the Service and government leaders, the appropriate decisions were taken. Previously, a foreign citizen could register only after coming to the territorial department of the Federal Migration Service and submitting to immigration registration there. Then, options such as sending the application by mail were introduced. Today, we spoke about the fact that we are nearing the possibility of providing such services in electronic form, that is, the foreign citizen will be able submit to immigration registration via the Internet.

Also, the deadline for immigration registration was substantially extended. If previously it was three days, then today it is seven days, and also this time period begins to be counted from the moment of arrival in the specific Federal Territory. This means that when the foreign citizen leaves the place where he was registered, that is, the Federal Territory, to another location, he will need to register at the end of this period, which has now become much greater. Speaking of the problems of immigration registration and the one-time immigration

registration, keeping in mind the progress, we should take into account all of the business community's requests. It is very important that the economy has the possibility to develop, and that there are not any impediments, especially in terms of immigration rules. In regards to this, it should be said that it is possible that some decisions will be taken.

However, if we speculate on the topic of the one-time registration when applying for a visa, we should probably understand: just because a person receives a visa does not mean that he will necessarily travel to the Russian Federation. Therefore, it is at the very least illogical to register a person located outside of the Russian Federation in the immigration registry. The essence of immigration registration is that it is the procedure that reflects the fact that the foreign citizen is located in the Russian Federation. Therefore, it is possible to discuss some simplified methods, but today it is still too early to speak about something concrete.

Concerning the issue of representative offices, I would like to say that unique challenges for representative offices exist, but this arises from the fact that the law currently contains wording that allows representative offices to act as the inviting party only if there are corresponding bilateral agreements. For example, assuming that the Russian Federation concluded a corresponding agreement with France, and it is operative in the context of this situation. If you go the route of bilateral agreements, then of course, this is a way to resolve the issue. No one excludes the possibility of such amendments in the future. Most importantly, I would like to say (and this corresponds to reality), that the Russian Federation is on the path towards openness, and it is on the path of liberalization of its immigration legislation.

Mr. Schauff addressed issues of the combination of the position of General Director in several companies. In my opinion, this issue requires a comprehensive approach, and we do not have any clear preliminary studies with respect to amendments. As long as such suggestions are being made, I think

that they also deserve to be discussed as small and medium-sized businesses are developing and we see that there is the need for support in certain areas. I think that this issue can be discussed along with the rest. Earlier, there was a description of electronic services as it pertains to immigration registration, and I would like to say that with regard to the applications of highly qualified specialists there are some difficulties: for example, the fact that the person must arrive in Moscow to be provided with the documents and to fill them out. The Service is working to enable a business to submit these applications via the Internet. I think that the relevant decisions will be adopted. We are on the way to this, and this is already gratifying.

In regards to out-staffing: what you have said is very important for business and we know that representatives of foreign companies exist in Russia today and that they are quite successful. The draft bill that is being introduced in the State Duma today was initiated in large part from the point of view of protecting labour rights. There are probably certain problems from the perspective of the Russian business community in the use of out-staffing that are inherent in internal government approaches: the wish to protect the rights of the worker is understandable. Most importantly, the standpoint is not inflexible. It is necessary to work out a way to resolve these problems. Maybe, in a similar way to providing privileges and guarantees to highly qualified specialists, we should examine the issue of the possibilities for a foreign business that could satisfy its needs in different ways, including out-staffing. This does not mean that I am now advocating some kind of limitations for Russian business, not at all. Simply, this should be a measured approach, and undoubtedly it will be so, and in the course of discussing the draft bill in the State Duma, the business community, and Deputies, and various representatives of the executive branch will state their position and adopt a measured and correct decision, which will enable business development. Probably, from the point of view of the designated issues, this was

not a complete commentary, but I am trying to take the time limitations into account.

**A. Ivlev:**

No, you described everything very clearly. I saw that while you were speaking, Frank got out his passport and registration card. Why, Frank?

**F. Schauff:**

It concerns immigration registration. I have a passport and a visa here. I can show it to you. At the border, I was required to register with this card. You have a database: why it is impossible to recognize this as a registration? Surely, if I cross the border, then I have a card, and if you have the information that I am located in Russia – probably this can also be considered registration?

**Y. Dunayeva:**

Thank you very much, this is a very good, concrete question. Actually, the immigration card reflects the fact that the foreign citizen crossed the border of the Russian Federation. However, the immigration register reflects the specific location either in residential accommodation, or as determined in the law now, the address of the inviting party. That is, this can be a legal entity and the office of a company: this option is now widely used. If some changes occur in respect to immigration registration, then it is sufficient to simply record this fact. However, I have also been abroad, and I can say that in a number of other governments, we indicate the place where we plan to stay in the equivalent to our immigration card, or we provide this information in a supplementary form. The purpose is not so much to control the foreign citizen, but it is an issue involving the security of this citizen: it is important to understand where he will be residing, or that there is some agency acting in the capacity of an inviting party and assisting him in realizing his rights in the Russian Federation.

**A. Ivlev:**

I agree with this. For example, every time you enter the United States of America, it is necessary to fill out two forms: a form for entry and a form for customs. At least we do not require filling out a customs form.

**Y. Dunayeva:**

I did not want to discuss such specifics, but if we are speaking about the United States, you need to indicate the exact address where you will reside and the contact phone number of the inviting party when you purchase your ticket.

**F. Schauff:**

Well, it is not necessary to always focus on the worst examples.

**A. Ivlev:**

Yes, there is the voice of the Association of European Businesses.

**F. Schauff:**

That is not an argument. If there is political will, and if we agree, then everything will go in the right direction, if we want to liberalize the system and the bureaucracy, then it is necessary to use examples that will make life easier for people who wish to immigrate, for example, to Russia. Legally.

**Y. Dunayeva:**

As the President of the Russian Federation stated today, Russia began this journey 20 years ago, and we look at all of the world's experience, and incorporate it in the Russian Federation. Undoubtedly, all of the legislative aspects should be directed towards improving the condition of every citizen.

**A. Ivlev:**

Frank, I have a question: when, finally, does the European Union plan to discontinue the visa requirement for Russian citizens travelling for business and for tourism? Will you at the Association of European Businesses help us?

**F. Schauff:**

Visa-free travel? From my experience, I know that sometimes heads of foreign companies call me so that I can help them get visas to Germany for their Russian employees. From the point of view of Germany, of course it is irrational to impede the work of German companies in the Russian market by not giving Russian employees the freedom to travel to Germany to conduct their business. This is one example of where it is possible to make improvements. The Association has a very clear position: we are for visa-free travel between Russia and the European Union. However, from our point of view, there are two problems. We also discussed this two weeks ago here in St. Petersburg during the visit of Ms. Malmstrom, Commissioner for Home Affairs of the European Union, who deals with the Schengen visa system, immigration issues, etc.

A dialogue has just been started with the Russian side about immigration and visa policies. These are two problems – immigration registration, which should be simplified as much as possible, as well as limitations affecting travel in Russia for foreign citizens – these two problems are important for us. If we are speaking about limitations on travel within the Schengen Area, then after arriving in the Schengen Area, there are no limitations. During the validity period of your visa, you may travel freely anywhere you want and as much as you want. If a visa-free system is established, then the same conditions should apply to European citizens in the Russian Federation.

**A. Ivlev:**

Thank you, Frank, that is a very good answer. There is hope that we will soon travel to Europe under a simplified system.

**F. Schauff:**

We often deal with the European Commission, which also supports the elimination of visas. But here, not only does the European Commission play a role, but also member countries. There are countries that advocate for visa-free system, and there are opponents to this approach.

**A. Ivlev:**

Let's take the good examples. Turkey abolished its visa system.

**F. Schauff:**

The Spaniards and Finns expressed their support for removing the visa system. But, they cannot cancel it because it is a single Schengen visa system.

**A. Ivlev:**

Everyone is talking about the fact that the working-age population is shrinking in our country. And somehow we analyzed how amendments in immigration legislation can change the situation, that is, the inflow of migrant workers. Will it have a significant impact on changing this situation? When it comes to foreign specialists, were the calculations divided in the proportion or percentage of whom we need the most: a work force, highly qualified specialists, or all at once?

**Y. Dunayeva:**

Thank you for the question, Alexander. The quota has already been mentioned in the discussion. When the quota mechanism was introduced, the basic idea was an attempt to regulate the labour market, and understand the need for foreign labour and the need for labour, *per se*. The demographic situation indicates that in the next few years, and in the future, we will experience a need to recruit labour resources. But to state that it is highly qualified specialists or simply unskilled workers needs to be discussed. The main point is that it's highly

qualified specialists who possess specific knowledge. If we are on the road to modernization, we need specifically such people. Concerning unskilled workers, I think that everyone present understands that certain mechanisms exist in world practice, including in the countries of the European Union, that affect the number of unskilled workers. It is necessary for each government, and it has various forms. So today, when discussing the abolition of quotas, the discussion involves the fact that there is no aim to ban or restrict something, and that we have a desire to explore the demand and needs and to influence these processes in some way. The quota in the form in which it exists today certainly requires modernization, and all will admit this. What mechanisms will be offered in exchange, we will know soon, because today this issue is being discussed within the context of immigration policy of the Russian Federation. Scientists and specialists from various government agencies and the business community are working on this issue. The process will reach its logical conclusion, and appropriate mechanisms will be proposed. Unfortunately for us, according to the numbers, the unskilled labour force is dominant for now. And the influx of migrant workers who do not have any special skills is significantly higher than specialists with a university diploma, having a certain level of education. Therefore, the objective is to create the conditions in which it is interesting for specialists with special knowledge to come. This is now being discussed on all levels of government.

**A. Ivlev:**

Thank you. I can already see hands raised in the audience, and a lively discussion is beginning. Let's give the floor to the audience.

**From the audience:**

Anna Kozlovskaya, from Coca-Cola. We have a large number of highly qualified specialists from different countries working for us, and we plan to recruit a lot of

experts in connection with large-scale projects such as the Olympics and the World Cup. And, of course, there is a large number of women managers amongst them.

The first question is to Yelena. Here is a hypothetical situation: a woman, a highly qualified employee, comes and takes maternity leave. Is this considered a violation since she is not paid the required compensation of two million roubles?

The second question, inspired by the previous session about Google, when we attempted to look into the near future – to Frank: how do you see the process of crossing the Russian border and employment in Russia in 10 years, and what will happen to your card?

**Y. Dunayeva:**

Thank you very much. Regarding maternity leave: there is at the present time clear wording in the law that a highly qualified specialist is recognized as a person who can perform a specific job and who has an income of two million roubles (for all industries) because of the level of their skills, and for Skolkovo there are no restrictions on salary. For scientists who come to educational institutions for scientific purposes, the threshold is one million roubles. No waivers or exceptions to this rule exist in the law now, but pregnant women are entitled to protections identified in labour legislation, and labour legislation applies to foreign employees. So far, we have not had any such situation. But if such a situation arises, the decision will be made based on the specific facts of the case. No one now takes the position that an employer could be prosecuted. Even if only because the general concept of responsibility includes the existence of guilt, and so on. There are also quite a number of objective reasons. I think that there is no cause for concern, and in a concrete case all necessary measures will be taken.

**A. Ivlev:**

Thank you. Frank, will you cross the border 10 years from now? Legally.

**F. Schauff:**

Honestly speaking, I have never thought of what it will be like in 10 years. I will have to think of an answer right now.

**A. Ivlev:**

We will not let you off.

**F. Schauff:**

Well, this is my personal opinion. I am quite a liberal person when it comes to immigration, which is why I am located here, in Russia. I am thinking about yesterday's statement by Deputy Prime Minister Shuvalov in favour of a high level of integration between Russia and the European Union, or between Russia, Belarus, Kazakhstan and the European Union. I must say that this is not just a question of movement of capital or technology: it means the movement of knowledge, and, consequently, of people. I think that the liberalization of exchange between the two areas would be very useful for all, not only economically but also politically.

**A. Ivlev:**

Thank you.

**From the audience:**

Peter Yudin, from Ernst & Young. I have a question for Yelena. Tell me, do you have plans in the near future for some amendments in the registration procedure for highly qualified specialists, and is it possible to provide a system where you notify the business community in advance that there will be amendments?

And the second question: is there a difference in the registration procedure for highly qualified specialists for foreign and Russian companies? Specifically Russian, not representatives of foreign companies registered as Russian companies, but purely Russian companies. Thank you.

**Y. Dunayeva:**

Thank you very much. Concerning any amendments and draft bills to be introduced in the State Duma, they are public, and everyone can see them. Referring to the amendments that have caused so much concern among businessmen, they, too, were expected: everyone was waiting to find out whether the law would be passed, and everyone knew about it. In general, I think, if that causes some difficult changes, it is impossible to plan in advance for it. But finding out about this, trying to somehow influence this – perhaps it is possible through discussions during meetings, briefings and presentations. If we talk about the difference, there are no specific requirements for foreign companies and Russian companies. The most interesting thing that I would like to note: a highly qualified specialist can serve as his own inviting party and submit to immigration registration himself, if he has premises where he will reside or a place where he will work. This, in my opinion, is also a very big step. I do not know: maybe you faced specific difficulties, but now it is not even necessary to come to our Service. Immigration registration is easily accomplished through the postal service. At least, I rarely hear that someone has had a problem with immigration registration. So, I hope it will only get better. Moreover, we are discussing that we should focus on the positive experience that has been gained by European countries and create favourable conditions.

**A. Ivlev:**

Thank you.

**From the audience:**

Andrei Rysev, Association of Journalists on issues of immigration from the CIS. I would like to know about the time frames. First, when can visas to Europe be abolished? This is probably a question for Frank. And to Yelena: when can the quota on immigration be abolished?

**A. Ivlev:**

Okay, Frank. At your convenience...

**F. Schauff:**

I find it difficult to say because I'm not a politician, unfortunately or fortunately, I do not actively participate in the decision making process. My guess is that a visa-free system will be introduced in a maximum of five years.

**Y. Dunayeva:**

With regard to quotas, I will say that a discussion has already been conducted in the government, and I think that if an actual mechanism is proposed that would somehow allow regulation of the process of recruiting foreign workers without reference to quotas, then it could happen in the near future. Another thing is that today there is still nothing concrete, there are only discussions and listening to opinions. But it could happen at any time – maybe even by the end of the year.

**A. Rysev:**

And the second question about the highly qualified specialists. What are the criteria for a highly qualified specialist? We recently travelled to Tajikistan and communicated with families of immigrants who sent off their sons, husbands, etc., and the mother describes how the young men have two degrees, one engineering, the other engineering-construction, and he is working on a construction site in Moscow—basically, in his field of specialization.

**Y. Dunayeva:**

As a highly qualified specialist, it is all very simple. First, the law stipulates that the employer determines the skill level, and this, in my opinion, is a very important point, because in this case a certain amount of trust is extended to the business. That is, the entrepreneur himself decides whether or not the employee meets the criteria. And for us, as a service that prepares the authorization document, the first consideration is the level of wages. Two million roubles a year – for all industries, one million – for research and educational institutions, and there are no restrictions on Skolkovo. I want to say that Tajikistan in this case is an example where the criterion is not the possession of diplomas, but it is a contract with the employer, and the employer must decide whether he needs a person with such an education or not. Nothing else in this case can influence the process.

**A. Rysev:**

And if some issues are being resolved – the relationship with the donor country?

**Y. Dunayeva:**

This cannot be solved at the government level. What is entrepreneurship, after all? It is activity you undertake at your own risk. And every businessman has the right to decide independently what he wants, because his goal is profit. The percentage of profit he gains will depend on how wisely he recruits staff. Therefore, the government should not interfere in this process. This is the right approach, this trust in the business community and the opportunity for businesses to choose. It is very good.

**A. Ivlev:**

As a representative of the business community, I agree. Question.

**From the audience:**

Question to the representative of the FMS. Sergei Kovalchenko, the newspaper *RBK Daily*. Frank showed us his migration form. Previously, we filled out exactly the same document at the border, and it was called a customs declaration. With the advent of the Customs Union, we have happily done away with these. Please tell me if a merging of the databases of FMS, the Federal Border Service and the Federal Customs Service is planned, which will allow the introduction of registration right on the border and do away with having to go and register, including for foreign nationals.

**Y. Dunayeva:**

You know, in fact, the introduction of information technology is everywhere, and we are not avoiding this. At Sheremetyevo and Vnukovo airports, when passing through border control, the data are read through a certain device and are transmitted via communication channels directly to the Federal Migration Service. It's already working – however, only at individual stations. We are striving towards this. Speaking of St. Petersburg, for many years lots of cruise ships and ferries have been arriving, and in order to make life easier for the tourists and simplify the procedure of their coming ashore, appropriate steps are being taken. I think that this issue will be resolved in a short time. The relevant working groups within those agencies that you mentioned already exist, and meetings are being conducted, and it will happen in the near future. The purpose of this is to make life easier for people. Here we must consider: there should not only be a wish to do something, but also the opportunities. They are associated primarily with the acquisition of equipment and the availability of channels of communication. I believe that if not in the next year, then the year after, it should be incorporated into the financing of relevant services.

**A. Ivlev:**

Thank you. Next question.

**From the audience:**

Eugene Yakubovsky, board member of the All-Russian Public Organization of Small and Medium-sized Businesses OPORA of Russia. The issue of immigration law applies not only to foreign companies operating in Russia, but in the first place – to Russian companies. For example, Alexander asked whether any investigations were being conducted. Yes, of course, studies were conducted, and quite a few – including by our organization. And they show that the number of foreign workers who work in the Russian Federation is approximately five million people. This figure changes slightly depending on a period of economic growth or recession, but it coincides with the data of the consensus forecast by various experts, and with the analysis of these statistics, including a central database for the FMS to record the data of foreign nationals on the number of entries into the Russian Federation. It is incorrect, in my opinion, to say that unskilled labour is not in demand. Certainly, the government should build its policy differentially, and should establish the priority of bringing qualified specialists into the country. But at the same time, we must realize that the industries employing foreign nationals are mainly the construction sector, back offices of large logistics companies, and trading companies. What happens in a hypothetical situation that is possible only in an undemocratic state: if we close our borders? What happens to the cost of a square metre of residential housing? I think it will grow two or three times. Is this in the interests of Russian citizens? No.

My question is to Ms. Dunayeva. You correctly said that recently last year the immigration service has taken a number of steps and initiatives to liberalize immigration legislation, and of course we support you and your leadership, and Konstantin Romodanovsky. I would like to mention two initiatives that were enacted just last year: the laws of the HQS (highly qualified specialists) and of labour licences. This is a very effective mechanism, but, unfortunately, these are tools that do not affect small and medium-sized business, which I represent.

Because HQS – it's two million roubles a year, it's still big business in the first place, and a very limited number of companies can pay such a salary; but a licence – this is a document which governs the activities of foreign nationals in the hiring of individuals.

First question: what steps and measures are the Federal Migration Service, as executive authority responsible for the development and implementation of immigration policy, planning in terms of simplifying the procedures for recruiting foreign nationals by small and medium-sized businesses?

**Y. Dunayeva:**

Thank you very much. Firstly, I would like to comment, neither the Federal Migration Service, nor the Russian Federation has taken the position of closing the borders for any category. On the contrary, we are talking about openness and everything we are discussing today starts from this understanding.

Speaking of the unskilled labour force, it is needed today and is in demand. Another thing is that there are certain processes that require some regulation. You probably know that unskilled labour is an even less protected category of foreign nationals, and that for this category it is necessary to develop a well-defined mechanism for a variety of Russian companies and legal entities to recruit them to work. This is because, in contrast to those foreign nationals who enter with visas and a clear understanding to which employer they are going, where they will live, what level of income they will have, foreign nationals who enter without visas, as a rule, become dependent on their employer. And depending on how conscientious this employer is, the foreign citizen will receive either a source of income sufficient to live on and to send something to his family, or he will be deprived of that opportunity. Not only is the Federal Migration Service not going to avoid solving the problems of this category of migrant workers, but it will devote a great deal of attention to this.

Licences (thank you for mentioning them) – this was a very important step, because most of the migrant workers in this category work for individuals. At the same time, the work status of this as a category was not completely defined. Firstly, a licence allowed people to work legally, and secondly, it guaranteed the rights of this category of foreign citizen, because there are documents that allow foreign citizens to resolve many issues. The licence enables the payment of taxes in accordance with the rules that we established. It is a thousand roubles - a fixed amount of tax per month, regardless of income.

Speaking of small and medium-sized business, we must pay attention to this, but to say that you need to create some special advantages – is this correct? In general, we are talking today about the fact that we need to create a system of recruitment and use of foreign labour according to a standard procedure so that entrepreneurs will not encounter great difficulties. There should be a transparent mechanism. And I think that it is very good to possibly solve the issue of the so-called system of organized recruitment. Also discussed was the issue of the establishment of private employment agencies that could make progress towards this. It was discussed last year, in November, in the Federation Council. And if all this has developed into one well-organized system, then I think it will be much easier not only for medium-sized and small businesses, but the business community in general.

Timing depends on the specific policy decisions. Such decisions will be made, because the FMS of Russia today is very active in negotiations towards organized recruitment. The most successful negotiations are with Kyrgyzstan. Last week, in Dushanbe, Tajikistan, a similar immigration centre was opened, the purpose of which is to build a system of organized recruitment of people so that people travel knowing why, where, and to whom they were going. So, I think that the steps that will be made should be understandable not only for small and medium-sized businesses, but also for the business community in general.

## **E. Yakubovsky:**

Thank you. I did not mean a particular approach or some special quota for recruitment of foreigners. Rather, I'm talking about the steps have been taken to date that have definitely made it easier to recruit foreigners to Russia, and they contribute to the development of entrepreneurship in our country. They simply affect other sectors of the economy – basically, the labour business, or, roughly speaking, work in employing individuals. And what, for that matter, does OPORA suggest? I am a member of the Working Group of the Governmental Commission on Immigration Policy and in the past year we were in fact very active in promoting the idea of the abolition of quotas as a measure that absolutely fails to regulate what it should regulate. The government loses revenue. As practice and statistics show, businesses still recruit foreigners, but they have to do it illegally. Unfortunately or fortunately, the social preferences of Russians indicate that 85% go into higher education. And a person who graduates from an institution of higher education is unlikely to work at a construction site. This is normal. We are not saying that we do not promote the development of an innovative economy and modernization of the economy: there is simply a demand for various categories of immigrants. To repeat, we believe that the quotas need to be abolished, and it is necessary to differentiate between the various categories of foreign workers, taking into account the duration of the permit, and the territory covered by the permit. For example, the maximum preferences for HQS and for their family members. And for unskilled workers – a limited term for work permits, possible quotas in labour surplus areas such as the North Caucasus, but not the introduction of strict limits that makes the employee and the business go into the shadow economy. And I think that I predict the second issue – about organized recruitment. I think that the future is in this area, and this is the direction in which immigration policy should move. And this, in fact, is what Igor Shuvalov said at a government commission: that the Russian economy is in a demographic crisis, which, unfortunately, is underway, and it is necessary to overcome. It is

necessary to change approaches, to become an attractive country for immigration, to compete for the best specialists, and to build, on the basis of bilateral agreements, a mechanism of organized recruitment.

My question is connected with organized recruitment. We have specialized agencies such as Rossotrudnichestvo (Federal Agency for the CIS, Compatriots Living Abroad, and for International Humanitarian Cooperation), FMS, and the Ministry of Foreign Affairs, which are agents of the government's position abroad, project an attractive image, contribute to the development of the Russian language and culture, and are the agencies responsible for providing public services such as processing of permits and so on. However, as practice shows in providing specialized services for recruiting a worker with specific qualifications for a particular open position – this is a business initiative, and the presence of private business is often more effective.

What do you think? Is there is still a place for private business in organized recruitment? Because we, for example, are trying to participate actively in this process and believe that this is correct.

**Y. Dunayeva:**

If the Federation Council is considering the establishment of private employment agencies at the end of the year, it is natural that it's not just about affordability, and that everybody understands that business can and must participate in this, because it is the most interested party in this matter. As for next the steps, in my opinion, today there is such activity as arranging employment for Russian citizens abroad. An organization is issued a licence and it is its job is to arrange employment for Russian citizens abroad. Nothing prevents doing the opposite and, through licensing, to determine a number of organizations that are engaged in the recruitment of personnel from other countries for our businessmen, for work in the Russian Federation. Whether it is through government or private agencies, it does not matter: here it is important to determine the system itself, to

develop a mechanism. If this is done, then everything else will already be solved more easily. And referring to the government structure, the Government of the Russian Federation established a Federal State Unitary Enterprise Passport and Visa Service. Certain steps are being taken to ensure that the Federal State Unitary Enterprise Passport and Visa Service is also engaged in organized recruitment. This can be combined. Thank you.

**A. Ivlev:**

Thank you.

**From the audience:**

Good afternoon, colleagues. Ministry of Economic Development, Departmental Director Galina Makhakova. Listening now to the discussion that is unfolding here, I realize that we have made a tremendous amount of progress in the past two years. Yelena has been answering the questions very courageously, but I feel that in fact the Ministry of Economic Development is now an equal partner of the FMS in this area. We prepared the first draft law together with you, and the second one we finished on our own. Today's discussion shows that immigration policy is largely subordinate to the economic interests of the state. The first and successful action of ours with respect to highly qualified specialists happened due to the fact that we are actively working with Foreign Investment Advisory Council, with representatives of the European business community, and we negotiated and listened to each other. Of course, we could not resolve everything at once; questions remain, and, of course, we'll move on. I would like to see law enforcement practice. We are able to solve the acute problems that arise in the course of law enforcement, as has happened this year. Regarding contract labour, the Ministry supports you now, and our position is clear: we cannot afford to reject highly qualified specialists who work as contract labour just because we want to streamline our labour relations. It is important to us, but, nevertheless,

the economic component is much more important for the government today, and we cannot deprive highly qualified foreign citizens of their pension, social benefits, and so on. In the State Duma, we are working on amendments to ensure that no changes are made in the tax code, and the possibility of contract labour is preserved – at least for the near term.

The next question involves the cards that you showed today. We had very long discussions, including ones with the FMS, about providing a person whom we allowed to come to Russia the possibility of obtaining a residence permit. We are interested in this, and we understand that there is fierce competition around the world for intellectual talent. Today, there is a policy pursued by China, India, the United States, Europe, and so on. All are interested in having intellectual potential gather in the country that strives for further technological development. Today, we have built into this system and are ready to prioritize so that when a highly qualified specialist arrives in Russia, he is comfortable and that it is comfortable for his family. We are working to ensure that the health services and education that he would receive are of higher quality, or that members of his family could live and work, and that in the future he could see Russia as a place of permanent residence.

And we are working with this card, also. Today, Yelena said that tremendous work has been done on automation, and that there is progress on a daily basis. And probably soon they will not ask you for it anymore. You arrive, you work for three years – and no one demands to see it.

A question regarding migrant workers. Any economy is competitive if it has inexpensive labour resources. Today, immigrants from CIS countries form a resource, or reserve, which helps the Russian economy to some extent. Another question concerns the social benefits that we are obliged to provide to migrant workers. This is a very large burden for any government. As part of the Eurasian Economic Community – there is also a lot of movement from Russia – we have already signed an agreement with Kazakhstan and Belarus, and, in fact, labour

resources have rights in these three countries within the framework of inter-governmental relations, and they can very easily cooperate. We are well aware that when creating a new concept in immigration policy, we consider different mechanisms (such as organized recruitment), and we are very interested in having this trend develop.

In conclusion, a question to Frank: could Russia become a country that highly qualified specialists would choose for permanent residence? And how long do you think this will take? And the key point, so that their choice benefits Russia? Today there are many qualified specialists, and there is a tendency for them to choose to stay in the Asian region. We would like to know what our foreign colleagues think about Russia.

**F. Schauff:**

Honestly, when I came here I wanted to work here for only three years. Now that I have been here for four years, I do not know when I will leave this country. My perspective has expanded greatly. I know highly qualified specialists who came here in the early 90s and planned to work here two, three, or four years, and have now lived here for twenty years. Frankly, I think that the process that began a year ago with the adoption of new legislation should continue to show that Russia is a country open to a special group of people. And as a German who saw a lot of immigrants move to Germany, I think that it is important for Russian policy to take into account that immigration is a reality, and it must be worked with constructively. In the 60s, when the first immigrants arrived from Italy, Portugal, and Turkey, they had many problems, and we thought that they will go back to their own countries; but in most cases this did not occur. The process of awareness and adaptation went on for several decades. Based on this European experience, which was far from ideal, it is necessary to make a useful conclusion for the Russian Federation, where this process has just started a few years ago.

It should be assumed that people are here for the long-term and are willing to live here on a permanent basis.

**Y. Dunayeva:**

I want to say that certain conditions exist in the form of opportunities for a specialist to receive permanent residence. We have abandoned the complex and incomprehensible category of the temporary residence permit. A highly qualified specialist with a family can easily come for three years, and then stay on a permanent residence permit. Permanent residence, in turn, offers many more benefits.

**F. Schauff:**

What you have done over the last several months of last year is very similar to what we did in the European Union. A very similar political process and a rational approach.

**From the audience:**

Can I ask a short question?

**A. Ivlev:**

Let's have two last questions – and then we have to end the session.

**From the audience:**

Angelika Rogacheva, from Bright Capital. A question about the Customs Union, the Eurasian Economic Community. Some kind of declaration was signed, including with Kazakhstan, on the free movement of goods, labour and capital. Will there be real freedom of movement of labour? If so, then when, and what kind of easing of requirements will there be, if there will be any at all? That is the first question.

A short opinion about the immigration card from my personal experience. I believe that this has not been very effective. At the time, I applied for a temporary residence permit and found out that despite the number of times I sent in the immigration card, no one registered me, I was not in the database, and there is no communication between immigration offices. I had to enter and leave the country many times. Thank God that I had receipts showing that I sent them. So I think it would be a huge relief for everyone if immigration registration will eventually be abandoned. Everyone will be just grateful.

**Y. Dunayeva:**

Thank you. I will begin with the last question. You are speaking now not about the immigration card, but of immigration registration and notification. This is not about a lack of communication between the divisions of the FMS, but that when you use the postal services for migration registration, the information does not come to us immediately. We enter the information after we receive it, that is, after some period of time has elapsed. In this case, there are possible situations where you have a notification stub with a postal stamp on your person, but the information has not reached us yet. As for the rest, the communications between our departments are normal and working, and in addition, all information is stored in a central data bank of a registry of foreign citizens, and as far as I remember, there have been no incidents in which a foreign citizen's information disappeared from the registry.

Probably, these are exaggerated situations. As for the first question, there are no limitations on movement today for people from the CIS.

**A. Rogacheva:**

There are no limitations, but there is no facilitation of labour recruitment. For example, a friend from Kazakhstan needs a work permit, the company needs a

quota, and so on. Is there any easing of restrictions planned in connection with the free migration discussed?

**Y. Dunayeva:**

Immigration is free, that is there is no restriction on entry. All citizens of CIS countries can freely travel without any additional documents and permits. The only matter is the purpose of entry. If the purpose of entry is private, any citizen of a CIS country can be in Russia for 90 days without visas and restrictions. Later – immigration registration. But concerning the labour force – as a practitioner I can say there is an interesting statistic. When I look at the data on the reasons for entry, which are delivered to me on a weekly basis, the percentage of people indicating the purpose of the trip as “work” represents 4.5%. About 45% indicate that the purpose of the trip is “private”: there is a discrepancy regarding the purposes of the trips. This is the data for the CIS countries. Therefore, if a foreign citizen from the CIS arrives for employment, he must first indicate the proper purpose of the trip, and secondly, if he does not have a preliminary agreement with the employer, he is to find employment independently. With regard to work permits, the mechanism is very simple. If you have an employer and an employment contract, the set of documents for a work permit is minimal. This is the immigration card... With regard to quotas, I have already said, that the issue of improving this mechanism is being addressed, with the abolition of quotas and replacement with something else.

**A. Ivlev:**

Thank you. Next question.

**From the audience:**

Maya Rozanova, Chief Adviser to the Makarov State Maritime Academy. I have a question for Yelena Dunayeva. Continuing the theme Mr. Schauff addressed

about the integration of immigrants into host societies and the strategic implications of this in our demographics. The question is: the new goal of the Federal Migration Service – this is the goal of integration. Could you describe the nature of the immigration policy objectives? Who in the future will be integrated, how will they be integrated, and what steps are already being taken now in this direction? Thank you.

**Y. Dunayeva:**

This is quite a big issue. I would like to say that integration is a fundamental issue for any foreign citizen. That is, a foreign citizen must be comfortable, he should not feel alienated. To do this, there are plenty of measures that can be taken. Today, this involves different programs for the study of the Russian language, educational programs, creation of conditions to ensure that the foreign citizen can communicate with their compatriots, supporting links with various national associations. For those immigrants who come from CIS countries, it is also a solution of a number of social issues, because for them, they are very serious.

A very good example is in St. Petersburg. It has opened tenements for the first time in the Russian Federation. It is a very interesting topic. It has been discussed that it is wrong to call them tenements. This is the creation of living conditions for immigrants. This movement has a good slogan: “Decent work – decent living conditions.” That is, people need to live well and have no social problems. This is all aimed at integration so that everyone is comfortable – both foreign citizens and Russian citizens.

**A. Ivlev:**

Thank you very much. Our time has come to an end. In conclusion, I would like say that I now remember a quote from Frank. “Foreigners came here 20 years ago as highly qualified specialists, and now they are working and quite simply they are living here.” Frank, it is great that there are examples of foreigners who

like to work in Russia, that many foreigners have really taken to our country. Here you can really do business and you can really live. Many marry, remain, and live here. I asked one foreigner as he left after five years' residence in Moscow: "How would you describe the experience of living in Russia in one sentence?" He told me: "Probably that foreigners cry twice – the first time when they come to Russia, and the second time when they leave." This describes the conditions in which we live very well. I would like to say thank you to all of the participants. It has been an interesting discussion.