

GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

November-December 2015 № 139



1. CITY MANAGEMENT: Meeting of the Association of Industrial Enterprises of St. Petersburg

2. EMPLOYMENT: Enterprises' demand for employees is down

3. PERSONAL INCOMES AND EXPENDITURES: Real income of the residents of St. Petersburg in 2015 decreased by 3.4 percentage points more than in Russian on average

4. INDUSTRY: Hyundai plant in St. Petersburg has been modernized

5. FINANCE: St. Petersburg rating on the national scale under review

6. MUNICIPAL SERVICES: Express-train to link Pulkovo airport with Vitebsk railway station not to Baltiyskiy railway station as was planned earlier

7. REAL ESTATE: The subprogram on the development of Kronstadt is included in the state program on the economic and social development of territories of St. Petersburg

8. INVESTMENT PROJECTS: The first club of the Moscow chain of fitness-clubs Dr. LODER is to open in St. Petersburg

Founder: ICSEER Leontief Centre

Editor in chief:

Nina Oding

Editors:

Olga Varlamova

Denis Kadochnikov

© ICSEER Leontief Centre, 2016. When quoting from this publication, reference to "A General Overview of Socio-Economic Situation in St. Petersburg" is required.

In compiling this review, the report data of St. Petersburg Statistic Committee for 2007-2016 on the Socio-Economic Situation in St. Petersburg and the Leningrad Oblast was used.

Editorial office address: 190005, St. Petersburg, ul. 7-ya Krasnoarmejskaya, 25; Phone: (812) 314-4119 (812) 746-8872; Fax: (812) 570-3814

1. CITY MANAGEMENT

APPOINTMENTS, GOVERNMENT COUNCILS

Staff changes in the administrations of Kalininsky and Kronstadt rayons

In accordance with the decree of Governor of St. Petersburg on January 25 E. Motorin was dismissed from the position of head of administration of the Kalininski rayon. He was in the office from June 2014, and before that, since 2006, he was deputy head of the administration of Petrodvortsoviy rayon. The duties of the head of the administration were entrusted to the first deputy head of the administration of the Kalininski rayon S. Timofeev. On the basis of an order of the Governor on February 2, 2016, the new head of Administration of Kalininsky rayon is V. Ponidelko who was earlier the head of the administration of Kronstadt. To Kronstadt V. Ponidelko was transferred from the Kalininski rayon, where he was deputy head of the Administration. From February 4 the acting head of the administration of the Kronstadt rayon is N. Samokhina. Previously, she was first deputy head of the administration of Kronstadt rayon.

Staff changes in the Committee on construction

On February 25, the Chairman of the Committee on construction M. Demidenko was dismissed due to his request. The acting head is now the vice chair V. Levdikov. Among the reasons of the resignation of M. Demidenko, apparently, were difficulties with the completion of the construction of the stadium "Zenit-arena" and the implementation of the targeted investment program (AIP). The issues of implementation of the AIP in 2015 were discussed at the meeting with Vice-Governor I. Albin on February 19 in Smolny. At the meeting, in particular, it was noted that of the 106 sites for which in 2015 design and survey works had to be made, only at 35 they were completed in full. The meeting highlighted the shortcomings of the work with contractors who had previously violated the terms of execution of public contracts. The contractor of the Stadium requested the city authorities for additional funding in the amount of 435 million rubles. Excluding this amount, the total cost of construction is 34.9 billion rubles. Following the meeting, decisions were made about the dismissal of the deputy chairman of the Construction Committee A. Filippov and of the vice-manager of the Fund of capital construction and reconstruction A. Lushnikov.

The prospects of development of the metro have been discussed at Smolny

On January 26 under the chairmanship of the vice-governor I. Albin took place the meeting of the City commission on the development of the metro. The meeting was dedicated to the completion of the works at the station "Pushkinskaya", the second lobby of the station "Sportivnaya", the number of other objects. In addition, the focus of attention during the meeting was on the problem of the development of the metro in general in accordance with the scheme approved on June 28, 2011. The meeting participants considered feasibility study of the development plan of the metro of St. Petersburg until 2025 and the proposals for application of changes in the sectoral scheme of development of the metro. There was a decrease in the pace of construction of the metro not only in comparison with the Soviet period of history, but with the 1990s. In the period from 1980 to 1989, the city commissioned 28.1 km and 13 stations on three lines. Between 1990 and 1999 13,5 km of track and 7 stations were completed, work was conducted on two lines. Since 2000 to the present, only 9.9 km of track was built.

The Prime Minister held a working meeting with Governor of St. Petersburg

The meeting was held on January 28 at Kirov plant before the meeting of the government commission on imports substitution. G. Poltavchenko told to D. Medvedev about the City center of import substitution, representing the capabilities of production of more than 300 enterprises and organizations of St. Petersburg. The Governor reported on the main results of the development of the City's economy in 2015. The share of organizations with profits was 79%. The volume of state procurement of products and services from Russian companies grew almost 4 times. If in 2014 the volume of such purchases amounted to 20 billion rubles, in 2015 according to preliminary results it rose to 95 billion rubles. The City is implementing a program of imports substitution, has created and operates an information portal that provides an opportunity to review the products.

Regular meeting of the Economic Council under the Governor of St. Petersburg

On February 3 Governor G. Poltavchenko held a meeting to discuss the issues of improving the work of the Council, rotating its members and the implementation of the Strategy for economic and social development of St. Petersburg until 2030. The adjustment of target indicators of the Strategy taking into account the significant changes in the external environment for development have been discussed.

St. Petersburg has reported on preparations for holding World football cup 2018

On February 9 in Moscow at the Ministry of sports of Russia a meeting was held by the working group of the Coordination council of the Program of preparations for the 2018 World Cup. The meeting was chaired by the sports minister Vitaly Mutko. From St. Petersburg the meeting was attended by Vice-Governor Vladimir Kirillov, head of the city commission on the preparation of St. Petersburg for the world cup. St. Petersburg runs more than 90 activities required to perform the obligations of the Bid book "Russia-2018" and of the agreement between St. Petersburg, FIFA and the Organizing Committee "Russia-2018". Among the most important infrastructure projects: construction of the overpass at the intersection of the Pulkovo highway with the Dunayskiy prospect and of the part of the Neva-Vasileostrovskaya metro line between the station "Primorskaya" and the station "Begovaya" (Ulitsa Savushkina), including the station "Novokrestovskaya". Within the framework of preparations for the World Cup in Russia, works are conducted on 273 objects and events.

Annual Convention of the Council of municipal formations of St. Petersburg

The event took place on February 9, in cultural-leisure center "Moscow". The Congress was attended by Governor G. Poltavchenko, the Chairman of Legislative Assembly V. Makarov, Vice-Governor – head of the Administration of Governor A. Govorunov, the Chief Federal inspector in St Petersburg V. Minenko, heads of district governmental administrations, heads of municipal formations of St. Petersburg. The Congress participants summarized its activities in 2016 and determined the main directions of work in the current year. In particular, the consolidated budget of the municipalities has increased from 10.2 billion rubles in 2014 to 11 billion rubles in 2015. By the end of 2015 local budgets were executed in terms of revenues at 102% and in terms of expenditures at 95%. The amount of grants allocated by the city authorities to municipal formations has increased in 2015 by 6%. The support for funding of state powers transferred to local self-government has increased. In 2015, municipalities have allocated to the landscaping on average 1,000 rubles. per inhabitant (2012 – 600 rubles). Among the most urgent targets for 2016: improvement of regional legal framework, improving efficiency of budget expenditures, the division of powers between bodies of state power and local self-government.

Regular meeting of the Commission on the sustainable development of the economy and social stability in St. Petersburg

The meeting was held on February 10, in Smolny, under the chairmanship of the Governor G. Poltavchenko. The participants of the meeting considered the progress of the Program of the

sustainable development of economy and social stability in St. Petersburg. The basic results of Program execution in 2015 were presented to the participants of the meeting by the Chairman of the Committee on economic policy and strategic planning E. Ulyanov. The most important among these were: the reduction in the tax burden on small businesses, an extension of the lease of land plots owned by St Petersburg, the deferral of payments under investment-governmental agreements on construction of social and infrastructure purposes. In the framework of the Program implementation measures were also adopted on import substitution, the support and expansion of export activities, a list of systemic enterprises of St. Petersburg was formed.

The meeting of the expanded Collegium of Federal tax service administration of St. Petersburg

The meeting was held on February 10. It summed up the results of work of tax agencies of the city in 2015 and identified the main goals for 2016. By the end of 2015 the consolidated budget of St. Petersburg has been brought to a surplus, the revenues were 9.8% higher than the originally approved indicators. The share of taxes and fees administered by the tax authorities, amounted to 83% of the consolidated budget. The largest share in the structure of budget revenues amounted to a tax on income of individuals (over 40%). The Collegium has noted the successful implementation of electronic services of the tax authorities, including the possibility of the registration of small businesses.

An expanded meeting of the Collegium of the North-Western customs administration of Federal customs service of Russia

The meeting was held on February 11. The Collegium has approved the work of the administration in 2015. The state treasury has received more than 515 billion rubles. In 2015 the customs authorities initiated 354 criminal cases, most of which are associated with the evasion of customs payments. Also initiated were 16.5 thousand cases about administrative offences. Customs have seized more than 4 tons of "sanctions" products, and about 400 tons of products without documents and markings.

LEGISLATION

The list of objects related to the life support systems of the population of St. Petersburg

The list was approved by decree of the Government of St. Petersburg dated January 26, 2016 No. 15. According to the list, the critical in-

frastructure, whose failure to operate may lead to violations of the normal life of the people, includes the following types of property. First, elevators (components of larger units and dispatching equipment) suffering of spoilage, damage and requiring replacement or rehabilitation. Second, the common property in multi-family houses, affected by fires and natural calamities that led to the decline of reliability, durability and stability of building structures and requiring replacement and (or) restoration, when the recognition of apartment building subject to demolition or reconstruction is not possible.

The Procedure for providing subsidies to resource-supplying organizations for the compensation of shortfalls in income

The procedure for granting subsidies has been approved by the decree of the Government of St. Petersburg dated January 26, 2016, No. 45. The procedure regulates subsidies to resource-supplying organizations for the compensation of shortfalls of income arising for periods from December 2015 to November 2016 and from April 2013 to November 2015.

The maximum fees for renting premises

The resolution of the Government of St. Petersburg dated February 16, 2016 No. 111 set maximum rent amount for residential premises, including those provided under social rent. The fees are differentiated by districts of St. Petersburg, depending on their location (downtown, suburban and peripheral districts).

The law on elections of deputies of Legislative Assembly of St. Petersburg

The provisions of the Law of St. Petersburg dated February 17, 2016 No. 81-6 regulate the preparation and conduct of elections of deputies of the Legislative Assembly of St. Petersburg and the procedure for the realization of the right of citizens of the Russian Federation to participate in elections held in the territory of St. Petersburg. The new law has entered into force on February 28, 2016, has immediate effect and applies throughout the territory of St. Petersburg.

The procedure for granting subsidies related to cost recovery in connection with the works and services-aimed at creation and modernization of workplaces

The procedure was approved by the decree of the Government of St. Petersburg dated February 18, 2016 No. 148. The order provides for financial support (compensation) of costs incurred in connection with the execution of works and services aimed at creation and modernization of

workplaces, including special ones for disabled people. The subsidies are provided on a gratuitous and irrevocable basis to legal entities - winners of the contest, with the exception of state (municipal) institutions operating on the territory of St. Petersburg.

Coefficients to determine the amount of damage caused by heavy vehicles to the roads of St. Petersburg

The resolution of the Government of St. Petersburg dated February 18, 2016 No. 138 set the value of the constant coefficients used in the calculation of the damage done by heavy vehicles driven on public roads of regional significance in St. Petersburg.

MEETINGS AND COOPERATION

St. Petersburg strengthens cooperation with Gazprom

On January 26, Governor G. Poltavchenko and Chairman of the Board of "Gazprom" Alexei Miller signed an agreement on cooperation between St. Petersburg and the company in 2016. The provisions of the agreement include the supply of gas, integrated development of the gas distribution system in St. Petersburg, implementation of strategic investment projects, target programs for construction of gas pipelines, objects of the energy sector, industrial and civil purposes, providing for safe operation conditions of pipelines, energy-saving technologies. Gazprom will continue financing the construction of sports infrastructure. In this framework, Gazprom has already built in the various districts of St. Petersburg 16 sports and recreation centers. In 2016, 2 sports complexes with ice rinks are to be commissioned in Krasnogvardeisky and Nevsky districts of the city (ul. Peredovikov and ul. Babushkina) and 2 multipurpose complexes are to be built in the village of Metallostroy and in Peterhof.

St. Petersburg strengthens cooperation with India

On February 2 Governor G. Poltavchenko held in Smolny a meeting with extraordinary and plenipotentiary Ambassador of Republic India in Russia P. Saran. The meeting was attended by Vice-Governor Oleg Markov and Chairman of the Foreign Relations Committee E. Grigoriev. Among the most priority directions of cooperation were noted the military-technical sphere, trade, shipbuilding, pharmaceuticals, medicine, science, education, construction of hydraulic structures, information technology, utilities, filmmaking. For the Indian side of great interest is the experience of St. Petersburg in the management of public utili-

ties, primarily in the technologies of water treatment and sanitation.

Meeting of the Association of industrial enterprises of St. Petersburg

The meeting was held on February 25 in the Centre of import substitution and localization ("Lenexpo"). Against all odds, the industrial complex of the city managed to retain its important role in the economic development of the city. The industry of St.-Petersburg has made the greatest among all-spheres of the economy contribution to the formation of the revenues of the budget system – 38,8%. The index of industrial production by the end of 2015 was 92.7%. Its negative trend is largely influenced by the contraction of cars production. At the same time, a number of industries managed to increase production. This applies to television, radio, electronic and communications equipment (growth of 1,9 times), turbines (1.8 times), steel pipes (26.9%), radar, radio navigational equipment and radio remote control apparatus (22.4%); spare parts and accessories for motor vehicles (21.6%). Shipment volume of industrial production increased by 5.2% (to the level of 2014). It also gives reason to believe that the past year has been stable for the city's industry. In

January 2016, the industrial production index grew by 0.5%.



2. EMPLOYMENT

In December 2015 large and medium sized enterprises employed 1481.1 thous. people (Table 1). Compared to the previous month the number of staff grew by 0.3%, the number of by-workers fell by 0.1%, that of contracted workers grew by 8.4%.

In January – December 2015 the number of employees at these enterprises grew by 0.5% compared to the same period of 2014. The number of staff during the period grew by 0.7% that of by-workers fell by 0.8%, the number of contracted workers fell by 9.1%.

In December 2015, the largest number of vacancies filled was in education, processing industries, real estate operations, transportation and telecommunications, healthcare, and the least – was in agriculture and forestry, hotels and restaurants (Table 2). The public sector employed 39.4% of all employees of large and medium-sized enterprises of the City.

TABLE 1. Changes in total employment at large and medium enterprises of St. Petersburg

	December 2015		January - December 2015 in % to January - December 2014
	'000 people	In % to November 2015	
Filled jobs total, including:	1481,1	100,5	100,5
Registered permanent employees	1401,1	100,3	100,7
External by-workers	40,0	99,9	99,2
Contracted labour	40,1	108,4	90,9

TABLE 2. Employment at enterprises and organizations of St. Petersburg by the type of economic activity in December 2015 (without small enterprises)

Industry	Total employment	
	'000 people	% of the Total
Total, including:	1481,1	100,0
Manufacturing	223,2	15,1
Production and distribution of electric power, gas and water	37,8	2,6
Agriculture and forestry	5,1	0,3
Construction	61,7	4,2
Transportation and telecommunications	160,8	10,8
Finance	58,1	3,9
Real estate transactions, leasing and services	216,5	14,6
Wholesale and retail trade, repair of motor vehicles and home appliances	146,0	9,9
Hotels and restaurants	25,9	1,8
Public administration, security and social care	90,0	6,1
Education	220,9	14,9
Healthcare and social services	167,3	11,3
Other utilities, social and individual services	67,8	4,5

In September - November 2015 the economically active population of St. Petersburg amounted to 2971,4 thous. people, of them 2 916,7 thous. were employed and 54,7 thous. were unemployed. The level of employment during the period was 72.5% (share of the employed in the total population aged 15 to 72), the level of economic activity – 73.9% (economically active population to the total population aged 15 to 72) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In December 2015 the demand of St. Petersburg enterprises for workforce amounted to 53.8 thousand people (table 3) and by the end of December 2015 – 53750 vacancies have been reported to the Employment service, 68.6% of them – workers' positions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In 2015 the greatest demand for workers has been reported by enterprises and organizations of such economic activities as: operations with real estate, rent and services – 20.2% of all reported vacancies; construction – 16.7%; wholesale and retail trade – 14.5%; processing industries – 11.3%, transportation and telecommunications – 10.2%, healthcare – 8.4%.

Pressure on the labor market (the number of unemployed citizens registered with the Employment service per vacancy) at the end of December 2015 was 0.44 per vacancy (at the end of December 2014 – 0.23 per vacancy).

In December 2015, 23.6 thousand people were registered with the Employment service of St. Petersburg. This is 11.9% more than in January 2015 (table 4). In December 2015, 57.2% of those registered with the Employment Service were officially recognized as unemployed.

At the end of December 2015, the total number of people who applied to the State employment service of St. Petersburg was 24 882 people (at the end of December 2014 – 20 316).

The number of those registered as unemployed at the end of December 2015 amounted to 13 473 people, including women - 53.5%; young people aged 16-29 years - 18.1%; persons with disabilities – 13,0% (at the end of December 2014 the number of unemployed was 10337 people).

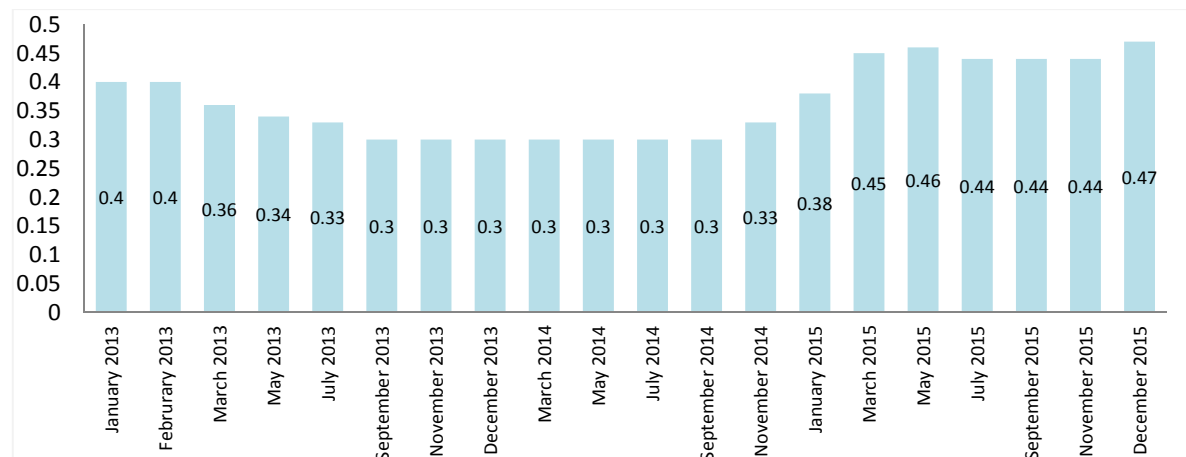
Since the beginning of the year The Employment service has registered 114 559 people who applied for assistance in finding a suitable job, including 91 092 unemployed citizens, 896 persons – foreign citizens and stateless persons (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

TABLE 3. St. Petersburg enterprises' demand for workforce, January 2015 – January 2016

Month	Number of unemployed people registered at the Employment Service	Those with the status of an unemployed person		
		'000 people	% to previous month	% to the same month of the previous year
January 2015	78,4	0,3	150	100
February	57,2	0,5	170	125
March	52,9	0,5	100	125
April	52,1	0,5	100	125
May	55,8	0,5	100	125
June	60,8	0,4	80	133
July	63,8	0,4	100	200
August	64,3	0,4	100	200
September	62,9	0,4	100	200
October	63,9	0,4	100	200
November	57,5	0,4	100	200
December	53,8	0,4	100	200
January 2016	49,0	0,6	150	200

TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2015, January 2016

Month	Number of unemployed people registered at the Employment Service	Those with the status of an unemployed person		
		'000 people	% to previous month	% to the same month of the previous year
January 2015	21,1	10,8	105	110
February	26,3	12,3	114	124
March	28,4	12,9	105	133
April	28,5	13,5	104	139
May	26,9	13,2	97	138
June	25,0	13,0	98	142
July	25,0	12,6	97	141
August	24,1	12,0	95	141
September	24,4	11,7	98	137
October	24,6	11,7	99,4	132
November	24,8	12,6	108	136
December	23,6	13,5	107	130
January 2016	27,5	13,6	101	126

PICTURE 1. The level of registered unemployment in St. Petersburg, % of the economically active population

In January 2016, 1.6 thousand persons have received the status of unemployed (by 29 persons or by 2% less than in January 2015). The job placement of the unemployed in January 2016 was by 0.1 thousand people or by 17% more than in the same period of 2015, amounting to 0.5 thousand people.

According to Rosstat, in January-November 2015 the level of unemployment (according to the methodology of the International labor organization) amounted to 1.8% of the economically active population (EAP). For the same period in 2014, it was 1.3%. The unemployment rate in St. Petersburg is second only to Moscow (about 1.7%).

The level of registered unemployment (ratio of registered unemployed to the economically active population on average for 2014) at the end of December 2015 amounted to 0,47% of the economically active population (at the end of December 2014, this indicator was 0.36%) (www.rspb.ru)

(picture 1). This is the lowest indicator among regions of the Northwestern Federal district.



3. PERSONAL INCOMES AND EXPENDITURES

PRICES

In January-December 2015 consumer prices growth in St. Petersburg was equal to 13.2%. In the same period of 2014 it was 13.3%.

The growth of consumer prices in January-December 2015 in St. Petersburg was higher than Russia's average by 0.3%. In December 2015 consumer prices grew by 1.8% (Table 5).

In January-December 2015, tariffs for paid individual services in St. Petersburg grew by 8.5%. For comparison: their growth in the same period of 2014 was 12.2%.

The rate of growth of tariffs for paid individual services in January-December 2015 was

1.7% lower than the Russia's average. Tariffs for paid services in January 2016 grew by 2.6%.

In 2015, prices of foodstuff and of non-foodstuff goods grew faster than in Russia on average by 0.6% and 2.1% correspondingly. The growth was correspondingly – 14.6% and 15.8%. In January 2016 prices of foodstuff and non-food goods grew by 1.9% and 1.1% correspondingly.

In January 2016 prices grew for fruits and vegetables (9.2%), cheese (1.8%), fish (1.3%), sausage (1%), oats and beans, confectionary (0.9%), milk and dairy products (0.7%), bread and bakery (0.4%), fats and oils (0.3%), alcohol (0.1%). Prices fell for meat and poultry (by 0.4%).

Among non-food goods in January 2016 in St. Petersburg the following grew in price: tobacco and haberdashery (2%), kitchenware and clothing

(1.9%), textile products and cleaning products (1.3%), construction materials (0.8%), footwear (0.7%), perfume and cosmetics (0.2%), fabrics (0.1%).

In January 2016 payments for communal services, waste collection, cold water and sewerage, gas and electricity remained unchanged. Exploitation payments grew by 2.1%.

In January 2016 in St. Petersburg, prices grew for passenger transportation by 7.2%, for refrigerator repairs by 6.4%, flat repairs by 4.8%, insurance by 4.3%.

In January-December 2015, gasoline prices increased by 5.4%, diesel fuel – by 2.8%. In January 2016, the price of gasoline did not change, that of diesel fuel increased by 0.2%.

TABLE 5. Consumer price index dynamics in 2015, January 2016, % to the previous month

	<i>St. Petersburg</i>				<i>Russian Federation</i>			
	<i>CPI</i>	<i>Including:</i>			<i>CPI</i>	<i>Including:</i>		
		<i>Foodstuff</i>	<i>Non-food goods</i>	<i>Personal services</i>		<i>Foodstuff</i>	<i>Non-food goods</i>	<i>Personal services</i>
January 2015	105,0	106,8	103,7	104,2	103,9	105,7	103,2	102,2
February	102,3	103,8	102,8	99,7	102,2	103,3	102,1	100,8
March	101,0	101,4	101,5	99,8	101,2	101,6	101,4	100,3
April	100,4	100,9	100,9	99,3	100,5	100,3	100,9	100,0
May	100,2	99,6	100,9	100,3	100,4	100,1	100,5	100,5
June	100,2	99,3	100,5	101,0	100,2	99,6	100,3	101,0
July	100,7	99,8	100,4	102,1	100,8	99,7	100,5	103,0
August	100,1	98,6	100,6	101,4	100,4	99,3	100,8	101,3
September	100,5	100,5	101,1	99,0	100,6	100,4	101,1	100,0
October	100,6	100,6	101,2	99,7	100,7	101,0	101,0	99,9
November	100,7	101,5	100,8	99,7	100,8	101,2	100,7	100,2
December	100,9	101,3	100,4	101,1	100,8	101,2	100,4	100,7
January 2016	101,8	101,9	101,1	102,6	101,0	101,2	100,7	101,0
December 2015 in % to December 2014	113,2	114,6	115,8	108,5	112,9	114,0	113,7	110,2
December 2014 in % to December 2013	113,3	118,4	108,9	112,2	111,4	115,4	108,1	110,5

PERSONAL INCOMES AND EXPENDITURES

Real incomes in St. Petersburg in 2015 declined by 7.4% and in Russia on average by 4.0%. Real wages in St. Petersburg during the period under review fell by 6.6%, while in Russia – by 9.5% (table 6).

Average monthly nominal salary, accrued in St. Petersburg in December 2015 amounted to 57 603 rubles, average nominal salary in Russia in December 2015 was 25.9% less than in St. Petersburg and was equal to 42 684 rubles.

Salary arrears on February 1, 2016 amounted to 1388,9 million rubles and increased compared to February 1, 2015 26.7 times. Transport sector accounted for 94.4% of the total debt, manufacturing – 4,0%, construction –1.6%. Budget arrears were absent.

At the end of 2015 the share of savings in deposits was higher than the share of purchases of foreign currency by the population (table 8).

DIFFERENTIATION OF INCOMES AND SALARIES IN ST. PETERSBURG

In December 2015 the level of inter-industry salary differentiation in comparison with the previous month decreased (picture 2). So, the gap between the highest wages (mining) and the lowest (hotels and restaurants) was 5.5 times compared to 5.8 times in August, 5.6 times in June 2015.

The highest wages in December 2015 were in mining (salaries in this sector were 2.55 times the average wage in St. Petersburg).

In December 2015 the average salary in St. Petersburg was significantly exceeded by the salary in financial sector (by 78.7%), in provision of other communal, social and personal services (42,0%), public administration (34.1%).

The lowest salary was paid to those employed in agriculture and forestry (62.7% of the average salary), employees of hotels and restaurants (46.8% of the average salary).

TABLE 6. Real monetary incomes and real salary in St. Petersburg and the Russian Federation in 2015, %

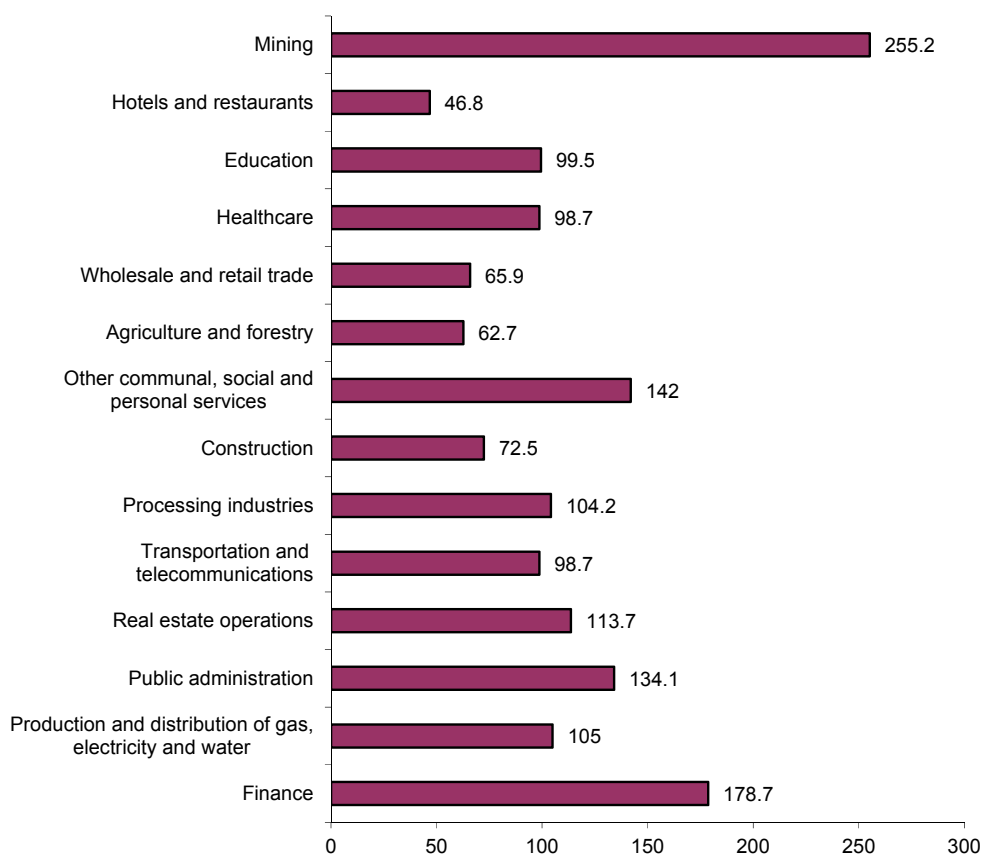
	<i>St. Petersburg</i>				<i>Russian Federation</i>			
	<i>Real salary</i>		<i>Real income</i>		<i>Real salary</i>		<i>Real income</i>	
	<i>To the previous month</i>	<i>To the same month of the previous year</i>	<i>To the previous month</i>	<i>To the same month of the previous year</i>	<i>To the previous month</i>	<i>To the same month of the previous year</i>	<i>To the previous month</i>	<i>To the same month of the previous year</i>
January 2015	69,2	93,5	34,8	92,8	71,3	91,6	50,0	99,2
February	100,1	94,3	160	98,2	99,3	92,6	131,9	98,4
March	104,1	89,0	96,0	94,9	103,4	89,4	96,4	98,4
April	103,2	92,9	114,9	95,8	104,9	90,4	113,0	96,1
May	96,5	93,5	94,9	93,0	99,8	92,6	89,2	93,5
June	104,9	92,3	99,7	94,5	102,8	91,4	108,7	96,9
July	96,3	90,7	101,2	91,0	95,0	90,8	102,0	98,0
August	93,2	91,9	94,7	94,6	94,7	91,0	100,0	94,7
September	102,4	89,8	95,0	95,8	101,7	89,6	91,9	95,3
October	102,8	91,3	108,8	94,2	100,6	89,5	105,9	94,7
November	99,9	91,1	100,4	93,4	99,3	89,6	98,0	93,5
December	131,5	93,4	146,4	86,1	127,0	90,0	143,4	99,3

TABLE 7. Salary arrears in St. Petersburg in January-December 2015, January – February 2016 (on the 1st of each month), mln. rubles

	January	February	March	April	May	June	July	August	September	October	November	December	January	February
Total arrears	10,3	52,0	191,2	144,0	137,6	78,6	127,0	110,1	42,2	83,9	65,3	184,4	756,0	1388,9

TABLE 8. Personal expenditures of St. Petersburg's residents in 2015 (% of the incomes)

	<i>Expenditures:</i>				<i>Excess of incomes over expenditures (+), expenditures over incomes (-)</i>
	<i>Purchase of goods and services</i>	<i>Required payments</i>	<i>Savings in deposits</i>	<i>Foreign currency purchase</i>	
January 2015	110,7	15,1	- 15,5	16,7	- 36,3
February	64,5	15,5	10,0	13,3	- 11,4
March	72,7	16,3	1,8	15,0	- 17,7
April	61,3	15,7	8,3	14,4	- 11,1
May	68,9	14,1	8,6	10,5	- 12,2
June	69,5	16,1	4,7	11,6	- 9,1
July	66,9	17,0	5,5	13,2	- 11,3
August	70,2	15,3	6,9	13,4	- 12,9
September	74,2	15,8	3,8	13,3	- 14,2
October	68,7	14,8	6,5	13,6	- 10,0
November	66,0	13,7	11,5	11,2	- 10,6
December	55,0	18,3	10,9	9,0	- 0,6

PICTURE 2. Inter-industry differentiation of average salary in December 2015 in St. Petersburg, % of the average salary (the average salary = 100%)

4. INDUSTRY

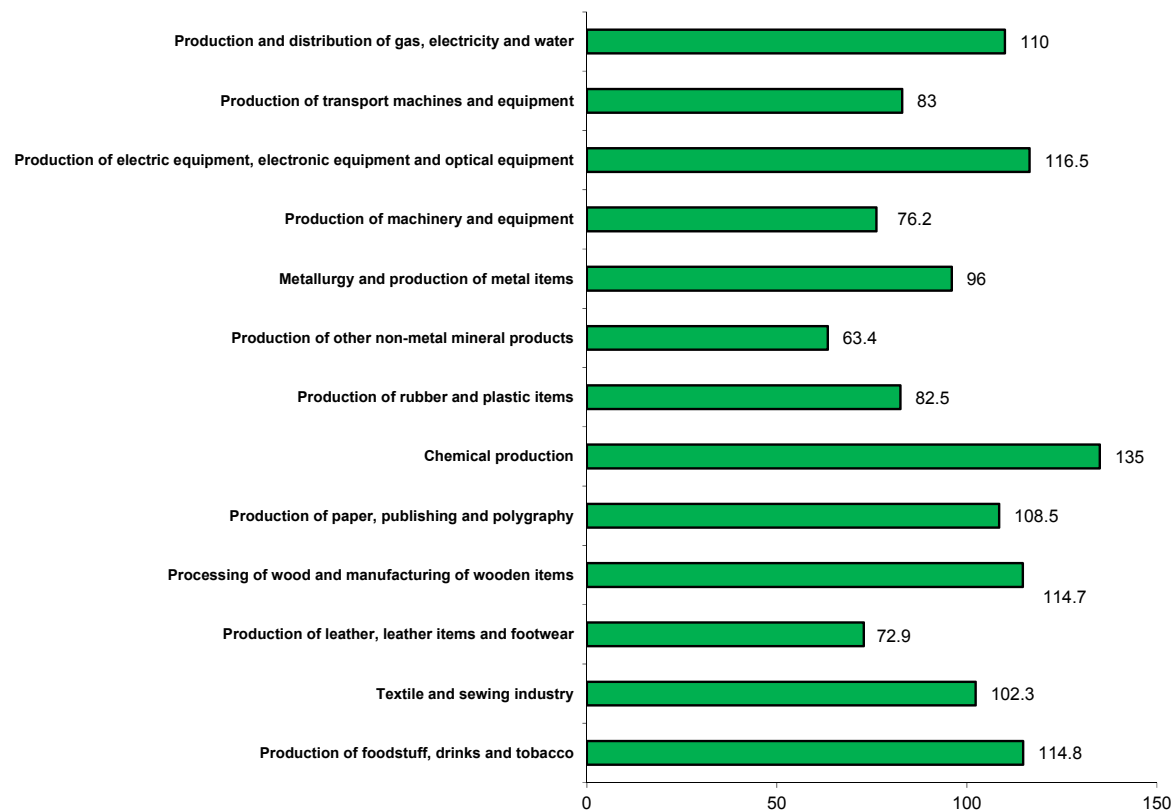
Industrial production index in St. Petersburg in January 2016 compared to January 2015 amounted to 100,5%.

The Baltic plant - Shipbuilding, member of the United Shipbuilding Corporation has received the license of Federal service for ecological, technological and nuclear supervision for the manufacture of equipment for nuclear installations suitable for ships and other vessels with nuclear reactors. The license term is until 2021. The Baltic plant - Shipbuilding also has licenses for the construction of nuclear installations for the floating power unit and for icebreakers of the project 22220. "Obtaining this license gives the plant more opportunities to use its competencies in nuclear shipbuilding", - said the General Director of the Baltic plant - Shipbuilding Alexey Kadilov.

At the moment the Baltic plant - Shipbuilding is building the icebreaker "Arktika" - the largest and the most powerful nuclear icebreaker in the world (<http://www.b-port.com/>, February 20, 2016).

In preparation for the release of new models of vehicles, the Hyundai plant in St. Petersburg held a large-scale modernization. Overall, the project will cost approximately one hundred million dollars. According to the press service of "Hyundai Motor CIS", a significant update touched all parts of the plant "Hyundai Motor manufacturing Rus". Some of the equipment was set with new models in mind, so to prepare their release does not require stopping current operation of the enterprise. The plant got a separate press for testing dies for the production of new panels of cars. The welding workshop was supplied with 50 new robots. There are 170 now in total. There are new sheeter presses. As explained at the enterprise, this equipment in the first place is necessary for the making of special solid body of the new Creta compact SUV, which will go into mass production in the third quarter of this year. The paint shop has also undergone modernization. In the assembly area a section of the conveyor was modernized to significantly facilitate the assembly of all-wheel drive version of Creta (<http://spbvoditel.ru/>, February 25, 2016).

PICTURE 3. Industrial production dynamics in St. Petersburg by industry, January 2016 in % to January 2015



The "Oktyabrskiy Elektrovağonoremontniy Zavod" (St.-Petersburg), part of the Transmasholding group, in the framework of the restructuring plans to sell part of its territory, the press service of the OEVRZ. "Currently OEVRZ completes work on creation in the territory of the enterprise of two new workshops, which will be deployed in the production and repair of modern passenger rolling stock. Part of the program of restructuring is the withdrawal from the company of part of the area of the plant. These areas are expected to be sold", - was stated in the message. New workshops are scheduled for opening in September 2016. In the future the plant's production activity will involve existing capacity of the plant (<http://www.interfax-russia.ru/>, February 16, 2016).



FINANCE

CITY BUDGET

Information about the implementation of the consolidated budget is presented in table 9.

According to the data of the Federal tax service of Russia in St. Petersburg in January-December 2015 the revenues from taxes, fees and other obligatory payments amounted to 747.6 billion rubles, which in nominal terms is 10% more than in the corresponding period of the last year. In November 2015, compared with the previous month revenues to the budget system increased by 47.3%.

In January-November 2015 financial result (profit minus loss) of organizations (excluding banks, insurance companies and budget organizations, without small businesses) amounted to 525.2 billion rubles, which is 57.7% more than in the corresponding period last year. In January-November 2015 the number of unprofitable enterprises in comparison with the same period of 2014 increased by 19 units or by 3.6%, the amount of the loss has decreased by 9.9%.

STATE DEBT

Information about the structure of the state debt as of March 1, 2016, is presented in the tables 10 and 11.

Table 9. Consolidated budget execution in 2015 (mln. rubles)

	<i>Revenues</i>	<i>Expenditures</i>	<i>Surplus</i>
<i>January - October</i>	375786	313752	62034
<i>January - November</i>	403571	353395	50176

Source: Petrostat.

Table 10. St. Petersburg's state debt structure on 01.03.2016

	Mln rubles	Share, %
State domestic debt of St. Petersburg, including:	14 736,9	100,0
Bonds	5 858,9	39,8
Budget credits	8 878,0	60,2
State external debt of St. Petersburg	0,0	0,0
Total	14 736,9	100,0

Source: St. Petersburg Committee of Finance

Table 11. State debt servicing costs of St. Petersburg, March 1, 2016, mln. rubles

Item	Plan for 2016
Domestic debt servicing costs	574,9
Total	574,9

Source: St. Petersburg Committee of Finance

BANKS

International rating agency Moody's Investors Service Limited on March 9, 2016 has set long-term credit rating of St. Petersburg according to the international scale Ba1 on review for downgrade.

Moody's Interfax on March 10, 2016 has put the rating of St. Petersburg on the national scale Aa1.ru on the review for downgrade.

These rating actions are due to the setting on March 4, 2016 the rating of bonds of the Russian Federation Ba1 on review for downgrade.

6. MUNICIPAL SERVICES**BEAUTIFICATION, RESTORATION, REPAIRS**

The Construction Committee of St. Petersburg announced a competition for landscaping of the embankment next to the under construction "Zenit-arena". The initial (maximum) price of the tender is 1.8 billion rubles, the work must be completed by December 15, 2017 (six months prior to the world Football Championship 2018). It is expected that the winner of the tender will strengthen the banks of the alluvium, will be set up from covered parking and a pedestrian walkway from the metro station "Novokrestovskaya" to "Zenit-arena", and will build the bridge to the Bychiy Island. <http://www.dp.ru/104e5z/>

State administrative and technical inspection (GATI) of St. Petersburg simplifies administrative procedures and intensifies monitoring of the recovery of elements of beautification. If new rules proposed by the GATI, are agreed, the contractors performing construction or repairs of city streets, will have to pay a fine of 200 to 500 thousand rbl. (increase of 1000 times) for non-fulfillment or non-timely execution of works on the restoration of landscaping after the completion of construction or reconstruction. Furthermore, under the new order of GATI, the orders for the installation and placement of temporary fencing on the land plots granted for the purposes of capital construction are abolished. This measure is intended to relieve contractors from excessive administrative procedures. (Based on materials of GATI)

The final cost of the repair of the cruiser "Aurora" will be about 800 million rubles. Half of the cost of the work has already been paid from the City budget. From September 2014 the cruiser is in the Kronstadt naval plant. The restoration work is scheduled for completion in July 2016. <http://tass.ru/obschestvo/2637155>

A number of competitions on capital repairs of roofs in St. Petersburg worth more than 500 million rbl. is cancelled in accordance with the decision of the Federal antimonopoly service. The

reason for the cancellation of tenders is that the organizer of the competitions - the Fund of capital repairs included in the documentation the requirements for the insulation of roofs, which can be met by only one participant – the company "KredoStroyService", that supplies Belgian insulation "Aluthermo". <http://www.dp.ru/104er8/>

TRANSPORTATION, ENERGY, WATER SUPPLY

According to Petrostat in January-December 2015 organizations of road transport have transported 531,8 million people (8% more than in January-December 2014) and the total turnover for 2015 increased to 3132,8 million passenger-km (exceeding the previous year's value by 3,5%). However, in January 2016, both indicators were significantly lower than in January 2015 - during the first month of this year 38.1 million people were carried (6 per cent below the level of January 2015) and the passenger turnover amounted to 222.8 million passenger-kilometers (9.5% below last year's level). The dynamics of commercial freight operations was negative throughout 2015 (-15% compared to 2014) and January 2016 (-3% compared with January, 2015). A positive trend is a gradual reduction in the number of accidents (-12% for 2015 and -13% for January 2016) and for road traffic victims (-13% for 2015 and -20% for January 2016).

Pulkovo airport (LLC "Northern capital gateway") in 2015, increased its revenue by 15% to 14 billion rubles, and EBITDA by more than 50%. The passenger traffic of the airport during the previous year decreased by 5% and amounted to 13.5 million people (international air transportation because of the realized economic and political risks has dropped by about 20%). (Based on materials of "Vedomosti" and LLC "Northern capital gateway")

The state unitary enterprise "TEC of St. Petersburg" in two years (2014-2015) have saved more than 750 million rubles for conditionally constant expenses (transportation, information, legal services, interest on loans, etc.). Nevertheless, even with further reductions in 2016, the company may yield a net loss of 2 billion rubles. One of the reasons is the failure of the city government to cover at the expense of budget subsidies falling revenues from the reduction of heat supply (following the warm winters of the last few years). Another reason is the growing overdue arrears of consumers of housing and communal services before the suppliers of utility services. Thus, by January 1, 2016 the amount owed to the state unitary enterprise "TEC" has reached 4 billion rubles, having increased twice in the last two years. <http://www.kommersant.ru/doc/2913120>

MAJOR URBAN PROJECTS

According to the Government of Saint-Petersburg Express train from Pulkovo airport is to be built under a public-private partnership, and the

terminal stop will be not Baltic train station but Vitebsk train station. A new project has been developed by JSC "Lengiprotans". The advantages of this option include better transportation accessibility of Vitebsky railway station (two metro stations, a developed network of ground transportation, availability of parking lots), as well as the lack of freight movement in the Vitebsk direction. It is planned that the trip from Pulkovo to Vitebsky railway station will take 25 minutes with the interval of 20 minutes. The total project cost has not changed and amounts to 18 billion rubles. The share of the costs of the private partner has not yet been determined, while 5 billion rubles of the federal loan from the Ministry of Finance (half of total) have already been received by the city budget. http://www.rbc.ru/spb_sz/26/02/2016/56d067ba9a79477afd311d0d

Construction work at the "Zenit-arena" may not be completed in time (May 2016). JSC "Inzhtransstroy", the main construction contractor, has not completed work for 3.1 billion rubles and did not complete the work under the contract to December 15, 2015 (total contract amount to 12.5 billion rubles). The customer of works – the Construction Committee of St. Petersburg has suspended the execution of the state contract with JSC "Inzhtransstroy" until June 30, 2016. According to the Committee, as of January 19, 2016 more than 81% of the construction work have been completed, but only 30% of works on landscaping of adjoining territory and 37% of the work on the external lighting and artistic illumination of the stadium. <http://www.kommersant.ru/doc/2902817>

7. REAL ESTATE

HOUSING

According to Committee on Construction of St. Petersburg, in January and February 2016 in St. Petersburg 794976,8 square meters of housing have been commissioned (213 homes for 14440 apartments, including 52 new buildings on 14252 apartments with a total area of 754164 sq m and 2 reconstructed ones with a total area of 10501,8 sq m). In addition, in February 2016 in St. Petersburg 20 civilian objects have been put into operation.

The volume of housing commissioning from the beginning of 2016 in the city districts is as follows:

- in Primorskiy rayon — 8 new homes on 3616 apartments with total area of 199067 sq. m,
- in Krasnoselskiy rayon — 899,00 148 sq. m,
- in the Vyborgskiy rayon of -110 120,70 sq. m,
- in the Moskovskiy rayon – 67 109,10 sq. m,
- in the Nevskiy rayon – 50 574 sq. m,
- in the Petrogradskiy rayon – 45 992,90 sq. m,
- in the Vasileostrovskiy rayon – 54485,9 sq m,

- in the Pushkinskiy rayon – 65736,3 sq m,
- in Krasnogvardejskiy rayon – 12 179,10 sq. m.

According to St. Petersburg state budgetary institution "Gorzhilobmen" in 2016 the implementation of the targeted housing program "Resettlement of communal apartments" was financed in the amount of 3.1 billion rubles from St. Petersburg budget. In accordance with the order of the Housing Committee No. 32-R of 19.01.2016 "On approval of the consolidated list of citizens eligible for social benefits within the framework of the targeted program of St. Petersburg "Resettlement of communal apartments in St. Petersburg" the list of citizens-recipients of social benefits in 2016 was approved. The consolidated list includes citizens, who submitted documents for participation in the program from October 5 to December 25, 2015.

The size of social payments as of the first quarter of 2016 is 574 744,50 rubles – for citizens living alone and 313 497 rubles per person in a family with 2 or more family members.¹

In addition, during 2016, the City expects to sign 50 agreements of state life annuity rent with pensioner-clients. According to the Director of the state budgetary institution "Gorzhilobmen" S. Filimonova, for these purposes the city budget will allocate almost 40 million rub. From September 2015 in St. Petersburg there were concluded 43 agreements for life annuity rent. The city bought most apartments from elderly citizens in the Kalinin district (11 flats).²

On December 31, 2015 (the end of 2015) in St. Petersburg there were commissioned 3,031 million square meters of housing, announced the press service of the Committee on Construction of St. Petersburg. In 2014, the city had built more than 3,261 million square meters, thus, the housing construction fell last year by 7%. The plan for new housing in 2015, was completed ahead of schedule by 12.2%. According to the Chairman of the Construction Committee M. Demidenko, more than 85% of the completed housing was sold. Most apartments were built in Vyborgskiy rayon (510,0 407 sq km), Primorskiy rayon (902,5 350 sq km) and Moskovskiy rayon (278 762 square meters).

According to preliminary data of the consulting center "Petersburg real estate" in 2015 on the territory of St. Petersburg and its suburbs about 3.7 million square meters of housing were sold - the level of 2013. Compared to 2014, the demand fell by about 25%. According to "Petersburg real estate", more than 70% of sales were in Primorskiy, Krasnoselskiy, Nevskiy, Vyborgskiy, Krasnogvardejskiy and Kalininskiy rayons.³

In addition, according to data provided by the Housing Committee of the city, in St. Petersburg by the end of 2015 5297 communal apart-

¹ <http://obmencity.ru/>, 10.02.2016

² www.gazeta.bn.ru, 24.02.2016

³ www.vedomosti.ru, 13.01.2016

ments were resettled and housing was provided to more than 16 thousand families from the waiting list. In the framework of the targeted programs of assistance in improving housing conditions 11 thousand urban families from the waiting list were provided with assistance. Social payments and grants were provided from the Federal budget and the budget of St. Petersburg for a total sum of more than 7 billion rubles.

On January 1, 2016 there were 97 thousand families living in communal apartments. In St. Petersburg there are 83 350 communal apartments, which are home to more than 260 thousand families. Since 2008 there is a program for the resettlement of communal apartments, and the number of communal apartments has decreased by more than 33 thousand, during this period, resolving housing problem of about 72 thousand families.⁴

TERRITORIAL DEVELOPMENT

On February 16 the Government of St. Petersburg adopted a decision on the inclusion of the subprogram "Development of Kronstadt" into the existing state program "Economic and social development of the territories of St. Petersburg". The plans for the development of Kronstadt until 2020 were presented by the Chairman of the Committee on economic policy and strategic planning of St. Petersburg E. Ulyanova. The key aspect of the development of the island territories is high unrealized potential for the development of housing construction, tourism and recreation, as well as the opening of new production facilities. In the framework of the implementation of all planned activities by 2020 on the territory of Kronstadt there should be implemented at least 10 investment projects worth over 100 million rubles, no less than 102 hectares of recreational areas organized, at least 3 sports facilities of citywide importance built. It is planned that as a result of implemented measures by 2020 the population of the Kronstadt rayon will increase by 9740 people (up to 54 thousand), the number of tourists visiting the Kotlin island will rise to 3 million people a year, there will be at least 100 new enterprises of small and medium business, and at least 1,200 new jobs. The size of the housing stock by that time needs to be increased by 200 thousand sq. m. Total funding at the expense of the budget of St. Petersburg for the period until 2020 will amount to 2 billion 787 million rubles, including 1.7 billion rubles for engineering and transportation infrastructure, 818 million for the construction of objects of social infrastructure and 267 million for other activities.⁵

8. INVESTMENT PROJECTS

The volume of investments in fixed capital by organizations of St. Petersburg in January-December 2015 amounted to 521,3 billion rubles (see table 12) This is 89% relative to the corresponding period last year.

Table 12. Investments in fixed capital, bln. rubles.

	Bln. rubles	% of the total
Investments in fixed capital, including:	521,3	100
Housing	81,1	15,6
Non-residential premises	186,7	35,8
Machinery and equipment	232,3	44,5
Other	21,2	4,1

New chain of stationery "KanzPark"

The first "KanzPark" store will open in St. Petersburg in the shopping center "Bonus". It is planned to open five stores in St. Petersburg. To compete with the leaders of Petersburg market (the chains "Comus", "Bukvoed", "Grafika-M") the new chain will maintain lower margins. In addition, the parent company has its own brand in the low-price segment. The investments in the opening of the first store is estimated at 3-5 mln rubles.

In St. Petersburg, in Nevsky prospect a new store of the cosmetic company "First decision" under the brand Planeta Organica opens

Planeta Organica is a new mono-brand chain of the company, which is also to develop in other cities. According to the owner of the company, in 2016 the company plans to open 30-40 stores under various brands. It is better than to cooperate with large retailers. The company plans to invest into interior decoration to encourage visitors to purchase, but will also continue to release new products with a small cost in the low-price segment. The city already has three retail stores of the company: Natura Siberica and Organic Shop. The investments in the store opening are 16 to 23 million rubles.

Pharmaceutical companies Pfizer and "Polysan" have signed contract on the production of drugs

According to the agreement, after the completion of technology transfer the following medications production will be localized in Russia:

- original drug for the correction of dyslipidemia;
- new drug with a unique mechanism of action for rheumatoid arthritis;

⁴ www.gazeta.bn.ru, 15.02.2016

⁵ <http://cedipt.spb.ru/>, 16.02.2016

- antibacterial drug of the oxazolidinone class.

The production of the first commercial series is planned for 2018, it is expected that the production capacity of the company "Polysan" will be able to fully meet the demand of Russian patients for Pfizer products.

Moscow network of premium fitness clubs Dr. LODER plans to open in Petersburg the first club

The concept of the club in St. Petersburg does not involve a large flow of visitors; it is designed for residents of the residential complex "Privilegia" and the immediate area of Krestovsky Island. It is planned that the club will include 23-meter swimming pool, a fitness center and a spa area. The volume of investment is about 200 million rubles.



GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

This analytical overview is a publication of the International Centre for Social and Economic Research "Leontief centre" and is issued 6 times per year in Russian and English since 1992.

Each issue (20-25 pages) contains, in concentrated form, statistics and information (incl. unpublished) describing the situation in the industry, urban infrastructure, the budget sphere, the progress of privatization and investment projects in St. Petersburg, as well as the standard of living and employment.

The review provides a unique opportunity for investors, entrepreneurs, scholars, public figures to regularly and quickly obtain information about the development of the city.

All editions of the overview are posted on the website <http://www.obzor.leontief.ru/>