

# **GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG**

**November - December 2016 № 144**



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## 1. CITY MANAGEMENT

### APPOINTMENTS, GOVERNMENT COUNCILS

#### **New representative of the Governor in the Legislative Assembly of St. Petersburg**

On November 23 Yu. Shesterikov was appointed to this position. Previously he spent 5 years as the head of the Federal service of Russia on control over drug trafficking across St. Petersburg and Leningrad region. In April 2016, the Agency has been abolished with the transfer of powers and functions to the Ministry of Internal Affairs of Russia. Prior to Yu. Shesterikov this position was held by M. Brodsky since 2003.

#### **Regular meetings of the Investment Council under the Governor of St. Petersburg**

On November 24, in Smolny, Governor Georgy Poltavchenko chaired a regular meeting of the Investment Council. The meeting focused on measures to support creative public spaces, investment projects in scientific fields and transport infrastructure, as well as on the development outcomes established in 2015 the cluster supply and sanitation St. Petersburg. During the meeting preliminary results of work on improvement of the investment climate have been summed up.

The last meeting of the Investment Council under the Governor in 2016 was held on December 19 at the General staff building of the Hermitage. In his speech Governor G. Poltavchenko said that St. Petersburg was for the third consecutive year awarded the highest rating of investment attractiveness in the investment climate rating of Russian regions by the agency "Expert RA". The Chairman of the Investment Committee I. Babyuk, stated that the growth of investments in the real sector of the economy amounted in January-September 2016 to 35%. In the first half of 2016, the City has attracted \$ 3.5 billion. of foreign direct investment. The meeting participants considered a number of investment projects. The first project is the construction of a pharmaceutical complex of the company "Biocad" in the Pushkin district. For this project it is planned to attract more than 3 billion rubles of investments. After launching it will employ about 2 thousand people. The second project is based on public-private partnership and involves construction of 2 high-speed tram lines: the first will connect metro station "Kupchino" with Shushary and Slavyanka, with a branch to "Expoforum" and with an extension to Yuzhniy. The second line will run from the currently under construction metro station "Yuzhnaya" to the town of Kolpino. In the final part of the session, participants were shown a renewed Investment portal of St. Petersburg (<http://www.spbinvestment.ru/ru>).

#### **Public chamber of St. Petersburg net in Smolny**

The meeting was held on December 5. It was attended by Governor Georgy Poltavchenko. In his speech, Georgy Poltavchenko said that the city government interacts with the Public chamber on all key issues of city life. The participants of the meeting noted that in 2017 in Russia a new procedure for the formation of public chambers comes into force. The deputies of the City parliament adopted in first reading the bill "About public chamber of St. Petersburg".

#### **Meeting of the Economic Council under the Governor of St. Petersburg in Smolny**

The latest meeting in 2016 was held on December 22 and was devoted to summarizing the work on updating of strategic planning documents in St. Petersburg — the Strategy for economic and social development of St. Petersburg until 2030 and long-term forecast of socio-economic development of the city. A report on the results of the related work was made by the Chairman of the Committee on economic policy and strategic planning Ye. Ulyanov. The report focused on the mechanisms for achieving the goals, including: increasing the share of innovative products in GRP, the growth of labor productivity and production of high-tech equipment. Measures to accelerate the development of promising sectors of the economy of the city were developed by the specialists of consulting company «McKinsey» in conjunction with relevant committees and members of the business community. Among the most promising areas are pharmaceutical products, mechanical engineering, shipbuilding, automobile manufacturing and other vehicles, radio-electronic industry, information technology, energy and tourism.

#### **Meeting of the Supreme Eurasian Economic Council and the session of Council of Collective Security Treaty Organization**

The event was held on December 26. The meeting of the Supreme Eurasian Economic Council (EEU) was attended by the President of Russia V. Putin, President of Armenia S. Sargsyan, President of Kazakhstan N. Nazarbayev, President of Kyrgyzstan A. Atambayev, Chairman of the Eurasian Economic Commission T. Sargsyan. The EAEU Treaty entered into force on January 1, 2015. The member states include Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia. Following the meeting, approved were 25 draft documents aimed at implementing a common economic policy and developing cooperation, including the Agreement on the Customs code of the EAEU. On the same day a session of the Collective Security Treaty Organization was held. The session was attended by: the President of Russia V. Putin, President of Armenia S. Sargsyan, President of Kazakhstan N. Nazarbayev, President of Kyrgyzstan A. Atambayev, President of Tajikistan E. Rahmon, CSTO Secretary General N. Bordyuzha. At the session the participants discussed cur-

rent activities of the CSTO, exchanged of views on key issues of global and regional agenda.

#### LEGISLATION

##### **St. Petersburg set the subsistence minimum in the 3rd quarter of 2016**

On the basis of the decree of the Government of St. Petersburg dated November 9, 2016 No. 1018 the subsistence minimum figures in St. Petersburg for the 3rd quarter 2016 is set at 10449,5 10 rubles, for working-age population – 11482,6 rubles, for pensioners – 8360,6 rubles, for children – 10 072,1 rubles. For comparison, in the 1st quarter of 2016 the subsistence minimum was 10 300, 8 rubles.

##### **Rules of beautification of territory of Saint-Petersburg**

Rules of beautification were approved by the decree of the Government of St. Petersburg dated November 9, 2016 No. 961. These rules include: the List of beautification works in St. Petersburg; landscaping elements; the List of measures for design improvement and requirements for the implementation of these measures, the types of beautification projects, the requirements for beautification projects, procedure for approval of beautification projects; the list of measures on the placement of landscaping elements and requirements for the implementation of these activities, procedure of acceptance of works on placement of landscaping elements; the List of actions for maintenance of landscaping and landscaping elements and requirements for the implementation of these measures; the participation of the owners of buildings (apartments) and constructions carried out in adjacent areas arrangements for the design of landscaping, location of amenities, maintenance of the amenities and landscaping elements. The rules came into force from 11 November, 2016 Previously approved were the rules of construction, repair and certain works associated with the landscaping of St. Petersburg (Government decree of St. Petersburg from October 6, 2016 No. 875).

##### **Amendments to St. Petersburg Law on tax on property of organizations**

Changes were made based on the Law of St. Petersburg dated November 23, 2016 No. 605-105. From January 1, 2017, the tax rate in respect of immovable property referred to in article 1\_1 of the Law of St. Petersburg dated November 26, 2003 No. 684-96 "On tax on property of organizations" is set at 1% of their cadastral value.

##### **The procedure for granting subsidies for the development of industry of St. Petersburg**

The resolution of the Government of St. Petersburg of November 29, 2016 No. 1093 approved two orders defining the conditions of granting subsidies for carrying out activities for the im-

plementation of the subprogram "Development of the industry of Saint-Petersburg" of the State program of St. Petersburg "Development of industry, innovation and agro-industrial complex in St. Petersburg" for 2015-2020". The first procedure applies in cases of compensation of expenses connected with meeting the requirements of the legislation of the importing country, necessary for export products. The second procedure applies in cases of reimbursement of expenses related to the transportation of goods for export.

##### **The Law on the budget of St. Petersburg for 2017-2019**

In accordance with the Law of St. Petersburg dated December 7, 2016 No. 699-113 the parameters of the budget of St. Petersburg for the next 3 years have been approved. The total revenues of the budget of St. Petersburg for 2017 are set at the amount of 483, 9 billion rubles, in 2018 - 516, 8 billion rubles, in 2019 - 561, 5 billion rubles. Budget expenditures are approved for 2017 in the amount of 553, 7 billion, in 2018 and 2019 - 567, 9 and 615, 7 billion rubles respectively. The size of the deficit of St. Petersburg budget in 2017 will amount to 69, 8 billion rubles, in 2018 to 51.1 billion rubles, in 2019 - 54.2 billion rubles.

##### **Fees for the use of parking space in St. Petersburg in 2017**

Based on the decree of Saint Petersburg Government of December 8, 2016 No. 1119 the maximum size of fees for use of parking facilities is set. The requirements established by the regulation, apply to the paid parking space located on the roads of regional significance. For two-wheeled vehicles of categories "A" and "M" the fee for use of parking space is set in the amount of 32 rubles 31 kopecks per one hour. For vehicles of category "B», payment will be 107 rubles 70 kopecks. For vehicles of other categories, the fee is set in the amount of 161 rubles 55 kopecks.

##### **Approved are the main parameters of the budget of the Territorial Fund of obligatory medical insurance of St. Petersburg for 2017-2019**

The parameters have been approved by Law of St. Petersburg of December 8, 2016 No 615-108 "On the budget of Territorial Fund of obligatory medical insurance of St. Petersburg for 2017 and the planning period of 2018 and 2019". The total revenues of the budget of Territorial Fund of obligatory medical insurance of St. Petersburg (TFOMS) in 2017 was approved in the amount of 80.3 billion rubles, in 2018, in the amount of 79, 1 billion rubles in 2019 in the amount of 82.5 billion.

#### MEETINGS, COOPERATION

##### **Saint Petersburg strengthens ties with Switzerland**

On November 17 in Smolny Governor Georgy Poltavchenko met with the delegation of the Swiss Confederation headed by the Secretary of state for the economy. M. G., Ineichen-Fleisch. The visit of the Swiss delegation is timed to the celebration of the 200th anniversary of the consular presence of this country in St. Petersburg. Actively working in the city are such Swiss companies as "Nestle", "Novartis", "Zepter", and «Schindler". In 2015, the company Novartis has opened in Saint-Petersburg pharmaceutical factory "Novartis Neva". Scientific and educational institutions of St. Petersburg and Switzerland signed 42 cooperation agreements. Among the promising areas of cooperation are the recycling and processing of waste, recultivation of landfills, the use of environmentally friendly technologies, contacts between small and medium-sized businesses.

#### **St. Petersburg held an Educational forum**

The forum was held from November 18 to 19 in the exhibition complex "Lenexpo". The forum was held in framework of week of science and professional education of St. Petersburg. The forum was attended by the Governor Georgy Poltavchenko, Deputy Minister of education and science of the Russian Federation V. Kaganov, the heads of the leading educational and scientific institutions, industrial associations and unions. In addition to the Congress, there was an exhibition of achievements and opportunities of the educational sector of the city and an exhibition of scientific achievements and innovations of St. Petersburg.

#### **Saint Petersburg is strengthening cooperation with Belarus**

On December 25 in Smolny Governor Georgy Poltavchenko met with the Chairman of the Council of the Republic of the National Assembly of Belarus Mikhail Myasnikov, who arrived in St. Petersburg at the head of the de-delegation for participation in the III International conference "Eurasian challenge." Among CIS countries, Belarus occupies the 1st place in the trade turnover with St. Petersburg. During the meeting, agreement was reached on the establishment in St. Petersburg interregional allied service center for promotion and maintenance of machinery produced in Belarus.

#### **Xth St. Petersburg Congress "Professional education, science and innovations in the XXI century"**

The Congress ended the Week of science and professional education of St. Petersburg, which involved more than 120 events (conferences, symposia, seminars). In science and education of St. Petersburg, 534 thousand persons are employed: scientists, teachers and students, around 18% of the population of the city. The Governor congratulated St. Petersburg scientists elected to the Russian Academy of Sciences.

Among them 20 academicians and 35 corresponding members.

#### **St. Petersburg held the Vth International Cultural forum**

The forum was held from December 1 to 3. The organizers of the forum were the Government of Russia, Ministry of Culture of Russia and the Government of St. Petersburg. The forum was attended by the Deputy Prime Minister of Russia Olga Golodets, Minister of Culture of Russia Vladimir Medinsky and the Governor G. Poltavchenko. The event was attended by 20 thousand people and 38 official delegations from different countries of the world. The main places of events of the forum were the State Hermitage Museum and the Russian Ethnographic Museum. The main topics discussed by the participants of the forum were: the year of the Russian cinema, the 125th anniversary of S. Prokofiev and the 25 years of CIS.

#### **Saint Petersburg is strengthening ties with the Netherlands**

On December 9 in Smolny, the Governor Georgy Poltavchenko met with the Ambassador of the Kingdom of the Netherlands R. Jones-Bos. Visit to St. Petersburg was for R. Jones-Bos her first in her position of Ambassador to Russia. During the conversation, Georgy Poltavchenko and R. Jones-Bos discussed a range of issues associated with the development of bilateral relations. St. Petersburg has close connections with the Netherlands, which is among three leading countries - investors in our city. There are about 70 companies with Dutch capital in the City. In 2015 foreign trade turnover of St. Petersburg and the Netherlands was 2.8 billion US dollars, which is 14% less than in 2014. In the first half of 2016, the turnover amounted to \$ 1.7 billion, an increase of 39% compared to the same period in 2015. Close relationships for 50 years connect St. Petersburg with the partner – city of Rotterdam. To strengthen ties between the cities a Board on cooperation between St. Petersburg and Rotterdam has been established.

#### **St. Petersburg held an Innovation week**

The activities of the intersectoral Innovation week were held from December 13 to 15 in the Center of import substitution and localization, which is located in the exhibition complex "Lenexpo". The organizers of the Innovation week were the Committee on industrial policy and innovation of St. Petersburg and "ROSNANO". The opening ceremony was attended by the Governor Georgy Poltavchenko and Managing Director for regional policy and interaction with authorities and the Federal Assembly of OOO "UK "ROSNANO" Dmitry Krinitsky. The company RUSNANO takes an active part in the financing of St. Petersburg innovative projects. In 2016, the city began to work the Center of prototyping and the Laboratory of virtual and augmented reality. The City hosts the Center

of development of innovative medicines and technologies and inter-industry Regional engineering center for the synthesis of pharmaceutical substances. By the end of 2015, St. Petersburg took 1st place in the ranking of the Association of innovative regions of Russia. In the global rating of innovative cities of the world, Saint Petersburg has risen from 81st to 48th place. The events of the Innovation week present the latest developments and inventions of technology enterprises, universities and research centers. Innovations include new composite materials, protective coatings, 3D printers, automated Parking systems.

#### **Saint Petersburg develops cooperation with the World tourism organization**

On December 14 in Smolny the meeting of the Governor Georgy Poltavchenko with the Secretary-General of the World tourism organization T. Rifai took place. The meeting was also attended by Vice-Governor Oleg Markov and Chairman of the Tourism Committee A. Mushkarev. The meeting participants noted the success of St. Petersburg in improving tourist attractiveness. The city is expanding hotels network, has created a mobile IT app for tourists. There are plans for a network of floating hotels. In 2015 Saint Petersburg was visited by 6.5 million tourists, the tourist flow by the end of 2016 is expected at 6.9-7 million people, including 3.1-3.5 million foreign tourists. Significant impulse for the development of tourism was the introduction of visa-free regime for tourists arriving by sea on board of cruise ships for a period not exceeding 72 hours.

#### **XIV Forum of subjects of small and medium business of Saint Petersburg**

The Forum was held on December 14-15 in the exhibition complex "Lenexpo". Representatives of the city authorities focused their attention on the extent of government support to small businesses. It was noted that in 2017, a moratorium on the introduction of the sales tax will be in force, and the total amount of financial support of small businesses will not decrease. In 2017, a Single center for entrepreneurship is to be launched. During the Forum 12, round tables were held.

#### **Issues of improving business climate in St. Petersburg**

On December 29, the Governor Georgy Poltavchenko held a working meeting with the General Director of the Agency for strategic initiatives (ASI) A. Nikitin. The meeting discussed issues of improving business conditions in St. Petersburg and the basic directions of implementation of the National technology initiative in 2017. According to preliminary results for 2016, the number of small and medium businesses in the City has increased to 417 thousand units. General Director of the Agency drew attention to the success of St. Petersburg in improving positions in the ranking of Doing Business in Russia and the need to continue work on elimination of administrative barriers, impeding of entrepreneurial initiative. The parties also discussed the issues of introduction of new technologies and implementation of measures in the framework of the National technology initiative.



## **2. EMPLOYMENT**

In October 2016, large and medium sized enterprises employed 1475.9 thous. people (Table 1). Compared to the previous month the number of staff grew by 0.1%, the number of by-workers grew by 1.7%, that of contracted workers grew by 7.7%.

In January – October 2016 the number of employees at these enterprises grew by 1.8% compared to the same period of 2015. The number of staff during the period grew by 1.6% that of by-workers fell by 0.7%, the number of contracted workers grew by 14.8%.

In October 2016, 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 39.2% 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**

	October 2016		January - October 2016 in % to January – October 2015
	'000 people	in % to September 2016	
Filled jobs total, including:	1475,9	100,3	101,8
Registered permanent employees	1400,6	100,1	101,6
External by-workers	38,0	101,7	99,3
Contracted labour	37,3	107,7	114,8

**TABLE 2. Employment at enterprises and organizations of St. Petersburg by the type of economic activity in October 2016 (without small enterprises)**

<i>Industry</i>	<i>Total employment</i>	
	<i>'000 people</i>	<i>% of the total</i>
Total, including:	1475,9	100,0
Manufacturing	220,3	14,9
Production and distribution of electric power, gas and water	35,7	2,4
Agriculture and forestry	5,8	0,4
Construction	63,6	4,3
Transportation and telecommunications	153,1	10,4
Finance	55,9	3,8
Real estate transactions, leasing and services	218,9	14,8
Wholesale and retail trade, repair of motor vehicles and home appliances	149,9	10,2
Hotels and restaurants	29,0	2,0
Public administration, security and social care	88,4	6,0
Education	217,3	14,7
Healthcare and social services	167,0	11,3
Other utilities, social and individual services	71,0	4,8

In August – October 2016 the number of economically-active population (EAP) amounted to 3030.0 thousand persons, from them 2980.9 thousand employed and 49,1 thousand unemployed. During the reporting period, the employment rate was 73.7% (share of employed people in total population aged 15 to 72 years), the level of economic activity – 74,9% (share of economically active population of the total population aged 15 to 72 years) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In November 2016, the demand of St. Petersburg enterprises for workforce amounted 47 thousand people (table 3).

By the end of November 2016 – 47029 vacancies have been reported to the Employment service, 63.7% of them – workers' positions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January-September 2016 the greatest demand for employees was declared by the enterprises and organizations of such economic activities, as operations with real estate, rent and services – 19.1% of all reported vacancies; transport and communication – 12,6%; wholesale and retail trade – 11.4%.

The pressure in the labor market (the number of unemployed citizens registered at the Employment Service per one vacancy) at the end of November 2016 was 0,54 persons per vacancy (at the end of November 2015 – 0,43 persons per vacancy).

In November 2016 25.5 thousand persons were registered at the Employment Service of St. Petersburg. It is 2.8% more than in November

2015 (table 4). In November 2016, 43.5% of those registered at the Employment Service were officially considered unemployed.

At the end of November 2016, the total number of those who turned to the State Employment Service of St. Petersburg amounted to 27830 people (at the end of November 2015 – 26249 people).

The number of registered unemployed at the end of November 2016 was 11055 persons, of them women – 53.1%; young people aged 16-29 years – 15.1%; persons with disabilities – 14.5% (at the end of November 2015 the number of unemployed amounted to 12483 persons) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In November 2016, the status of unemployed was assigned to 2,2 thousand persons (0,9 thousand people or 30% more than in November 2015). The number of the job-placements in November 2016 was by 100 people or by 9% less than in the same period of 2015, and amounted to 0.8 thousand people.

According to Rosstat, in January-November of the current year, the unemployment rate (according to methodology of the International Labor Organization) amounted to 1.6% of the economically active population (EAP). Over the same period in 2015 it was 2%. St. Petersburg had one the lowest levels of unemployment among the subjects of the Russian Federation (in the North-Western Federal district – 4.5%, Moscow - 1.7%, Russia – 5.3 %).

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

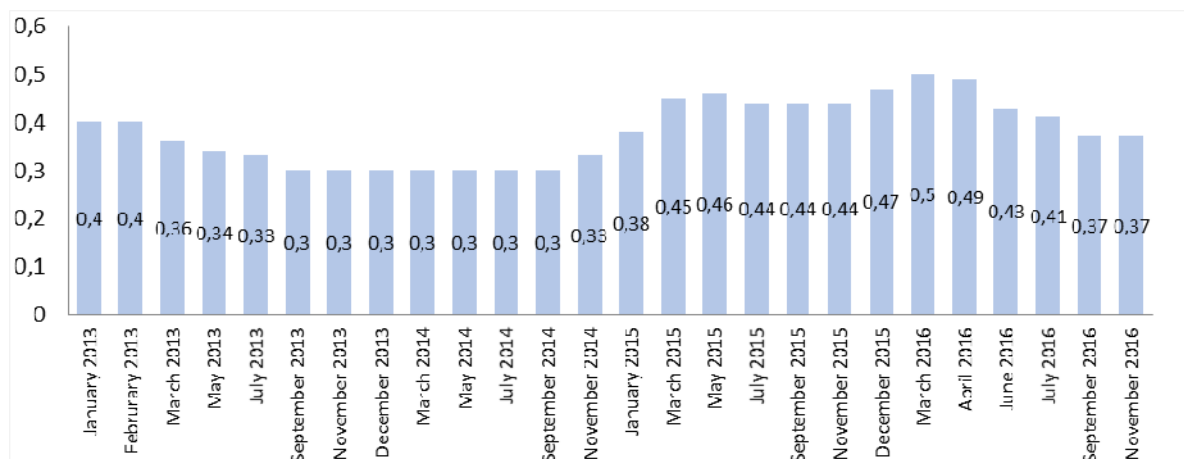
Month	Demand for workforce reported to the Employment service, thous. people	Number of unemployed people per 1 vacancy		
		persons	In % to the previous month	In % to the same month of the previous year
January 2015	78,4	0,3	150	100
February	57,2	0,5	170	125
March	52,9	0,5	100	125
April	52,1	0,5	100	125
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
February	44,4	0,6	100	120
March	42,4	0,7	117	140
April	43,0	0,8	114	160
May	48,1	0,6	75	120
June	51,5	0,5	83	125
July	52,5	0,5	100	125
August	55,2	0,5	100	125
September	54,4	0,5	100	125
October	52,4	0,5	100	125
November	47,0	0,5	100	125

**TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2015, January-November 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
February	28,4	14,6	107	119
March	30,5	14,5	99,4	112
April	32,3	14,5	99,6	107
May	30,1	14,1	97	107
June	25,1	12,9	92	99,3
July	25,2	12,2	95	97
August	24,9	11,8	96	98
September	24,9	11,1	94	94
October	25,4	10,9	98	93
November	25,5	11,1	102	88

The level of registered unemployment (ratio of registered unemployed to the economically active population on average) at the end of November 2016 amounted to 0,44% of the economically active population (end of April 2015, the fig-

ure was 0,47%) ([www.rspb.ru](http://www.rspb.ru)) (picture 1). This is the lowest figure among the regions of the North-western Federal district.

**PICTURE 1. The level of registered unemployment in St. Petersburg, % of the economically active population****TABLE 5. Consumer price index dynamics in January-December 2015, January-November 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
February	100,6	101,0	100,7	100,1	100,6	100,7	100,8	100,3
March	100,3	100,7	100,7	99,2	100,5	100,4	100,8	100,1
April	100,4	100,7	100,5	99,7	100,4	100,4	100,6	100,3
May	100,1	100,0	100,4	99,8	100,4	100,4	100,4	100,5
June	100,1	99,8	100,2	100,3	100,4	100,1	100,5	100,6
July	100,8	99,97	100,4	102,5	100,5	100,0	100,4	101,7
August	99,8	99,0	100,4	100,1	100,0	99,4	100,4	100,3
September	100,2	99,6	100,6	100,4	100,2	99,9	100,6	100,1
October	100,4	101,0	100,4	99,6	100,4	100,8	100,5	99,7
November	100,4	101,0	100,2	99,9	100,4	100,7	100,4	100,0
November 2016 in % to December 2015	105,0	104,8	105,8	104,1	105,0	104,0	106,2	104,6
November 2015 in % to December 2014	112,1	113,1	115,3	107,3	112,1	112,7	113,2	109,5



### 3. PERSONAL INCOMES AND EXPENDITURES

#### PRICES

In January-November 2016 consumer prices growth in St. Petersburg was equal to 5.0%. In the same period of 2015 it was 12.1%.

The growth of consumer prices in January-November 2016 in St. Petersburg was similar to Russia's average. In November 2016 consumer prices grew by 0.4% (Table 5).

In January-November 2016, tariffs for paid individual services in St. Petersburg grew by 4.1%. For comparison: their growth in the same period of 2015 was 7.3%.

The rate of growth of tariffs for paid individual services in January-November 2016 was 0.5% lower than Russia's average. Tariffs for paid services in November 2016 fell by 0.1%.

In January-November 2016, prices of foodstuff grew faster than in Russia on average by 0.8% and those of non-foodstuff goods – slower by 0.4. The growth was correspondingly – 4.8% and 5.8%. In November 2016 prices of foodstuff grew by 0.1% and those of non-food goods grew by 0.2%.

#### PERSONAL INCOMES AND EXPENDITURES

Real salary in St. Petersburg in October 2016 grew by 1.5% and in Russia fell by 0.6% (table 6).

**TABLE 6. Real monetary incomes and real salary in St. Petersburg and the Russian Federation in 2014, January – December 2015, January – October 2016, %**

	<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
January 2016	71,7	96,1	39,9	102,7	74,3	96,4	48,1	94,5
February	108,4	104,0	160	92,9	103,2	100,6	133,5	95,5
March	105,3	105,2	98,5	96,6	104,3	101,5	99,7	98,7
April	96,9	98,2	106,6	93,3	102,3	98,9	108,2	93,0
May	100,9	102,6	86,4	99,2	101,7	101,0	88,0	93,8
June	106,6	104,9	119,4	100,6	102,7	101,1	110,3	95,4
July	95,2	103,3	93,5	97,4	92,8	98,7	98,8	93,0
August	95,2	105,6	93,3	98,5	98,5	102,7	100,9	91,8
September	102,2	105,4	101,9	95,1	101,0	101,9	98,5	97,1
October	101,5	103,4	102,2	94,2	99,4	100,4	101,1	94,0

**TABLE 7. Salary arrears in St. Petersburg in January-December 2016 (on the 1<sup>st</sup> of each month), mln. rubles**

	January	February	March	April	May	June	July	August	September	October	November	December
Total arrears	756	1388,9	113,6	968	710	310,2	317	195,3	127,7	115,6	118,5	147,3
Including arrears due to the lack of budget financing	0	0	0	0	0	0	0	0	0	2,7	6,3	14,5

Average monthly nominal salary in St. Petersburg in October 2016 amounted to 47908 rubles, the average nominal salary in Russia on average was 25.4% less than in St. Petersburg, and amounted to 35749 rubles.

Salary arrears on December 1, 2016 amounted to 147.3 mln. rubles. Processing industries were responsible for 57.8% of the total, construction industry – 29.8%, education – 9.8%, R&D – 2.6%. State budget arrears were the ones in education.

In September-October 2016 the share of savings in deposits fell and the purchases of foreign currency grew (table 8).

#### DIFFERENTIATION OF INCOMES AND SALARIES IN ST. PETERSBURG

In October 2016 the level of inter-industry salary differentiation fell compared to August 2016

(Picture 2). The gap between the highest salary (mining) and the lowest salary (hotels and restaurants) was during this month equal to 5 times compared to 12.7 times in August.

**The highest salaries in October 2016** were paid in mining (the salary in this sector was 3.7 times higher than the average for St. Petersburg).

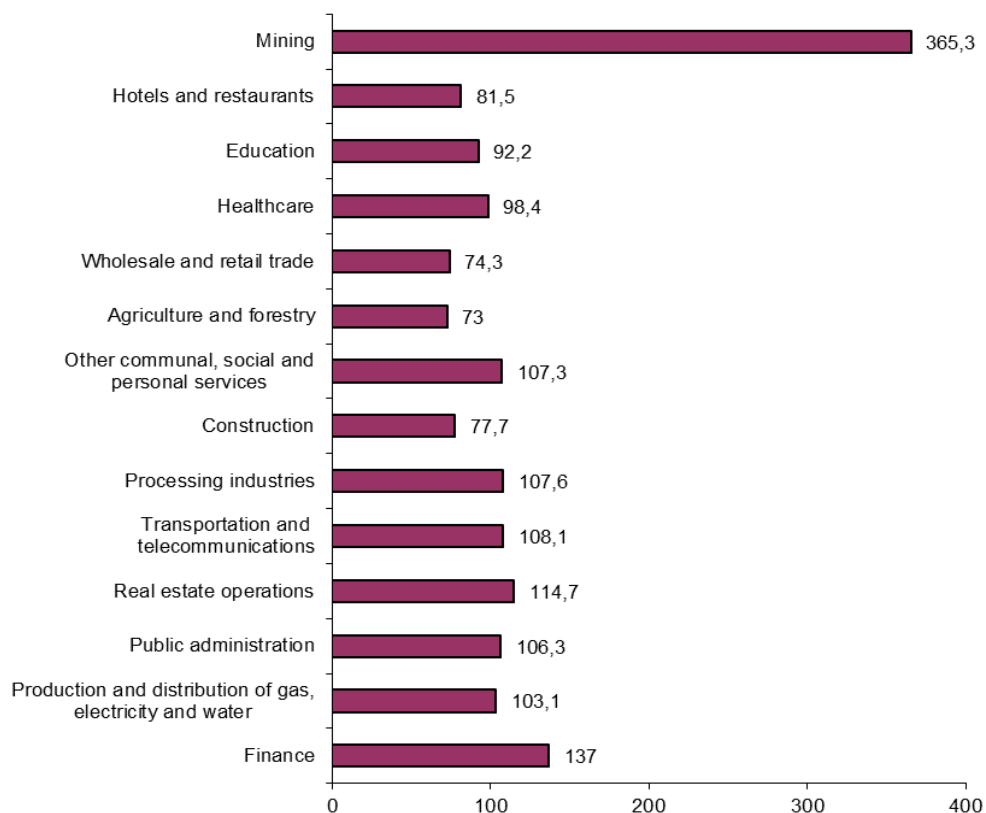
In October 2016 the average for the City was significantly exceeded by the salary in the financial sector (1,37 times), in real estate operations (by 14.7%), in transportation and telecommunications (by 8.1%).

**The lowest salary** was paid to those employed in wholesale and retail trade (74.3% of the average), agriculture and forestry (73%).

**TABLE 8. Personal expenditures of St. Petersburg's residents in 2015, January-October 2016 (% 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
January 2016	106,3	13,1	- 24,4	12,8	- 16,2
February	64,4	13,6	15,7	8,3	- 7,5
March	70,4	13,7	8,7	10,6	- 10,4
April	63,9	14,2	12,9	10,5	- 7,9
May	75,6	13,7	6,0	9,4	- 9,5
June	62,5	13,5	12,2	10,4	- 7,9
July	69,7	18,3	6,1	11,2	- 10,4
August	75,0	14,1	6,1	11,6	- 12,6
September	74,7	13,6	6,7	12,8	- 13,5
October	73,6	14,1	5,6	13,3	- 13,5

**PICTURE 2. Inter-industry differentiation of average salary in October 2016 in St. Petersburg, % of the average salary (the average salary = 100%)**



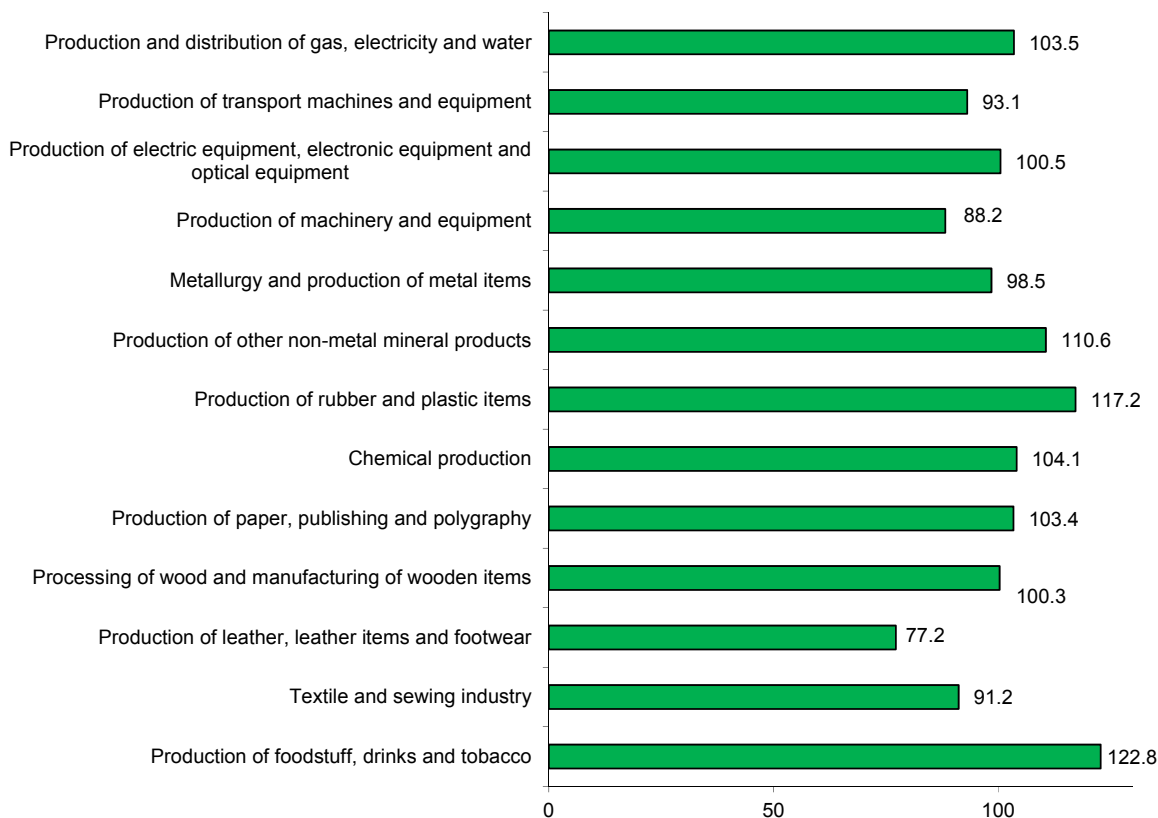
#### 4. INDUSTRY

The index of industrial production in St. Petersburg in January-November 2016 in comparison with January-November 2015 amounted to 103.6%.

In St. Petersburg the company, "Siemens Elektroprivod" (SEP) has presented the first frequency converters Sinamics S120 with a sign "Made in Russia". To start serial production the company transferred technology from its factory in Nuremberg (Germany) to the enterprise in St. Petersburg. Four sets of this equipment have been produced for the needs of the company "Elektroprom" in the framework of an order placed in July 2016. The first Sinamics S120 made in Russia are to be used for the electric drilling units BU-5000. The company "Elektroprom" and "Siemens" have been cooperating for 15 years on the development and production of electric drives for drilling units. Since 2002, partners have manufactured and commissioned 111 units, including more than 60 with the use of converters Sinamics S120 Cabinet Module (siemens.ru, November 29, 2016).

Upon successful completion of state tests the acceptance report was signed for the diesel-electric submarine B-271 "Kolpino" of the project 06363. The boat solemnly raised the flag of the Russian Navy. "Admiralty shipyards" have successfully completed the first contract, passing to the Black Sea Fleet a total of 6 diesel-electric submarines of project 06363. Now they have to build a similar number of boats for the Pacific Fleet.

OOO "Scientific-technological pharmaceutical research firm "Polisan" has started pilot production of three drugs by Pfizer at its facilities in St. Petersburg, Interfax news agency reports. At the St. Petersburg site there will be established serial production of the original drug to reduce blood cholesterol and reduce the risk of further complication of cardiovascular movements, an innovative tablet product for the treatment of rheumatoid arthritis and plaque psoriasis, as well as antibacterial drug for the treatment of nosocomial infections. The contract between "Polisan" and Pfizer was signed in January this year for the next five years. Pfizer provides technology transfer and quality control (Interfax news agency, December 14, 2016).

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

Source: Petrostat



## 5. FINANCE

### CITY BUDGET

The 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-November 2016 the revenues from taxes, fees and other obligatory payments amounted to 821.2 billion rubles, which in nominal terms is 22% more than the corresponding period last year. In November 2016, compared with the previous month revenues to the budget system increased by 31.9%.

In January-October 2016 the consolidated financial result (profit minus loss) of organizations

(excluding banks, insurance companies and budget organizations, without small businesses) amounted to 677.5 billion rubles, which is 31.6% more than in the corresponding period last year. In January-October 2016 the number of unprofitable enterprises in comparison with the same period of 2015 decreased by 40 units or by 7.1%, the amount of the loss has decreased by 28.4%.

### STATE DEBT

The information about the structure of the state debt as of December 31, 2016, is presented in the tables 10 and 11.

**Table 9. Consolidated budget execution in 2016 (mln. rubles)**

	<i>Revenues</i>	<i>Expenditures</i>	<i>Surplus</i>
<i>January-September</i>	348315	323906	24410
<i>January-October</i>	397077	364170	32908

Source: Petrostat

**Table 10. St. Petersburg's state debt structure on 01.12.2016**

	<b>Mln. rubles</b>	<b>Share, %</b>
State domestic debt of St. Petersburg, including:	13 763,6	100,0
Bonds	5 858,9	42,6
Credits	7 904,7	57,4
State external debt of St. Petersburg	0,0	0,0
Total	13 763,6	100,0

Source: St. Petersburg Committee of Finance

**Table 11. Debt service expenditures of the budget of St. Petersburg, as of December 1, 2016 (mln. rubles)**

<b>Item</b>	<b>Plan for 2016</b>
Debt service costs	574,9
Total	574,9

Source: St. Petersburg Committee of Finance

## 6. MUNICIPAL SERVICES

### BEAUTIFICATION, RESTORATION, REPAIRS

The Government of St. Petersburg has approved a bill that exempts from the property tax companies investing considerable resources in the reconstruction and repair of regional monuments. Organizations, which have invested in the past three years from 500 million to 1 billion rubles, will receive property tax exemption for a period of three years, and companies with a total investment of more than 1 billion rubles - for a period of five years. The average wage in the organizations expecting to receive the benefits must be no less than 48 thousand rubles a month (Based on the materials of *Vedomosti*).

The amount of contributions for capital repairs received from the residents of St. Petersburg in 2016 amounted to 3.2 billion rubles (or 19% more than in 2015). According to the Housing Committee the collection rate of contributions is 87.5% - one of the highest rates in the country as a whole. According to the implementation plan of the regional program of capital repairs, in 2017 it is planned to implement works in 1466 houses, including repair 617 elevators, 264 facades, 340 roofs, emergency structures repairs for a total sum

of more than 10.3 billion rubles (in 2016 the work was carried out at 2778 objects with a value of 8.9 billion rubles) (Based on the materials of the Housing Committee and the agency *REGNUM*).

On December 29 an 11-month long renovation of the metro station "Elizarovskaya" has been completed. The station's inclined course was modernized, escalators have undergone capital repairs (one of them will open in January 2017). The estimated cost of works is 250 million rubles. The next station to undergo capital repairs is "Lesnaya", it will be closed for 11 months from January 16, 2017 (Based on *RBC*).

### TRANSPORTATION, ENERGY, WATER SUPPLY

In January-November 2016, transport organizations of St. Petersburg transported 5.8 million tons of cargo and 494,3 million passengers, which exceeds the figures for the same period of 2015 (by 12.3% and 2.3%, respectively). The freight turnover amounted to 1239,7 million ton-km (4.2% less than the same period in 2015) and passenger traffic 2849,7 million passenger-km (0.3% less than in January-July, 2015). The trend of reducing freight turnover continues and the lack of growth in passenger turnover. The number of road accidents, particularly involving children continues to decline relative to last year. In January-September 2016 5566 accidents have been recorded, which killed 209 people (14.9% and 34.1%

less than the same period in 2015 (Based on *Pe-trostat*).

In accordance with the decision of the Committee on tariffs of St. Petersburg the fare in public transport will increase significantly from January 1, 2017 – to 40 rubles for journey in ground transport and up to 45 rubles – in the metro. The fare in the case of payment by electronic ticket "Podorozhnik" will rise slightly: the first trip will cost 31 rubles and 36 rubles, respectively (a relative increase in 2016 - by 6-7%). New types of travel tickets are introduced, targeted primarily at tourists - the ticket for 90 minutes and daily tickets (valid from one day to one week). (Based on the materials of the Committee on tariffs and St. Petersburg Metro).

LSR group has come up with an initiative of the construction of a line of light rail transport on the route Saint Petersburg – Vsevolozhsk. The most probable mechanism for the implementation of the project is the signing of a concession agreement between the government of Leningrad region and the concessionaire, LSR group. The estimated project cost is 7.7 billion rubles, expected timing of construction – 2018-2021. The project involves construction of 650 meters of paths on the territory of St. Petersburg and over 10 km on the territory of the Leningrad region. (Based on the materials of *Vedomosti*).

#### MAJOR CITY PROJECTS

On December 2 the traffic on the central section of Western high-speed diameter (WHSD) was launched. The cost of the central section is 120 billion rubles (financing from the Federal budget - 50.7 billion rubles). The total length of the WHSD now is 46.6 km. The project was implemented according to the model of public-private partnership, the parties to the agreement – St. Petersburg and LLC "Magistral of the Northern capital" (MSS) (consortium of "VTB capital", Gazprombank, Italian Astaldi, Turkish Ic Ictas Insaat). MSS will receive and put into operation the entire highway for a period of 30 years. The concessionaire will reimburse the investment by collecting a fee from users. If the annual fee is less her 9.6 billion rubles, the missing amount will be compensated from the city budget. (Based on the *Vedomosti* and "MSS")

The commissioning of the stadium on Krestovskiy Island is delayed by three months until 31 March 2017. An additional agreement regulating the new date has been concluded between the Administration of St. Petersburg and the General contractor "Metrostroy". The construction and installation works at the "Zenit-arena" have been completed, however, it is necessary to adapt the object to the Cup of confederations and the football World Cup under FIFA's requirements. After the completion the City administration plans to transfer the stadium the football club "Zenit" for a period of no less than 49 years. "Zenith" is obliged

to invest 500 million rubles in equipment and to carry operating costs in the amount of about 600 million rubles per year (Based on the materials of the Administration of St. Petersburg and *Vedomosti*).



## 7. REAL ESTATE

### HOUSING

According to City Committee on construction during 10 months in 2016 in St. Petersburg there were commissioned 2,231 million square meters of housing – 842 houses with 40.5 thousand apartments, including individual construction.

In October 2016, the city commissioned 264, 5 thousand sq. m. of housing 112 houses with 5.5 thousand apartments. The largest amount of housing was commissioned in Vasileostrovsky district – 99 thous. sq. m– five houses with 2.6 thousand apartments. According to preliminary estimates, in 2016 the market of St. Petersburg and the neighboring districts of the Leningrad region was joined by 3.5 million square metres of housing, 68% of which is located in St. Petersburg.

In total from January to November the market welcomed 140 new buildings. A little less than 40% of these are new objects. More than 60% of the new supply are in ongoing construction projects (Based on <http://www.restate.ru/material/163440.html>).

### CO-INVESTORS

In accordance with the instructions of the President of Russia, subjects of the Russian Federation had to submit until December 1, 2016 to the Ministry of construction the updated schedules of events on all problem objects, whose co-investors were included in the register of the deceived investors.

As stated on the website [restate.ru](http://www.restate.ru), the Director of housing policy department of the Ministry of construction of Russia Olga Kornienko said that as of November 1, 2016, the problematic objects are absent in 19 subjects of the Russian Federation, in the remaining 66 regions 696 problematic objects remain and more than 39 thousand citizens are victims of unscrupulous developers. Among the leaders in terms of the number of problem objects and the number of victims is Moscow oblast.

Prime Minister of Russia Dmitry Medvedev has approved of the Rules of using the Fund of protection of the rights of co-investors: the Government will be able to invest surplus funds to generate additional income. Also, a decree has been signed - on the establishment of the Fund for the protection of rights of co-investors. From Jan-

uary 1, 2017, Russian developers will be required to pay to the Fund 1% of the co-investing contract.

According to calculations of the Ministry of construction with contributions of 1% of the contract value the Fund will annually attract from developers 30 billion rubles.

The Fund received the right to invest in government securities and to purchase mortgage securities from the quotation lists of the highest level of the Russian stock exchanges.

The founder of the Fund is, according to the decree, the Ministry of construction of the Russian Federation. The obligation of the Fund is to allocate funds to complete construction of problematic objects or to compensate for the lost funds of co-investors.

For the first three quarters of 2016, the registry of the deceived co-investors of St. Petersburg was amended with names of 724 co-investors, whose funds had been attracted for construction of apartment houses and whose rights were violated. Since the beginning of the register (from 01.01.2014) the Committee received 2 455 statements of citizens about inclusion in the register, of them 2 151 were included, 288 were denied inclusion into the register.

The Construction Committee monitors 26 problematic objects – 67 residential buildings with 20 932 apartments with total area of more than 1 million sq. m. Since the beginning of the year, the housing complex "Polezhaevskiy Park" was put into operation in the Kirovsky district (Ul'yanka, block 4B, corp.1-8) by the company "Monolit-Kirovstroy": 527 co-investors got their apartments. With sufficient funding by the year-end the Committee looks forward to the commissioning of eight more objects with 5 981 apartments and a total area of over 300 thousand sq. m.

#### **NON-RESIDENTIAL**

In 2017 the Targeted investment program of St. Petersburg will be allocated 86,4 billion rubles. Compared to the previous year it is greater by 2 billion, but the program is regularly not fully executed. For example, in 2016 for the first three quarters the City managed to spend 38 billion rubles, 46.5 billion rubles were left unspent.

The Committee on transport infrastructure in 2017 will receive more than 42 billion rubles (in 2016 - 35.3 billion rubles). So far among approved projects are the construction of Pesoch'naya embankment, the Embankment of Admiral Lazarev with the access to Leontief Cape and Vasilievsky island, the construction of a bridge across the Island of Serniy, of interchanges at the intersection of the Pulkovo highway with the Dunayskiy prospectus, of the Makarov embankment with a bridge over the Smolenska, the reconstruction of Tuchkov bridge.

A total of 19,5 billion rubles from the City budget and 4.3 billion rubles from the Federal budget (and in 2016 – 23.4 billion rubles and 4

billion rubles, respectively) will be used for metro construction. The project number one is the station "Novokrestovskaya" that must be opened before the 2018 World Cup. In addition, the construction will be carried out on the Frunze radius from the depot "South", Krasnoselsko-Kalininskaya and Lakhtinsko-Pravoberezhnaya lines.

The construction of social objects will be allocated 21.2 billion rubles, of these - 4.6 billion rubles for medical facilities, about 7 billion for educational institutions. The objects of culture will be allocated over 900 million rubles.

#### **TERRITORIAL DEVELOPMENT, REGULATION**

From January 16 2017 a new law comes into effect to regulate the registration of real estate, except for a few articles, which will be operational from 2020. The Unified state register of real estate (EGRN) will combine information from the State real estate cadaster and the Unified state register of rights to immovable property and transactions with it. All the registers and documents in EGRN, with the exception of registrar cases, will be carried out only in electronic form.

The total period of registration of rights under the new law is halved. When submitting documents to the Federal service for state registration it will be 5 working days for cadastral registration, 7 working days for registration of rights and 10 business days in the case of the simultaneous holding of both procedures. Moreover, when submitting documents through the multifunctional center (MFC) the terms increase by two working days. For comparison, currently the period is 10 working days for each procedure, i.e., maximum period is 20 working days.

On November 1 the Order of Ministry of economic development, dated June 7, 2016 № 358 "On approval of methodical instructions on the state cadastral evaluation" came into force. This is one of the stages for the transition to the new real estate valuation model. Now there are cases when cadastral valuation for tax purposes exceeds the market value of the object. The task of the new method is to correct the situation.

According to Consultant" the approved guidelines regulate the collection and analysis of information on the objects of evaluation, determining of the pricing factors and substantiation of models of cadastral valuation and evaluation of zoning; cadastral value with application of methods of mass valuation, as well as in the framework of individual settlement; quality control of the results of cadastral value determination and review comments to its definition.

According to the website Restate.ru the new law on cadastral valuation will take effect from the beginning of 2017, but the system will be rebuilt and start running by 2018

In 2017 cadastral valuation of land and valuation of real estate for individuals will only be

done by appraisers of state budget institutions – assessors of the state cadaster.

This Fall the residents of a number of "pilot" regions have received bills with a new tax on property of physical persons. The tax is calculated using cadastral value, based on the mass cadastral valuation of real estate held in the regions by independent appraisers in 2012-2014.

Russian President Vladimir Putin has signed the Law "On amendments to parts one and two of the Tax code of the Russian Federation and certain legislative acts of the Russian Federation" - the regions got the opportunity to decide for themselves whether to keep or lift the moratorium on the change of cadastral valuation of real estate up to 2020, according to the official portal of legal information. Formally, the previously introduced moratorium on the review of the assessment up to 2020 is valid, but each region now has the right to decide whether to adhere to it (<http://www.restate.ru/material/163307.html>).

Governor Georgy Poltavchenko has decided on the creation in Petersburg of a new state budget institution "City administration of cadastral valuation". The new institution should be established by February 1, 2017 and will focus on determination of cadastral cost in the territory of St. Petersburg. Its work will be controlled by the Committee of property relations.

In St. Petersburg, the process of determining the cadastral value for 2.5 million of premises and land plots with a total area. 84, 5 thousand hectares is under way. The cadastral value is used for calculation of the land tax (base rate 1.5% of the cadastral value) and property tax (from 0.1 to 0.25% depending on the cost of housing). The cadastral valuation is performed not rarer than 1 time in five years, but not more often than 2 times in two years (Based on materials of [https://www.dp.ru/a/2016/12/30/V\\_Smolnom\\_pojava\\_vitsja\\_novoe](https://www.dp.ru/a/2016/12/30/V_Smolnom_pojava_vitsja_novoe)).

## 8. INVESTMENT PROJECTS

According to Petrostat, in the first 9 months of 2016 340 billion rubles was invested in the City economy, which amounted to 107,7% compared to the same period of 2015. The share of budget investments in fixed capital amounted to 18.2%, a decrease of 10% compared to the last year.

St. Petersburg pharmaceutical company "Polisan" has started production of three drugs developed by the American company Pfizer. Over the next two years, the plant will produce pilot samples, and in 2018, it will bring the product to market. In total, under the five-year contract it is planned to produce 50 million packs a year. The drugs are aimed at lowering cholesterol in blood and risk of cardiovascular complications; for treat-

ment of rheumatoid arthritis, psoriasis and nosocomial infections.

The size of the investment in production is not disclosed, however, according to experts, it can be up to 30 million dollars. The project is 80% financed by the American side and 20% by "Polisan". In addition, at the factory of "Polisan" a new technological line was launched for production of modern medicines. A year and a half ago, "Polisan" and the world famous pharmaceutical company Bayer has signed a strategic partnership agreement. The task was to create in St. Petersburg the production of contrast agents for computerized and magnetic resonance tomography. Today this task is successfully implemented. New line is to start production of contrast agents, which are still imported from abroad.

The second commuter center of order execution "Ulmart" has begun work in St. Petersburg.

The suburban center of execution of orders "Piskarevsky" became the second object of the new format in the logistics infrastructure of the company. The multifunctional center combines retail and exhibition space for customers, tiered warehouse, as well as its own data center. The opening of the center will allow "Ulmart" significantly expand the range of electronic storefronts, mainly due to the shift of focus sales towards products of DIY category.

The volume of the company's investment in the project amounted to about 2.7 billion rubles. By 2021, the company plans to put into operation 13 similar commercial properties.

The group of companies "Erkafarm" (pharmacies "Doctor Stoletov", "Ozerki", "Good pharmacy", "People's pharmacy" and "Apteka No. 1") is planning to open at least 10 drugstores under the brand name "Doctor Stoletov".

The management of GK "Erkafarm" relies on the pharmacies operating in the format, where in addition to medicines a significant range of cosmetics, dietary and diabetic products and products for children is presented. The volume of investments is not disclosed, but according to experts, the average opening of one pharmacy costs about 7-10 million rubles.

In St. Petersburg, in Primorsky district the construction of the clinical Center of proton therapy is under way.

The construction of the center is initiated by the Medical Institute of S. Berezin (MIBS). The investments in the clinic will be about 125-130 million dollars, the payback period — no less than 17 years. The center will be able to service 800 people per year, the average cost of treating one patient is 25 thousand dollars. Thus, the clinic annually must generate a profit at around 7,5 million dollars. Initially, investors did not count on state support, but in the current economic situation, they hope that the City will pay for the treatment of its citizens in the proton center. The budget of St. Petersburg for 2017 for the first time pledged almost 48 million rubles for the treatment of cancer



patients with the most advanced method of radiation therapy — proton therapy. The City Government may be joined in this initiative by other subjects of the Federation, as the centers of such level are absent in the country so far.



## ***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/>