



Russia: Education Sector Report 2013

Drafted by:
Ken Walsh, Commercial Officer

Summary

Demand for international secondary, university and English-language educational services is growing in Russia due to a variety of factors including general economic growth, the rise of a more affluent middle and upper class, interest in establishing educational and professional ties in the U.S. economy, and a general increase in travel between Russia and the U.S. U.S. educational institutions are in a good position to take advantage of this market due to the excellent reputation of U.S. education in Russia, the decreased influence of major competitors, and an established infrastructure for promoting education in the U.S. These trends have advantages for secondary schools, colleges and universities and English-language schools.

The market does pose challenges for U.S. educational institutions, including the high relative cost of a U.S. education compared to European and Australian competitors. There is also a perception of a difficult U.S. visa application process in Russia that may dissuade some potential students.

Market Demand

The Russian market is ready for more significant attention by U.S. colleges and universities. With growing disposable income due to increased oil wealth and an increase in wealth being transferred to the middle class, the demand for a quality education in the U.S. is broadening and deepening. Positive travel trends and more convenient visa rules between the U.S. and Russia are also contributing to more Russians considering the U.S. as an education destination.

Anecdotally, it has also been observed that the perception of an education in the United States is growing in Russia. Previously, the destination of choice for Russian students pursuing higher education in English was the United Kingdom. Over the last several years, promotional activity by the British Council in support of U.K. education in Russia has diminished. This has created an opportunity for more U.S. institutions to capture this market. The ancillary costs

of education in the U.K. such as housing costs have made U.S. education more competitive when considering the entire cost of studying in the U.S.

It has also been noted to Commercial Service staff, that U.S. colleges and universities have been absent from the market for a number of years, perhaps focusing on other growth markets. This decrease in U.S. promotional efforts has led to a slow or negative growth of Russian students studying in the United States, especially between the years 2000-2006.

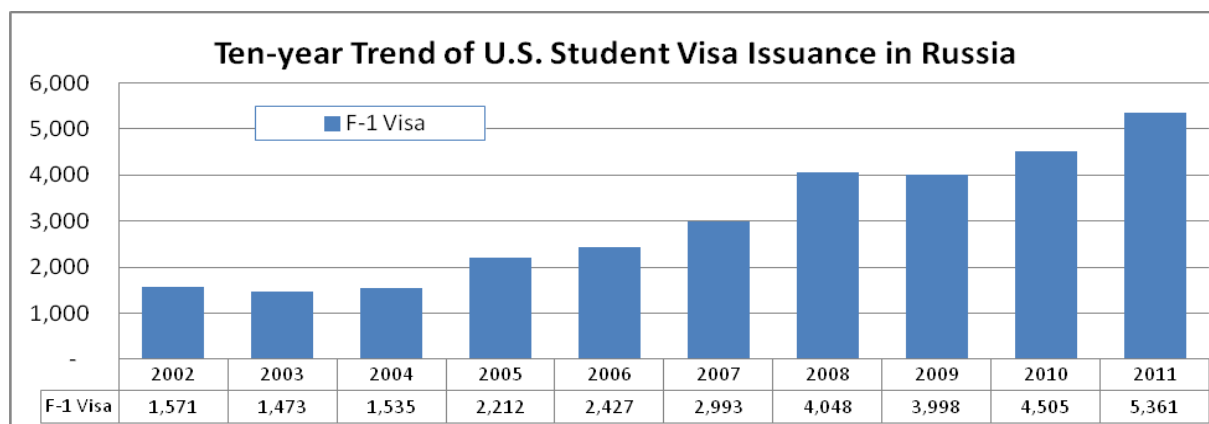
Market Data

According to the register of accredited universities maintained by the National Accreditation Agency, the number of accredited higher education institutions in Russia is 1,382. (Source: National Accreditation Agency, <http://www.nica.ru/eng/assurance/education/>)

Approximately 7 million students are enrolled in higher education in Russia. (Source: The Moscow EducationUSA Advising Center, <http://www.useic.ru/latesttrendsands.html>)

Russia has a population of 142,517,670 making it the 9th largest country in the world by population. There are approximately 22 million Russians aged zero to 14 (male 11,498,268/female 10,890,853), so there is a strong pipeline of demand for education services. The country's population is also well educated with a literacy rate of 99.6%. (Source: CIA Fact Book 2012)

The chart below provides a quick view of the recent growth in students traveling to and studying in the U.S. according to visa issuance. This data is provided by the U.S. Department of State for F-1 Visas (Nonimmigrant Student Status-For Academic and Language Students).



Source: http://www.travel.state.gov/visa/statistics/nivstats/nivstats_4582.html - 2011 Data Source: U.S. Mission Russia

In the 2011/2012 academic year 4,805 Russian students studied in the U.S. compared to 4,692 in the prior year, representing growth of 2.4%. (Source: [Institute of International Education](#))

In order to understand the landscape of education system in Russia, a recommended source is the EducationUSA web site (<http://www.useic.ru>). Click on the “For U.S. Representatives” section for an overview of primary, secondary and post-secondary education in Russia.

Russia has 12 cities that are over 1 million in population. These centers include major university centers such as Moscow, St. Petersburg, and Kazan. These large centers are targets for recruitment efforts for both secondary and post-secondary education. Many of these cities are concentrated in the European section of the country. However, due to the vast size of Russia, the distance between many major population centers is large, so careful planning must take place if a multiple-city promotion tour is part of a school’s marketing efforts.

Competitive Tuition Rates

To understand the levels of tuition paid for some of the more reputable Russian private schools and international high schools in the Moscow and St. Petersburg see the chart below.

School Name	City	Primary School Tuition In UDS	High School Tuition In UDS	Web Site
Anglo-American School of Moscow	Moscow	22,900	26,100	www.aas.ru
Int'l School of Moscow	Moscow	24,800	26,600	www.internationalschool.ru
Hinson Christian Academy	Moscow	18,500	18,500	www.hinkson.ru
Int'l School of Tomorrow	Moscow	13,100	14,500	www.schooloftomorrow.ru
Anglo-American School of St. Petersburg	St. Petersburg	21,950	23,000	www.aas.ru
Int'l School of 21st Century Integration	Moscow	17,100	20,500	www.integration21.ru
French School of St. Petersburg	St. Petersburg	5,500	N/A	http://efsp.org/
French School of Moscow	Moscow	7,100	7,100	www.lfm.ru/fr/
Lomonosov Private School	Moscow	23,100 (room and board option additional 1,600/month)	23,100 (room and board option additional 1,600/month)	www.lomonschool.ru/English

Best Prospects

The Russian market offers opportunities for all levels of education. Students are drawn to the U.S. mainly because they want to study in the English language and because the U.S. has a reputation for excellence in education. Below is a breakdown of Russian students studying in the U.S.

Academic Level: More Russian students study at the graduate level in the United States. In 2011/12, their breakdown was as follows:

Undergrad	Graduate	Non-degree	Optional Practical Training
1,815	2,097	408	485
37.8%	44.4%	8.2%	9.6%

Sources: [Open Doors: Report on International Educational Exchange](#)
[Open Doors Data: International Students: Academic Level and Place of Origin](#)
[Open Doors Data: International Students: Fields of Study by Place of Origin](#)

Due to the relative high cost of U.S. education compared to competitor institutions in Europe and Australia, there may be increasing demand for U.S. community colleges in Russia. This will entail some education about the community college system in the U.S. as it is not as well known to Russians and a similar type of educational system is not very well regarded in Russia. However the degree programs of two years at a community college plus two years at a four-year institution might be an attractive alternative due to cost savings. The process for matriculation from a two-year to a four-year program, for example guaranteed acceptance programs may not be well understood in Russia and need to be explained.

Area of Study: Russian students have a clear preference for business and management education in the U.S. In 2011/12, their breakdown was as follows:

Business/ Management	Education	Engineering	Fine/ Applied Arts	Health Professions	Humanities
29.4%	1.9%	6.9%	6.4%	3.1%	5.8%
Intensive English	Math/ Computer Science	Physical/ Life Sciences	Social Sciences	Other	Undeclared
2.1%	6.8%	12.1%	10.9%	11.4%	3.2%

Source: [Open Doors Data - International Students: Fields of Study by Place of Origin](#)

Key Suppliers

Primary and secondary education in Russia is mainly provided by the state. A small portion of students attend private schools. Attendance at private schools is often reserved for those in the upper income brackets as private education in Russia is very expensive. Tuition at Moscow's private schools varies from \$600 per month in the city's middle-class suburbs to \$3,000 per month in prestigious districts. Private secondary schools might be a good target for secondary schools in the U.S. as well as colleges and universities. (See chart on previous pages for sample tuitions.)

University education in Russia is offered free of charge via a competitive process and universities have limits on the numbers of students they can enroll at the state subsidized tuition level. Colleges enroll students above this limit on a fee-paying basis.

Prospective Buyers

As with any major decision involving children, parents play an important role in the decision process, especially for secondary education. Since prospective students are interested in studying at your institution in the U.S., their English skills many times are good enough to listen to presentations, read promotional literature, etc. However, parents of these children may have less of a command of English. The parent component of the decision plays less of a role the higher the level of education to be obtained (i.e., less important at the post-graduate level).

It may not be necessary to have complete translations of course catalogues, promotional brochures, etc, however information that is important for parents (e.g., payment, tuition, financial aid, overview), should be translated in to Russian.

Russia has an active education agent sector. Many educational institutions from other countries utilize this distribution option in order to have a full-time presence in the country. The agent community has a trade association, the Association of Russian Educational Advisors, (http://www.studyarea.ru/eng_index.php). As with any distribution partner, proper due diligence should be conducted before entering into a relationship with an agent. Many agents represent a large number of schools. You need to be constantly engaged with your agent and you should plan to conduct outreach and promotions with their assistance. Merely signing an agent may not be enough to properly promote your school in Russia.

In addition to agents, there is a huge college fair industry in Russia. Noted below in the Trade Events section of this document, we list some of the trade fairs in Russia. These range from general college fairs, to more degree-specific events. The calendar below is simply a listing of education fairs in the country and not a recommendation to attend these over others. Careful consultation with the show organizer and the Commercial Service should precede participation in any of these events.

Market Entry

There are several ways an educational institution can be successful in the Russian market. Institutions can use any combination of the following methods:

Direct Promotion: Students and their parents can be reached via a number of international education shows throughout Russia (some are noted in the Trade Events section below). These events include promotion opportunities for the different educational opportunities available: secondary education, community colleges, bachelor's degree programs, advanced degree programs, professional education and English-language education. Promotions can be conducted at trade events, at local schools and universities or private promotional events.

EducationUSA: EducationUSA (<http://www.useic.ru/>) is a global network of more than 400 advising centers supported by the Bureau of Educational and Cultural Affairs at the U.S. Department of State. There are 29 Advising Centers in the Russian Federation. A list of these centers can be found here: <http://www.educationusa.info/RussianFederation>. At these centers, educational institutions can provide informational materials for the center's research library, hold promotional events about their institution, and help you promote your event. It is also an excellent resource for information on the Russian market. Please note, that the EducationUSA centers only work with educational institutions directly, not education agents.

Agents: Many U.S. institutions utilize education agents in Russia. Russia has a fully-developed education advising industry. Most, if not all, agents are multi-line representatives, meaning the agent represents multiple educational establishments in the U.S. (in addition to other countries). They not only advise the students, but provide guidance to the parents (many of whom are non-English speakers) on choice of school, financial considerations and the visa process. In order to work effectively with an agent, you should develop an active marketing plan with the agency by planning school specific events, exhibiting at trade shows

or other outreach methods. Simply signing an agent may not provide much incentive to promote your school as education agents represent schools in other countries that are much more aggressive in the market.

U.S. Commercial Service: Assistance provided through the U.S. Commercial Service include our Gold Key Service where we set up one-on-one appointments with you and specific partners you are trying to target, such as individual school administrators or agents. We can also conduct single company promotions where we host a reception or other promotional event on your behalf to a larger group of prospective partners. Contact the U.S. Commercial Service office via the contact information found in the *For More Information* section below.

Market Issues & Obstacles

The cost of a U.S. education seems to be one of the major “sticking-points” for Russian students. Schools should be ready to answer the question “Why should I spend so much more to attend a U.S. school?” Answers can include after-graduation employability data, pay data, as well as information on how to offset costs such as financial aid available and work opportunities while studying. Schools should understand what type of work is available for students on a student visa and what they can reasonably earn while attending your school.

Another concern is the distance between the U.S. and Russia. Perhaps promoting the transportation options between Russia and your school location. For example, can you get to your school on a direct flight or only one connection, etc.

As an example of the types of information students are exposed to regarding the cost of education in the U.S., in the *2012 Top Grad School Guide* produced by QS, the following prices were listed for obtaining a masters degree in different countries:

Country	Management Degree (per year cost)	Engineering Degree (per year cost)
USA	\$46,300	\$35,650
UK	\$19,000	\$18,500
Australia	\$24,600	\$21,500
Denmark	\$11,500	\$19,000
Germany	\$1,400	\$1,200

Hong Kong	\$14,500	\$13,400
Japan	\$10,500	\$12,500

Source: QS 2012 Top Grad Schools Guide

There is also some misplaced concern about the process to obtain a U.S. visa. We have anecdotal evidence that students feel that obtaining a U.S. student visa is particularly onerous.

Students who want to attend a U.S. school must undergo the standard application and interview process, but this should not hinder legitimate students who want to study in the U.S. Proof of the desire and ability to return to Russia after their studies is paramount. In addition, proof of financial resources to pay tuition at the school, including bank statements with fund balances equal to the amount of tuition and living expenses for one year, is required. Other documents are also required. The entire process is outlined on the EducationUSA site (<http://www.educationusa.info/pages/students/visa.php>) and EducationUSA Advising Centers in Russia often provide lectures to students on the application process for schools, financial seminars and education on the visa process.

Trade Events

The following calendar lists a number of events in the Russian market. The Commercial Service does not endorse any one particular show, but these events are provided for your information. Commercial Service staff is happy to work with you to determine which events might be the best for you.

Visit an Updated Calendar of Events Supplied by Education USA:

<http://www.educationusa.info/students-fairs.php?id=143>

Masters & PhD Programs by QS Events

September 30, 2013 - Moscow

October 2, 2013 - St. Petersburg

www.qs.com

MBA Program by QS Events

September 30, 2013

Moscow

www.qs.com*ALPHE*

October 25-27, 2013

St. Petersburg

<http://www.hothousemedia.com/alphe/alpherussia/venue.htm>*EducationUSA Eurasia Tour*

October 29-November 5, 2013

Moscow, St. Petersburg, Baku, Tbilisi, Yerevan, Kyiv

<http://www.educationusa.info/fairs/eurasia/>*Twenty Fourth International Education Fair - Includes Commercial Service Supported Pavilion*

February 15-16, 2014

Moscow - Saint Petersburg

<http://www.iciep.ru>*The ICEF Moscow Workshop - Includes Commercial Service Educational Session*

March 21-23, 2014

Moscow

<http://www.icef.com/workshops/moscow.html>*The Begin Group*

Various Dates and Cities

<http://begingroup.com/en/left/expo/Exhibitions>

Resources & Contacts

Below are some useful contacts and resources regarding international education in general and education in Russia specifically.

Foreign Commercial Service Education Team Home Page

<http://export.gov/industry/education/index.asp>

American Councils for International Education (<http://www.americancouncils.org/>)

American Councils administers EducationUSA Advising Centers (EACs) throughout Eurasia.

These centers are part of the U.S. State Department supported EducationUSA Advising Center network and exist to:

- Provide accurate, unbiased information about all accredited U.S. higher education institutions
- Make appropriate and accurate materials available for researching educational programs in the US
- Advise students about applying independently to US higher education institutions
- Provide information on study- and research-abroad opportunities

EACs maintain libraries of written, audio-visual, and CD-ROM resources (including ETS test preparation materials) and translate some materials into local languages.

Lectures, seminars, and counseling services are also delivered.

EducationUSA Advising Centers - Russia (<http://www.educationusa.info/RussianFederation>)

EducationUSA (<http://www.useic.ru/>) is a global network of more than 400 advising centers supported by the Bureau of Educational and Cultural Affairs at the U.S. Department of State. There are 29 Advising Centers in the Russian Federation.

Association of Russian Educational Advisors - (http://www.studyarea.ru/eng_index.php)

Association of Russian Educational Advisors (AREA) was founded in 2007 and unites education consultancy agencies in Russia. Association of Russian Educational Advisors works to develop the education abroad industry, supports high quality agent standards, and advances the interests of Association members. AREA has 20 members at the time of the writing of this report.

Opportunity Program (<http://moscow.usembassy.gov/oj.html>)

The Opportunity Program, funded by the U.S. Department of State, is designed to support the application process to U.S. higher education institutions for students who are unable to cover expenses related to the application process but who are highly competitive for full financial aid

For More Information

The U.S. Commercial Service in Moscow can be contacted via e-mail at: Ken Walsh ken.walsh@trade.gov; Phone+7-495-728-5580; or visit our website: <http://export.gov/russia>. For a more comprehensive report on doing business in Russia, download the 2012 Russia Country Commercial Guide at <http://export.gov/russia/marketresearchonrussia/index.asp>.

The U.S. Commercial Service – Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov/eac>.

Comments and Suggestions: We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: Customer.Care@trade.gov. Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice. The Commercial Service reference to or inclusion of material by a non-U.S. Government entity in this document is for informational purposes only and does not constitute an endorsement by the Commercial Service of the entity, its materials, or its products or services

International copyright, U.S. Department of Commerce, 2012. All rights reserved outside of the United States.