

GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

May - June 2017 № 147



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1. CITY MANAGEMENT

APPOINTMENTS, GOVERNMENT COUNCILS

K. Serov has been appointed a Vice-Governor of St. Petersburg

The appointment took place on May 4, 2017. Prior to this appointment, K. Serov supervised the work of Administration of the Nevsky district. K. Serov became the 13th member of the City Government. In the Government of St. Petersburg, he is responsible for relations with the federal bodies of power and bodies of power of other regions, for the coordination of the development of urban areas, youth policy and for the interaction with public organizations. The duties of the head of Administration of the Nevsky district are entrusted to the first deputy head S. Overchuk.

Personnel changes in Pushkin district administration

On May 29, 2017, D. Berestov has been discharged from the position of the administration head. From May 30, 2017, the duties of the administration head have been entrusted to the first deputy head of the administration of Pushkin district D. Matveyev.

New head of the administration of Nevsky district

According to the decree of the Governor of St. Petersburg on June 9, 2017, A. Galchuk has been appointed for this position. Prior to this appointment, he worked here as the deputy head of the administration. The appointment came because K. Serov, who headed the district since 2013, was appointed a Vice-Governor of St. Petersburg.

New head of the administration of Frunzensky district

On June 16, V. Sapozhnikov was appointed to the position of the head of the district administration. Prior to this position V. Sapozhnikov was the deputy head of the administration of Petrograd district.

Public chamber of St. Petersburg has gathered for its first meeting in new composition

The meeting was held on May 22, 2017 at Smolny. The meeting was attended by the Governor Georgy Poltavchenko and the Chairman of the Legislative Assembly V. Makarov. One third of the members of the Public chamber were nominated by the Governor, another third – by the Legislative Assembly and one third - by public organizations. During the meeting, N. Kukuruzova was elected the Chairwoman of the Public chamber; she had been the head of this public organization before.

A meeting of the Industrial Council of St. Petersburg took place in Smolny

On June 7, 2017, Governor Georgy Poltavchenko chaired a regular meeting of the Industrial

Council. The meeting participants reviewed the situation in the industrial complex, the work for procurement of industrial products for the needs of City economy, the monetary policy of the state and its impact on the development of the industry. A report on monetary policy for the period of 2017-2018 was made by the director of the monetary policy department of the Central Bank of Russia I. Dmitriev. At the meeting it was noted that St. Petersburg did not follow most modern cities, which removed industrial production out of urban territory and moved to the post-industrial development path. St. Petersburg carries out systematic work to strengthen the industrial potential. According to the Governor, if in 2011-2012, 3 new industrial enterprises were launched in the City, in 2014 - 7, in 2015 – 11, in 2016 - 12. This year it is expected that 20 new industrial plants will open. In 2016, the industrial production index grew by 3.9% in January-April of the current year - by 2.3%. At the end of Q1 of this year, industrial enterprises have shipped 12.2% more goods than in the same period last year. The industrial complex plays an important role in providing employment, revenues to the budget system, in attracting investments and in the formation of value added. The industry of St. Petersburg employs 348,2 thousand people, the average monthly salary exceeds 56 thousand rubles. About one third of all procurement of the state unitary enterprises of the City is from the manufacturers of St. Petersburg.

The meeting of the Commission on land use and building of St. Petersburg was held in Smolny

The meeting was held on June 27 under the chairmanship of the Vice-Governor I. Albin, with the participation of heads of relevant City committees, district administrations and interested members of the Legislative Assembly. The participants have discussed boundaries of the protection zone around Chernyshov's Dacha (Aleksandrino Park) in the Kirov district and the possibility of increasing the ultimate height of buildings from 18 meters to 45 meters on the territory of the "Baltic pearl" in the Krasnoselsky district, where the construction of the temple of the St. Demetrius is planned.

Regular meeting of the Staff to improve the conditions for doing business in St. Petersburg was held in Smolny

The participants of the meeting on June 27, held under the chairmanship of the Governor Georgy Poltavchenko, have noted the improvement in the reduction of administrative barriers and creation of comfortable conditions for business development. Significant positive progress has occurred in the conditions of connection to the power grid and obtaining building permits. Simultaneously, there remain problems in relations of businesspersons with enforcement authorities. The meeting participants have discussed the results of the National rating of investment climate in Russian regions. For the third year in a row, St.

Petersburg is improving its position in the ranking, having risen by 5 points and entering the top 20.

LEGISLATION

New composition of the Government of St. Petersburg

The new composition of the City Government has been approved by the decree of the Governor of St. Petersburg of May 3, 2017 no. 44-PG. The government consists of 13 people: the Governor Georgy Poltavchenko, Vice-Governor – the head of the administration of the Governor A. Govorunov, Vice-Governor I. Albin, N. Bondarenko, V. Kirillov, O. Markov, A. Mityanin, S. Movchan, M. Mokretsov, K. Serov, the representative of the Governor in the Legislative Assembly Yu. Shesterikov, the Chairman of the Committee on City beautification V. Rublevsky and the Chairman of the Committee on transport A. Golovin.

Changes in the state program of St. Petersburg "Development of entrepreneurship and consumer market in St. Petersburg for 2015-2020"

In accordance with the decree of the Government of St. Petersburg of May 15, 2017 No. 355, the changes were made in the Passport of the state program and of the subprogram "Development of small and medium entrepreneurship". This year grants are awarded in accordance with procedures approved by the City Government. Newly registered subjects of small and medium-sized enterprises that won in the competition of projects on creation of the center for children and that have received a grant will be required to ensure the functioning of such a center for at least 3 years. In addition, the values of the parameters that determine the maximum subsidy, depending on the category of the recipient, have been set.

Joint plan of legislative work of the Legislative Assembly of St. Petersburg and the Governor for 2017-2018.

The signing took place on June 28 at the Mariinsky Palace. The document was signed by the Governor G. Poltavchenko and the Chairman of the Legislative Assembly V. Makarov. During the ceremony, it was noted that during the past parliamentary year there were adopted more than 110 laws of St. Petersburg (during the previous year – 160 laws). The improvement of the legal framework has contributed to ensuring economic growth, improving business climate, attracting investment, and to the support of small and medium-sized businesses. In addition to the economy, the legislative process focuses on the social sphere. In particular, additional measures of social support have been adopted: privileges on payment of utilities and using public transport by children, payment of 50 thousand rubles for mothers who have their first child at the age of 20 to 24 years. The legislation on the protection, restoration and use of objects of cultural heritage, attraction of

private investments in projects of restoration of monuments of regional significance has been improved. It is planned to adopt a new version of the law on the consumer basket for the main socio-demographic groups of the population, to amend the law on the establishment of prizes, scholarships awards, to prepare a bill on the granting to the industrial enterprises tax incentives upon the conclusion of a special investment contract.

MEETINGS, COOPERATION

The official delegation of St. Petersburg visited the Republic of Armenia

On May 4-5, the delegation of St. Petersburg headed by the Governor Poltavchenko was in Armenia. The delegation included the Vice-Governor O. Markov, chairman of the Committee for tourism development A. Pushkarev, representatives of authorities, business community, organizations, health, culture, education, directors of St. Petersburg enterprises, creative teams. The visit was timed to coincide with the holding of St. Petersburg Days in Yerevan. Among the results of the meetings is the arrangement on the supplies of new products to St. Petersburg, promotion of tourism, cooperation in areas of humanitarian relations, health and education.

The official delegation of St. Petersburg visited the Republic of Slovenia

The delegation of St. Petersburg headed by Governor Georgy Poltavchenko visited Slovenia on May 17-18, 2017. In the framework of the visit, a meeting between Governor G. Poltavchenko with the President of the Republic of Slovenia B. Pahor and the Mayor of Ljubljana Z. Jankovic. They discussed plans to conduct in the 2018 St. Petersburg Days in Slovenia. It is planned to establish cooperation between institutions of culture and art, theatric and musical groups, museums and concert organizations. St. Petersburg will hold the Season of Slovenian culture in the framework of the cross seasons of culture Russia and Slovenia in 2017-2018.

St. Petersburg has hosted VIII Nevsky ecological Congress

The work of the Congress was held on May 25-26 2017, in the Tauride Palace. Interparliamentary Assembly of CIS has organized the Congress. The theme of the Congress is devoted to the issues of environmental protection, ecological safety and environmental education. The motto of the Congress is "Environmental education – clean country". The focus of the audience were also the issues relating to transition to green economy, development of model laws, implementation of international programs for training specialists in the sphere of ecological safety and environmental law.

The insignia of "Honorary citizen of St. Petersburg" have been awarded in the Mariinsky Palace

In 2017 based on the decision of the Legislative Assembly the title of honorary citizen of St.

Petersburg was assigned to the Patriarch of Moscow and all Russia Kirill and to the Chairwoman of the Council of Federation of the Federal Assembly Valentina Matviyenko. The title of honorary citizen is awarded since 1993 for great contributions to science, culture and economy of St. Petersburg. This title is given once a year before the Day of the City. In the period 1993-2017 the title was awarded to 41 people, two of them posthumously (O. Bergolz and A. Sobchak). In 2004, 2014 and 2015, the title was not awarded.

St. Petersburg has hosted the XXI International economic forum

In the period from 1 to 3 June at the exhibition complex "Epicenter" in Pushkin district the XXI St. Petersburg international economic forum was held. It was attended by the President of Russia Vladimir Putin, other high-ranking Russian and foreign government and political figures, heads of major companies, scientists, experts and journalists. The forum was attended by over 14 thousand people from 143 countries of the world (last year – 12 thousand people, from 133 countries). Business community was represented by heads of 700 Russian and 400 foreign companies. Among Russian officials were 6 Vice-premiers of the Federal Government, 19 Ministers, 30 executives of Federal services and agencies. The main topics of discussion were the issues of finding new points of balance in the world economy, its transition to a new industrial system, and economic strategy of Russia in the new conditions. The program included 127 events. The central event was the plenary session with participation of the President of Russia V. Putin, Prime Minister of the Republic of India N. Modi, Federal Chancellor of the Austrian Republic K. Kern and the President of the Republic of Moldova I. Dodon.

The Forum events also included business-dialogue Russia - USA, meeting of "Business G20", conference of BRICS and the SCO, special session dedicated to the upcoming in October of this year the XIX world festival of youth and students in Sochi. The Nobel prize winners jointly with the Russian Academy of Sciences held a session "Science – look into the future". The forum participants have signed 475 investment agreements, memorandums and agreements of intent for a total amount of 1.82 trillion rubles (for agreements for which this information is not a trade secret). For comparison, a year earlier 356 agreements for a total amount of 1.46 trillion rubles were signed. In the framework of the business program of the forum the representatives of St. Petersburg signed 47 agreements with a total investment volume amounting to almost 250 bln rubles. The Forum 2018 will be held in the period May 24-26.

St. Petersburg has hosted International conference on the development of public spaces

The conference was held on June 2, 2017 at the ITMO University. The event was held in the

framework of the XXI St. Petersburg international economic forum and was organized by the Ministry of construction and housing and communal services of Russia, the United Nations Programme for human settlements (UN-habitat), the Government of St. Petersburg, ITMO University and the Forum of spatial development. The theme of the conference "Public space as a place of dialogue. Assistance in implementing the new agenda on urban development of UN-habitat in Russia and the CIS region". The conference participants discussed issues related to the need for a new approach to urban planning and the New program of urban development adopted in 2016 at the Conference of United Nations on housing and sustainable urban development (Habitat III). In the focus of the audience were also issues related to sustainable urban development, creating comfortable urban environment, improving quality of long-term planning in cities, the problem of the spread of urban areas, the management of agglomeration processes.

The rank of St. Petersburg in the international ranking of "Doing business" has been discussed in Smolny

On June 8, Governor Georgy Poltavchenko held a meeting with the executive director on the rating "Doing Business" of the World Bank R. Romalo. The meeting was attended by the Deputy Minister of construction of Russia N. Antipina. At the meeting it was noted that St. Petersburg and Moscow participated in the rankings "Doing Business" since 2014. By the end of 2016 St. Petersburg managed to improve its position in the rankings, rising 11 points to 40th place out of 189 cities. Mrs. R. Romalo, highlighted the achievements of St. Petersburg in improving the accessibility of connecting to the grid and obtaining building permits. Both of these options are key when assessing the business environment in the cities. In 2016 St. Petersburg has launched a new system of technological connection to the electric supply based on the principle of "one window". The time of receiving a building permit for the last 2 years has decreased by a factor of 3. With proper documentation, the procedure for obtaining permission will take 90 days.

St. Petersburg has held the VIII International Naval salon

One of the world's leading exhibitions in the field of naval arms and shipbuilding, was held from June 28 to July 2, 2017 in the territory of the exhibition complex "Lenexpo" and at the mooring complex "Morskoy Vokzal" in the Harbor of Vasilyevsky island. The events of the Naval salon have attracted 1.5 times more guests than a year earlier. Products of about 400 companies have been represented. The salon was attended by representatives of 52 countries. Maritime defense show was held in the traditional format, which included the exhibition of military products of Russian and foreign enterprises, scientific-practical conferences, press conferences, seminars, "round ta-

bles", presentations, visits to enterprises of the military-industrial complex, talks, a demonstration of weapons and naval equipment. The participants of the exhibition got acquainted with ships and boats, as well as with the functioning of maritime artillery systems on the ground.

2. EMPLOYMENT

In April 2017, large and medium sized enterprises employed 1472.1 thous. people (Table 1). Compared to the previous month the number of staff remained stable, the number of by-workers grew by 0.5%, and that of contracted workers grew by 2.0%.

In January – April 2017 the number of employees at these enterprises grew by 2.9% compared to the same period of 2016. The number of staff during the period grew by 2.9% that of by-workers fell by 0.7%, the number of contracted workers grew by 9%.

In April 2017, the largest number of vacancies filled was in education, processing indus-

tries, real estate operations, transportation and telecommunications, healthcare, and the least - in agriculture and forestry, hotels and restaurants, other services (Table 2). The public sector employed 40.2% of all employees of large and medium-sized enterprises of the City.

In February – April 2017 the number of economically active population (EAP) amounted to 3053.9 thousand persons, from them 3003.8 thousand employed and 50.1 thousand unemployed. During the reporting period, the employment rate was 74.1% (share of employed people in total population aged 15 to 72 years), the level of economic activity – 75.3% (share of economically active population of the total population aged 15 to 72 years) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In May 2017, the demand of St. Petersburg enterprises for new workforce amounted to 45.1 thousand people (table 3).

In January – May 2017 45061 vacancies have been reported to the Employment service, 63.2% of them – workers' positions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

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

	April 2017		January - April 2017 in % to January – April 2016
	'000 people	in % to March 2017	
Filled jobs total, including:	1472,1	100,0	102,9
Registered permanent employees	1398,5	100,0	102,9
External by-workers	37,5	100,5	99,3
Contracted labour	36,1	102,0	109,0

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

Industry	Total employment	
	'000 people	% of the total
Total, including:	1472,1	100,0
Manufacturing	212,6	14,4
Production and distribution of electric power, gas and water	48,4	3,2
Agriculture and forestry	5,8	0,4
Construction	61,7	4,1
Transportation and telecommunications	177,7	12,0
Finance	55,3	3,8
Real estate transactions, leasing and services	36,1	2,5
Wholesale and retail trade, repair of motor vehicles and home appliances	156,5	10,3
Hotels and restaurants	27,3	2,5
Public administration, security and social care	87,3	5,9
Education	233,9	15,8
Healthcare and social services	143,6	9,8
Culture, sports, entertainment	46,0	3,1
Science and technology	133,6	9,1
Administrative services	35,7	2,4
Other services	10,6	0,7

In the end of January 2017 the greatest demand for employees was declared by the enterprises and organizations of such economic activities, as cargo transportation and storage – 14.2% of all reported vacancies; construction – 12.1%; wholesale and retail trade – 9.5%.

The pressure in the labor market (the number of unemployed citizens registered at the Employment Service per one vacancy) at the end of May 2017 was 0,54 persons per vacancy (at the end of May 2016 – 0,63 persons per vacancy).

In May 2017 24.4 thousand persons were registered at the Employment Service of St. Petersburg. It is 0.5% less than in December 2016 (table 4). In May 2017, 45.1% of those registered

at the Employment Service were officially considered unemployed.

At the end of May 2017, the total number of those who turned to the State Employment Service of St. Petersburg amounted to 29592 people (at the end of May 2016 – 36604 people).

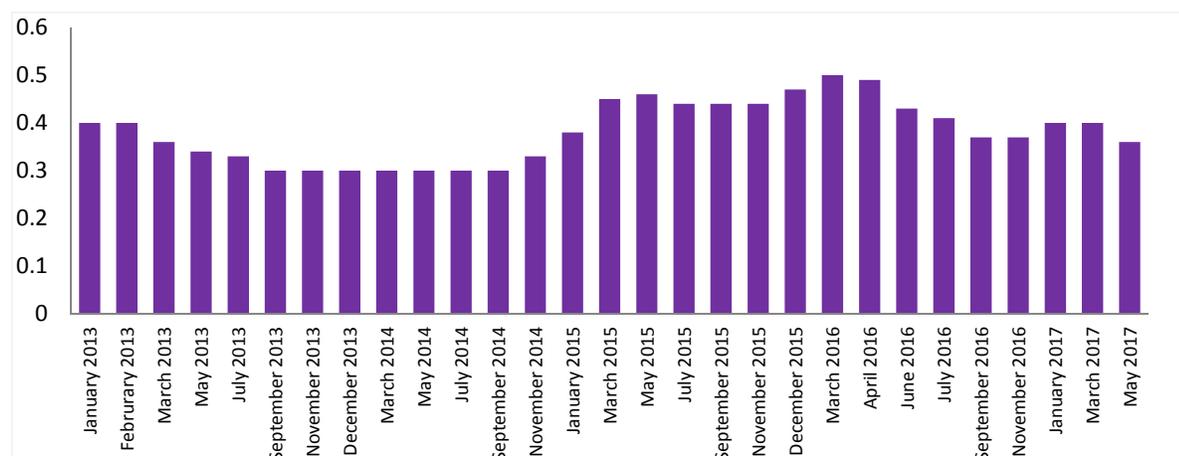
The number of registered unemployed at the end of May 2017 was 10977 persons, of them women – 50.9%; young people aged 16-29 years – 14.7%; persons with disabilities – 14.7% (at the end of May 2016 the number of unemployed amounted to 14059 persons) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

TABLE 3. St. Petersburg enterprises' demand for workforce, January 2016 – May 2017

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 2016	49,0	0,6	150	200
February	44,4	0,6	100	120
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
December	42,2	0,6	120	150
January 2017	41,5	0,6	100	100
February	40,9	0,7	117	117
March	39,4	0,7	100	100
April	41,0	0,7	100	88
May	45,1	0,5	71	83

TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2016, January – May 2017

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 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
December	24,5	11,8	106	87
January 2017	25,8	11,9	101	88
February	27,9	12,4	104	85
March	28,5	12,1	98	83
April	27,1	11,7	97	81
May	24,4	11,0	94	78

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

In May 2017, the status of unemployed was assigned to 1.8 thousand persons (600 people or 24% less than in May 2016). The number of the job-placements in May 2017 was by 200 people or by 18% less than in the same period of 2016, and amounted to 700 people.

According to Rosstat, in February-April 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 2016 it was 1.8%. St. Petersburg had one the lowest levels of unemployment among the subjects of the Russian Federation (in the North-Western Federal district – 4.2%, Moscow - 1.6%, Russia – 5.5 %).

The level of registered unemployment (ratio of registered unemployed to the economically active population on average) at the end of May 2017 amounted to 0.36% of the economically active population (at the end of May 2016, the figure was 0.47%) (www.rspb.ru) (figure 1). This is the lowest figure among the regions of the Northwestern Federal district.

PERSONAL INCOMES AND EXPENDITURES

PRICES

In January-May 2017 consumer prices growth in St. Petersburg was equal to 2.9%. In the same period of 2016, it was 3.2%.

The growth of consumer prices in January-May 2017 in St. Petersburg was 1.2% more than

in Russia on average. In May 2017, consumer prices grew by 0.5% (Table 5).

In January-May 2017, tariffs for paid individual services in St. Petersburg grew by 3.5%. For comparison: their growth in the same period of 2016 was 1.3%.

The rate of growth of tariffs for paid individual services in January-May 2017 was 2.2% higher than Russia's average. Tariffs for paid services in May 2017 grew by 0.5%.

In January-May 2017, prices of foodstuff grew faster than in Russia on average by 1.1% and those of non-foodstuff goods –by 0.5. The growth was correspondingly – 3.5% and 1.7%. In May 2017, prices of foodstuff grew by 0.7% and those of non-food goods grew by 0.2%.

In May 2017 prices grew for fruits and vegetables (3.3%), milk and dairy products (1.0%), alcohol (0.8%), bread and bakery products (0.7%), fish (0.6%), meat and poultry, oil and fats (0.4%), confectionery products (0.3%), sausage (0.2%). Prices fell for cereals and beans (0.8%), cheese (0.2%).

Among non-food items in May 2017 in St. Petersburg, prices grew for tobacco products (by 0.9%), fancy goods and footwear (0.2%), textiles, clothing, building materials, furniture (0.1%), perfumery and beauty products (0.02%). Prices fell for cleaning and maintenance products (0.5%).

In May 2017, payments for the maintenance and repair of housing, operating costs, cold water supply and drainage, hot water, gas, and electricity remained unchanged.

TABLE 5. Consumer price index dynamics in 2016, January – May 2017, % to the previous month

	St. Petersburg				Russian Federation			
	<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 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
January 2017	101,4	101,1	100,6	102,5	100,6	100,9	100,5	100,5
February	100,4	100,5	100,3	100,2	100,2	100,2	100,2	100,3
March	100,2	100,4	100,3	100,0	100,1	100,1	100,2	100,0
April	100,5	100,8	100,3	100,3	100,3	100,6	100,2	100,2
May	100,5	100,7	100,2	100,5	100,4	100,6	100,2	100,4
May 2017 in % to December 2016	102,9	103,5	101,7	103,5	101,7	102,4	101,2	101,3
May 2016 in % to December 2015	103,2	104,4	103,5	101,3	102,9	103,1	103,3	102,2

In May 2017 in St. Petersburg prices grew for long-distance train rides – by 9.8%, ritual services – by 6.5%, excursions – by 5.1%, foreign touristic trips – by 2.7%, the first consultation of a dentist – by 1.2%.

In January-May 2017, gasoline prices increased by 3.2%, that of diesel fuel - by 3.5%. In

May 2017, gasoline prices grew by 1.1%, and that of diesel fuel grew by 0.4%.

PERSONAL INCOMES AND EXPENDITURES

Real incomes in St. Petersburg in April grew by 6.5%, in Russia – by 2.1% (Table 6).

TABLE 6. Real monetary incomes and real salary in St. Petersburg and the Russian Federation in 2016, January – April 2017, %

	St. Petersburg				Russian Federation			
	<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 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
January 2017	72,1	106,4	34,9	97,0	74,0	103,1	52,6	108,0
February	106,3	104,3	150	92,8	101,4	101,0	119,5	96,2
March	106,7	104,2	107,6	98,0	106,8	103,2	101,6	97,7
April	99,6	107,4	106,5	94,7	103,4	103,7	102,1	92,5

Average monthly nominal salary in St. Petersburg in April 2017 amounted to 53261 rubles, in Russia on average – 39839 rubles, 25.2% less.

Salary arrears on June 1, 2017 amounted to 112.8 mln. rubles. Processing industries were responsible for 53.5% of the total, construction

industry – for 34.8%, education – for 10.2%, R&D sector – for 1.5%. State budget arrears were 11.7% of the total.

In March-April 2017, the share of savings in deposits grew and the share of foreign currency decreased (table 8).

TABLE 7. Salary arrears in St. Petersburg in June 2016 – June 2017 (on the 1st of each month), mln. rubles

	June 2016	July	August	September	October	January 2017	February	March	April	May	June
Total arrears	310,2	317	195,3	127,7	115,6	99,6	116	127	81,9	94,8	112,8
Including arrears due to the lack of budget financing	0	0	0	0	2,7	14,1	13,2	13,5	14,8	20,6	11,7

TABLE 8. Personal expenditures of St. Petersburg's residents in 2016, January – April 2017 (% 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 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
November	73,9	15,0	7,7	9,6	- 10,5
December	51,5	14,0	22,2	6,6	- 3,4
January 2017	109,1	15,8	0,4	9,3	- 39,4
February	71,9	15,4	9,5	8,8	- 8,9
March	73,8	15,0	9,2	8,6	- 10,7
April	68,5	14,2	12,4	8,3	- 2,3

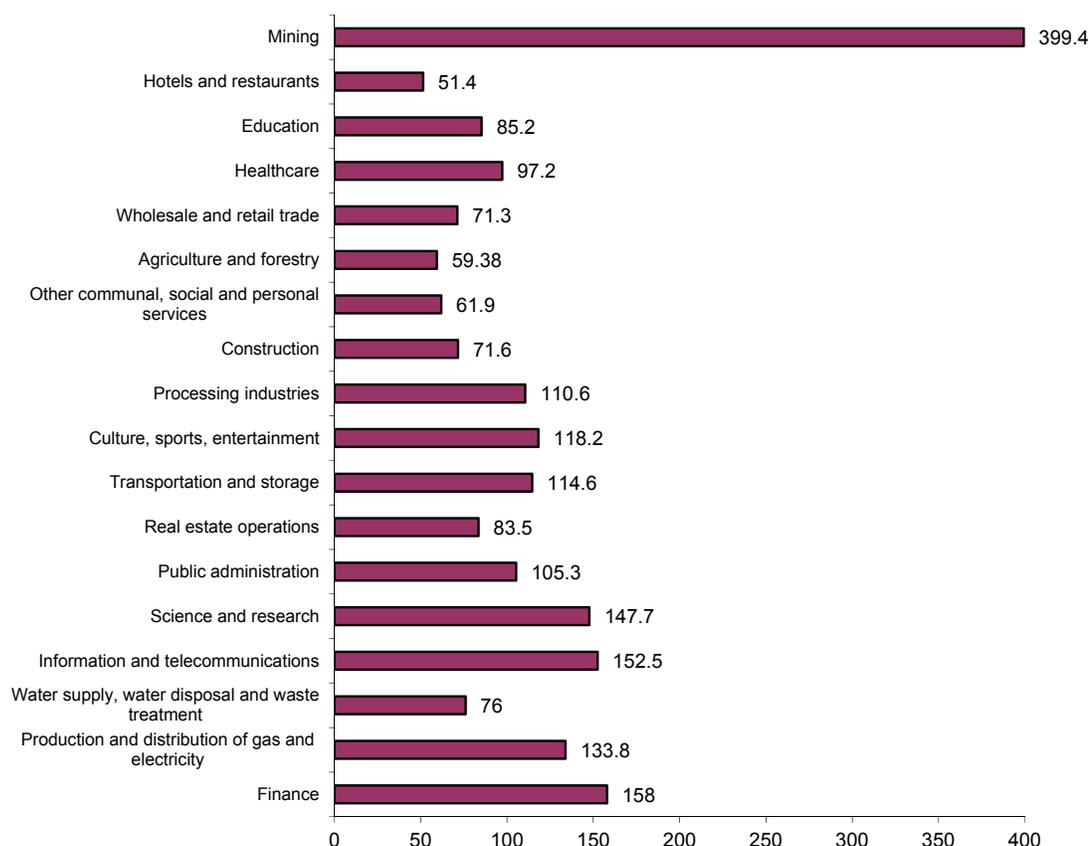
DIFFERENTIATION OF INCOMES AND SALARIES IN ST. PETERSBURG

In April 2017, the level of inter-industry salary differentiation grew compared to December 2016 (Picture 2). The gap between the highest salary (mining) and the lowest salary (hotels and restaurants) was during this month equal to 7.8 times compared to 6.4 times in February 2017.

The highest salaries in April 2017 were paid in mining (the salary in this sector was 3.99 times higher than the average for St. Petersburg).

In April 2017 the average for the City was significantly exceeded by the salary in the financial sector (by 58%), in information and telecommunication sector (by 52.5%), in R&D sector (by 47.7%).

The lowest salary was paid to those employed at hotels and restaurants (51.4% of the average), agriculture and forestry (59.8%).

PICTURE 2. Inter-industry differentiation of average salary in April 2017 in St. Petersburg, % of the average salary (the average salary = 100%)

4. INDUSTRY

The industrial production index in St. Petersburg in January – May 2017 compared to the same period of 2016 amounted to 102.7%.

According to the press-service of Administration of the Governor of St. Petersburg the Technopark of St. Petersburg (Medikov pr, d. 3A) has opened a Regional engineering center, with the equipment for microreactor synthesis, the first in Russia. It will help pharmaceutical companies to get modern technologies for creation and production of medications.

At the new site, companies will also be provided with comprehensive support – from consulting to design and co-financing. "This center will enable our pharmaceutical companies to significantly improve the quality of the products, will give them innovative technology and the ability to create new high-skilled jobs," said Georgy Poltavchenko. The Governor stressed that the establishment of the engineering center is another step in the development of high-tech industries in St.

Petersburg and the implementation of "Strategy 2030" (15.06.2017, <http://gov.spb.ru>).

According to I-mash.ru on May 31, PJSC "Power machines" and the German company Linde Group have launched the production of spiral heat exchangers for liquefaction plants and natural gas processing. The production has been organized on the existing production facilities of "Power machines".

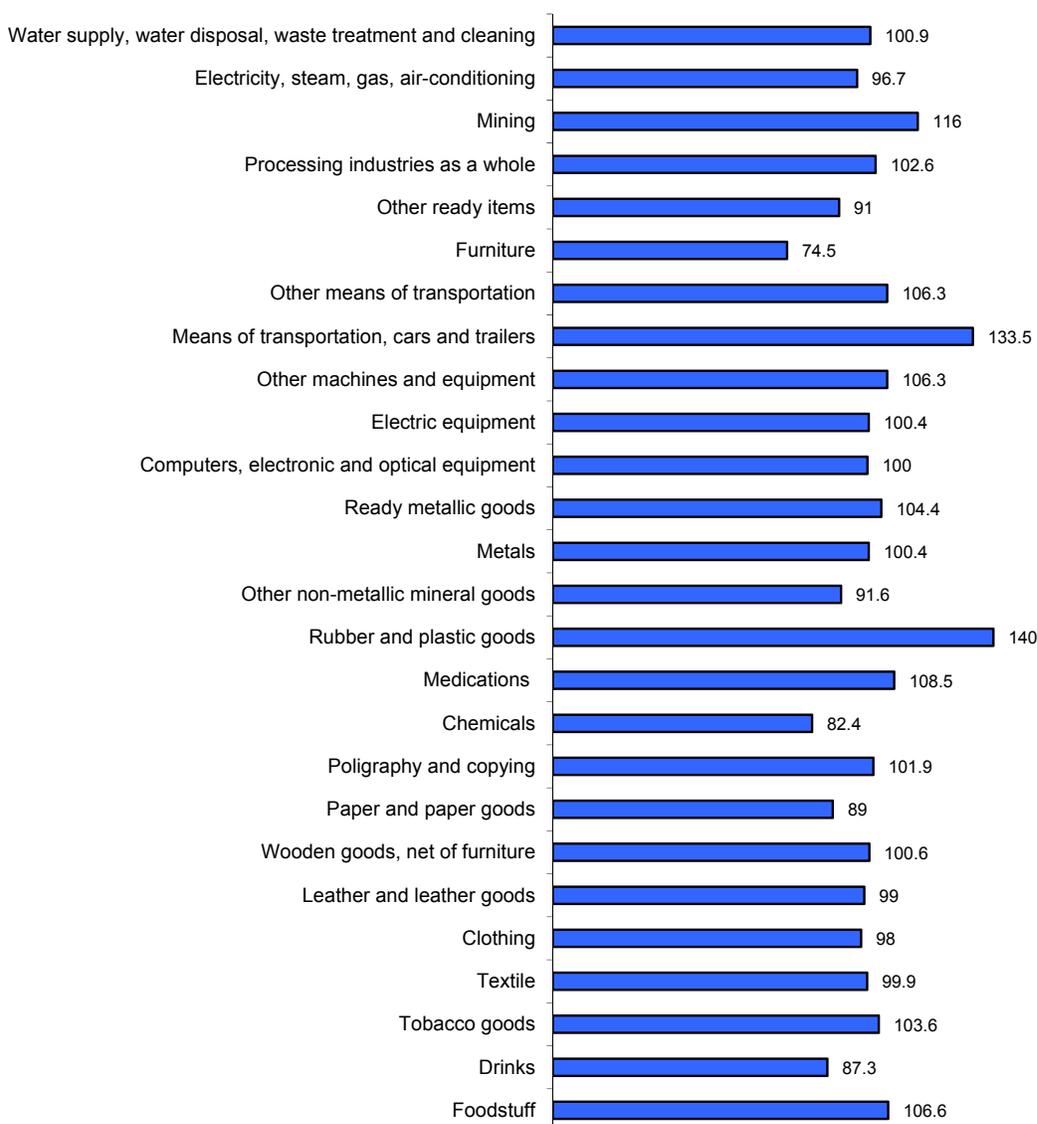
Linde is the technology provider, "Power machines" will provide the localization of equipment. Each company owns 50% in the joint venture. Spiral heat exchangers is the basic equipment blocks for the liquefaction and processing of gas. They are used in petrochemical industries, cryogenic gas separation plants, air separation plants and gas liquefaction plants. This is the world's third enterprise for manufacture of machines for plants for liquefaction of natural gas. The creation of the Russian production will allow its customers - "Gazprom" and "NOVATEK" - to save 10-20% of costs for purchase of equipment for the plants for liquefied natural gas. The first joint venture products will be produced this year and are intended for the construction of the Amur

gas processing plant of "Gazprom". The plant will be the largest company in the industry in Russia and will include the largest production of helium in the world (31.05.2017, <http://www.i-mash.ru/>).

News portal Lenta.ru reports that modernized factory "Pervaya mebelnaya" was opened St. Petersburg. The volume of investments in technical modernization of the factory amounted to 300 mln rubles, of which 100 mln rubles were provided by the St. Petersburg Fund of development of the industry in the form of a loan under the program of targeted support for businesses at a concessional rate of five percent per annum. In the course of the project, starting from 2014, a full upgrade of two workshops of the plant with an area of 11.4 thou-

sand sq. m. was carried out, new workshop and a new warehouse complex were built. As a result of the reconstruction the capacity of production lines has increased five-fold and allows producing 50 thousand kitchen sets per year, the company has expanded its range of furniture, including kitchens, furniture for offices, bedrooms, living rooms, libraries, furniture for children. "Pervaya mebelnaya" is the core of a large holding, which includes the largest furniture centers of St. Petersburg and Moscow: "Furniture city", "Furniture city 2", "Furniture city Moscow", the shopping mall "Garden city" and a chain of shops (19.05.2017, www.lenta.ru).

PICTURE 3. Industrial production dynamics in St. Petersburg by industry, January-May 2017 in % to January-May 2016



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-June 2017 the revenues from taxes, fees and other obligatory payments amounted to 541.6 bln rubles, which in nominal terms is 20.3% more than the corresponding period last year. In June 2017, compared with the previous month revenues to the budget system grew by 0.1%.

In January-May 2017 the consolidated financial result (profit minus loss) of organizations (excluding banks, insurance companies and budget organizations, without small businesses) amounted to 344.6 bln rubles, which is 23.9% more than in the corresponding period last year. In January-May the number of unprofitable enterprises in comparison with the same period of 2016 grew by 49 units or by 7.9%, the amount of the loss grew 1.6 times.

STATE DEBT

The information about the structure of the state debt as of July 1, 2017, is presented in the tables 10 and 11.

Table 9. Consolidated budget execution in 2017 (mln rubles)

	Revenues	Expenditures	Surplus
<i>January - April</i>	169 381	143 023	26358
<i>January - May</i>	219 194	185 034	34160

Source: Petrostat

Table 10. St. Petersburg's state debt structure on 01.07.2017

	Mln rubles	Share, %
State domestic debt of St. Petersburg, including:	7 904,7	100,0
Bonds	0,0	0,0
Credits	7 904,7	100,0
State external debt of St. Petersburg	0,0	0,0
Total	7 904,7	100,0

Source: St. Petersburg Committee of Finance

Table 11. Debt service expenditures of the budget of St. Petersburg, as of July 1, 2017 (mln. rubles)

Item	Plan 2017	Fact on 01.07.2017
Domestic debt service costs	354,4	245,6
Total	354,4	245,6

Source: St. Petersburg Committee of Finance

6. MUNICIPAL SERVICES

BEAUTIFICATION, RESTORATION, REPAIRS

Due to the increase of contributions to the Capital repairs fund in 2016, it will additionally allocate 860 mln rubles for repairs in 2017. Housing Committee of St. Petersburg has included more than 190 new objects in the short-term plan for 2017. Additional work is planned on repair of engineering networks on 107 sites, replacing 14 elevators in 10 apartment buildings, repairing 18 facades, repairing 24 decrepit buildings. The total amount of funds allocated this year for capital repairs will increase up to 11.1 bln rubles (Based on materials of the Administration of St. Petersburg)

The Committee on state procurement of St. Petersburg has announced an open auction on performance of works on capital repairs of Schliselburg highway in the Kolpino district. The winner of the auction will have to fix the 4.8 km road from Petrozavodsk highway to the street of the Proletarian Victory, sidewalks, walkways and entrances, update utilities, to fulfill the complex of measures for landscaping, and to construct shore protection structures on ten sites that will help to protect the shore from further erosion. The starting price is 1.1 bln rubles; the repair should be completed by the end of 2018 (Based on materials of "Kommersant" and the Administration of St. Petersburg).

The Western wing of the General staff building on Palace square, which houses the headquarters of the Western military district of the Ministry of defense, is to be restored until the end of July 2018; the contractor is AO Remfasad, the cost of the works is about 530 mln rubles. The list of works included design, renovations and major repairs of the front façade and the roof of the building and restoration of brick masonry retaining walls, repair of balconies and cornices, partial replacement of glazing on wooden windows. (Based on materials of "Vedomosti").

In June, capital repair of tramways in Peterhof highway and St. Petersburg highway on the section from Marshala Zhukova prospekt to Strelina has been completed. The total length of the repaired tramways is 8.6 km. The total cost of two public contracts for works is about 1.2 bln rubles. In the framework of the overhaul rails and ties have been replaced, the works on the automation device and switch heating have been carried out, a metal fence, replacement of support of a contact network and overhead system have been done (Based on materials of administration of St. Petersburg).

TRANSPORTATION, ENERGY, WATER SUPPLY

In January-May 2017 transportation organizations of St. Petersburg have transported 1.8 mln tons of cargo and 229.9 mln passengers, which exceeds the figures for the same period, 2016 (17.8% and 0.6%, respectively). The freight turnover amounted to 504.3 mln ton-km (34.8% more than the same period in 2016), and passenger traffic 1300.4 mln passenger-km (0.2% less than in January-May 2016). For the first year the trend of the dynamics of passenger turnover is negative. The number of road accidents decreased in comparison with the same period in 2016. In January-May 2017 there were 2278 accidents (2.3% less than in January-May 2016), which killed 88 people. The number of accidents involving children increased by 2.4% to 216 (According to Petrostat).

GUP "Vodokanal of St. Petersburg" and the Eurasian Development Bank (EDB) in the framework of St. Petersburg International Economic Forum (SPIEF) – 2017 have signed an agreement on joint implementation and financing of the investment program of the company until 2020. The EDB plans to invest in projects of Vodokanal RUB 60 bln, including up to 15 bln rubles of own financing (Based on materials of "Kommersant").

MAJOR CITY PROJECTS

During SPIEF – 2017 the Government of St. Petersburg has signed two agreements of intent with potential investors of the project of construction of the Eastern high – speed radius - VTB (the estimated volume of investments is no less than 110 bln rubles) and EDB (the estimated investment is 150 bln rubles). It is planned that the route will start from the Western high-speed diameter and will proceed to the intersection of the Murmansk highway, connecting to the ring road near the village of Kudrovo, its estimated length is 22.6 km away. The exact scheme of financing of the project and details of the competition are being worked out (Based on materials of "Vedomosti").

At the meeting of the Interdepartmental Commission for the selection of concepts for creation of high-speed tramlines in St. Petersburg based on state-private partnership, the decision was made to build two new lines in the South of the city. The first of them will be laid along the route from the metro station Kupchino to the residential district Slavyanka with a total length of 21 km with 22 pieces of rolling stock. Total investment in the creation of the line will amount to 31.5 bln rubles. The second speed tramline with a length of 13.5 km will be laid along the route of the future subway station Yuzhnaya to the city of Kolpino. It is planned to buy 22 units of rolling stock for this line and to build a tram depot. The investment in the creation of this line will amount to 20.6 bln rubles (Based on materials of RBC and the Administration of St. Petersburg).

7. REAL ESTATE

HOUSING

According to report of the Construction Committee in May 2017 in St. Petersburg there was put into operation 187 158.5 sq. m. of housing - a total of 111 houses / 3393 apartments.

The leader in terms of housing construction in May was the Krasnogvardeysky district - 62847.00 sq. m., 2 houses for 1157 apartments. Since the beginning of 2017 in the City there were put into operation 1 458 539.0 sq. m. of housing, which is slightly less than 50 % of the annual plan.

In the framework of the program of renovation of the mass construction blocks the company "SPb Renovation" has put into operation the second stage of the residential complex "Stereos" in the area 35 in Rzhevka, Krasnogvardeysky district of St. Petersburg. The complex consists of seven multi-storied sections (6-11-18 floors) with total living area of 22 thousand sq. m. The first stage - two 10-storey and seven 17-storey sections with a total area of 39 thousand sq. m – "SPb Renovation" has put into operation last fall. About 300 apartments out of 660 in the building of the first stage were intended for the resettlement of residents of demolished houses.

The area 35 in Rzhevka is limited by Ryabovskoye highway, Rzhevskaya square, Kamyshinskaya ul. and Belomorskaya ul. There are 43 houses there planned for demolition. The area occupies 20 hectares. According to the concept-plan, there will be a new landscaped urban environment with the necessary social infrastructure. The architectural concept was developed by the French Bureau AS Architecture Studio.

According to the Agency "Peterburgskaya Nedvizhimost", the most popular among tenants in St. Petersburg format is one-bedroom apartments and studios. Their share in April 2017 accounted for 54.8% of the total number of transactions.

The General Director of the Fund "Institute for Urban Economics" Alexander Puzanov during the forum "Environment for life" has reported that the average housing area per person in Russia is 25 sq. m., about 10 mln households have 13 sq. m. per each family member.

According to the Housing code, the minimum cannot be less than 12 sq. m. per person. The social norm in Moscow and St. Petersburg, for example, is 18 sq. m per person, in Voronezh – 14 sq. m. in Tyumen – 15 sq. m.

According to the design standards by DIN (Deutsches Institut für Normung e.V.; German Institute for standardization) a family consisting of two adults and one child, should, according to the rules to take no less than 64 sq. m of living space; a family of two adults and two children with one

children's room - no less than 68,5 sq. m, with two children's rooms - no less than 73 (restate.ru).

CO-INVESTORS

The Construction Committee to implement the instructions of the President of the Russian Federation from 03.08.2016 № PR-1520 and to inform citizens about steps taken by the authorities of St. Petersburg aimed at the completion of the construction of houses, has posted on its website (in the section "co-invested construction") the schedule ("roadmap") on implementation of measures of legislative, organizational and financial nature for the protection of affected citizens, included in the register of citizens whose funds had been attracted for construction of apartment houses and whose rights had been violated (the construction of the apartment buildings as 01.05.2017 has not been completed).

The co-investors' representatives have the right to participate in the discussion of the schedule ("roadmap") by sending their proposals to the Construction Committee.

NON-RESIDENTIAL

According to the information of the Construction Committee, in May, there were commissioned 27 civilian objects. Among them, the combined auxiliary building of Pervomayskaya combined heat and power station (CHP-14); "Nevsky" branch of JSC "TGC-1" in the Nevsky district; the second phase of reconstruction of the airport complex "Pulkovo-1" and the number of objects in the territory of the airport: the airfield and base maintenance, the maintenance center with a dining room for 200 seats, repair facilities.

The availability of social and transport infrastructure is an urgent problem of the new areas of development. In Shushary the deficit in preschool institutions is 2200 seats, in educational institutions – 3800 places, in clinics – 1100 visitors. Vice-Governor I. Albin recommends that developers in Shushary independently address social and transport problems. Smolny has notified constructors about the upcoming updates of the project planning area

(<http://www.restate.ru/material/smolnyy-rekomenduet-zastroyshhikam-v-shusharah-samostoyatelno-reshat-socialnye-i-transportnye-65021.html>). According to the Deputy Chairman of the Committee on urban construction and architecture A. Teterin ("Ktostroit.ru"), the updates are not in favor of developers; the companies not participating in the construction of roads and social facilities will not be granted building permits.

Among companies currently building in the area of Shushary are "Dal'piterstroy" (HC "Shushary"), "Lider Group" (HC "Bosphorus" and new project "Shushary"), "FSK Lider" (UP-district "Moscow"), "SVP Group" (HC "On Novgorod prospect"), etc. –more than a dozen HC (housing

complexes). According to media reports, in addition to lack of schools, kindergartens and health clinics, there are no large shopping centers and cinemas in the area. According to experts, new buildings are concentrated along the ring road and in the center, driveways are not wide enough, which has led to a shortage of parking lots and traffic jams. Exits on the ring road during peak hours are blocked with traffic jams.

The Government of St. Petersburg is continuously increasing the load on developers in the form of contributions for social infrastructure, and they threaten to add it to the cost of housing for buyers. According to the Director of SRO "Association of developers of St. Petersburg" A. Belousov, the social burden on developers should be 3520 rubles per sq. m. but the Construction Committee believes it should be 10 thousand rubles (Based on materials of Restate.ru).

TERRITORIAL DEVELOPMENT, REGULATION

The Legislative Assembly of St. Petersburg has approved amendments to the General plan of the City.

The amendments clarify new elements of transport infrastructure such as the Eastern High-speed diameter, the route of the express train between the airport and Vitebsk station, the highway No. 7 and the light rail line from Kupchino to Shushary, Slavyanka and other areas. In addition, the re-classification of the industrial area in Vitebsk prospect as a business area has been approved as was the construction in the Malinovka Park in Krasnogvardeyskiy district.

The City Government has approved of the amendments to the General Plan of St. Petersburg, associated with the construction of new objects of road transport infrastructure, including the line of the express train. For the organization of railway communication between Pulkovo airport and Vitebsk station there will be built a new railway line with a length of 8 km from the airport to the station of Shushary, where it will join the existing line.

Also considered is the possibility of organizing the aeroexpress stop at the station Kupchino. The project is to be implemented through public-private partnership scheme. All necessary approvals, including the one from the Oktyabrskaya railroad, have been received. The project cost is estimated at 24 bln rubles.

The collection of proposals (more than 2 thousand) for the amendment of the General plan of St. Petersburg, adopted in 2005, was carried out over several years. In July, the Governor will sign the document, after which it will be in force at least until 2020. The Changes relate almost exclusively to the transport section of the General plan. According to experts interviewed by RBC (http://www.rbc.EN/spb_sz/06/07/2017/595e18699a79478f63e225dc) the amendments are technical in nature.



8. INVESTMENT PROJECTS

According to Petrostat, the investment in fixed assets of enterprises in January-March 2017 amounted to 68.3 bln rubles, which is 94.4% of the figure for the same period of the last year.

The building materials retailer Manders intends to expand the dealer network in the North West

Manders supplies decorative materials from leading brands of the UK, France, and USA. About 50% of the marketed production are orders of small companies: designers, architects and builders, 50% of the goods Manders sells to individual customers.

In June, the company expanded its flagship shop on Sverdlovskaya embankment, investing in the project 12.7 mln rubles. By the end of this year, Manders will open a new store in a newly built creative industries center Artplay on Krasnogvardeiskaya square. The assortment includes seven brands of paints, among which Little Greene, Farrow & Ball etc., wallpaper, textiles and stucco elements.

In St. Petersburg, there are no more than 15 large companies, specializing in the sale of construction materials in the premium segment. These include Benjamin Moore, Piterra, Empire decor, Swedish Wallpaper etc. The investment into the expansion of the dealer network in the North West will amount to 20 mln rubles.

The landing site "Bychye pole" in Kronstadt is being converted into a hub of small and rotary-wing aircraft

Currently "Bychye pole" has the status of a landing site, which can accept almost all types of helicopters and many types of aircraft of class IV. A new project involves the creation of a hub for light aviation, which will provide round-the-clock emergency medical care, conduct training flights and training courses. The pre-work must be completed by the autumn. The investor at the initial stage will be leasing three plots of land, that will house a heliport, a space for duty crews and technical services. The size of the investment in this phase of the project is 300 mln rubles. In 2018, the company expects to build a new center for the basing and maintenance of helicopters on the territory of the 73 hectares. The amount of investments can reach about 2.7 bln rubles.

Now small aircrafts are based in the airfield "Gostilitsy" and in "Pulkovo".

The chain of active recreation parks Joki Joya is going to increase their number in St. Petersburg by the end of the year

Now there are nine active recreation family parks located in shopping malls. The largest park will be opened by the end of the year in the "Grand Canyon" mall. New point involves more than 30 rides and play areas for children, including five-story maze, a fortress with air guns and trampo-

lines. According to estimates of the company, the number of visitors reaches 20 thousand children and adults per month. The company will invest in future projects in 2017-18 about 1.5 bln rubles of own and borrowed funds. The investments in the opening of a park on average amount to 70 mln rubles.

The company "Svetoch" plans to build an interactive amusement park in Tsarskoye Selo

The implementation of the first phase of the project is planned by 2020, for the 310th anniversary of the founding of Tsarskoye Selo. The model for the future interactive park is Astrid Lindgren Park in Stockholm. It is planned that the entertainment complex in Tsarskoye Selo will cover an area of 13.8 thousand sq. m. and will include exhibition halls, amusement rides, play areas, playgrounds and public recreation areas. The company's investment in the project will amount to 1.6 bln rubles.

Hot Yoga 36 studio to open in St. Petersburg

The repair and equipping of the room in ul. Rubinsteina took 14 mln rubles, including 8 mln for the equipment. The room is heated for classes to 36°- 40 ° C at a humidity of 40% to reproduce the climate in which people traditionally practiced yoga in India.

Now in St. Petersburg there are more than 200 yoga studios, among them chains and small single points, as well as classes at fitness centers. The volume of the market for yoga in the City is estimated at 5.5 bln rubles per year. There are 2 companies that offer hot yoga in St Petersburg – Hot Yoga 36 and Urbanyoga in Sverdlovsk quay.

"Nihao" company intends to expand its chain in St. Petersburg

The volume of investments in opening of one restaurant is 20-25 mln. rubles. By the end of this year in St. Petersburg it is planned to open five new restaurants.

St. Petersburg – based clothing manufacturer "Oh, my" opens its first store in Stre-myannaya ulitsa

"Oh, my" makes women's and men's basic clothing, and in June, simultaneously with the opening of the sales point, it is to launch a line for children. The cost of opening the first selling point is estimated at 8-10 mln 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/>