

Proposals of the Ministry for economic development of the Russian Federation to improve investment climate

As it was reported before Russian government is undertaking measures to improve investment climate. Recently the Ministry for economic development of the Russian Federation presented its proposals. The main areas of improvement according to the Ministry are tax regulation, administrative barriers reduction, customs administration development, coordination of support for investments and protection of investors' rights, optimization of infrastructure access procedures. But the topmost position is allotted for simplification of migration regime.

The summary of overall initiatives to improve the investment climate can be found in the attached unofficial translation of presentation prepared by Russian Ministry for economic development. Below we describe the proposed measures to simplification of migration regime.

According to the materials prepared by the Ministry, this liberalization will be applied to highly-qualified personnel only or to the personnel involved in realization of priority projects. The income level, education, qualification and experience criteria will also be determined.

The main aim is to attract the best brains to Russia, as one of the officials explains. And this is necessary not only for the future "Innograd" (*a place where innovations are created and scientists and their families reside*) but also for the educational purposes, as "modernization is impossible without intelligent personnel".

These proposals were elaborated by the Federal Migration Service. Oleg Artamonov, the advisor to the Head of the Service, notes that Russia used this mechanism by concluding an agreement with France on preferences for the highly qualified personnel, specialists and managers, their families and escort employees. The absence of limitations in the labour market is necessary to encourage innovators, investors and technology developers to come to Russia. For these categories of personnel Russian officials propose to abolish quotas for working permits for foreign employees and invitation letters for entry visas, permissions to engage foreign workforce and coordination of their employment with the state employment agencies. At this moment preparation of document package for hiring such employees takes from 12 to 23 months. After the procedure is facilitated this will take a month maximum, – as described in the presentation prepared by the Ministry.

These above mentioned proposals are already being implemented. On November 27, 2009 in Rambouillet Governments of Russia and France signed up the Agreement on temporary labour activity of citizens of one state on the territory of another. This Agreement still did not come into force as both parties have to perform several domestic procedures. It establishes simplified procedure for obtaining permission to perform labour activities for the following categories of citizens of both states: employees of representative offices (branches), top management of the companies, highly qualified employees¹; young specialists between 18 and 30 years old, family members and some other categories.

¹ Highly qualified employees shall meet two of the following requirements: have a higher education degree corresponding to the position indicated in employment agreement; not less than 5 years experience in the position indicated in the employment agreement; and the salary equal to not less than 3 200 Euro.

For these categories of employees the parties agree to cancel quotas; the requirement to obtain permission to engage foreign workforce (for Russia) and evaluation of the labour market (for France). Also this Agreement sets forth a possibility to prolong the multi-entry visa enabling the citizens of one of the states to enter and continuously stay on the territory of another state for up to 3 years without the necessity for them to leave the admitting state. The documents necessary for obtaining work permits can be submitted to the authorized bodies located in the capitals of the states irrespective of the place of registration of the employer. Under the Agreement the work permits are valid on the whole territory of the admitting state. Also no migration formalities have to be observed when travelling within the territory of the admitting state if the term of stay in a particular place does not exceed 10 working days.

Currently a foreign citizen can obtain a working permit lasting for a year and all the permits are separate for each region of Russia (if one is working in Moscow, he / she cannot work in Saint-Petersburg or even in Moscow region). The Ministry suggests replacing this working permit with the single one and extending its validity to 3 years or to the term of the labour agreement. These measures require significant updates of legislation, including the Law "On legal status of foreign citizens", the Tax Code and the Budget Code, as the governmental official clarified. But these proposals already exist and are approved by the state authorities. The Ministry for economic development and the Federal Migration Service propose relevant amendments to be introduced to the legislative acts shortly, so to come into force on January 1, 2011.

Market players suppose the list of quota exempt professions should be expanded at most for account of highly qualified managers and specialists. At the moment a company should determine a year beforehand what employee will be required in Russia.

Attachment: *Presentation of the Ministry for Economic Development of the Russian Federation on measures to improvement of investment climate.*

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We hope the information above is helpful for you.

For more information on ALRUD Law Firm please visit our **Web-site**

or contact directly **ALRUD Senior Partner Vassily Rudomino vrudomino@alrud.ru**,

Senior Partner Maxim Alekseyev malekseyev@alrud.ru,

Partner Irina Anyukhina ianyukhina@alrud.ru,

and **Partner Alexander Zharskiy azharskiy@alrud.ru**

Kind regards,

ALRUD Law Firm

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