



Russia: Education Sector Report 2014

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Summary

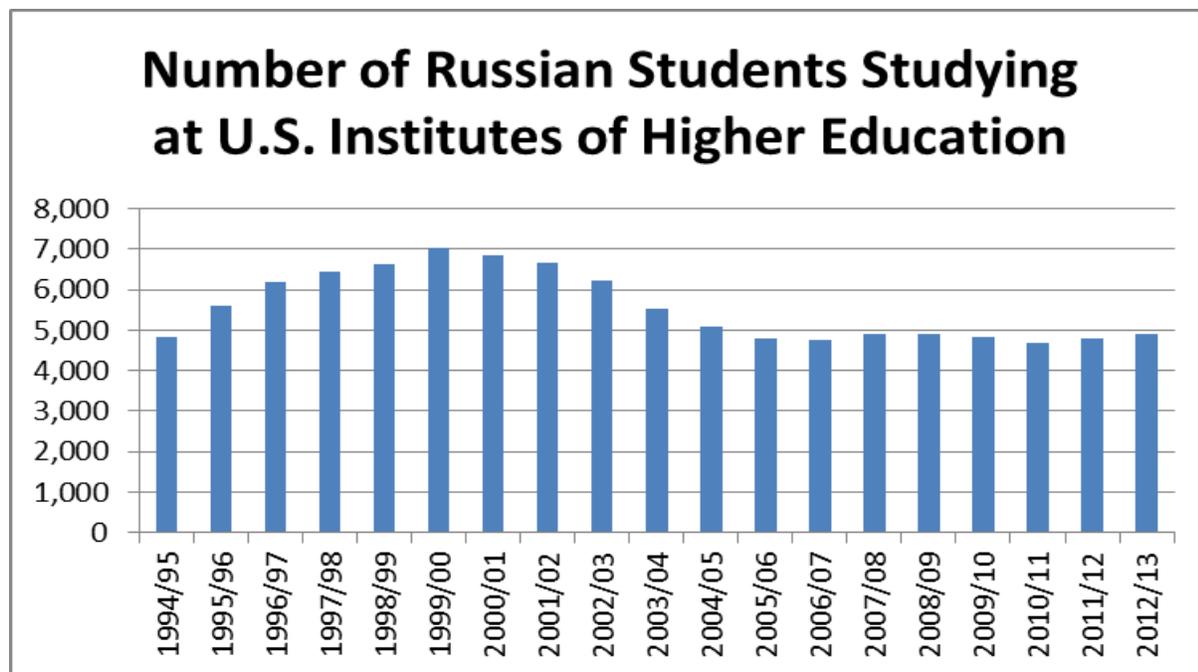
Over the past several years, the U.S. has clearly underperformed in the Russian market as schools attempt to recruit students to study in the U.S., but we believe there is significant opportunity for growth. Demand for international secondary, university, and English-language educational services is 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, and an established infrastructure for promoting U.S. education. 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. A major advantage for UK schools, a leading provider of international education services to Russians, is its relative geographic proximity to Russia. Some parents are reluctant to send their children to study in the U.S., which may be considered very far. A growing number of direct flights between Russian and U.S. cities are helping to alleviate this problem, but it will always be a challenge that needs to be overcome. An additional challenge, but one that has been reduced in significance lately due to educational efforts by the Commercial Service and Consular Section, is the perception among some Russians, especially those living outside Moscow, that the U.S. visa application process is complicated with a very low approval rate.

Market Demand

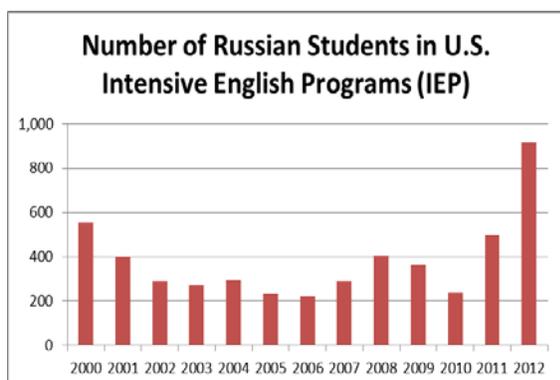
The Russian market is ready for more significant attention by U.S. colleges and universities. With increasing disposable income and a growing middle class, the demand for a quality education in the U.S. is broadening and deepening. Positive travel trends and more convenient visa rules recently announced between the U.S. and Russia are also contributing to more Russians considering the U.S. as an education destination. According to [Open Doors Data](#), The total number of Russian students studying in the U.S. in the 2012/2013 academic

year is 4,898, an increase of only 1.9% over the previous school year. Unfortunately, growth in the recent past has been nearly flat to negative. It is our opinion that the Russian market has greater growth potential, especially when compared to the growth in leisure and business travel over the past several years (22.3% growth in travel to the U.S. in 2010, 27.1% in 2011, 17% in 2012 and 29.4% in 2013). In light of these statistics, it is likely that the U.S. is not meeting its full market potential in Russia.



Source: [Open Doors Data](#)

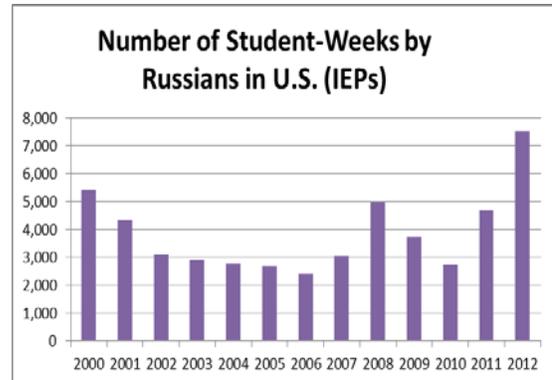
The key market for U.S. schools remains graduate education, as is noted in the Best Prospects section found later in this report. Due to the high costs of U.S. education combined with the



distance between the U.S. and Russia, demand by younger, less independent students is not as strong. Language schools, especially those that can combine some element of travel, perhaps taking advantage of warmer U.S. climates, are also well positioned for the Russian market.

Recent political tensions may have an effect on the decision of some students to study in the U.S., but, at the time of writing this document, it is too early to tell. We have not witnessed a decrease in visa applicants across visa categories, and travel numbers to the U.S. remain strong. Monitoring the value of the Ruble is important for the more price-sensitive students. Between January and April 2014, the value of the Ruble decreased

approximately 15% versus the U.S. Dollar. Further weakening of the Ruble will make U.S. education more expensive. The Ruble, however, has also declined against the Euro and British Pound, so competitor countries are facing the same issues.



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, although this is changing. This decrease in U.S. promotional effort has led to a slow or negative growth of Russian students studying in the United States, especially between the years 2000-2006. Recent trade missions supported by EducationUSA focused on Russia and the former Soviet republics and demonstrated increased willingness by U.S. schools to examine the market. However, the total number of U.S. schools actively promoting in the Russian market remains small when compared to European competitors.

Market Data

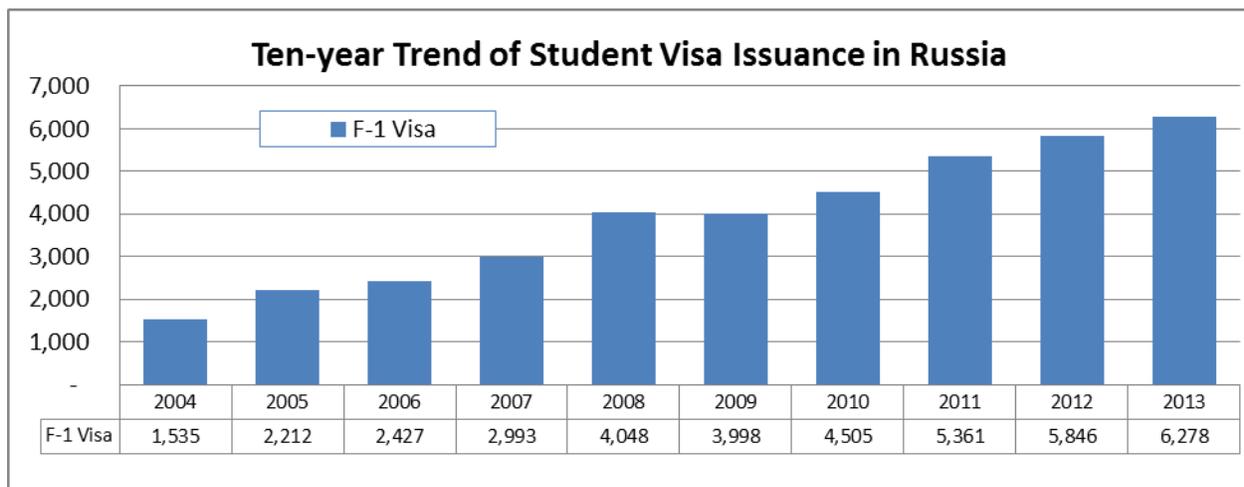
Russia has a population of 142,500,482 making it the 9th largest country in the world by population. There are approximately 23 million Russians aged under the age of 15 (male 11,740,877/female 11,119,318), so there is a strong pipeline of demand for education services. The country's population is also well educated with a literacy rate of 99.7%. (Source: CIA Fact Book 2014)

Russia has 12 cities that are over 1 million in population. These cities 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.

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: <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>)

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](http://www.instituteforinternational.com))

In order to understand the landscape of the 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.

English Language Ability

Among older generations, English is not widely spoken. It is useful to have some Russian-language materials available for the parents of students who are interested in studying abroad. Helpful information to include would be financial information, the application process details, living arrangements, and safety information about the campus.

With respect to students' English language aptitude, according to Educational Testing Service research Russian students have above average skill levels in English. See the chart on the next page.

Native Country	Reading	Listening	Speaking	Writing	Total
Brazil	21	22	21	21	84
Russian Federation	20	21	22	21	84
Ukraine	19	21	22	21	84
Worldwide - Female	19.8	19.6	20.6	20.9	81
Worldwide - Male	20.0	19.4	19.7	20.5	80
Kazakhstan	18	19	21	20	79
China	20	18	19	20	77
Vietnam	19	18	19	21	77
Saudi Arabia	12	15	18	15	60

TOEFL iBT Test Data for 2012 (mean score, select countries) Source: www.ets.org/toefl/research

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. Many of these schools cater to expat audiences.

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
Hinkson Christian Academy	Moscow	18,500	18,500	www.hinkson.ru
Int'l School of Tomorrow	Moscow	13,100	14,500	www.schooloftomorrow.ru
Int'l School of 21st Century Integration	Moscow	17,100	20,500	www.integration21.ru
French School of Moscow	Moscow	7,100	7,100	www.lfm.ru/fr/
Lomonosov Private School	Moscow	23,100 (room and board extra 1,600/month)	23,100 (room and board extra 1,600/month)	www.lomonschool.ru/English
English International School	Moscow	27,950	31,200	www.englishedmoscow.com
Anglo-American School of St. Petersburg	St. Petersburg	21,950	23,000	www.aas.ru
International School "Training in Dialog"	St. Petersburg	N/A	23,110	http://shod.ru/main
French School of St. Petersburg	St. Petersburg	5,500	N/A	http://efsp.org/
First Moscow Gymnasium	Moscow	37,500	37,500	http://www.gymnasia.ru/

International Baccalaureate (IB) Programs

Internationally recognized educational programs such as International Baccalaureate are present in Russia. The Russian language-based "Association of International Baccalaureate Schools of the CIS" lists 13 schools with IB programs in Russia, Azerbaijan, Armenia, and Kazakhstan. It also lists 10 "Associated Members" that are educational institutions, but appear not to be schools in the traditional sense. The website for the association is <http://www.ibsa.su/?partition=2>. Many of the schools appear to be government-affiliated institutions and many do not have a proper website or marketing materials.

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 2012/13, their breakdown was as follows:

Undergraduate	Graduate	Non-degree	Optional Practical Training
1,960	2,026	380	532
40.0%	41.4%	7.8%	10.9%

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](#)

For select graduate and professional training schools new opportunities may arise under the Global Education program, which is currently being developed by the Government of Russia's Agency of Strategic Initiatives: <http://www.asi.ru/molprof/globaleduintegration/> (Russian only). The program will utilize government funding to provide Western education to up to 3,000 Russian citizens in top-rating international universities within 2014-2016. The list of participating schools and areas of study is being finalized now and should be announced shortly, however implementation of this program has been previously delayed.

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 this system is unfamiliar among Russians, and a similar type of educational system is not highly 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, is not 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 2012/13, their breakdown was as follows:

Business/ Management	Education	Engineering	Fine/ Applied Arts	Health Professions	Humanities
28.2%	1.9%	6.8%	9.4%	2.5%	5.0%
Intensive English	Math/ Computer Science	Physical/ Life Sciences	Social Sciences	Other	Undeclared
1.9%	7.4%	11.5%	11.3%	11.4%	2.7%

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 city 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 to Russian.

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. Find a list of these centers 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 or consultants.

Agents: 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. 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). The agent community has a trade association, the Association of Russian Educational Advisors, (<http://www.studyarea.ru/>).

Agents 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.

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 constant engagement 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. For insight from a Russian agent, watch a series of interviews produced by ICEF titled "[Best Practices for Managing a Sub-agent Network in Russia.](#)"

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.

Directors in private high schools in Russia indicate that the requirement for Russian students to take the SAT test in order to apply to United States universities is a barrier for U.S. schools. Although standard for American students, the SAT is not well understood in Russia and a lack of preparation for the test as well as general unfamiliarity with the testing system hinders many prospective students from applying. As part of their market entry strategies, schools should be prepared to reassure prospective students as to the ease of test-taking procedures.

Another concern is the distance between the U.S. and Russia. You should address the question directly by promoting the transportation options between Russia and your school location. For example, is it possible to get to your school on a direct flight or only one connection, etc.?

Additionally, students receive a diversity of information regarding tuition rates in the U.S. As an example, in [2013 Top Grad School Guide](#), produced by QS, the following prices were listed for obtaining a masters degree in different countries:

Country	Management Degree (cost per year)	Engineering Degree (per year cost)
USA	\$56,300	\$61,000
UK	\$22,800	\$24,000
Australia	\$40,300	\$30,200
Denmark	\$30,800	\$33,200
Germany	\$1,600	\$1,300
Hong Kong	\$24,700	\$11,300
Japan	\$10,500	\$12,500

Source: [QS 2013 Top Grad Schools Guide](#)

There is also some misplaced concern about the process to obtain a U.S. visa. We have anecdotal evidence suggesting that students feel that obtaining a U.S. student visa is particularly onerous. The U.S. Mission to Russia has made tremendous efforts to counter this perception. Feel free to contact a U.S. Commercial Service representative to understand counter arguments regarding the negative perceptions about obtaining a U.S. visa.

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. Find an outline of the entire process on the EducationUSA site (<http://www.educationusa.info/pages/students/visa.php>) and the U.S. Commercial Service and the 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.

The EducationUSA Event Calendar may be found here:

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

MBA Program by QS Events

September 27, 2014 - Moscow

<http://www.topmba.com/events/qs-world-mba-tour/europe/moscow>

Fall 2014 - St. Petersburg

<http://www.topmba.com/events/qs-world-mba-tour/europe/st-petersburg>

ALPHE

October 22-24, 2014

St. Petersburg

<http://www.hothousemedia.com/alphe/alpherussia/venue.htm>

24th International Education Fair (ICIEP) - Includes a Commercial Service U.S.A. Pavilion

February 14-15, 2015

Moscow - Saint Petersburg

<http://iciep.ru/www/about.cfm?lang=eng>

March 2015 - St. Petersburg

<http://www.topuniversities.com/events/qs-world-grad-school-tour/europe/st-petersburg#register>

Top Grad Schools Program by QS Events

March 2015 - Moscow

<http://www.topuniversities.com/events/qs-world-grad-school-tour/europe/moscow#register>

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/>)

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 29 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 latest 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.

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