



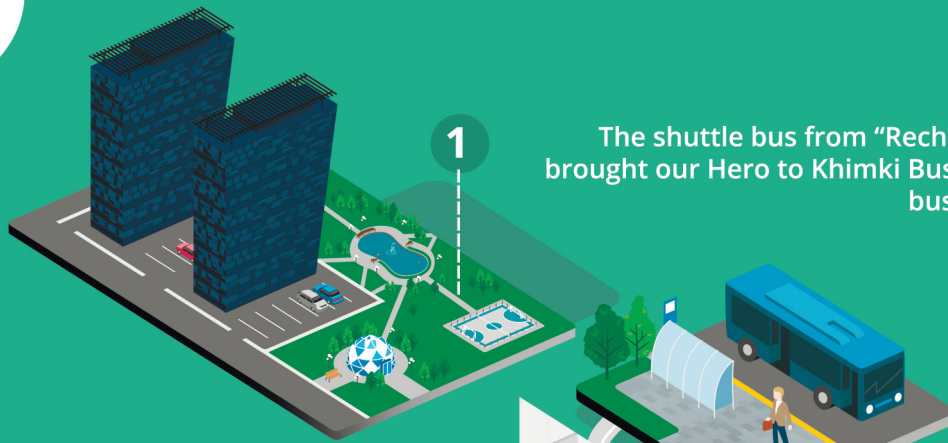
## **Migration law and practice**



**With AEB updates on: specifics of migration registration; audits for companies; court decisions; employment of foreign nationals.**



# THE PARK OF YOUR GROWTH



1 The shuttle bus from “Rechnoy Vokzal” metro station brought our Hero to Khimki Business Park. He came for a business advice to his friend.

2 The Hero saw the friend’s office and suddenly felt jealousy. “What a beauty you’ve got here!” — he exclaimed.



3 His friend decided to amaze our Hero and invited him to join a tour around Khimki Business Park. “I won’t have a chance to live like that!” — sighed the Hero as he saw the real pond on the territory. Suddenly, a mysterious foreigner appeared – that was Thomas, the Business Park Manager.



4 “You will!” — assured Thomas with a slight accent and made an extremely attractive lease proposal. The Hero compared it with the costs for his current office in Moscow and exclaimed: “I can’t wait to relocate here!”.

5 In a month, receiving the ball passed by our Hero, the forward scored two goals on the sports field of Khimki Business Park! Afterwards, while celebrating the victory, they found out they had common business interests.



6 Our Hero and his new business partner created the ingenious project. But where can they hold a meeting with investors to impress them? There was no need to go anywhere — the Conference & Service Center, which is located in Khimki Business Park, is an excellent place for successful deals.

7 This presentation caught attention of the investors. Hurrah! But suddenly, the need for additional working space has arisen. What to do? “I’ve got an idea!” — said the Manager Thomas and proposed our Hero the larger fitted-out premises for rent.



**Dear readers,**

With sincere pleasure I would like to present the Summer 2019 Business Quarterly to you. It reviews significant issues of migration law and practice and provides general recommendations for foreign companies and highly qualified specialists working in Russia.

To be more specific, one article reveals the algorithm of migration registration of foreign citizens in Russia. The other one explores the procedure of migration audits for companies. Approaches in current court practice related to migration law topics are summarised in a separate article.

Tips which expats should bear in mind before accepting a job in Russia are also discussed in the magazine. One of the authors focuses on the rules and formalities that many foreign companies have to comply with as inviting parties for employees from abroad.

Particular emphasis is put on such issues as: features of obtaining a Russian visa, specifics of the work permits application process, challenges and opportunities of the patent regime, pitfalls of crossing Russia-Belarus border by nationals of 3<sup>rd</sup> countries.

Benefits that could be gained from employing personnel to the special economic zones across Russia is another non-trivial topic covered in the current edition. One more article deals with the nuances of hiring foreign citizens who are students of Russian universities.

I highly appreciate efforts of the Migration Committee aimed at creating a more favourable business environment for foreign companies operating on the Russian market. I extend genuine thanks to the authors of the articles for making the publication a valuable read!

Let me express gratitude to Valentina Kazakova, Chief of the Main Directorate for Migration Issues under the Ministry of Internal Affairs of the Russian Federation, for contributing to the magazine with a foreword.

As usual, the second half of the magazine comprises AEB news, Committees updates, information shared by member companies on their most recent developments as well as brief description of new members.

Enjoy your reading!

**Frank Schauff**

Chief Executive Officer,  
Association of European Businesses



## Dear colleagues!

Various geopolitical and economic crises that have recently occurred all over the world have led to significant changes in the area of migration, which has increased the mobility of population. International migration is a dynamic process that instantly reacts to external and internal factors. The reasons encouraging people to migrate have both positive and negative aspects. Possible threats and risks related to uncontrolled migration, crimes, corruption and paying insufficient attention to migrant adaptation and integration are growing, which, in turn, triggers demand for decisive reforms in the sphere of state control of migration.

Presidential Executive Order of October 31, 2018 on a new version of the State Migration Policy Concept of the Russian Federation for 2019-2025 sets the direction for the state's actions in the sphere of migration and establishes the following tasks for migration policy with regard to foreign labour migration:

- the improvement of the mechanisms regulating and ensuring entrance to the territory of

the Russian Federation for foreign citizens wanting to develop their economic, business, professional, academic, cultural and other connections and capable of facilitating the social and cultural development of Russia due to their labour activities, knowledge and competencies;

- the creation of a regime favourable to the free movement of students, researchers and teachers for the purpose of developing sciences and professional education and improvement of the level of training of academic personnel and specialists in various industries and in the public administration of the Russian Federation.

Russia's current migration policy directly aims at migrants who are able and willing to become a part of Russian society.

For these purposes, the Concept provides for two basic approaches to different categories of migrants.

For people who can and are ready to join the system of positive social ties and become full-fledged citizens and members of Russian society, the most favourable conditions for resettlement and naturalisation should be created.

Nevertheless, Russia stays open for those migrants who, despite their not seeing themselves as Russian citizens in the future, are willing to realise their interests, abiding by and respecting the laws, culture and behaviour customs of Russia.

This should be achieved by means of creating transparent procedures and the maximum simplification of the rules of and conditions for the return to Russia of our compatriots and other Russian-speaking people and for the entry, stay and employment of foreign citizens.

In 2018, a number of regulations aimed at the improvement of migration registration were adopted.

For example, such legal concepts as 'place of stay' and 'receiving party' were adjusted, and grounds for foreign citizen registration were clarified.

The list of grounds for removing a foreign citizen or a stateless person from registration at the place of stay is supplemented by such grounds as departure from the place of stay. In this case, de-registration at the place of stay is conducted by the migration registration authority upon its receipt from the receiving party of a notification of the foreign citizen's departure from their place of stay.

Amendments have been introduced in order to prevent the fictitious place-of-stay registration of foreign citizens at non-residential premises or at the addresses of legal entities.

The Ministry of Internal Affairs of the Russian Federation together with representatives of the public and the scientific community has developed the Draft Law 'On Introducing Amendments to the Federal Law "On the Migration Registration of Foreign Citizens and Stateless Persons in the Russian Federation"'. The draft law provides for establishing an opportunity for foreign citizens to submit notifications of arrival to their places of stay in electronic form.

Moreover, it is planned for the draft law to establish an opportunity for a foreign citizen owning residential premises, regardless of such citizen's migration status, to act as the receiving party for other foreign citizens.

In accordance with the list of instructions of the President of the Russian Federation following the results of the special programme 'Direct Line with Vladimir Putin' on June 7, 2018, draft laws were developed and supported to simplify the procedure for the granting of Russian citizenship to qualified specialists in demand by the Russian economy and to simplify the procedure for them to obtain a residence permit.

In order to develop new approaches and solutions regarding state migration policy in cooperation with members of the expert community, academic and professional associations and consideration of legislative and other migration initiatives, the Migration Expert Advisory Board of the Main Directorate for Migration Issues under the Ministry of Internal Affairs of the Russian Federation has been established by the Ministry's Instruction of November 19, 2018. In 2018, heads of the Main Directorate for Migration Issues participated in round-table sessions of the Association of European Businesses. During these sessions, they had an opportunity to inform participants of new legislative aspects of foreign labour migration, describe the key areas of concern and answer questions of current interest.

The work performed in cooperation with the Association has contributed to the creation of an atmosphere of trust and openness in relationships with the European business community, further improvement of legal awareness of employers, the prevention of possible violations and the strengthening of contacts in order to resolve emerging issues promptly and efficiently.

### Valentina Kazakova

Chief of the Main Directorate for Migration Issues under the Ministry of Internal Affairs of the Russian Federation

**Dear readers,**

In the last few years, the importance of finding effective solutions to migration issues has grown ever clearer in the context of rapid changes in the business and economic environment in Russia and in the home countries of member companies of the Association of European Businesses (AEB).

Formed over 10 years ago, the AEB Migration Committee has succeeded during that time in demonstrating its importance as an active bridge for communication with government authorities. The work done by the Committee with the support of the AEB management has delivered substantial results: in particular, the establishment of a continuous dialogue with the migration authorities has provided a framework for addressing actual issues and participating in the development of relevant procedures and amendments to migration law.

The ability to establish constructive relationships and strengthen contacts with government authorities was a key factor in ensuring continuity in the relationship with the migration authorities in 2016, when the Federal Migration Service was dissolved and its migration powers were transferred to the Interior Ministry.

The subsequent establishment of effective lines of communication with Interior Ministry officials was of great help to AEB members in the process of registering employees for migration purposes and obtaining necessary permits during Russia's staging of the Confederations Cup (2017) and the World Cup (2018), when there was a particular focus on migration procedures and compliance with the new migration rules.

The AEB Migration Committee currently has a membership composed of around 60 companies' representatives who regularly attend events organised by the Committee, actively participate in discussions of topical issues, help set future objectives and share information on practical experience of applying migration law with a view to ensuring optimum results from dialogue with the migration authorities and enabling solutions to be found to issues that arise, including through the development of amendments to current legislation.

The Migration Committee is continually working on possible improvements to the law, discussing key issues with the Economic Development Ministry, the Interior Ministry, the Russian Union of Industrialists and Entrepreneurs and the Chamber of Commerce and Industry. The range of issues discussed includes, but is not limited to, the following:

- the rationale for additional payments made by companies to highly qualified specialists (HQSs) when they are absent from work for valid reasons, and the possibility of devising a different mechanism for monitoring HQS status;
- reviewing and evaluating the efficiency of the quota system;
- rendering migration-related fines commensurate with the severity of violations (to avoid disproportionate punishments);
- laying down in law a mechanism for the provision of personnel (including foreign workers) by legal entities that are not private employment agencies;
- devising a uniform procedure and set of documents for obtaining work permits;
- the possibility of the continued use of the "one window" procedure in Moscow to obtain work permits for HQSs.

In this issue we have included a selection of issues and topics which we hope AEB members will find interesting and useful in making business decisions regarding the invitation and hiring of foreign workers to work in Russia!

**Ludmila Shiryaeva**

Chairperson of the AEB Migration Committee,  
GR Director, Tax & Law, EY

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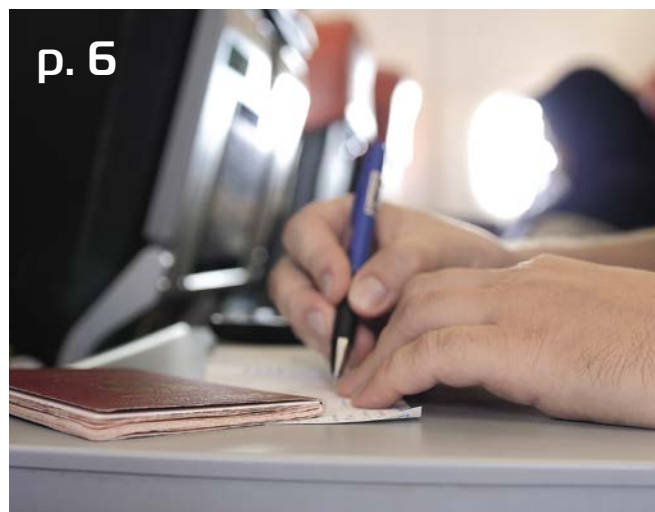
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Briefing by Denis Manturov, Minister of Industry and Trade of Russia



The 10th Northern Dimension Forum in St. Petersburg



AEB Annual General Meeting 2019

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# Migration registration of foreign citizens in the Russian Federation: law and practice



**ALEXEY FILIPENKOV**

Deputy Chairman of the AEB Migration Committee; Partner, Visa Delight

Since July 2018 new amendments to the current laws on migration registration have been in effect. According to these amendments, legal entities may not, in most cases, register foreign citizens with the migration authorities. Meanwhile, the procedures for individuals (owners of rented apartments) to carry out migration registration of foreign citizens have not undergone any changes.

Recall that until the date mentioned above, legal entities could act as the Receiving Party for foreign citizens, in almost all cases when registering foreigners with the migration authorities.

Let us take a look at the situations in which the Receiving Party can be a legal entity.

The most frequent of such situations concerns hotels, hostels, guest houses, and similar organisations offering accommodation services. Such organisations are legally obliged to carry out migration registration of foreign citizens within 24 hours of the foreign citizen's arrival, and in such circumstances they become the Receiving Party.

A foreign citizen can also be registered with the migration authorities in the name of a legal entity, "if they provide work services, or such other services not forbidden by the legislation of the Russian Federation, and are physically living at the premises of the organisation in question, or at any premises of the organisation which do not have address details (buildings, constructions), including temporary accommodation". This primarily concerns organisations offering security-guard services or construction firms whose employees live directly at the facility under construction.

Of course, an employing company can also be the Receiving Party for its own employees, if it possesses residential accommodation of which it is the legal owner and offers this accommodation to its employee.

However, for employing companies that are not in such a position, it is more worthwhile to consider an alternative for migration registration of foreign employees who are living at premises which are not owned by the employer.

This makes it possible, primarily, to oversee control of the foreign citizen within the context of the legal obligations of both guest and host regarding the legislation of the Russian Federation, and this can prevent the occurrence of many avoidable problems, which we will look at further.

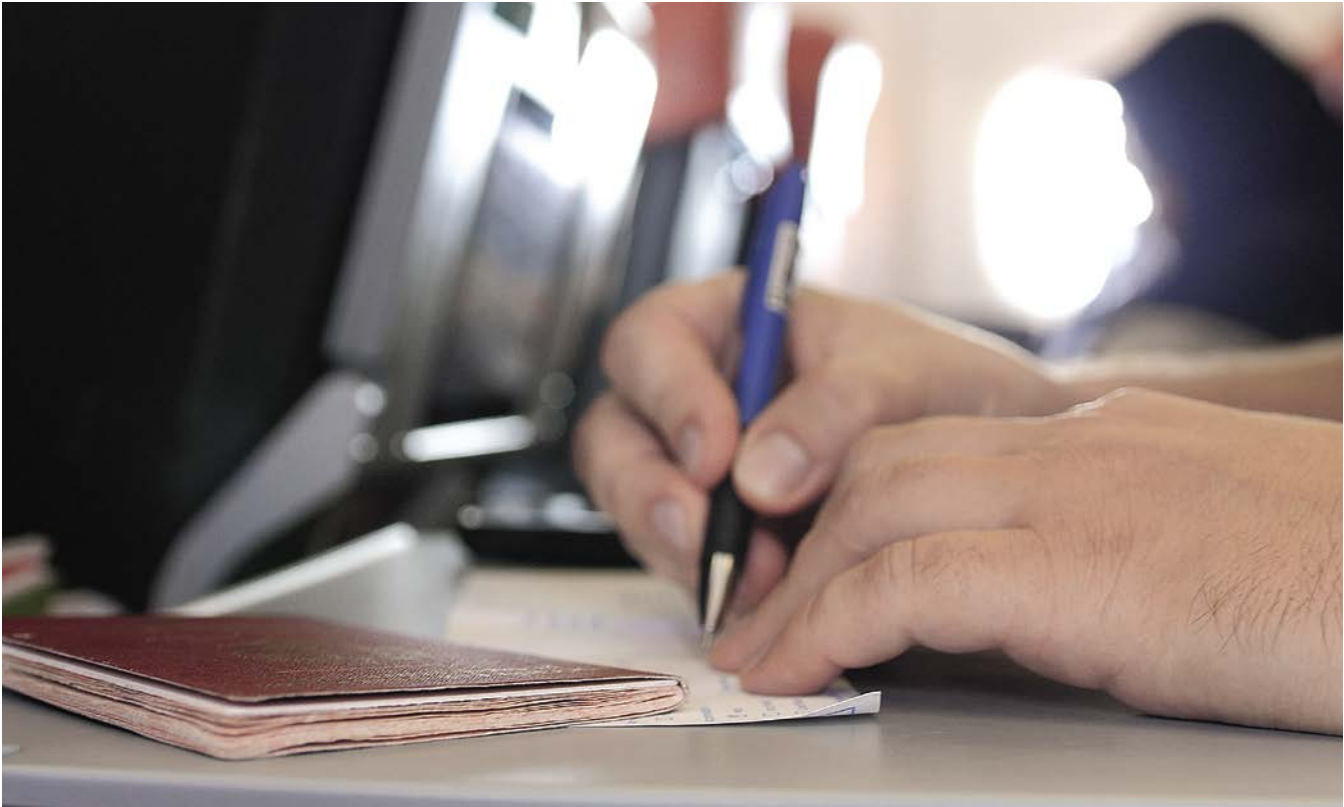
So, let us examine at the action algorithm:

- Employing companies can conclude a rental agreement with the owner of the accommodation.

This kind of agreement should contain conditions which enable the representatives of the legal entity to contact the territorial offices of the Ministry of Internal Affairs of the Russian Federation (hereinafter – MIA RF), in order to carry out migration registration of a foreign citizen on behalf of the employer at the address of the rented/leased apartment in question.

- The company's representative then contacts the territorial offices of the MIA RF about the address of the apartment concerned, to provide state services for carrying out the migration registration of the foreign citizen. The





Receiving Party in this case would be the legal entity, while the address given for the migration registration would be that of the apartment of the owner.

At first glance, this all looks simple. However, despite the fact that from the moment the above-mentioned amendments came into effect, a considerable amount of time has elapsed, and a corresponding amendment to the Regulations of the Russian Federation of January 15, 2007 "Concerning migration registration of foreign citizens and persons without nationality in the Russian Federation" was published, many companies are still enduring difficulties with these matters. The basic problems are the lack of a clear list of documents at territorial offices of the MIA RF, and differing demands for presentation of documents as interpreted by different local and regional offices of the MIA RF.

This means that when carrying out migration registration of a foreign citizen on behalf of a commercial organisation at the address of a rented apartment, it should be borne in mind that this process might involve repeated procedural alterations and take much longer than usual.

A further complex issue that I would like to mention in this article involves migration registration of foreign specialist staff and business trips with stays in hotels.

As we have already said, hotels are obliged to execute out migration registration of foreign guests within 24 hours of check-in, and then inform MIA RF when the guest departs, thus removing them once again from migration registration. Looking at current practice, hotel staff diligently follow the existing rules, but rarely provide the foreign

guest with the detachable slip which confirms the migration registration.

Situations can arise in connection with this practice:

- An HQS (Highly Qualified Specialist) employee is within the 'grace period' of 90 days for migration registration. However, a hotel goes ahead anyway, and carries out the procedure of registration, and then deregistration afterwards. This means that the 90-day exemption period becomes invalid. (We ought to mention that staying at a private address and not registering there would not invalidate the exemption in such a case).
- A foreign specialist staff member was registered with migration authorities before their business trip but was unable to collect the detachable migration registration slip from their hotel after their stay, and was thus left with no information about procedure.

In consequence, the foreign staffer returns from their business trip to their usual place of residence in the Russian Federation and is now obliged to complete migration registration within 7 working days. Even so, many foreigners remain unaware of the nuances of migration legislation, and thus are at risk.

Considering all the information above, we recommend being ultra-cautious about compliance with the migration procedures when staying at hotels.

Amongst the latest innovations in migration registration, we should note the adoption of Federal Law No. 257-FZ, introduced on July 29, 2018. This law stipulates that the Receiving Party (whether a private individual or a legal entity) has the opportunity to provide notice of the departure of a foreign citizen, which provides further basis for removing them from migration registration.

Regrettably, as so frequently happens in the legislative practice of migration registration, a few territorial offices of the MIA RF have required the representatives of legal entities to provide, upon the departure of a foreign citizen from the address of their actual residence, the removal of the foreign citizen from registration by a procedure of enforcement. This began to happen more frequently after amendments to Federal Regulation of the Russian Government No. 246 of March 7, 2019 came into effect on March 20, 2019 "Concerning enacted amendments of the Rules for obligatory migration registration of foreign citizens and stateless persons in the Russian Federation".

This Regulation obligates organisations that deploy a 'shift' (rotational)

working method to submit to the MIA RF territorial office, no later than 7 days after the departure of a foreign citizen working on a rotational basis and was registered with the migration authorities at the company's address, notice of their departure from their place of residence. As a result, staff of the MIA RF frequently projects these requirements onto all migration registration cases of foreign citizens.

Yet alongside this, the official application form for removal from migration registration has not even been approved.

The law stipulates that the receiving party has the opportunity to provide notice of the departure of a foreign citizen.

In conclusion, I would like to remind everyone of the obligations imposed on those who break the rules set out for migration registration. For one-time violation of the migration registration rules by foreign citizens in Moscow or St. Petersburg, or in the Moscow or the Leningrad regions, a fine of between 5000 and 7000 roubles can be imposed along with administrative (compulsory) expulsion from the territory of the Russian Federation. Administrative expulsion carries with it a further ban on entry to the Russian Federation for a period of up to 5 years. If the violation occurred in other regions of the Russian Federation, then upon a first instance it can be punished by a fine, or a fine with administrative expulsion; if a repeated instance occurs, it can result in a fine and administrative expulsion accompanied by a ban on entry to

the Russian Federation for up to five years.

Failure by the Receiving Party to complete their obligations regarding migration registration does not involve a criminal offence, and thus is punishable by an administrative fine of between 2000 and 4000 roubles in the case of private individuals; in the case of officials the fine may be from 40,000 to 50,000 roubles; and for legal entities the fine can be in the range of 400,000 to 500,000 roubles.

There are also obligations of the Receiving Party for fictitious migration

registration of foreign citizens at their place of residence.

For private individuals and representatives of legal entities, fictitious migration registration of foreign citizens (or stateless persons) at their place of residence in the Russian Federation is punishable by a fine of between 100,000 and 500,000 roubles, or by the equivalent to their salary or other income covering a period of up to three years; or by forced labour for a period of up to three years; or imprisonment for up to three years.

As can be seen, the stakes are very high in this matter. We recommend being exceptionally vigilant in all matters concerning migration registration of foreign citizens and wish you success in your work. |

# Migration audits: what companies need to know and how to prepare for them



## EKATERINA ELEKCHYAN

Deputy Chairperson of the AEB Migration Committee; Senior Associate, CMS Russia

**T**he recent changes in the legislation on migration audits are quite positive for companies, as they limit the frequencies of scheduled audits for those that comply with the migration legislation and the scope of such audits.

Generally, the migration audits can be scheduled or unscheduled. The frequency of scheduled audits directly depends on the risk category of a company. Risk categories vary from “extremely high”, when scheduled audits can be conducted once a year, to “low”, when scheduled audits should not be conducted more than once in ten years.

In the past, scheduled migration audits of any company could not be conducted more frequently than once in three years, regardless of the number of its previous violations.

It is the duty of the Ministry of Internal Affairs (the “MIA”) to assign a company to a specific risk category, based on the number of its administrative violations. For example, companies, which had 35 or more administrative penalties for migration violations in the two preceding years, are classified, or assigned, into the extremely high-risk category, while those which were held liable for migration violations for less than 15 times in the previous two years, are classified into the low-risk

categories and also the grounds for such classifications. If a company does not agree with its assigned risk category, it may file a written request, supported by the relevant documents, for its re-classification.

During scheduled audits, MIA officers are required to use checklists containing questions on companies’ compliance with the migration legislation, which were approved on 29 January 2019 by MIA Decree No. 42. The officers cannot expand the scope of the audit beyond the questions in the checklists.

The risk categories and checklists do not apply to the unscheduled audits, which are conducted by the MIA based

During scheduled audits, MIA officers are required to use checklists containing questions on companies’ compliance with the migration legislation.

category. A company which is not assigned any risk category by the MIA is assumed to be in the low-risk category.

Companies may ask the territorial department of the MIA to provide them with the information on their risk cat-

egory, on complaints, applications and other information on the migration legislation violations.

MIA officers must complete unscheduled and scheduled audits, respectively, within seven and 20 working days. In complicated cases, the term of the



audit may be extended, but not more than by seven working days.

Migration audits can be conducted on-site when MIA officers come to a company's office to check its compliance with the migration legislation. During on-site audits, MIA officers can check not only the documents of a company, but also the documents of the foreigners who are present on its premises at that moment. In particular, MIA officers are to inspect or check such foreigners' passports and, if applicable, their visas, work permits, migration cards and registration slips.

Alternatively, the audit can be done by reviewing the documents which the migration officers have requested in writing without visiting the company's office. This approach is usually less stressful for a company as it has the time to collect all the required documents and prepare copies from them.

Given that the information on scheduled audits is published at the end of the preceding year, companies can prepare for them in advance. To this end, companies can collect in advance all the documents related to the employment and stay of foreigners in Russia in one file, review them and make copies so as to be fully ready for the audit. Based on our experience, when migration officers see that companies have all the required documents on their foreign employees in due order, the level of their scrutiny is less stringent during the audits.

It may also be helpful to issue powers of attorney to the company's employees who handle migration issues, to enable them to interact with the MIA officers during audits, provide the required documents and explanations, as well as receive requests, etc.

When an audit is completed, the MIA officers are required to issue an audit

act that contains its results. The officers enter the audit information in the statutory audit register that should be kept by all companies. The audit is considered finished at this stage if it did not reveal any violations. Moreover, if the violations discovered during the audit are beyond the one-year limitation term established for migration violations, MIA officers will have to terminate the audit procedure as they cannot initiate administrative proceeding for such "expired" violations.

The MIA officers are required to initiate administrative proceedings against companies if the audit reveals violations. Specifically, they may issue a protocol on administrative violations or decide to carry out an additional administrative investigation, if required.

Once these preliminary steps are completed, the MIA or a court will review the administrative case and then take a decision on the imposition of administrative liability on the company and/or its responsible officials.

Additionally, the MIA officers will also impose the relevant administrative sanctions on foreigners if an audit reveals they were personally responsible for the violations of the Russian legislation. The sizes of the administrative fines imposed on foreigners who violate Russia's migration laws are relatively low and do not exceed RUB 7,000. However, a more severe consequence is the potential risk of an administrative deportation that exists for some migration violations. Moreover, foreigners who have two or more records of administrative violations within three years may be banned from entering Russia for five years. |

# Review of current court practice related to migration law topics



## ANDREY SLEPOV

Deputy Chairman of the AEB Migration Committee; Partner, Head of the Labor and Migration Practice of the Moscow office of the BEITEN BURKHARDT law firm

Court decisions show how certain specific requirements and situations in the sphere of migration compliance are checked and treated in practice. Below we will outline some approaches in current court practice and summarise general related recommendations.

### **It will be hard to avoid punishment, but it is possible to reduce the degree of punishment**

In practice, when challenging administrative penalties for violations of the formal requirements of migration legislation (for example, the incorrect drafting of a notification on hiring or dismissal or the submission of

a quarterly wage notice to a division not identified by legal acts), employers often refer to the insignificance of the violations committed. However, the courts usually find this reference unfounded. Notably, this position has been expressed in the decisions of the Russian Supreme Court.

For instance, an employer made several mistakes in the notification on termination of the employment contract with a foreign employee and was fined for that. The Supreme Court of the Russian Federation, in its Resolution No. 127-AD18-6 dated 27 December 2018, did not recognise the violation as insignificant and agreed with the punishment. The court stated that, despite the fact that the organisation managed to notify the police within three business days, it had not duly fulfilled the obligation to provide notification.

However, there is a practice according to which an employer can at least receive a discount of up to 50% on the fine. For example, a company did not notify the Ministry of Internal Affairs of the payment of wages to a highly qualified specialist in a timely manner (until the end of a month following a respective quarter). The police charged a minimum statutory RUB 400,000 fine for this, but the court cut the fine in half (see, as an example, Decision of the Moscow City Court dated 18 April

2018 in case No. 7-4806/2018). When setting the administrative punishment, the judge took into account the nature of the administrative violation committed, the fact that the violation was quickly rectified by the company on a voluntary basis, the fact that the actions did not lead to any serious consequences, and, finding these circumstances exceptional, thought fit to reduce the amount of the prescribed administrative punishment to half of the minimum amount of the administrative fine, i.e. to RUB 200,000.

### **A nominal corporate address (such as a PO box) may lead to a refusal to issue a work permit or its cancellation**

Lately, the tax authorities responsible for the registration of legal entities have undertaken a campaign to check the correctness of the addresses of companies contained in the Unified State Register of Legal Entities (US-RLE). Among others, companies that are not located at their registration address are being caught in the cross-hairs.

A similar approach can also be seen in the practices of the Ministry of Internal Affairs when considering cases involving a refusal to issue work permits to highly qualified specialists. For example, when considering application documents the employees of the Ministry of Internal Affairs in Moscow



visited the address indicated in the application and found that there was no office of the employer at this address. The company tried to contest this decision, but the court dismissed the claim with a reference to Clause 9.7 of Article 18 of the Federal Law "On the Legal Status of Foreign Citizens in the Russian Federation", according to which a work permit shall not be issued or an issued permit shall be cancelled if the employer submits knowingly false information about itself to the police.

### **Ban on entry into Russia for two administrative violations is contestable**

Two or more administrative violations within a span of three years may lead to a ban on a foreign citizen entering

Russia for several years. Once the migration authority has made the decision to ban a foreign citizen from entering Russia, it is very hard to dispute this decision. The major argument that works in most cases is the foreign citizen's family status (for example, if a spouse or children hold Russian citizenship). However, recent practice shows that as long as administrative violations are minor (e.g. two minor traffic violations), it is possible to dispute such a ban even without reference to relatives in Russia (see e.g. Appellate Ruling of the St. Petersburg City Court No. 33a-4667/2018 dated 13 March 2018).

### **General recommendations**

When a company files documents for a work permit with the migration au-

thority (including for a highly qualified specialist), it should be prepared for the migration authority to conduct a fairly comprehensive check before issuing the permit, especially if citizens from so-called "countries with migration risks" are being hired. Therefore one should verify that all information provided is complete and true, and be prepared that the officers may decide to visit the company's office or have a face-to-face interview with its management, etc.

The employer shall not relax when a work permit is received (especially in the case of highly qualified specialists) and should prepare and follow a strict schedule, which includes quarterly reporting on salary payment, fulfillment of the inviting party's obligations regarding the purpose and duration of the foreign employee's stay in Russia, prompt notification in the event of his/her early dismissal, etc. Since legal requirements, the forms of documents, and the names/addresses of authorities are constantly changing, it is essential to ensure that you have up-to-date information.

Apart from its own responsibility, the employer should also request a proper attitude from its employees. This should include (on the part of the employee) prompt notification of any change of his/her personal data such as surname and passport details (which may require a revision to the work permit), avoiding administrative violations and situations that place the employee at a risk of such violations (including driving a car in Russia registered in his/her own name), informing the employer of the planned duration of stay in Russia, travel within Russia, etc. |

# Expatriate on-boarding: the top 5 points of concern for companies and individuals



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**A**re you planning to hire an expatriate or are you a foreign national planning to work in Russia? In any case, it will be helpful to think about the issues discussed below before accepting a job in Russia.

## 1. Timing

Similar to most other countries, a foreign national must have a work permit to work in Russia. Obtaining a work permit takes some time (several weeks to several months depending on its category), while the penalties for working without a work permit are severe. Therefore, when planning the start date of a Russian assignment, one should factor in sufficient time for obtaining a Russian work permit and work visa before the start of any work activity in Russia.

## 2. Currency risk hedging

Salaries in Russia must be paid in Russian roubles. This is a requirement of employment law which the employer must comply with.

In most cases, expats coming to work in Russia prefer to have at least their current level of salary in their home country's currency and would like to protect their rouble salary from currency fluctuations.

The simplest and most obvious solution is to designate one's salary in a foreign currency and pay it in the rouble equivalent at the current exchange rate. However, based on current practice, this solution will most likely face objections from the Rus-

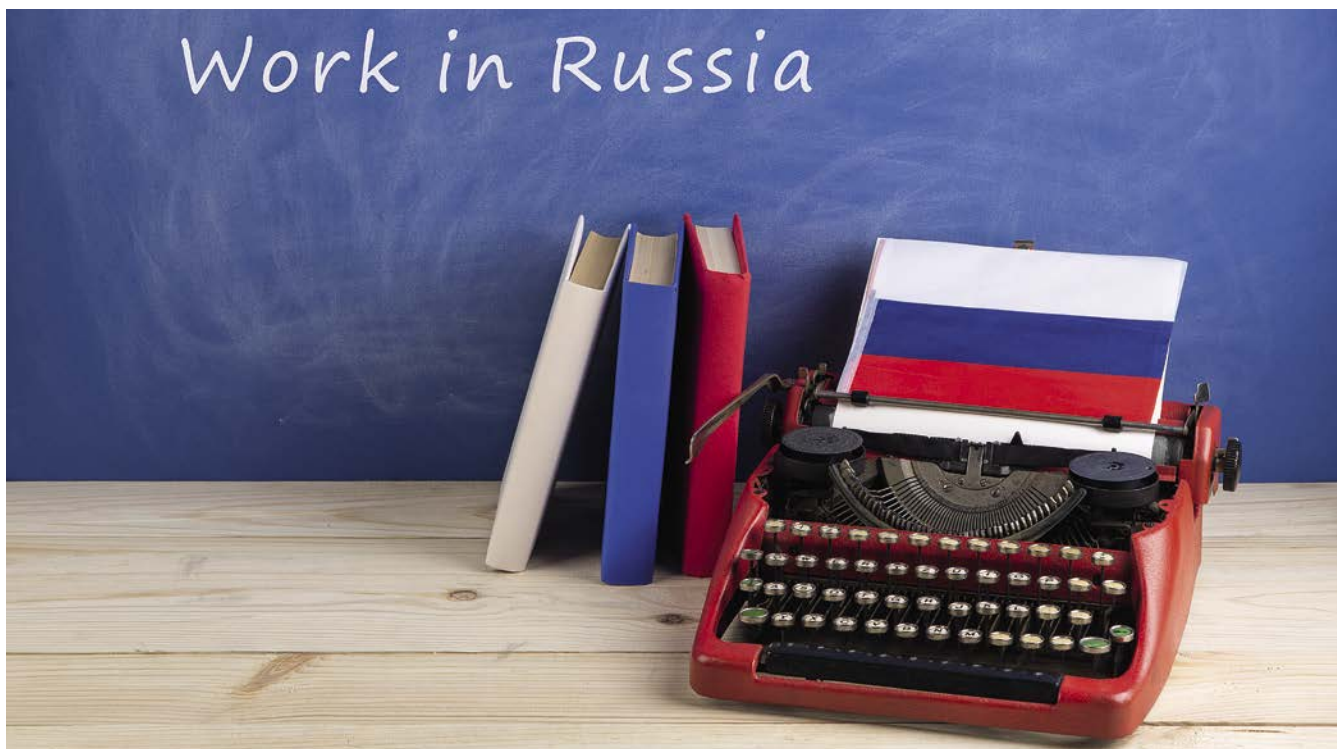
sian labour inspectorate if they audit the company.

Another possible solution is including a currency risk hedging clause in an employment agreement. Different wording may be used, but the idea is that if the rouble equivalent of the salary becomes lower than the rouble equivalent of a certain amount in the foreign currency, the employer will pay the difference through monetary compensation or a bonus.

## 3. Discrimination claims

This concern is more for employers. Typically, the salary of an expat is higher than that of a local employee. Furthermore, expats may enjoy additional benefits that are not provided to local staff (such as housing, educational allowances, travel to their home country, etc.).

In terms of the Russian Labour Code, discrimination means providing any benefits or advantages based on nationality or other characteristics not related to the business characteristics of the employee. Therefore, a higher salary and/or additional benefits to expatriate employees may be grounds for discrimination claims from local employees in the same positions who are paid a lower salary or are not provided with additional benefits. To minimise potential risks, it is advisable that the



employer thinks in advance how to argue for the provision of additional benefits to its expats.

#### 4. Indemnifying liability

Indemnifying the liability of expats is both important for the employer and the expat. The imposition of administrative liability on an expat may cause a variety of negative consequences for him/her and for the company, from the risk of being deported from Russia to difficulties obtaining Russian visas and work permits in the future.

Therefore, it is crucial that no administrative liability is imposed on an expat while working in Russia. While it is the personal responsibility of the expat to ensure that no penalties are imposed on him/her for personal infringements (such as driving or parking violations), it is highly advisable for the employer to think in advance how to indemnify its foreign managers (especially general managers) against potential liability for violations which the company might commit within its activities and

for which liability could be imposed on its foreign officer.

For that purpose, the employer may cascade the liability of its expatriate senior managers (in particular, the general manager) to their subordinate Russian employees responsible for the company's compliance within a particular area. Such liability is to be cascaded by careful drafting of the relevant internal policies and the job descriptions of the employees in question.

#### 5. Migration registration

A foreign national staying in Russia must be registered at the place where he/she is staying. It is important to note that, in most cases, foreign nationals may not register themselves, as this is the responsibility of the individual or company providing them with a dwelling in Russia. However, employers wish to remain responsible for registering their expatriate employees to shield them against potential risks of non-compliance with the requirements for migration registration. Generally, this should be possible if

a residence is provided to an expatriate employee by an employer, but since the practice varies it is advisable to think in advance how to properly arrange migration registration for expats in accordance with the requirements of the local migration authorities.

In addition, employers (as well as other persons or companies inviting foreign nationals to Russia) should keep in mind that they must take measures aimed at ensuring that their invitees comply with the declared purpose and period of their stay in Russia. Specific measures have not yet been adopted, but the draft regulations (in Russian) can be accessed via the following link: <https://regulation.gov.ru/projects#npa=81853>.

Despite the above concerns (which obviously exist in every country), working in Russia can be an excellent opportunity for an expatriate to experience working and living in a new environment. Russian employers will also benefit from a fresh look and the international experience of the expats. |



# Legal and practical aspects of compliance with obligations of inviting parties



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**M**any foreign companies are still interested in having a Russian presence. For these purposes they are involving foreign employees, who shall all comply with Russian Migration legislation during their stay in Russia.

When inviting a foreign citizen to Russia before 2019, it was necessary only to prepare the appropriate invitation for them. In practice, Russian companies could prepare hundreds of such invitations and they were not responsible for any violations of the foreign citizen's stay in Russia (e.g. the foreigner working on the basis of a business visa for a third party).

In 2019, companies inviting foreigners for various purposes (work, business, etc.) have become obliged to comply with stricter formalities for inviting foreign citizens.

Which new formalities does the inviting party need to comply with? The answer

to this question is not as straightforward as we would like it to be. The problem is that the Russian government introduced the obligation of the inviting party to fulfil "formalities", defined the penalty for noncompliance with the formalities, but did not clarify exactly what these formalities are. The changes to Federal Law No. 115-FZ "On the legal status of foreign citizens in the Russian Federation" (the "Law") indicate the obligation of the inviting party to fulfil formalities defined by the Government of the Russian Federation in a separate act. Having no list of formalities, the inviting parties still may be penalized for breach of the Law. The penalty for noncompliance was also specified in the Code of Administrative Offenses of Russia: a RUB 400,000-500,000 fine for companies. However, businesses are waiting for the exact list of formalities, which is being developed now and will be accepted by the Government of Russia as a Decree in the future.

In the meantime, a draft of the Decree specifies the formalities as follows:

- notifying a foreigner about the necessity to comply with the term and aim of the visit to Russia;
- notifying a foreigner about the expiration of their visa and the need to leave Russia;
- notifying a local migration authority about violation of law by the invited foreign citizen;
- providing assistance to a foreigner if he/she has problems leaving Russia;
- keeping constant contact with a foreigner during his/her entire stay in Russia.

All these requirements are aimed at ensuring the obligations of the inviting party are not limited to preparing the invitation. The Russian government wants companies to explain to foreigners what obligations they have when visiting Russia and what punishment both the company and foreign citizen may face for violating those obligations. Therefore, we can see that the Russian government is trying to control not only the arriving foreign citizens, but also the inviting parties. The latter seems to be an excessive measure since "fair" companies are under the regular control from the very beginning.

If the company does not fulfil the obligation to comply with the formalities, the consequences go beyond the aforementioned fine. Noncompliance can also have a negative impact on the company's track record with the Ministry of Internal Affairs, which is responsible for migration control in Russia. It may result in more frequent inspections from the Ministry of Internal Affairs and difficulties for employing foreign citizens.

So, what should you do to protect yourself as an inviting party when your exact obligations are not clear? It is recommended for the inviting party to fully follow the Law, and obeying the list of requirements in the draft Decree, despite the fact that it has not yet been adopted. This may help to avoid potential disputes with the state bodies regarding invited foreigners. Monitoring of the status of the draft Decree is also the must for inviting companies. ■

# Russian visa: particularities of use



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**T**o enter Russia, citizens of most countries are required to obtain a Russian visa. A Russian visa is an official document giving the right to enter, stay for a certain period and exit Russia.

The visa indicates the dates of permitted entry to and exit from Russia, the type of visa and purpose of entry, number of possible entries, passport details of the holder and information about the visa sponsor, i.e. the inviting organisation or individual (inviting party). A Russian visa should be sponsored by the actual company a foreign national is visiting in Russia. There are different types of Russian visas:

- Diplomatic visa, which is issued for foreign citizens who have a diplomatic passport or diplomatic status.
- Service visa, which is issued for foreign citizens who have a service passport.

- Ordinary visa, which includes the following:

- business visa, which can be obtained for foreign nationals who enter Russia to participate in negotiations, training and similar business activities;
- work visa, which can be obtained for foreign nationals who enter Russia for the purpose of employment;
- private visa, which can be obtained upon invitation from a Russian citizen, a foreign national permanently residing in Russia or a Russian legal entity;
- tourist visa, including a group tourist visa;
- student visa, which can be obtained by students attending Russian educational institutions;
- humanitarian visa, which can be obtained by a foreign national entering Russia for the purposes of scientific, cultural, sporting or religious contacts, charity activities or delivery of humanitarian aid;
- refugee visa, which can be obtained by a person requiring to enter Russia to seek refuge;
- a visa to enter Russia in order to obtain a temporary residence permit;
- a visa to enter Russia in order to obtain Russian citizenship.

- Temporary residence visa, which can be obtained by a foreign national who has received temporary residence in Russia.

- Transit visa, which can be obtained for the purpose of transit through the territory of the Russian Federation or exit from the Russian Federation.

Moreover, each type of visa has several purposes of entry, e.g. a work visa for highly qualified specialists indicates "highly qualified specialist" as the purpose of entry, a work visa of an accompanying family member of a foreign employee indicates "accompanying family member" as the purpose of entry, and a work visa of a foreign employee working at a representative or branch office of a foreign company indicates "foreign employee" as the purpose of entry, etc.

It is impossible to change the type of Russian visa, e.g. to switch from a business visa to a work visa, while in Russia. If the purpose of entry has changed, then the foreign national needs to apply for a new visa that corresponds to the new purpose of visiting the country. In this case, the previous visa must be cancelled as it is impossible to have two effective Russian visas valid for the same term in one passport.

It is essential for the type and purpose of the Russian visa to match the actual activities a foreign national will carry out in Russia. Declaring an incorrect purpose of visit and obtaining a type of visa which does not match the actual activities, e.g. entry on the basis of a tourist visa to participate in negotiations, may be interpreted as misrepresenting the purpose of entry. Such misrepresentation is considered an administrative violation and is severely prosecuted if discovered. If the migration authorities reveal that

the type of visa does not match the actual purpose of entry, the foreign national may be fined and even deported from Russia. The amount of potential administrative fine is not high (approximately USD 110 in Moscow), but the very fact of any administrative fine being imposed on a foreign national may cause difficulties when visiting Russia and/or obtaining Russian visas in the future.

A Russian visa (except for a temporary residence visa and exit visa) can be obtained at a Russian consulate outside Russia on the basis of a visa invitation sponsored by the inviting party (or tourist voucher for tourist visas).

## Declaring an incorrect purpose of visit and obtaining a type of visa which does not match the actual activities may be interpreted as misrepresenting the purpose of entry.

The visa invitation is issued by the Russian migration authorities, and is applied for and obtained by the inviting party. Visa invitations may be issued on the letterhead of the inviting organisation on the basis of bilateral treaties, but only for foreign nationals from some countries (i.e. citizens of the European Union (except for the UK), Japan, South Korea, the US and India) and only for business, tourist and humanitarian purposes. There are also electronic versions of visa invitations and telex which are sent by the migration authorities to the respective Russian consulate.

The foreign national may apply for a Russian visa in the country of his/her residence or country where he/she has the right to uninterrupted stay for more than 90 days. To receive a visa, the foreign national should apply to the relevant Russian consulate and present the original visa invitation (or a copy of the invitation) together with other required documents (passport, application form, etc.). The passport must be valid for at least six months (1.5 years for a work visa) after returning from Russia, and should have at least two blank pages designed for visas. To obtain multiple benefits, you must provide a medical certificate declaring you do not have HIV.

A visa is a permit, both for entry and exit from Russia. If a foreign national stays in Russia longer than the period specified in the visa or loses his/her passport which contains the visa, then an attempt to leave the country may result in a fine for illegal crossing of the state border. If a foreign national obtains another passport, he/she will have to apply for a new Russian visa in his/her new passport to travel to Russia.

Any foreign national can stay in Russia on the basis of a business, humanitarian or private visa, without

having to leave Russia, for up to 90 days in a period of 180 days. Thus, the maximum period of uninterrupted stay in Russia on the basis of a business, humanitarian or private visa is 90 consecutive days, and the maximum period of stay in Russia is 180 days in total per year. Every 90 days, foreign nationals holding one-year multiple-entry visa have to leave the country. Upon re-entry, they can stay in Russia for no longer than another 90 days.

According to the Russia-US treaty regarding simplified visa procedures, the duration of each trip to Russia for a US citizen may be up to six months. However, the period of time that a US business visitor may stay in Russia on a business visa should be determined in accordance with the restrictions indicated on his or her visa, i.e. it may provide for a restriction of 90 days in a period of 180 days.

Current Russian legislation provides for several narrow exemptions when a visa is not required for entry into the Russian Federation. These exemptions apply, in particular, to the following foreign nationals:

- citizens of all CIS countries, except for Georgia and Turkmenistan;
- permanent residents of Russia holding a permanent resident permit;
- refugees with documents confirming the status of refugee;
- foreign nationals from countries that have bilateral treaties with Russia for short-term visits (such visits do not imply the intention to perform any employment activity, study at educational organisations or residence). ■

# Practical aspects of work permits application process in Russia, Germany, Switzerland and USA



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Labour relations with foreign employees form a separate part of the labour and migration law in any legal system. Every country strives to protect its citizens from unemployment and, for that reason, closely supervises labour migration. At the same time, countries are interested in highly qualified specialists and are often willing to issue work permits under simplified procedures. In this article we will look at the specific aspects of work permit application procedures currently in use in the following countries.

## Russia

Foreign nationals arriving to the Russian Federation may engage in working activities only if they have a working visa and work permit (Article 2 Part 16 of the Federal Law "On the legal status of foreign citizens in the Russian Federation"). Two types of work permits are available: an ordinary one and a work permit for highly qualified specialists.

To obtain an ordinary work permit, the employer must apply for a so-called foreign workforce quota. Applications

are submitted for quotas for the following year. After the quota and a permit to hire foreign nationals are given, the employer may request work permits for individual employees. At the very least, this procedure lasts approximately 120 days. Employees must pass a test that assesses their knowledge of the Russian language, law and history.

Highly qualified specialists (HQS) may use a simplified permit application procedure. They are not required to provide proofs of their qualification, nor have they to pass a Russian language, law and history exam. The level of competence of highly qualified specialists is evaluated by their employers. The only indispensable prerequisites for a HQS are a valid employment agreement with a Russian employer and a salary of at least 167,000 roubles a month. Highly qualified specialists do not take up the quota, and the procedure takes about two months to accomplish.

HQS work permits are valid only in the subject of the Russian Federation (similar to federal states in Germany, cantons in Switzerland and states in the USA) where they were issued. The validity area may be expanded if the employment contract provides that the employee will go on business trips or specifies the locations where the employee will fulfil their work duties.

HQS work permits are valid throughout the duration of the employment contract, but not longer than three years. The work permit may be prolonged for the rest of the employment contract duration an indefinite number of times. Each prolongation is, however, subject to the three-year limit (Article 13.2 Part 12 of the Law "On the legal status of foreign citizens").

Highly qualified specialists are allowed to bring along their family members. In addition, Article 13 Part 4 of the Law "On the legal status of foreign citizens" grants journalists accredited in the Russian Federation, touring musicians and actors the right to work without a permit in the Russian Federation if only they have a valid business visa. No work permit is needed for the em-

made between various legal grounds for a sojourn in the country such as a (temporary) residence permit, an EU blue card and an ICT card (for temporary residence due to intra-corporate transfer). Beside these, there also exist permits for an extended period of time, for example a permanent residence permit or a permanent EU sojourn permit.

The temporary residence permit entitles its holder to enter labour relations only if the work permit is stated explicitly. Normally, the application procedure for a temporary residence permit consists of two stages. First, one needs to obtain a visa from the diplomatic mission of the Germany's Foreign Office located in the home country. For employment purposes, this must be a national visa. Then, a foreign national

may be paid on. Highly demanded professionals (mathematicians, engineers, doctors, IT specialists) may obtain a EU blue card even when the salary they get is below this threshold, but not lower than 52 per cent of the above maximum income level.

For the first time, the EU blue card may not be issued for more than 4 years. If the employment contract is concluded for a shorter period of time, the blue card will be valid for the duration of the contract and another three months.

The ICT temporary residence permit card for intra-corporate transfers may be granted to temporary employees that arrive from abroad and will stay for at least 90 days. Transfers may be made within a group of companies. The transferred foreign employee must have been employed with a permanent employer for at least 6 months. Requirements applicable to the employee and the duration of the permitted sojourn may vary according to the position of the employee. ICT cards of managers and specialists are issued for the time of temporary transfer up to 3 years, meanwhile those of interns may be valid one year at the most. Prolongation of an ICT card is not permitted.

## The indispensable prerequisites for a HQS are a valid employment agreement with a Russian employer and a salary of at least 167,000 roubles a month.

ployees of foreign manufacturers and suppliers that take part in the assembly and installation of technical equipment supplied to the Russian Federation or render maintenance and warranty services with respect to such equipment. The maximum validity of their visas is 1 year. Within every 180 days, the maximum duration of uninterrupted sojourn may not exceed 90 days.

### Germany

In Germany, there is no such document as a work permit. A difference is

has to apply for a temporary work permit at the local department of the Migration Service located at their future place of residence in Germany.

The EU blue card is a temporary residence permit for highly qualified specialists who, in their turn, must possess a diploma issued by a German or any other acceptable tertiary education institution or an equivalent diploma. Salaries of such specialists may not fall below two thirds of the maximum income level social security contributions

Permanent residence permits, in and of themselves, grant an unrestricted right to work. The applicant must prove that he or she has lived in Germany for five years on the basis of a temporary residence permit, speaks German and has a clear criminal record. Analogous requirements apply to those who wish to obtain a permanent EU sojourn permit. Such a permit gives additional freedom of movement because it allows to stay not only in Germany, but in other EU member states as well.

## Switzerland

In Switzerland, the work permit comes by default with the following residence permits: for temporary employment of no more than a year – with a temporary residence L permit; for employment contracts with a larger duration – temporary residence B permit. After five or ten years of temporary residence, one may request a permanent residence C permit.

Nationals of 27 EU countries and of EFTA member states may register and work in Switzerland for three months every calendar year without applying for a special permit. Those who look for a long-term employment must within 14 days of arrival and in any case before the start of working activities apply for a temporary residence permit which also serves as a work permit.

Before the employee assumes their work duties, the employer hiring a third-country official must submit an application to the employment service/migration service of their canton. Besides that, the employee must apply for a visa at the Swiss diplomatic mission located in their home country. Permits are issued within established quotas. Only those who fulfil the strict requirements of the Swiss foreign nationals and integration law (AIG) concerning the preferential treatment of Swiss and European employees, restrictions imposed in the branches with high level of unemployment, payment conditions, the qualification and the temporary place of residence fulfilling the established requirements may obtain a permit. As a consequence, foreigners may be employed only if the Swiss labour market will not be negatively affected and if no wage dumping takes place. The requirements may be slackened in certain cas-

es, for instance, if the permit is obtained for a transfer of a top manager or a rare specialist of an international company. For third-country nationals, the permit application procedure would take 6-8 weeks or longer. Generally, if an employer requests an employee to work in Switzerland (on a business trip) for no more than 8 days during a calendar year, neither a special permit, nor the registration is needed (except in several branches, for example in construction). These employees may also need a visa. In case of a short-term employment, one may apply for a permit that allows to work for four months within 12 consecutive months. Such permits are not regulated by quotas.

## USA

Foreign nationals that do not have a permanent residence permit may obtain a work permit only if they have a visa that entitles its holder to work in the USA. Such visas are the Permanent Resident Card (so called Green Card), the employment-based visa (giving the right to work for a certain employer) and the employment authorization document (EAD card).

The U.S. Citizenship and Immigration Service (USCIS) distinguishes between immigrant and nonimmigrant visas (for temporary sojourn) which can be further divided in different subtypes.

Of special interest for prospective long-term employees are two Green Card types: the employment-based visa and the Green Card lottery.

An employment offer is a prerequisite for the employment-based permanent visa. Such Green Cards are issued according to quotas. Applications for these Green Cards are usually filed by

the employer, and they come with a number of strict requirements. The foreigner may be hired only if the labour market will not sustain any negative consequences and if no wage dumping takes place. Certain groups (for example, highly qualified specialists, investors, employees of international organisations and employees of the U.S. Government) are subject to a different set of special requirements.

Besides, 50,000 Green Cards are given out yearly to foreign citizens that live in the countries with a low immigration rate to the USA (for example, Germany, Austria, Switzerland, the Russian Federation) under the visa lottery programme for immigration diversification. According to the terms of the lottery, the participants must, among other things, have a university degree or a professional qualification. These Green Cards are issued for 10 years and may be prolonged.

The most suitable visas for short-term employment are the H-1B and H-2B visas. H-1B visas are granted to highly qualified specialists (with a university degree that is at least equivalent to the bachelor's degree in the USA) for the term of three years and may be prolonged for another three years. H-2B visas given to seasonal workers are valid for one year and may be prolonged until the total duration of the sojourn exceeds 3 years.

The EAD cards permit temporary employment and are granted to spouses of H-1B holders if they submit a corresponding application and fulfil certain requirements. The EAD cards are usually valid for one year and may be prolonged against an application of the holder. ■

# Employing foreign nationals from visa-exempt countries: the hidden challenges of patent regime



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The so-called 'patent regime' is available to CIS nationals from Ukraine, Uzbekistan, Azerbaijan, Moldova, and Tajikistan and does not require a work permit or a work visa – a special patent is issued instead. The patent regime has been well received by the business since it was implemented in 2015. The number of patents issued each year remains more or less the same (except 2016, when a 16-percent YoY growth was recorded and almost 1.8 million of patents were issued). The first months of 2019 have seen a ten-percent YoY increase with 377,525 patents issued so far. Potentially, the massive engagement of CIS nationals may impact the employment of Russian citizens, which may require

actions to protect the national labour market. One of the most drastic measures available at the regional level (already introduced by some regions) is banning patent holders from certain types of work activities. Another one is issuing patents for a specific position/profession (implemented in 30 regions, including St. Petersburg, the Leningrad region, and the Moscow region). Despite the restrictions, however, the patent regime remains quite popular among the employers, because it is each individual employee's responsibility to obtain and maintain his patent. Employers are ready to bear all the associated risks, provided they are freed from the administrative burden related to work permits.

Below we outline the main challenges and risks related to hiring patent holders and provide hands-on advice on mitigating them.

## Things to consider when hiring patent holders

### Territory of validity

Be aware that work patents are valid only in the region where they are issued. So the first thing to check before hiring is whether the candidate's patent is valid in the region where your company is registered. Additionally, if the company wants to employ

a patent holder in its branch/subdivision in another region, another patent (issued in such region) will be required.

### Position

Under the general rule, the job position is not indicated in the patent. However, this may be required at the regional level. If this is the case, the patent holder can only be employed in the position specified.

### Validity period

The patent is originally issued for one month and can be extended for up to twelve months, provided the patent fee is timely and regularly paid (even a one-day delay or fee underpayment will result in patent cancellation).

## Things to monitor during patent holder's employment

### Timely fee payment

If the patent fee is not paid on time and in full, the patent is automatically cancelled, which can result in penalties for the employer – for employing a foreigner without the legally required work authorisation.

### Immigration registration renewal

Immigration registration for CIS nationals is conditional on their patent's validity:



The patent regime remains quite popular among the employers, because it is each individual employee's responsibility to obtain and maintain his patent.

each time the patent is extended, the permitted period of stay is extended, too and registration may be renewed. Employers are advised to track the timely renewal of immigration registration by their patent-holding employees to minimise the risk of breaching the immigration rules, which may be penalised by deportation and/or entry ban.

#### **Business trips**

Domestic business trips for patent holders have been a controversial issue from the moment the patent regime was implemented. No legislative act (including the one specifically addressing this issue for all other categories of foreigners) mentions patent holders as eligible for business trips. So, the conservative approach would be that business trips are forbidden for patent holders – because they are not expressly permitted. Obviously, this is a gap in the immigration legis-

lation that complicates employment of patent holders.

#### **Multiple job roles**

A patent holder can work in several job roles, only if the patent does not specify his job title. Otherwise, a separate patent will be required for each role. If the patent holder fails to find employment according to the job title indicated in the patent, he may apply for amending the job title, not having to apply for a new patent.

#### **Confirmation of employment**

Patent holders are required to confirm employment, filing a copy of their labour contract with the immigration authorities (in person or by mail) within two months of patent issuance. Although totally the patent holder's responsibility, employers are advised to monitor compliance with this requirement, as failure to comply may result in patent cancellation.

#### **Employer's exposure**

Employers can be penalised for non-compliance with the patent regime requirements. Hiring a CIS national without a patent/with an invalid patent/to other job role than indicated in the patent/outside the region of patent issuance is punishable by a fine of up to RUB 50,000 (for company officials) and up to RUB 500,000 or a suspension of activities for a period from 14 to 90 days (for companies). In Moscow, the Moscow region, Saint-Petersburg, and the Leningrad region the fines can reach up to RUB 70,000/ RUB 1 million, respectively.

With all this in mind, the patent regime should not be considered the simplest way of employing the CIS nationals: it does require supervision and control, not all the accompanying risks can be mitigated, and difficulties – easily resolved. |



# Compliance issues of crossing Russia-Belarus border by foreign nationals



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Expats working in Russia often travel to Belarus on business matters or use Minsk as a transit point following the suspension of direct flights to Ukraine. However there are pitfalls on this way which may impact the compliance of stay in Russia or provoke issues with the Russian border control.

With the creation of the Union State of Russia and Belarus – a far-reaching integration project emerged in the late nineties – the internal border between the two countries was opened for the citizens of the two countries to pass freely. There are no international checkpoints on the land border and all flights from one country to the other are considered domestic. Unfortunately, the rules of crossing the internal border by nationals of 3<sup>rd</sup> countries

have never been duly settled. Legislation of both Russia and Belarus states, that these nationals are to cross the state border only through international checkpoints which, in fact, does not allow them to cross the internal border in a compliant manner. Still, for many years there seemed to be no problem with 3<sup>rd</sup> country nationals crossing the internal border as the authorities of both states turned a blind eye on it.

The situation changed drastically in 2017, when Belarus introduced its visa-free travel programme for nationals of 74 countries who enter and exit through Minsk airport. The Russian authorities expressed concern that this programme could contribute to illegal immigration to Russia and eventually responded with establishing a border zone in the territory adjacent to Belarus as well as with moving flight arrivals and departures to international sectors of Russian airports. The Russian Border Service then published a clarification stating that until the issue with crossing the Russia-Belarus border by nationals of 3<sup>rd</sup> countries is settled, crossing this border by train or road transport would constitute a violation of the Russian border regime. Except for a short period when Russia hosted FIFA 2018 World Cup, this status quo remains to this day.

Foreign nationals travelling between Russia and Belarus need to keep in mind that they may legally cross the

Russia-Belarus border exclusively by plane.

Starting also from 2017, businesses in Russia encounter situations when their foreign employees are banned from entry to Russia seemingly without any violations. The pattern became evident soon: the banned employees had travelled to Belarus or back using the Belarusian visa-free travel programme. An unobvious but crucial condition of the programme is that foreign nationals who arrive from Russia or intend to take a flight from Belarus to Russia are not eligible to participate due to the absence of border control for these flights in the Minsk airport. The Belarusian authorities monitor violations of the programme rules and have a variety of sanctions to choose from – ranging from a simple warning to a ban on re-entry. The latter may have especially strong impact because it often leads to a ban on entry to Russia. Such consequence is envisaged in the agreement between Russia and Belarus which provides for exchange of data on imposed bans and makes this data enough basis for the other country to impose a mirror ban. Should Russia do so, the ban cannot be lifted without lifting the Belarusian ban first or without spending lots of time and effort.

We remind travellers from 3<sup>rd</sup> countries that they may not benefit from the Belarusian visa-free travel programme if



they take a flight from Russia to Belarus or vice versa. An appropriate Belarusian visa should be obtained in advance. Violation of Belarusian legislation may impact eligibility to enter Russia.

It is common knowledge that Russia and Belarus issue unified migration cards which are normally valid for the territory of both countries. But for those who travel between Russia and Belarus the rules of using migration cards have recently become somewhat confusing. On the one hand, since March 2018 Belarus no longer issues migration cards to foreign nationals arriving from 3<sup>rd</sup> countries – with exception to those who intend to proceed to Russia. On the other hand, Russia enforces border control for Belarusian flights in Russian airports and there is practice

of obtaining and abandoning migration cards when passing it. These facts, put together, create a possibility that foreign nationals might find themselves in Russia having two migration cards at a time or, which is worse, none. To avoid such scenarios it is useful to remember an important provision of the Russia-Belarus agreement on the use of migration cards: *foreign nationals who intend to travel from Belarus to Russia are to obtain a migration card from Belarusian authorities before arrival in Russia*. This can be done either at the point of entry to Belarus or – if already in Belarus – at a local immigration office. In case if a foreign national arrives in Russia from Belarus without a migration card, there is a chance – but not a guarantee – to obtain it at a checkpoint in the Russian airport.

To end on a good note, we cannot but mention the anticipated change for those expats who travel both to Russia and Belarus. The agreement on mutual visa recognition between the two countries has been in development for several years and there were strong expectations that Russia and Belarus would shake hands in December 2018. Unfortunately the signing was postponed as Belarus reportedly did not timely complete necessary internal procedures. Still, latest media reports suggest that work is in progress. The text of the agreement pre-approved by the Russian government implies that, once in effect, it will not only provide for recognition of visas but may also eliminate the issues we have raised in this article by opening the land Russia-Belarus border to nationals of 3<sup>rd</sup> countries and actually making the Union State a single area in terms of immigration. |

# Specifics of employment of Russian and foreign personnel to the special zones in Russia



**EKATERINA MATVEEVA**  
Senior Manager, People Advisory  
Services, EY

Immigration law in Russia is developing rapidly to meet the needs of business, stimulate its growth and raise the level of Russia's investment attractiveness. There are several zones created in Russia for the companies' operations with the preferential tax and administrative regimes, i.e. simplified foreign personnel engagement, reduced or even zero rates of the social contributions, VAT, customs and profit tax rates.

One of the areas where benefits for personnel have been introduced is the Free Port of Vladivostok, which includes 22 municipal formations and 5 districts. The number of businesses has increased ninefold over the last 3 years – from 116 residents to 1,057 –

resulting in 60,000 new jobs and investments of over than 582 billion roubles.

The following benefits apply to residents of the Free Port of Vladivostok who cannot use the HQS regime to engage foreign personnel and thus need to obtain a non-HQS or standard 1-year work permit for foreign citizens who require a Russian visa.

There is no need for employers to submit vacancies to the local employment centre and then apply for a corporate permit to engage foreign personnel. A company can apply for a work permit

Port of Vladivostok under this simplified regime.

A special immigration procedure with the benefits similar to the ones envisaged for the residents of the Free Port of Vladivostok applies to foreign personnel engaged by companies operating in innovative science and technology centres and advanced development zones.

There is also a draft law in the State Duma on the simplification of immigration formalities for foreign citizens employed by residents of special economic zones (SEZs).

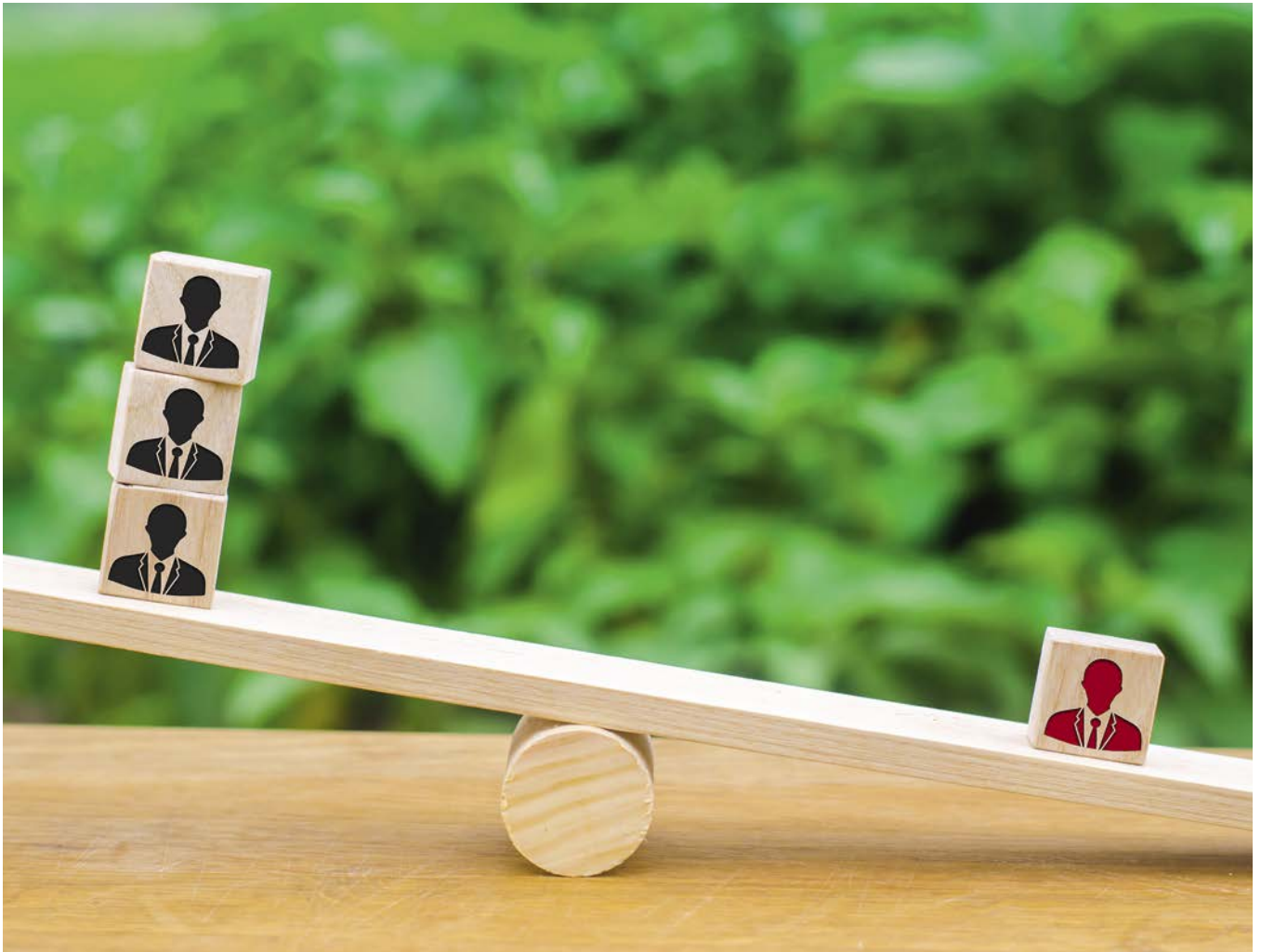
There are several zones created in Russia for the companies' operations with the preferential tax and administrative regimes, i.e. simplified foreign personnel engagement, reduced or even zero rates of the social contributions, VAT, customs and profit tax rates.

and a 3-month single-entry visa at the same time, which shortens the process from the standard four months to only two.

Currently 61 work permits have been obtained by the residents of the Free

The main provisions of the draft law are:

- residents of SEZs can hire foreign personnel without corporate permits;
- no quota is needed for the approval of work permits;
- certain categories of personnel of SEZ residents in regions of the Far



North and equivalent areas, as stipulated by Russian law, may, with their written consent, choose to receive monetary compensation instead of benefits in accordance with the procedure, amounts and conditions stipulated in contracts and collective agreements.

The benefits from the social contribution perspective are envisaged for the residents of advanced development zones and the Free Port of Vladivostok. Based on the law the below reduced rates apply to the residents of the respective zones for both types of employees: Russian and foreign (where applicable for the latter category):

- 6.0% compulsory pension insurance;
- 1.5% compulsory social insurance for temporary disability and maternity;
- 0.1% compulsory health insurance.

However, there are few limitations for implementation of this beneficial regime and the above reduced rates can apply only to:

- residents of the respective zones within 10 years upon receipt of the resident status;
- employees, who are hired at the new place of work, which is the place created by the residents for the first time for the execution of

the agreement for performing activities envisaged by the respective Federal Laws.

Also, a new draft law on introduction of changes to the Labour Code with respect of personnel of the residents of the Arctic zone was announced for public discussion.

This is yet further proof of the dynamic development of the Russian economy and those major efforts the Government is taking to create the appealing environment for new businesses and investments as well as the opportunities for the growth of the companies already operating in Russia. |

# Employment of foreign citizens – students of Russian universities



**LUBOV GRIBANOVA**

Corporate Compliance and Migration  
Senior Manager, Mazars Russia



**KSENIA YARTSEVA**

Migration and Corporate Compliance  
Senior Lawyer, Mazars Russia

Each year many students of Russian universities look for job opportunities during their period of study. Students who are foreign citizens are not an exception. Is it possible to employ a foreign student, and which documents are required for such employment? We address these questions in our article.

The procedure to obtain permission to employ foreigners who are students of Russian universities is regulated by Article 13.4 of the Federal Law "On the legal status of foreign citizens in Russia" dated 25.07.2002 No. 115-FZ (hereinafter – "the Federal Law"). Let us have a closer look at the process.

It is important to mention that foreign citizens who are students of professional and educational organi-

sations or universities in Russia can be employed without the obligation to obtain any permission by the same

It is important to mention that foreign citizens who are students of professional and educational organisations or universities in Russia can be employed without the obligation to obtain any permission by the same professional and educational organisations or universities in Russia in which they study.

professional and educational organisations or universities in Russia in which they study. Other legal entities are also allowed to employ the

foreign students without any permission, but *only for the period of the university holidays*.

For those legal entities that are interested in employment of foreign students for the non-university-holidays period, the Federal Law provides a simplified procedure to obtain permission. In particular, the employer need not observe the rules on quotas and receipt of special permits to hire foreign workforce. Having said this, it is notable that a work permit is still required. Generally, a foreign student, whether a citizen of country having visa regime with Russia or a non-visa regime, could receive a work permit within 10 workdays from the date of application.

It is necessary to mention that it is possible to hire foreign students studying only at *full-time education programme with government accreditation*.



The foreign student can apply for the work permit personally, or through agencies arranging employment of foreign students in Russia, or through an authorised representative with a power of attorney. Upon application, the following documents are required:

- passport with notarised translation;
- migration card and, if applicable, visa of the foreign student;
- certificate (reference) from the educational organisation or university in the form prescribed by the Ministry of Internal Affairs order dated 26.06.2017 No. 409, confirming that this foreign citizen is an active student of this organisation or university attending a full-time education programme;
- employment agreement or a service agreement, duly signed by the employer and student;

- confirmation of payment of the state fee for the issuance of the work permit;
- medical documents confirming the foreign student is not a drug addict, and does not have a virulent disease or HIV infection;
- from the employer's side – an extract from the state register of legal entities.

In certain circumstances the list of documents may be extended upon request of the officers of the Ministry of Internal Affairs dealing with the submitted documents.

Once received, the work permit provides the student with the right to perform work or provide services only in the region where the foreign student is taking the course.

The validity of the work permit is limited by the term of education indicated in the certificate (reference) from the educational organisation or university. The maximum term for which such a work permit may be issued is one year. After expiration, the term may be extended under the condition that the foreigner remains a student and the requirements on notifications submission, which are described below, are duly observed by the employer.

Due to the visa issue, foreign students who are citizens of countries having a visa regime with Russia can work on the basis of the student's visa.

If you decide to employ a foreign citizen, it is very important to correctly draft the employment agreement

such that the agreement with the foreign student is not an exception. The following key points must be included:

- The job position shall be identified according to the classification of positions provided by the Russian government. It is not possible to use a position which is not included in this list.
- Details of the passport of the foreign student and his/her medical insurance certificate must be indicated correctly and the employment agreement must also contain an empty space to insert the work permit data as soon as it is granted.
- The monthly salary stated in the agreement should not be less than the minimum wage established by Russian law.

- The start date cannot precede the date of provision of the work permit.

As with employment of any other foreign citizen, the Federal Law requires the notification of the *territorial executive body of the Ministry of Internal Affairs* within three workdays after conclusion or termination of the employment agreement with the foreign student. It is important to know that it is also required to notify the same body on provision of unpaid leave with a duration of more than one month during a year.

In addition to the above notifications, the Federal Law also requires notification of the *territorial executive body in the area of the employment* within three workdays in the above cases.

One could consider the time required for issuance of a work permit for a foreign citizen who is a student of a Russian university rather reasonable in comparison with other types of work permits, as it could be granted within just 10 working days. Another benefit is that the list of documents to collect is relatively short. In practice, such employment relationships only involve the obligation to submit the relevant notifications to state authorities, since no quotas and permissions to hire foreign workforce are required. During the university holidays it is even possible to employ the foreign student without any permission. Such employment might be a great opportunity for the employer seeking undergraduate staff, as well as for students. |



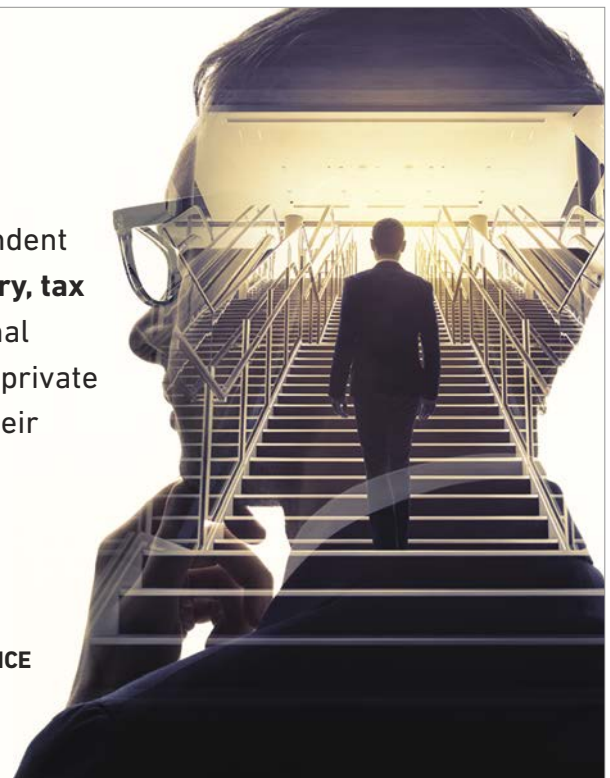
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# AEB NEWS



**Johan Vanderplaetse**, Chairman of the AEB Board; Senior Vice President, President for Russia and CIS, Schneider Electric



**Frank Schauff**, AEB CEO

## Re-elected: AEB Board Chairman and his Deputies, AEB CEO

Frank Schauff was re-elected as the AEB CEO at the AEB Annual General Meeting on 24 April 2019.

On 14 May 2019, the AEB Board re-elected Johan Vanderplaetse, Senior Vice President,

President for Russia and CIS, Schneider Electric, as the Chairman of the Board.

Philippe Pegorier, President, Alstom Russia, and Thomas Staertzel, Managing Director/CEO, Porsche Russland, Porsche Centre Moscow, were re-elected as Deputy Chairmen. Paul Bruck, Management Partner, Most Service, was re-elected as Deputy Chairman responsible for SMEs.

The current members of the AEB Board are:

- Olga Bantsekina (Chief Representative, Coleman Services UK Ltd);
- Paul Bruck (Management Partner, Most Service);
- Jussi Kuutsa (CEO, Itella Russia);
- Stuart Lawson (Partner, EY);
- Alexander Liberov (CEO, Siemens LLC);
- Antonio Linares (Managing Director, Roca in Russia & CIS);
- Philippe Pegorier (President, Alstom Russia);
- Thomas Staertzel (Managing Director/CEO, Porsche Russland, Porsche Centre Moscow);
- Johan Vanderplaetse (Senior Vice President, President for Russia and CIS, Schneider Electric).



**Lodewijk Schlingemann**, Chairman of the AEB CNR, Juralink Legal Consultancy (the Netherlands)

## AEB CNR Chairman and his Deputy re-elected; new Deputy elected

On 14 May 2019, at the first meeting after the AEB AGM, the Council of National Representation (CNR) re-elected Lodewijk Schlingemann, Juralink Legal Consultancy (the Netherlands), as CNR Chairman.

Fredrik Svensson, Mannheimer Swartling (Sweden) was re-elected as CNR Deputy Chairman, and Svein Age Dahl Olsen, Equinor (Norway) was elected as CNR Deputy Chairman.

The current members of the CNR are:

- AUSTRIA – Rudolf Lukavsky, Austrian

Trade Commissioner;

- BELGIUM – Marc Dellaert, Center for Creative Leadership;
- BULGARIA – Zeynel Boba, Midatech Company Limited;
- CROATIA – Jakov Despot, Croatian Chamber of Economy Representation to Russia;
- CZECH REPUBLIC – Daniel Ruzicka, Mikenopa;
- DENMARK – Aage V. Nielsen, Vitus Bering Management;
- FINLAND – Jari Jumpponen, East Office of Finnish Industry;
- FRANCE – David Lasfarque, JEANTET;
- GERMANY – Matthias Schepp, German-Russian Chamber of Commerce;
- HUNGARY – Tamas Endrenyi, EGIS Pharmaceuticals PLC in Russia;
- ICELAND – Ingolfur Skulason, Kleros LLC;

- IRELAND – Charles Mahon, PM Group;
- ITALY – Fabrizio Cepollina, CNH Industrial Russia;
- MALTA – Patrick Catania, International Hotel Investments (Benelux) B.V. in St. Petersburg;
- MONTENEGRO – Luka Nikčević, Chamber of Economy of Montenegro in Moscow;
- THE NETHERLANDS – Lodewijk Schlingemann, Juralink Legal Consultancy
- NORWAY – Svein Age Dahl Olsen, Equinor;
- POLAND – Alexander Janeczek, Work Service;
- PORTUGAL – Jorge Azevedo Sousa, Rusgrape LLC;
- SLOVENIA – David Kokalj, Medico Vital;
- SPAIN – Guillermo Morodo, Morodo & Partners;
- SWEDEN – Fredrik Svensson, Mannheimer Swartling;
- SWITZERLAND – Martial Rolland, Nestle Russia & Eurasia;
- UNITED KINGDOM – Roger Munnings, Russo-British Chamber of Commerce (RBCC).





L-R: **Johan Vanderplaetse**, AEB Board Chairman; **Denis Manturov**, Minister of Industry and Trade of Russia; **Frank Schauff**, AEB CEO.

### Briefing by Denis Manturov, Minister of Industry and Trade of Russia

On 11 March 2019, the Russian Minister of Industry and Trade Denis Manturov had a meeting with AEB members at the Radisson Collection Hotel Moscow.

Johan Vanderplaetse, AEB Board Chairman, delivered the opening remarks. In his speech he noted that the dialogue with the Ministry was essential for European companies conducting business in Russia and investing in its economy: "Our common goals are clear: strengthening the Russian economy to become one of the world's leading economies, developing the country's industry by bringing new technologies and best practices as well as promoting fair trade with third countries and an even level playing field for all economic actors."

The AEB Board Chairman also reminded that the situation around the imprisonment of the defendants related to Baring Vostok continued to affect the mood of foreign investors in Russia.

Denis Manturov focused on the latest changes with regard to special investment contracts (SPICs), localisation requirements and introduction of traceability of goods through its labelling in Russia and the Eurasian Economic Community.

Speaking about localisation in the automotive industry Mr. Manturov stressed that the Ministry took "a sensible approach" to encourage manufacturers to localise production.

The Minister also emphasised the importance of a productive dialogue between Russia and the EU within the harmonisa-

tion of technical standards and regulations and even allowed the integration of the EAEU and EU markets in the future.

The briefing by Mr. Manturov was followed by a Q&A session moderated by the AEB CEO Frank Schauff. He noted that today's context which foreign investors have to deal with, was extremely challenging and unfortunately not improving: "We do hope that the Russian government is eager to do everything possible to simplify the work of investors and attract new ones."



L-R: **Paul Bruck**, AEB Board Deputy Chairman responsible for SMEs; **Reiner Hartmann**, Uniper Global Commodities SE; **Olga Bantsekina**, AEB Board Member; **Thomas Staertzel**, AEB Board Member; **Philippe Pegorier**, AEB Board Deputy Chairman, and other attendees of the briefing.

## The First Eurasian Dialogue "Connecting Eurasia: from the Atlantic to the Pacific Ocean"

The First Eurasian Dialogue "Connecting Eurasia: from the Atlantic to the Pacific Ocean" took place in Brussels on 15 March 2019.

The event was organised by the Roscongress Foundation and the Conoscere Eurasia Association, with support of the AEB and the Belgian-Luxembourg Chamber of Commerce.

The Dialogue was the first platform for discussion of its kind in Belgium, in which issues of cooperation within the Eurasian space were discussed. The aim was to promote an informal dialogue on economic, trade, and integration issues between the main stakeholders in the Eurasian space, including the European Union, the Eurasian Economic Union and China.

Philippe Pegorier, AEB Board Deputy Chairman, moderated the session "Connecting Eurasia in practice" with the participation of representatives of multinational corporations operating in Eurasia.



L-R: **Philippe Pegorier**, President, Alstom Russia, AEB Board Deputy Chairman; **Koen Berden**, Executive Director for International Affairs, the European Federation of Pharmaceutical Industries and Associations (EFPIA); **Sergey Ivanov**, CEO, ALROSA; **Mark A. Gyetvay**, Deputy Chairman of the Management Board, Novatek; **Fares Kilzie**, Chairman, Creon Capital; **Pierroberto Folgiero**, CEO, Maire Tecnimont S.p.A.

Frank Schauff, AEB CEO, in his closing remarks commented on the prospects of the EU-EAEU official dialogue that would foster trade and investment relations on the Eurasian continent.



L-R: **Frank Schauff**, AEB CEO; **Konstantin Krotov**, Head, Graduate School of Management SPbSU; **Yuri Kalabin**, Chairman of the Committee for Industrial Policy and Innovations, the St. Petersburg Administration; **Alexander Grushko**, Deputy Minister of Foreign Affairs of Russia; **Vadim Potomskiy**, Deputy Plenipotentiary Representative of the President of the Russian Federation in the North-Western Federal District; **Alexey Mordashov**, Chairman of the Board of Directors, PAO "Severstal", Co-Chairman of the Northern Dimension Business Council; **Rolf Jansson**, President and CEO, VR Group, Co-Chairman of the Northern Dimension Business Council; **Laurent Bardon**, Head of Economics and Trade section, Delegation of the European Union to the Russian Federation; **Philippe Pegorier**, President, Alstom Russia, Deputy Chairman of the AEB Board, Chairman of the AEB Machine Building & Engineering Committee; **Paavo Lipponen**, Prime Minister of Finland (1995-2003).

## The 10<sup>th</sup> Northern Dimension Forum

The 10<sup>th</sup> Jubilee Northern Dimension Forum was organised in St. Petersburg at the Solo Sokos Hotel Palace Bridge and the Graduate School of Management SPbSU on 4 April 2019. Over 200 delegates attended the event which was chaired by

Alexey Mordashov, Chairman of the Board of Directors, PAO "Severstal", Co-Chairman of the Northern Dimension Business Council, and Rolf Jansson, President and CEO, VR Group, Co-Chairman of the Northern Dimension Business Council. In 2019, the Northern Dimension Forum was entitled "Sus-



L-R: **Riitta Kosonen**, Northern Dimension Institute (NDI); **Wolfgang Clement**, Former Federal Minister of Economy and Labour, Former Prime Minister of the Federal State of North Rhine-Westphalia (Germany); **Oleg Kuvshinnikov**, Governor of the Vologda region; **Alexey Mordashov**, Chairman of the Board of Directors, PAO "Severstal", Co-Chairman of the Northern Dimension Business Council (NDBC); **Andrey Sharonov**, President, Moscow School of Management SKOLKOVO.

tainable development in the era of global change: growth factors and (un)known challenges.”

Russian and international experts, representatives of regional authorities and heads of major European companies discussed what challenges would arise in the global political, economic and public areas in 2019, if it is possible to prevent a crisis of trust between partners under such circumstances, and what impact current problems would have on the Northern Dimension region.

Several presentations were made by top-level representatives of European and Russian authorities and senior managers from companies. Among them were: Vadim Potomskiy, Deputy Plenipotentiary Representative of the President of the Russian Federation in the North-Western Federal District; Alexander Grushko, Deputy Minister of Foreign Affairs of Rus-

sia; Paavo Lipponen, Prime Minister of Finland (1995-2003); Andrey Sharonov, President, Moscow School of Management SKOLKOVO; Konstantin Krotov, Head of School, Graduate School of Management SPbSU; Wolfgang Clement, Former Federal Minister of Economy and Labour, Former Prime Minister of the Federal State of North Rhine-Westphalia (Germany), and others.

The forum was also attended by representatives of the regional authorities, such as Yuri Kalabin, Chairman of the Committee for Industrial Policy and Innovations, the St. Petersburg Administration, and Oleg Kuvshinnikov, Governor of the Vologda region.

The participants exchanged their proposals on development prospects in the Northern Dimension countries, along with ideas to increase the efficiency of their economies.

## Meeting with the Minister of Economic Development and Investments of the Samara region

On 19 April 2019, the Chairman of the AEB Board Johan Vanderplaetse and the AEB Deputy CEO – Chief Operating Officer Ruslan Kokarev had a meeting with Dmitry Bogdanov, Minister of Economic Development and Investments of the Samara region.

Mr. Bogdanov briefed the AEB representatives about the economic development and the investment climate of the region, and about the latest incentives to stimulate the investments flow. He invited the AEB management to undertake a business mission to the Samara region in the second half of 2019. The participants of the meeting agreed to consider the possibility to organise a presentation by the Governor of the Samara region for AEB members in Moscow in June.



L-R: **Elena Kuznetsova**, AEB Committees Coordinator; **Johan Vanderplaetse**, AEB Board Chairman; **Dmitry Bogdanov**, Minister of Economic Development and Investments of the Samara region; **Ruslan Kokarev**, AEB Deputy CEO – Chief Operating Officer.



Participants of the meeting

## AEB participated in the ICCI meeting

On 19 April 2019, Johan Vanderplaetse, AEB Board Chairman, and Frank Schauff, AEB CEO, took part in the International Council for Cooperation and Investment (ICCI) meeting with the participation of the Minister of Foreign Affairs of Russia Sergey Lavrov.

The main topic of the meeting was the creation of the favourable climate for economic and investment cooperation.

The Russian Foreign Minister noted that Russia's foreign trade was growing despite sanctions. Johan Vanderplaetse covered in his speech the issue of improving the efficiency of the Russian economy.

## AEB Annual General Meeting 2019

On 24 April 2019, the AEB Annual General Meeting (AGM) was organised at the Renaissance Moscow Monarch Centre Hotel.

The meeting was chaired by Lodewijk Schlingemann, Chairman of the AEB Council of National Representation (CNR). The welcome speeches were delivered by two keynote speakers: H.E. Markus Ederer, Ambassador of the European



L-R: **Jussi Kuutsa**, AEB Board Member; **Alexander Liberov**, AEB Board Member; **Antonio Linares**, AEB Board Member; **Philippe Pegorier**, AEB Board Deputy Chairman; **Johan Vanderplaetse**, Chairman of the AEB Board; **Thomas Staertzel**, AEB Board Deputy Chairman; **Paul Bruck**, AEB Board Deputy Chairman responsible for SMEs; **Rene Pischel**, Chairman of the Auditing Commission; **Frank Schauff**, AEB CEO; **Lodewijk Schlingemann**, Chairman of the AEB CNR; **H.E. Markus Ederer**, Ambassador of the European Union to the Russian Federation.



L-R: **Rene Pischel**, Chairman of the Auditing Commission; **Frank Schauff**, AEB CEO; **Lodewijk Schlingemann**, Chairman of the AEB CNR; **Andrey Sharonov**, President of the Moscow School of Management SKOLKOVO.

Union to the Russian Federation, and Andrey Sharonov, President of the Moscow School of Management SKOLKOVO.

The following reports were presented at the meeting: the AEB activities report (by Johan Vanderplaetse, Chairman of the AEB Board); the AEB operations report (by Frank Schauff, AEB CEO); the CNR report (by Lodewijk Schlingemann, Chairman of the AEB CNR); the Auditing Commission report (by Rene Pischel, Chairman of the AC).

The members approved by open voting the AEB Annual and Financial Reports 2018, amendments to 2019 budget in accordance with the new demands and challenges, upgrading of hardware and software in the AEB office, budget for 2020, membership fees from the beginning of 2020 and a new composition of the CNR. The AEB members elected the AEB CEO and the Chairman of the Auditing Commission by a secret ballot. Frank Schauff was re-elected as the AEB CEO. Rene Pischel, Head of the Permanent Mission of the European Space Agency in the Russian Federation, was re-elected as the Auditing Commission Chairman.

The Annual General Meeting was followed by a reception.



The voting process



The AEB flag along with other ones fluttering in the wind at the entrance of the AGM venue.



## Frank Schauff took part in the Astana Economic Forum

On 16 May 2019, Frank Schauff, AEB CEO, took part in the XII Astana Economic Forum (AEF) in Kazakhstan.

The AEB CEO delivered a speech at the Forum panel session "Innovation is the future of car manufacturing in the Eurasian Economic Union". He also talked about the evolution of the EEU at the session devoted to the 25<sup>th</sup> anniversary of the Eurasian integration concept and the 5<sup>th</sup> anniversary of the signing of the Treaty on the Eurasian Economic Union.

**Frank Schauff**, AEB CEO, at the XII Astana Economic Forum.

## XVI AEB Flagship Conference "The Russian economy: what to do or who is to blame?"

On 21 May 2019, the AEB organised its XVI Flagship Conference "The Russian economy: what to do or who is to blame?" at the Moscow Marriott Hotel Novy Arbat.

In his opening remarks Philippe Pegorier, Deputy Chairman of the AEB Board, President of Alstom Russia, noted that while Russia was facing challenging times, legal certainty and predictability of business environment were crucial for investors. He pointed out several positive changes in the area of foreign business development in Russia, such as a new procedure of charging VAT for services provided by foreign organisations in electronic form. Likewise, Mr. Pegorier welcomed the government's efforts to reduce the bureaucratic hurdles – the so-called "regulatory guillotine".

The first session was devoted to the role of Russia in the new geopolitical context. Regina von Flemming, Senior Advisor to the President, Accenture Russia, moderated the session. The participants discussed the current international environment, the Russian economy, social policy issues and the place of Russia in Europe and in the world in the new economic and political realities.

The second session covered the topic of European investors on the Russian market. It was moderated by the AEB CEO Frank Schauff. The speakers shared their first-hand experience in doing business in Russia and their views on the challenges the European investors have to face nowadays. They also discussed the role of the European companies in development and modernisation of the Russian economy.



L-R: **Yves Rossier**, Ambassador of Switzerland to the Russian Federation; **Georgy Bovt**, political analyst and journalist; **Evgeny Nadorshin**, Chief Economist, PF Capital; **Regina von Flemming**, Senior Advisor to the President, Accenture Russia; **Dominique David**, Special Adviser to the Executive Chairman, IFRI; **Philippe Pegorier**, Deputy Chairman of the AEB Board, President, Alstom Russia.



L-R: **Peter Andersson**, Managing Director, MAN Russia; **Xavier Morelon**, General Manager, "Servier RUS" pharmaceutical plant; **Frank Schauff**, AEB CEO; **Rashid Ismailov**, General Director, Nokia corporation in Russia.



L-R: **Sergey Krokhaliev**, Partner, Baker McKenzie, Chairman of the AEB Legal Committee; **Frank Schauff**, AEB CEO; **Igor Artemiev**, Head of the Federal Antimonopoly Service of Russia.

### Briefing by Igor Artemiev, Head of the Federal Antimonopoly Service of Russia

On 24 May 2019, the AEB organised a briefing by Igor Artemiev, Head of the Federal Antimonopoly Service of Russia.

The event was co-chaired by Frank Schauff, AEB CEO, and Sergey Krokhaliev, Partner, Baker McKenzie, Chairman of the AEB Legal Committee.

Like in previous years, Mr. Artemiev answered a variety of questions raised by representatives of AEB member companies from different industries.

The questions covered important topics regarding the regulation of the pharmaceutical industry, banking sector, parallel imports, antimonopoly compliance, 5G implementation, electronic labelling of goods, etc.

The AEB expresses genuine gratitude to Mr. Artemiev for participation in regular annual meetings of this kind.

### Presentation of the results of the survey "Strategies and prospects for European companies in Russia"

On 30 May 2019, the AEB and the International Institute of Marketing and Social Research "GfK Rus" announced the results of the 12<sup>th</sup> AEB annual survey "Strategies and prospects for European companies in Russia". The survey traditionally provides analysis of the level of satisfaction, overall sentiment and evaluation of the business environment by European companies operating on the Russian market.

The opening remarks were delivered by Frank Schauff, AEB CEO, and Stuart Lawson, AEB Board Member, Chairman of the AEB Finance & Investments Committee, Senior Advisor, EY.

Alexander Demidov, Managing Director of GfK Rus, presented the results of the survey. The presentation was followed by a Q&A session.

Guzel Baskakova from the Ministry of Economic Development of Russia commented on the results of the survey and spoke about the transformation of the business climate in Russia.

The second part of the event was devoted to case studies: the representatives of several foreign companies in Russia shared their experiences in launching investment



L-R: **Guzel Baskakova**, Ministry of Economic Development of Russia; **Stuart Lawson**, AEB Board Member, Chairman of the AEB Finance & Investments Committee, EY; **Frank Schauff**, AEB CEO; **Alexander Demidov**, GfK Rus.

projects in 2018-2019. Among the speakers were: Natalia Dikan-skaya, Commercial Excellence and Business Strategy Director, Merck Biopharma Russia and CIS; Marina Tatarskaya, PR Director, Ferrero Russia; Vakhtang Partsvania, Head of Sustainability and Government Relations, Scania Rus; Rudi Podlesnik, CFO, PPG Industries.

We would like to express gratitude to the companies which contributed to the survey and invite all AEB members to participate in the project in the future.

# AEB COMMITTEES UPDATES

## Compliance & Ethics Committee

On 23 May 2019, AEB representatives took part in the VIII Annual Conference “Compliance management: extension of borders”, which was held with the support of the AEB at the Swissôtel Krasnye Holmy Moscow.

Managers and specialists on compliance management from major Russian and foreign organisations gathered together to discuss global trends and innovations of Russian legislation in the area of compliance, learn about foreign initiatives that have an impact on Russian companies, share experience in implementing compliance systems management and talk about successfully implemented cases.

Anton Subbot, Chairman of the AEB Compliance & Ethics Committee, moderated the round table on ethical dilemmas.



Anton Subbot, Chairman of the AEB Compliance & Ethics Committee, moderating the round table.

## Construction Industry & Building Material Suppliers Committee



Participants of the meeting

On 1 March 2019, the AEB Construction Industry & Building Material Suppliers Committee members held a meeting with Sergey Pugachev, Technical Regulation, Standardisation and Product Quality Committee Chairman, Chamber of Commerce and Industry of the Russian Federation.

The participants discussed conformity assessment of construction materials in Russia, draft laws of the Russian Ministry of Construction, Housing and Utilities and draft EAEU technical regulation in the field of construction materials and necessary actions by business communities.

## Construction Industry & Building Material Suppliers, Energy Efficiency, Real Estate and Safety, Health, Environment & Security Committees

On 4 March 2019, the AEB Construction Industry & Building Material Suppliers, Energy Efficiency, Real Estate and Safety, Health, Environment & Security Committees organised an open meeting with Gasan Gasangadzhiev, Head of the Department of Housing and Communal Services of the Moscow Government. In his opening speech the AEB CEO Frank Schauff expressed his gratitude for sustainable cooperation to the representatives

L-R: **Vitaly Bogachenko**, Construction Industry & Building Material Suppliers Committee Chairman; **Frank Schauff**, AEB CEO; **Gasan Gasangadzhiev**, Head of the Department of Housing and Communal Services of the Moscow Government; **Bashir Chalabi**, Energy Efficiency Committee Chairman.





of the Moscow Government and pointed out the active work of the respective AEB Committees on energy efficiency and waste management issues.

Gasan Gasangadzhev informed the participants of the meeting about the priorities of the Moscow Government Department of Housing and Communal Services in the development of the urban energy system: the development of energy effi-

cient technologies, optimisation of the grid, active use of digital technologies in control systems.

Vitaly Bogachenko, Construction Industry & Building Material Suppliers Committee Chairman, and Bashir Chalabi, Energy Efficiency Committee Chairman, moderated a vivid discussion on the prospects for energy supply systems and ways to increase efficiency and stability.

On 4 March 2019, the AEB Construction Industry & Building Material Suppliers, Energy Efficiency, Real Estate and Safety, Health, Environment & Security Committees organised an open meeting with Alexander Stroykov, Green Building Council Board Chairman.

Mr. Stroykov told about green building and exploitation in Russia, the Council activities, its projects and future events.

The participants of the meeting agreed to consider possible cooperation.

L-R: **Vitaly Bogachenko**, Construction Industry & Building Material Suppliers Committee Chairman, LafargeHolcim; **Alexander Stroykov**, Green Building Council Board Chairman; **Bashir Chalabi**, Energy Efficiency Committee Chairman, Promaco TR.



### Construction Industry & Building Material Suppliers, Energy Efficiency and Real Estate Committees



Presenter: **Bashir Chalabi**, Chairman of the AEB Energy Efficiency Committee.

On 5 March 2019, members of the AEB Construction Industry & Building Material Suppliers, Energy Efficiency and Real Estate Committees (they were introduced by Bashir Chalabi, Energy Efficiency Committee Chairman) took part in the meeting of the "Energy Efficient Construction" sector of the Joint Scientific and Technical Council under the Moscow Government on the issues of urban planning and construction of Moscow city. The Committees members presented their innovative solutions that can be used in housing construction, including a renovation programme in Moscow.

### Customs & Transport Committee

On 14 March 2019, the 15<sup>th</sup> Annual Customs Conference "Customs and business: from cooperation to partnership" was organised at the Radisson Collection Hotel Moscow.

Like in previous years, the conference was dedicated to recent developments in the national and EAEU customs legislation, as well as the analysis of current law enforcement practices. A number of well-known and recognised experts shared their knowledge and experience, offering a starting point for discussion searching for rational and efficient solutions to existing challenges such as: customs value determination and admin-

istration, implementation of the new Law on Customs Regulation, certification and labelling of imported goods and many other acute topics.

Dmitry Cheltsov, Chairman of the AEB Customs & Transport Committee and Head of the Eurasian Representative Office of IRU, moderated the Plenary Session.

"We would like to express our gratitude to the Federal Customs Service of Russia for supporting the activities and initiatives of the AEB. We appreciate the dynamic movement along the path of creating an atmosphere of trust and creating a conflict-free

business environment. Today, the Public and Expert Advisory Councils under the Federal Customs Service of Russia are becoming effective platforms for a constructive dialogue, discussion of issues and proposals of business circles. The current level of interaction between customs and bona fide participants in foreign economic activity is reflected in the title of our conference," said Dmitry Cheltsov. In his welcome speech Frank Schauff, AEB CEO, noted that the AEB supported the initiatives of the Federal Customs Service aimed at reducing the administrative burden of businesses and lifting trade barriers.

"We consider important the transition to the maximum automation of customs operations, as well as the accelerated development of electronic technologies that provide new opportunities for remote interaction between traders and customs authorities," added Frank Schauff.

Tatyana Golendeeva, Deputy Head of the Federal Customs Service, stated that "today the Federal Customs Service of Russia implements the reforms that had been, among others, initiated in cooperation with the busi-



L-R: **Frank Schauff**, AEB CEO; **Dmitry Cheltsov**, Chairman of the AEB Customs & Transport Committee, Head of the Eurasian Representative Office of IRU; **Tatyana Golendeeva**, Deputy Head of the Federal Customs Service; **Timur Maximov**, Deputy Minister of Economic Development of the Russian Federation; **Leonid Lozbenko**, Head of the Public Council under the Federal Customs Service.

ness community. We are doing our work on the principles of openness and objectivity, which is facilitated by digitizing processes. We believe that further automation of customs interaction with verified persons directly depends on the organisation of the oncoming movement of all participants in the process."

The representatives of the Federal Customs Service and the AEB underscored the efforts of the Federal Customs Service and foreign trade participants aimed at creating favourable conditions for foreign trade and its sustainable development.

On 16 April 2019, the AEB and the Embassy of Lithuania organised an open meeting of AEB member companies operating in Russia and the Lithuanian transport and logistics companies. The event took place in the Embassy of Lithuania in Moscow. The meeting was opened by welcome speeches of Giedrius Galkauskas, Chargé d'Affaires of the Republic of Lithuania in the Russian Federation, and Dmitry Cheltsov, Chairman of the AEB Customs & Transport Committee.



Presenter: **Dmitry Cheltsov**, Chairman of the AEB Customs & Transport Committee.

The participants had an opportunity to get more information about Lithuanian Railways transport and logistics services, the Klaipeda Sea Port and its stevedoring companies' services, the "Auto Praba" company services about partial loads from Europe to Russia and Belarus, wide range of services of the Customs Broker Company "Bunasta", and "IoT-solutions in logistics: investing less, saving more" provided by OMNICOMM company. Dmitry Cheltsov, Chairman of the AEB Customs & Transport Committee, General Delegate to the IRU Permanent Delegation to Eurasia, presented the activities of the Committee and highlighted that this meeting became a good tradition and provided a platform for discussion, and exchange of practical solutions in the field of transportation between AEB member companies and Lithuanian transport companies on the eve of International Forum "TransRussia-2019".

The event was followed by a reception and informal discussion between the participants.

It was agreed to follow a tradition and continue a dialogue between transport companies of the Lithuanian Republic and European businesses in Russia.

## Energy Committee

On 19 March 2019, the AEB Energy Committee, together with the Russian State Duma Energy Committee, held a round table devoted to the Russian energy sector, its investment climate and the activities of European investors in this sector.

The event was co-chaired by Pavel Zavalny, Chairman of the Russian State Duma Energy Committee, and Ernesto Ferlenghi, Chairman of the AEB Energy Committee.

The round table became the continuation of the fruitful relations established by the AEB Energy Committee with the Russian State Duma Energy Committee and its Chairman Pavel Zavalny who meets regularly with the AEB Energy Committee members.

Among the speakers were: Cederic Cremers, Country Chair Russia, Shell E&P Services; Reiner Hartmann, Head of Representation, Uniper Global Commodities SE; Vladimir Drebentsov, Vice-President, Head of Russia & CIS Economics, BP; Elena Gabdul Khaeva, Director, Corporate Governance, Legal & Asset Management, Unipro; Victor Naboichenko, Director of Regulatory & Institutional Affairs, Enel Russia; Yuri Andreev, Executive Director, Petroleum Advisory Forum. The round table was also attended by representatives of the Russian Ministry of Energy (Anton Rubtsov, Director, Depart-



At the top of the table (L-R): **Frank Schauff**, AEB CEO; **Pavel Zavalny**, Chairman of the Russian State Duma Energy Committee; **Ernesto Ferlenghi**, Chairman of the AEB Energy Committee.

ment for Oil & Gas Processing; Andrey Maximov, Deputy Director of the Department of Electric Power Industry Development); the Russian Ministry of Economic Development (Andrey Gabov, Acting Deputy Director, Department for State Regulation and Infrastructure Reforms), the Russian Ministry of Foreign Affairs (Vasily Pospelov, Deputy Director, Department for Economic Cooperation).

## Finance & Investments Committee



On 18 March 2019, the AEB held its 6<sup>th</sup> “Talks on the Russian economy” devoted to the general state of the Russian economy and its financial system. The event was co-chaired by Stuart Lawson, AEB Board Member, Chairman of the AEB Finance & Investments Committee, EY, and Frank Schauff, AEB CEO.

The key speakers were Natalia Orlova, Chief Economist, Alfa Bank, and Sergey Dubinin, Member of the Supervisory Board, VTB.

L-R: **Sergey Dubinin**, Member of the Supervisory Board, VTB; **Natalia Orlova**, Chief Economist, Alfa Bank; **Stuart Lawson**, AEB Board Member, Chairman of the AEB Finance & Investments Committee, EY; **Frank Schauff**, AEB CEO.



L-R: **Alexander Anichkin**, Partner, Clifford Chance; **Stuart Lawson**, AEB Finance & Investments Committee Chairman, AEB Board Member, EY; **Frank Schauff**, AEB CEO; **Alexander Bychkov**, Partner, Moscow Branch of Baker McKenzie CIS.

On 21 March 2019, the AEB Finance & Investments Committee held an open Committee meeting devoted to the sanctions. It was entitled “The Damocles sword: sanctions, what to expect next”.

The meeting gave the audience an opportunity to listen to: Alexander Bychkov, Partner, Moscow Branch of Baker McKenzie CIS, on the US/EU sanctions targeting Russia, and Alexander Anichkin, Partner, Clifford Chance, on developments related to Russia’s counter measures.

The participants raised and discussed numerous questions with regard to the legal framework, prospects and expectations.

The event was moderated by Stuart Lawson, Chairman of the AEB Finance & Investments Committee, AEB Board Member, EY.

The welcome remarks were made by Frank Schauff, AEB CEO.

## Insurance & Pensions Committee

On 9 April 2019, the AEB Insurance & Pensions Committee and AIDA Insurance Legislation Working Group (AIDA Russian Chapter) within the Committee held an open event on online insurance.

The event on electronic insurance was organised by the Committee for the sixth time. Ruslan Kokarev, AEB Deputy CEO – Chief Operating Officer, welcomed the participants. The event was moderated by Alexander Lorenz, AEB Insurance & Pensions Committee Chairman, SAFMAR NPF, and Capitolina Tourbina, Chairperson of AIDA Insurance Legislation Working Group (AIDA Russian Chapter), General Reinsurance AG.

Elena Chaikovskaya from the Central Bank updated the participants on recent developments in the marketplace and its legislative framework. Anna Matkova spoke about digitalization of the insurance market and protection of the rights of consumers of insurance services.

Konstantin Bochkarev, CMS Russia, told about creation of the insurance services’ marketplace. Olga Trifonova, Tinkoff Online Insurance, informed the participants about electronic insurance policy, customer experience and how to make it better. Roman Khodykin, Bryan Cave Leighton Paisner, spoke about electronic documents as evidence in reinsurance arbitrage. Capitolina Tourbina, General Reinsurance AG, updated the participants on regulation of e-commerce in EU insurance directives.



Participants of the meeting

Dmitry Chesnokov, Virtu Systems, told about solutions for mortgage insurance. Maxim Pichugin, Cherehapa Insurance, spoke about factors constraining development of electronic insurance market in Russia. Ilya Kosolapov, Project OVAL, made online demonstration of the insurance product for delay and cancellation of the flight.

## Intellectual Property Committee

The Intellectual Property Committee held its annual open event "Intellectual property rights: recent trends, court practices, problems and solutions" on 31 May 2019 at the Delegation of the European Union to Russia.

The conference was dedicated to the key issues in the domain of intellectual property in Russia, including the overview of legislation improvements, established practices in applying regulatory acts, court practices and much more detailed information and analysis provided by high profile speakers from Rospatent, FAS of Russia, IPR Court and lawyers from major European companies and law firms (DLA Piper, Dentons Europe, Baker McKenzie, Bryan Cave Leighton Paisner (Russia), BEITEN BURKHARDT Moscow, CMS Russia, AstraZeneca).

The conference started with welcoming remarks by H.E. Markus Ederer, Ambassador of the European Union to the Russian Federation, and Frank Schauff, AEB CEO.



L-R: **Anton Bankovskiy**, Chairman of the AEB Intellectual Property Committee, Partner, CMS; H.E. **Markus Ederer**, Ambassador of the European Union to the Russian Federation; **Frank Schauff**, AEB CEO; **Sergey Shklyaev**, Head of Trade Relations, Currency and Export Control Department, the Federal Customs Service of the Russian Federation; **Ekaterina Ulyanova**, Assistant to the Chairman of the Court, the Court of Intellectual Property Rights.

## IT & Telecom Committee

On 15 March 2019, the AEB IT & Telecom Committee held its round table "Russian information structure & European companies". The round table was chaired by Edgars Puzo, Chairman of the AEB IT & Telecom Committee, CEO of Atos Russia & CIS.

The event was opened by Dmitry Markov, Director of "Information Structure", ANO "Digital Economy", who gave a comprehensive overview of the national project "Digital Economy of the Russian Federation", summarising the main results of the federal project with regard to the information structure.

The following topics were raised: "IoT: general provisions and perspectives of using" (Andrey Grishin, Ericsson); personal data protection under digitalization (Sergey Vershinin, Rödl &



L-R: **Sergey Vershinin**, Rödl & Partner; **Lidia Varukina**, Nokia; **Edgars Puzo**, Chairman of the AEB IT & Telecom Committee, Atos Russia; **Dmitry Markov**, ANO "Digital Economy"; **Andrey Grishin**, Ericsson.

Partner); 5G technologies for industrial applications (Lidia Varukina, Nokia); law on the sovereign Runet: reasons and consequences (Andrey Saulin, Aeroclub); IoT Beeline: from infrastructure to end-to-end solutions (Maxim Pavlov, VimpelCom); digital technologies for better business efficiency (Andrey Novokhatko, Qmatic AB).



Participants of the meeting

On 22 April 2019, the AEB IT & Telecom Committee members participated in the meeting of the RSPD Committee for Digital Economy devoted to the import substitution in terms of software and hardware.

Among the participants of the meeting were: representatives of the governmental bodies such as the Ministry of Digital Development, Communications and Media, Minpromtorg, FAS, the Russian State Duma; state-owned companies and companies with state participation; Russian IT companies and associations.

The meeting was chaired by Mikhail Oseevsky, Chairman of the RSPD Committee for Digital Economy and President of Rostelecom.

## North-Western Regional Committee



Participants of the event

On 14 March 2019, the AEB North-Western Regional Committee's Legal and Taxation Subcommittee held its traditional open event "Main trends in the field of taxation, commercial law and corporate regulation".

The leading legal and tax experts from such companies as EY, BEITEN BURKHARDT, SCHNEIDER GROUP, Dentons, Pepeliaev Group, PwC, quality partners, and EPAM shared their expertise regarding the latest changes in tax legislation and administration, commercial law and corporate regulations. The event provided a lively platform for discussion and exchange of experience, opinions and concerns.

The event was kindly hosted and supported by PwC in St. Petersburg.



L-R: **Ruslan Kokarev**, AEB Deputy CEO – Chief Operating Officer; **Andreas Bitzi**, Chairman of the AEB North-Western Regional Committee; **Philippe Pegorier**, Deputy Chairman of the AEB Board; **Roman Golovanov**, Chairman of the Investment Committee of St. Petersburg; **Alexander Dementyev**, Director of the Agency for Development of the Novgorod region; **Andreas Goll**, CEO of "Saueressig".

On 3 April 2019, the Annual General Meeting (AGM) of the AEB North-Western Regional Committee (NWRC) was organised in St. Petersburg at the Solo Sokos Hotel Palace Bridge.

The event was moderated by Andreas Bitzi, Chairman of the AEB North-Western Regional Committee.

The meeting started with a welcome speech by Philippe Pegorier, Deputy Chairman of the AEB Board, who spoke about the main activities of the AEB in Russia and the North-Western region. The plenary session continued with the presentation of Roman Golovanov, Chairman of the Investment Committee of St. Petersburg, who made a presentation on the investment climate of St. Petersburg.

Alexander Dementyev, Director of the Agency for Develop-

ment of the Novgorod region, presented the investment potential of the Novgorod region.

Andreas Goll, CEO of "Saueressig" company operating in the Novgorod region, spoke about the success story of business localisation in the Novgorod region, and the main issues the company faced when entering the region.

Andreas Bitzi, Chairman of the AEB North-Western Regional Committee, presented the report on the AEB NWRC's activities in 2018 and the plans of the Committee for 2019. The report was approved unanimously.

At the end of the meeting Ruslan Kokarev, AEB Deputy CEO – Chief Operating Officer, briefed on the AEB membership benefits.

The event was followed by a reception.



Participants of the meeting

On 5 April 2019, the AEB jointly with the Committee for Tourism Development of St. Petersburg organised a meeting of the General Managers of the hotels in St. Petersburg with the governmental authorities of the city.

The meeting was opened by the Chairman of the Committee for Tourism Development, Evgeniy Pankevich, who welcomed the participants. The AEB CEO Frank Schauff presented the

main activities of the AEB in the hotel and tourism area and hoped for a long-term fruitful cooperation of the AEB, hotels in St. Petersburg and the local authorities.

The representatives of the Government of St. Petersburg presented the main changes in the tourism and hotel sector regulatory system, mandatory classification of objects in the tourist industry. They briefly presented major activities planned for 2019 in the city.

The representative of the Investment Committee of St. Petersburg briefed on the main areas/objects/landplots for possible investments in the development of hotel infrastructure facilities in St. Petersburg.

The participants wrapped-up with discussion of the programmes and projects that might be implemented jointly by the government of the city and the hotels to attract more tourists to the city.

The meeting was moderated by Andreas Bitzi, Chairman of the AEB North-Western Regional Committee.

On 11 April 2019, the AEB North-Western Regional Committee's Customs, Transport & Logistics Subcommittee organised a regular annual round table with participation of the representatives of the North-Western Customs Administration (SZTU) on "News of the customs legislation and practice".

The event focused on the following issues: auto-registration, auto-release of goods declarations: the latest practice of SZTU; issues of administering unified personal accounts, news on refunds of overcharged and paid customs payments; issues related to the work of the "Personal account of the participant of foreign economic activity" on the official website of the Federal Customs Service of Russia, in terms of the services "Concessions", "Currency control", "Rights holders"; identification of violations relating to the filling of certain entries of goods declarations; selected issues related to compliance with technical regulation measures, which are under the authority of Rosaccreditation.

Such high ranked specialists of the North-Western Customs Department, as Stanislav Shklenskiy, Head of Customs Control Advanced Technology Introduction Service Department; Anna Niklonskaya, Deputy Head of the Electronic Payment Control Department of the Federal Customs Revenue Service; Ekaterina Ladygina, Deputy Head of the Federal Customs Revenues Service, Head of the Department of Trade Restrictions and Export Controls; and Irina Korchagina, Head of the Currency Control Department of the Federal Customs Revenue Service, took part in the meeting.



Presenter: **Stanislav Shklenskiy**, Head of Customs Control Advanced Technology Introduction Service Department of the North-Western Customs Department.

Alexander Zaitsev, Acting Head of the Territorial Administration for the North-Western Federal District of the Federal Accreditation Service, and Alexey Vikharev, Deputy Acting Head of the Territorial Administration for the North-West Federal District of the Federal Accreditation Service, briefed about the certain issues related to compliance with technical regulation measures.

Sergey Vasiliev, Chairman of the AEB North-Western Regional Committee's Subcommittee for Customs, Transport & Logistics, and Wilhelmina Shavshina, Deputy Chairperson of the AEB Customs & Transport Committee, moderated the event. The event was kindly hosted by DLA Piper in St. Petersburg.



L-R: **Wilhelmina Shavshina**, Deputy Chairperson of the AEB North-Western Regional Committee; **Andreas Bitzi**, Chairman of the AEB North-Western Regional Committee; **Tamara Rondaleva**, General Director, SEZ "St. Petersburg"; **Andrey Ivanov**, Deputy General Director, SEZ "St. Petersburg".

On 12 April 2019, the AEB North-Western Regional Committee organised an onsite round table "Localisation of production in St. Petersburg: challenges and opportunities". The event was organised at the Special Economic Zone "St. Petersburg", Area "Novo-Orlovskaya".

During the event the participants got acquainted with the SEZ "St. Petersburg" and its special conditions, listened to presentations of the SEZ resident and non-resident companies, such as Novartis Neva, Nissan manufacturing RUS and Siemens, on their localisation experience in Russia, as well as the updates of the legal experts from DLA Piper and BEITEN BURKHARDT on issues of import substitution, state regulation of localisation, procedures and regulatory considerations of the Russian production origin confirmation.

The presentations were followed by discussion and experience exchange.

At the end of the event the participants enjoyed a networking coffee and a short excursion through the SEZ.

On 22 May 2019, the AEB North-Western Regional Committee's Construction and Real Estate Subcommittee held a business breakfast entitled "Digital solutions in construction and real estate management".

The event was organised in the framework of the series of business breakfasts devoted to digitalization in various areas of the economy and was aimed at bringing together the best practices of the European companies in digitalization of construction and real estate management processes. The event provided a lively platform for discussion and exchange of practical experience and concerns.

Such speakers as Joel Särkkä, RENTA Finnish company, Anna Kazakova, Dispatcher 24/YIT Service, Yuriy Zarya, SCHNEIDER GROUP, Tair Suleymanov, Dentons, Pavel Ryumin, Allianz IC OJSC, were invited to elaborate on the topic.



Participants of the business breakfast

The event was moderated by Tapio Särkkä, Chairman of the AEB North-Western Regional Committee's Construction & Real Estate Subcommittee, Vice-President, YIT Housing Russia.

The event was kindly hosted and supported by SCHNEIDER GROUP in St. Petersburg.



**Andreas Bitzi**, Chairman of the AEB North-Western Regional Committee, speaking to the delegation of Global Bridges.

On 30 May 2019, Andreas Bitzi, Chairman of the AEB North-Western Regional Committee, and Alla Oganessian, the AEB NWRC Coordinator, met in St. Petersburg with the delegation of Global Bridges – a non-profit international relations organisation based in Berlin and founded by young leaders alumni and members of the Atlantik-Brücke.

The aim of Global Bridges is to understand and integrate various facets of international politics, business, academia and culture.

The main goal of the Study Trip of the GB to Russia was learning about the political, economic, social, and cultural forces that shape modern Russia. In this regard, members



of the delegation, businessmen, political and financial experts from such companies as DPV Capital, cpm gesellschaft von architekten mbh, D.A.L.F.A. Munich Office, Partners Group AG, Investment Banking Deutsche Bank AG, Deutsche Sinomed GmbH & Co. KG, dgroup, the Federal Ministry of Justice and Consumer Protection were interest-

ed in the activities of the AEB in Russia and in the North-Western region in particular, the challenges and opportunities of doing business in Russia, the measures supporting the investment climate for foreign companies and the level of cooperation within the private sector and the government.

## Public Relations & Communications Committee



On 19 April 2019, the AEB Public Relations & Communications Committee held its open meeting “Traditional and new media. Impact of current trends on PR professionals’ work”. The meeting took place at the premises of the Faculty of Journalism of Lomonosov Moscow State University, considered to be one of Russia’s leading institutions for the education of journalists and specialists in public relations. The meeting provided a platform to discuss digital future of the media industry in Russia, challenges and opportunities for PR professionals in the context of globalization of business and information field.

At the top of the table: **Ruslan Kokarev**, AEB CEO – Chief Operating Officer; **Elena Vartanova**, Dean of the Faculty of Journalism, Lomonosov Moscow State University; **Marina Tatarskaya**, Chairperson of the AEB PR & Communications Committee, PR Director, Ferrero Russia.

## Real Estate Committee

On 28 March 2019, the AEB Real Estate Committee held its open event “Legal changes in the field of real estate”. The welcoming remarks were delivered by Ruslan Kokarev, AEB Deputy CEO – Chief Operating Officer, and moderated by Tatiana Kovalenko, AEB Real Estate Committee Chairperson, Commercial Director, SENDLER & COMPANY.

The participants discussed the current changes in legal legislation and the practice of its application.

Oleg Ljaljutski, Senior Associate, BEITEN BURKHARDT Moscow, presented a court practice in real estate: 1) resolution of Plenum of the Supreme Court of the Russian Federation No. 49 dated 25 December 2018; 2) new regulation of the preliminary agreement; 3) recontractual liability; 4) unauthorized construction – application of new version of Article 222 of the Russian Civil Code.

Maxim Popov, Associate Director, Bryan Cave Leighton Paisner (Russia) LLP, spoke about the recent changes in urban planning and land legislations including public easement for utilities and balance of interests tilted towards linear facility owners, special use zones and bright future obscured by a fog of clearances and cadastral work, varied dynamics of



L-R: **Oleg Ljaljutski**, Senior Associate, BEITEN BURKHARDT Moscow; **Tatiana Kovalenko**, AEB Real Estate Committee Chairperson, Commercial Director, SENDLER & COMPANY; **Maxim Popov**, Associate Director, Bryan Cave Leighton Paisner (Russia) LLP; **Dmitry Bogdanov**, Senior Associate, Real Estate and Construction, CMS Russia.

unauthorized structures, construction permission documents. Dmitry Bogdanov, Senior Associate, Real Estate and Construction, CMS Russia, told about the updates on FZ-214 “On participation in the shared construction of apartment buildings and other real estate objects”: implementation of an escrow account mechanism, additional requirements to developers.

## Safety, Health, Environment & Security Committee



L-R: **Dmitry Budanov**, AEB Security Subcommittee Chairman, CEO, Elite Security Holding Company; **Sergey Landyrev**, Business Security Manager, BP.

On 19 March 2019, the AEB SHES Committee Security Subcommittee organised a round table entitled “How to raise cyber security awareness at all levels in your company”. Cyber security starts with each of us. It is one of the biggest challenges to business in the modern world.

Anastasia Barinova, Group IB; Anna Ushakova, HackerU; Oleg Bezik, CSI Group, and Sergey Landyrev, BP, shared practical experience and best practices and tips on why and how to increase cyber security awareness in organisations, minimise risks of compromise, recognise threats at the early stage and develop appropriate responses.

The event was helpful to a broad audience – from ordinary users to experienced IT security professionals.

On 23 April 2019, the AEB SHES Committee organised its flagship event – the round table “Key issues and best practices in HSE: experience of European companies in Russia”. The event took place at the Russian Health and Safety Week in Sochi and gathered more than 200 participants.

Chris Mawer, VP HSE & Engineering, BP Exploration; Ivan Ivanov, Principal Consultant, Operational Performance Team Leader, ERM; Alexey Tyagunov, Health and Safety Department Manager, Rusvinyl; Tatyana Bobrovitskaya, GM Safety and Environment, Shell Integrated Gas Russia; and Dmitry Konovalchik, Director, Environment, Health & Safety Services, EY, shared best HSE practices and gave a starting point for discussion.

Nikolay Gorban, General Director, Caspian Pipeline Consortium-R, joined the event and spoke about international HSE practice implementation at the Russian enterprises.



Participants of the event

The event was moderated by Valery Kucherov, SHES Committee Chairman, Partner, ERM Eurasia.

## Safety, Health, Environment & Security Committee, Human Resources Committee and Retail Trade Committee



Participants of the meeting

On 27 March 2019, the AEB Safety, Health, Environment & Security Committee, Human Resources Committee and Retail Trade Committee held a joint event titled “Health and safety regulation in Russia: experience of European companies”.

The round table brought together different HSE experts who shared their expertise with regard to the health and safety regulations in Russia. The discussion focused on practical application of the regulation on employees’ medical examinations. Evgeny Reyzman, Labour Law Subcommittee Deputy Chairperson, Baker McKenzie; Ivan Berdinskikh, Director of Legal Support and Control Department, ManpowerGroup Russia &

CIS; Maria Podgornova, Occupational Safety Consultant, ManpowerGroup Russia & CIS; Elena Batova, Head of Compensation and Benefits, Auchan Retail; Olga Yanina, Senior Medical Expert, Auchan Retail, provided legislative updates and shared practical experience.

Valentin Mocanu, Senior Labour Administration, Labour Inspection and Occupational Safety and Health Specialist of the Inter-

national Labour Organisation (ILO) and Ex-Secretary of State, Ministry of Labour, Family and Social Protection, Romania, joined the event and reported about ILO's activities in Eastern Europe. The event was moderated by Konstantin von Vietinghoff-Scheel, Health & Safety Subcommittee Chairman, Corporate Consulting Services, and Julia Borozdna, Labour Law Subcommittee Chairperson, Pepeliaev Group.

### Small & Medium-Sized Enterprises Committee

On 9 April 2019, the EU SMEs meeting "Improving the business environment for SMEs in Russia", organised by the EU Delegation to Russia in cooperation with the AEB, took place. The meeting provided a platform for discussion of current key issues related to SMEs and entrepreneurship in Russia.

It aimed to raise awareness of European SMEs operating in Russia on available instruments to address the main challenges and to better exploit the market opportunities.



L-R: **Nikita Bantsekin**, Board Member, Head of Department for Investment Policy and Entrepreneurs Development, Ministry of Economic Development of Russia; **Andrey Tarakanov**, Deputy Head of Department for Investment Policy and Entrepreneurs Development, Ministry of Economic Development of Russia; **Boris Titov**, Presidential Commissioner on Entrepreneurs' Rights; **Markus Ederer**, Ambassador – Head of the EU Delegation to Russia; **Frank Schauff**, AEB CEO; **Tadzio Schilling**, Chairman of the AEB SME Committee, Associate Director, Business Development, Foreign Desk Organisation, EY (moderator).

### Southern Regional Committee



L-R: **Oleg Zharko**, Chairman of the AEB Southern Regional Committee; **Ruslan Kokarev**, AEB Deputy CEO – Chief Operating Officer.

On 21 March 2019, the Annual General Meeting of the AEB Southern Regional Committee (SRC) was organised in Krasnodar at the premises of the Knauf company.

Ruslan Kokarev, AEB Deputy CEO – Chief Operating Officer, welcomed the participants and spoke about AEB activities, meetings with authorities' representatives, current issues for foreign business in Russia, and the Association's plans for 2019.

Oleg Zharko, Chairman of the AEB Southern Regional Committee, delivered a report on the SRC Steering Group activities in 2018. Anna Kalmykova reminded about the preparation of the annual report regarding interaction with foreign investors, which will be presented at the meeting of the Regional Foreign Investment Advisory Council under the Governor of the Krasnodar region. Igor Brener focused on the work of Business Schools at the Kuban State Technological and Agrarian Universities, which had been working with the support of the AEB Southern Regional Committee member companies for 5 years already.



L-R: **Diana Lipinskaya**, Bank Center-Invest; **Evgeny Yushkov**, the Krasnodar region administration; **Eduard Kuznetsov**, RSP; **Sergey Altukhov**, Legislative Assembly of the Krasnodar region; **Oleg Zharko**, AEB Southern Regional Committee Chairman, Danone in Russia; **Igor Brener**, Cargill Russia.

On 26 March 2019, the conference "Strategy of digitalization of the Krasnodar territory: problems and prospects" was held in Krasnodar.

The conference took place in the framework of the programme "Time for new strategies-2019", organised by the Public Chamber of the Krasnodar region, the AEB Southern Regional Committee, the Association "Agency for investment and international cooperation", the Krasnodar regional branch of RSP and Russian-English socio-political weekly "Yug Times".

The participants discussed the state of IT infrastructure in the region, new digital opportunities and new platforms for business; IT solutions for business and government; the need

On 30 May 2019, the 11<sup>th</sup> annual conference "HR trends of international companies of the south of Russia" was held in Krasnodar. The conference was organised by the AEB Southern Regional Committee, the Public Chamber of the Krasnodar region, the Association "Agency for investment and international cooperation", the Krasnodar regional branch of the RSP and the Russian-English socio-political weekly "Yug Times" in the framework of the programme "Time for new strategies 2019".

The conference took place at the Claas factory. A guided tour around the premises was organised for attendees.

The conference was moderated by Igor Brener, Deputy Chairman of the AEB Southern Regional Committee and Chairman of the HR Subcommittee, Cargill Russia. The welcome speeches were delivered by: Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional Corporate Affairs Director, Danone in Russia; Sergey Ogurtsov, Chairman of the Commission of the Public Chamber of the Krasnodar region, Deputy Chairman of the Krasnodar regional branch of the RSP; Diana Lipinskaya, Director of the Krasnodar branch of "Bank Center-invest"; Gennady Stryuk, Head of HR policy Department of the Krasnodar region Administration; Alexey Titov, Deputy of the Legislative Assembly of the Krasnodar region, member of the Committee on industry, investment, entrepreneurship, communications, consumer and financial markets, foreign economic activity; Ella Detkova, HR Director, CLAAS.

The conference participants discussed the research of brand employers, talent training for business, neurophysiological di-

to train qualified personnel for the implementation of digital projects.

The conference was moderated by Igor Brener, Manager for operational management, adaptation and staff development, Cargill Russia, Deputy Chairman of the AEB Southern Regional Committee and Chairman of the HR Subcommittee. Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional Corporate Affairs Director of the group of companies Danone in Russia, made a welcoming speech.

Sergey Altukhov, Deputy Chairman of the Legislative Assembly of the Krasnodar region, Chairman of the Committee on industry, investment, business, communications, consumer and financial markets, foreign economic activity, made a speech on behalf of the legislative authorities.

Evgeny Yushkov, Head of the Department of information and communication of the Krasnodar region, spoke about the directions of the programme "Digital economy in Russia" and its implementation at the regional level.

A lively discussion between the conference participants was held around the possibility of using regional IT solutions for global companies. Likewise, the participants covered the topic of highly qualified personnel training in the universities of Krasnodar with the involvement of the existing regional IT community.



L-R: **Gennady Stryuk**, the Krasnodar region Administration; **Oleg Zharko**, Chairman of the AEB Southern Regional Committee, Danone; **Igor Brener**, Cargill; **Sergey Ogurtsov**, Public Chamber of the Krasnodar region, RSP; **Diana Lipinskaya**, Bank Center-invest; **Ella Detkova**, CLAAS.

versification, experience of digitalization and business transformation.

The coordinators of the Business Schools of the Kuban State Agrarian University and the Kuban State Technological University spoke about the training of talents for business with the support of the AEB Southern Regional Committee member companies. Anna Smetana, Director of the non-profit organisation "Open environment" focused on the issues of equal opportunities. Igor Brener spoke about the first experience of official employment with RAS on Cargill in Krasnodar.

A panel discussion of HR experts on the topic of HR leadership in the process of digitalization and business transformation took place. Ella Detkova from CLAAS, Klara Kazantseva from Nestlé Kuban, Tatiana Selezneva from Philip Morris Kuban and Gennady Stryuk from the Administration of the Krasnodar region shared their views on the implementation of digitalization.

# MEMBER NEWS

Dear members, please be informed that you can upload your news or press releases on our website in "Member News" section via personal page absolutely free of charge.

## Dentons

### Dentons advises on financing of the first port concession project in Russia



Dentons advised The Black Sea Trade and Development Bank (BSTDB) on extending a USD 69

million loan to the Russian State Transport Leasing Company (STLC) to finance the construction of the Lavna Coal Transshipment Terminal at the Murmansk sea port.

The loan agreement was signed by BSTDB President Dmitry Pankin and STLC Director General Sergey Khramagin in the presence of Prime Minister Dmitry Medvedev at the Russian Investment Forum in Sochi.

The BSTDB loan is the Bank's largest investment in Russian infrastructure development to date. The Lavna project is the first port concession in Russia. The project will make a significant contribution to the development of export transport infrastructure, will increase the efficiency of coal transportation and will enhance Russia's transit capacity in the region.

The Dentons' team was led by Timothy Stubbs, Head of Banking and Finance practice in Russia, and also included Counsel Dennis Montgomery, Senior Associate Anna Booth and Associate Anna Nekhodtseva, all based in Moscow.

## Kuehne+Nagel

### Perry Neumann receives "People of the Year" business award

The Russian Business Guide magazine (RBG) in cooperation with the Russian Chamber of Commerce and Industry for the first time awarded outstanding personalities from 33 business categories as "People of the Year".

The event, held in Moscow and attended by over 200 guests – such as owners and managers of Russian and European companies, representatives of regional business development institutes as well as heads of Russian public organisations – celebrated exemplary achievements in Russian business and significant contributions to the development of the Russian economy.

As the winner in the category "Logistics" and as the only foreign national, Perry Neumann, President Cluster Russia + CIS

and General Director of Kuehne+Nagel LLC, was chosen to count among these "People of the Year". Honoured with the prize, he commented: "I am very grateful for this award as it is a result of Kuehne+Nagel's relentless efforts to develop business in line with the country's overall industry goals and to successfully combine local market expertise with international experience."



The organisers of the award ceremony, which was opened by the President of the Chamber of Commerce and Industry of the Russian Federation Sergey Katyrin, emphasised that all the winners are "People of the Year" who actively introduce innovation and contribute to the development of business and its social orientation.

## Legalife Diaz Reus

### Legalife Diaz Reus cooperates with MGIMO on lectures regarding sanctions



The law firm Legalife Diaz Reus is cooperating with MGIMO's Executive MBA (EMBA) programme by delivering a series of lectures on OFAC and EU sanctions.

On 14 December 2018, Marina Zinovieva, Managing Partner, together with Massimiliano Ballotta, Senior Partner, delivered a lecture entitled "Sanctions against Russian entities: consequences, options for de-listing".

On 25 April 2019, Marina Zinovieva delivered another lecture update on sanctions at the presentation of the Executive MBA programme, together with a representative from the Russian International Affairs Council.

Legalife Diaz Reus is cooperating with MGIMO on invitation by Prof. Anna Shashkova, EMBA academic supervisor and Of-counsel at Legalife Diaz Reus.

## Merck

### Russian GPs support initiatives to take control of prediabetes



The Russian National Institute of Preventive Medicine and Merck Russia signed an agreement on cooperation to unite forces against prediabetes. The event took place in front of leading Russian media and in the framework of the biggest congress for GPs in Russia: "Man and Drug".

According to statistics, more than 4.5 million people suffer from Diabetes Type 2 in Russia. The number of people who are undiagnosed, is even higher. Based on different researches, around 20% of Russians, so around 20 million people, suffer from prediabetes.

Oksana Drapkina, MD, Professor, Director at the Russian National Institute of Preventive Medicine and Chief GPs of Russia said: "Today, according to our epidemiological studies, there is a growing number of people in Russia with obesity, mostly men. If in 2003 this figure was about 11%, today about 28% of Russian men are overweight. Obesity is a basis for the further development of prediabetes and type 2 diabetes. Therefore, a special survey for patients and measurement of blood glucose levels is included in the standard annual health checks today. If the level exceeds the norm, the therapist knows what ad-

ditional tests to conduct in time to prevent or detect Diabetes Type 2. We are pleased to sign today's agreement with Merck as we are united with a common goal to reduce prevalence of Diabetes Type 2 in Russia and prevent the transition of Prediabetes to Diabetes Type 2. We know how to do this."

## Renaissance Moscow Monarch Centre Hotel

### Renaissance Moscow Monarch Centre Hotel opens new Novospassky conference hall



The best Moscow congress hotel (according to the Putevodnaya Zvezda (Guiding Star) Award 2018) the Renaissance Hotel Moscow Monarch opens a new conference hall Novospassky. A spacious hall of 375 square metres located on the ground floor of the hotel and accommodating up to 280 people (theatre) or up to 200 people (banquet). The multifunctional hall can be easily transformed by mobile soundproof walls into two independent halls of 205 and 170 square metres, holding two separate events simultaneously for up to 144 and 116 people respectively. In the lobby there is a comfortable lounge area, conveniently designed for welcome drinks or coffee breaks. The opening of the 13<sup>th</sup> hall proves that one of the main hotel priorities is developing its congress services.

The conference solutions are as follows:

- modern audio-video equipment;
- individual climate control system;
- high speed WiFi;
- Monarch complex with business and shopping centres;
- professional banquet service.

## Servier

### Official launch of the first contract manufacturing production at Servier RUS pharmaceutical plant

Local manufacturing of the innovative anti-HIV drug was launched on April 25<sup>th</sup> in Moscow at the Servier production site in partnership with GSK/ViiV Healthcare.

This partnership for contract manufacturing is a significant step for the local market – it will improve access of innovative medicine to people living with HIV in Russia.

The agreement between the drug’s developer GSK/ViiV Healthcare and Servier, which has its own full cycle pharmaceutical plant in Russia (Servier RUS), was signed in May 2016.

In 2018 within the framework of the St. Petersburg International Economic Forum, GSK/ViiV Healthcare and Servier RUS signed a main contract on the launch of full-scale manufacturing for a period of 5 years with plans for its further expansion and export development.

In 2019, a high-tech production line, which has no analogues in Russia, was installed and launched at Servier RUS. Servier is one of the active participants in the current state pilot drug labelling project and the new installed equipment for the production line fully complies with current Russian regulatory requirements on Track & Trace.

The launch of contract manufacturing will ensure the availability of innovative anti-HIV drug produced in Russia, which will contribute to achieving the goals of combating the spread of HIV infection, as well as the development of modern Russian pharmaceutical industry and industrial potential of Moscow city region.



## Tablogix

### Tablogix celebrates 25-year anniversary in Russia

Business in Russia operates in a more unpredictable environment than in developed economies. This teaches us to think outside the box and work hard. Effective communication with partners, trust and understanding come to the foreground.

For a quarter of a century, Tablogix has acquired a huge potential to feel confident today. Here you will find unlimited enthusiasm and faith in progress. We have been creating a reputation of a reliable partner for 25 years, and continue to develop high-quality logistics service.

Three distinctive features of the company: unique experience in providing warehousing services to global brands, social responsibility and business sustainability. Tablogix DNA includes continuous service improvement, exact response to challenges, implementation of successful business practices and IT technologies.



Tablogix originated from JD Logistics, founded by two American entrepreneurs in 1994. Later the company got a name JD Warehousing & Distribution. The first two letters meant the names of the founders. Among the first customers: Philips, Philips-Lighting, Colgate, Bristol-Myers, Kodak, Ligget Ducat, Cadbury, etc. Tablogix brand was born in 2004 as a result of merger with 2 companies in the logistics market.

In 2008, Tablogix doubled size in comparison with the previous year. Quality Management System was certified in accordance with ISO 9001:2008 in the same year.

Currently, Tablogix warehouse facilities are concentrated in the Moscow region. In 2018, warehouse space volume of the company grew by a third. In 2019, Tablogix launched a waste management project GO GREEN that aims to reduce waste and gain benefits of reusing.

25% of employees remain with the company for more than 14 years. Some of them have been working here since 1998.

# NEW MEMBERS

## AGC

### AGC Russia

AGC Russia is part of AGC Glass Europe – the European branch of AGC Group – the global leader of the float glass market.

AGC Russia successfully addresses the needs of the Russian market through its two industrial sites in Moscow (AGC Flat Glass Klin) and Nizhny Novgorod (AGC Bor Glassworks) regions, as well as its wide distribution network in over 20 target regions.

Manufacturing sites of AGC are equipped with state-of-the-art installations and comply with the most advanced international requirements in the field of management standards and environmental safety. The sites manufacture a wide range of glass products with diverse features, including a number of products that are unique for the Russian market: fire-resistant safety glass, impact-resistant and sound-insulating glass, energy-efficient glass, solar glass, interior painted glass and decorative etched glass, as well as multifunctional last generation glazing with double silver coating ensuring solar protection and energy efficiency. The brand portfolio is constantly enhanced by innovative solutions that meet the highest expectations of the modern architecture.

The company's products are used in most interesting and signature landmarks, such as Zaryadye Park, Lakhta Center, Moscow City towers, Domodedovo and Sheremetyevo airports, Skolkovo innovation center, Dominion Tower by the legendary Zaha Hadid, to name just a few.

[www.agc-info.ru](http://www.agc-info.ru)

## Canon

### CANON MEDICAL

### Canon Medical Systems

Canon Medical Systems offers a full range of diagnostic medical imaging solutions including CT, X-Ray, Ultrasound and MR, across the globe. In line with our continued Made for Life philosophy, patients are at the heart of everything we do.

Our mission is to provide medical professionals with solutions that support their efforts in contributing to the health and wellbeing of patients worldwide.

Our goal is to deliver optimum health opportunities for patients through uncompromised performance, comfort and safety features.

At Canon Medical Systems, we work hand in hand with our partners – our medical, academic and research community. We build relationships based on transparency, trust and respect. Together as one, we strive to create industry-leading solutions that deliver an enriched quality of life.

<https://ru.medical.canon>



### EURALIS Semences Rus

EURALIS Semences Rus is the part of EURALIS Semences – one of the leading European seeds companies creating and producing seeds of corn, sunflower, sorghum, oilseeds rape and soybean.

Created in 1950, EURALIS Semences is the seeds division of the agricultural group EURALIS. The group consists of four divisions: Agricultural, Seed, Food and Investments and Development. EURALIS group owns popular foie-gras brands Montfort and Rougié.

Seed creator for more than 60 years, EURALIS Semences experiences a highly sustained development dynamic.

Every year, the company invests 13% of its turnover to research and development and covers 21.000 ha of seeds production. EURALIS uses the very latest laboratory technologies and draws on more than 20 years' experience in molecular marking and biotechnologies in order to speed up genetic progress. These technologies support a wide field selection testing on more than 500.000 plots across Europe. EURALIS Semences offers innovative products and services on the market: exclusive corn genetics Tropical Dent®, system against Orobanche for sunflower OR Master®, Euralis Profiling System for choosing best hybrids for different fields, etc.

Numerous alliances with agrochemical partners help proposing hybrids that meet the latest cultivation methods providing performance and profit to farmers.

[www.euralis.ru](http://www.euralis.ru)





### G-TEAM

G-TEAM, PLC. has been a leading producer of high-tech low-capacity (<5 MW) steam turbines and related steam power equipment, such as control valves and steam coolers, for more efficient and ecological use of steam.

G-TEAM's steam trapping systems have reliably worked in multiple nuclear power plants, including the two Czech ones, Temelin and Dukovany.

G-TEAM boosts clients across the world, from Europe, to the Middle East, to Australia and Asia. These apply G-TEAM's technology in a wide variety of fields, from the power and heating sector, to the food industry, to metals production.

Currently, G-TEAM has established a Russian subsidiary firm, G-TEAM RUSSIA, to seek commercial opportunities on the Russian market. It aims at building new partnerships to promote a better, cheaper and greener use of steam.

[www.g-team.cz](http://www.g-team.cz)



### SafeStart

SafeStart helps companies to achieve the next level of maturity on employee safety going beyond the classical approach of compliance or behavioral based safety.

It is not a secret that in spite a lot of efforts in safety, every workplace – regardless of the industry or type of workplace – has at least a few chronic safety pains that lead to accidents and injuries. It seems that even exceptionally well implemented compliance measures, safety management systems and behavioral safety programmes do not always bring the expected results. There simply still remain unpredictable human errors which cause incidents.

Having worked with thousands of companies, SafeStart has improved existing approaches and developed an approach that helps people to avoid unintentional errors before they even occur.

By now – after 20 years of global success – there are over three million people in more than 3,000 companies in 60+ countries who have developed this unique set of safety skills.

<https://ru.safestart.com>

## SCANDINAVIAN INTERIORS

### Scandinavian Interiors

Scandinavian Interiors is an interior company offering authentic Scandinavian design for working and public environments and supplying over 20 Scandinavian furniture brands to the Russian market. We have been on the market since 1997 and our key partners are such known furniture manufacturers as Kinnarps, Materia, Skandiform, Johansson, Gotessons, Framery, NC Nordic Care, Drabert, Martin Stoll, etc.

Thanks to wide and diversified abilities in outfitting commercial environments, as well as professionalism of our designers, who are no strangers to the principles of creating an inspiring working environment, we are offering our clients an integrated approach to creating interiors. In addition, Scandinavian manufacturers are known worldwide for their environmentally friendly solutions and ability to use resources conservatively, which facilitates sustainability. Scandinavian Interiors also adheres to this philosophy offering its clients interiors built to highest standards of quality, ergonomics and sustainability.

"Scandinavian Interiors has all necessary abilities and resources for efficient creation of interiors at all stages – from the project design to handing over the finished project to the customer. That is why we can guarantee that your expectations will be met, and quality will be protected at every stage of the process. It is notable that we not only offer our clients high-quality furniture and interior solutions, but also a comprehensive service programme," Teemu Nurminen, General Director of Scandinavian Interiors, tells about his company.

[www.kinnarps.ru](http://www.kinnarps.ru)



### **Tikkurila**

Tikkurila is a leading Nordic paint company with expertise that spans decades. We develop premium products and services that provide our customers with quality that will stand the test of time and weather. We operate in around ten countries and our 3,000 dedicated professionals share the joy of building a vivid future through surfaces that make a difference. In 2018, our revenue totaled EUR 561.5 million. The company is listed on Nasdaq Helsinki.

Nordic quality from start to finish since 1862.

[www.tikkurilagroup.com](http://www.tikkurilagroup.com)



### **Yusen Logistics**

Yusen Logistics is a top-20 global logistics provider of International Freight Forwarding services (Airfreight, Ocean freight, and Land freight by Road and Rail), Contract Logistics and Customs Clearance solutions. Yusen Logistics is part of the NYK Group (Japan).

Our core market segments are Retail, Automotive, Technology, FMCG, Aerospace, Healthcare, Food.

Yusen Logistics Russia has been present in Russia since 2004 with offices in key strategic locations – Moscow, St. Petersburg, Novorossiysk, Nakhodka, Togliatti, and a class A warehouse (12,000 m<sup>2</sup>) in the Moscow region.

Yusen Logistics (Russia) provides a background of a strong international company with unique logistics solutions, highly professional services covering the whole supply chain, outstanding quality based on Kaizen methodology of continuous improvement, operational excellence, advanced information management, and dedication to customers and their logistics business needs and requirements.

INSIGHT INTO ACTION

[www.yusen-logistics.com](http://www.yusen-logistics.com)



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