

GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

November – December 2017 № 150



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1. CITY MANAGEMENT

APPOINTMENTS, GOVERNMENT COUNCILS

The Chairman of the Construction Committee has been dismissed

On November 28, S. Morozov has been dismissed from the post of head of the City Construction Committee. The resignation occurred on his own initiative. The duties of the Chairman of the Construction Committee from November 29, 2017 have been assigned to the Deputy Chairman of the same Committee Ye. Baranovsky.

New "Arctic" Vice-Governor in the Government of St. Petersburg

On December 13, members of the Legislative Assembly have agreed to the appointment of the Vice-Governor M. Kucheryaviy. 44 deputies have voted for him, 3 have refrained, 2 were against. In the City Government M. Kucheryaviy is responsible for environmental management, environmental protection, environmental safety and the implementation of the state program of development of the Arctic zone. M. Kucheryaviy has become the 14th member of the Government of St. Petersburg.

New plenipotentiary representative of the President of Russia in the North-Western Federal district

On December 25, A. Beglov was appointed to this post. Earlier the post of the plenipotentiary representative of the President of Russia was occupied by N. Tsukanov. He was appointed on July 28, 2016. After leaving the post of the plenipotentiary representative, N. Tsukanov has been appointed to the post of the assistant to the President of Russia on the issues of local self-government. The new presidential envoy is well known in St. Petersburg, where in 1999-2002 he was the head of the Kurortnyy district, in 2002-2003 – the Vice-Governor – head of the Administration of the Governor, in 2003-2004 – the first deputy plenipotentiary representative of the President of Russia in the North-West. In 2003 A. Beglov for 3 months exercised the powers of the Governor of St. Petersburg until the election for the position of V. I. Matvienko. It happened after the early resignation of the Governor V. A. Yakovlev in June 2003. On December 30, at the Smolny there was a meeting of presidential envoy in North-West Russia A. Beglov and the Governor of St. Petersburg Georgy Poltavchenko.

A meeting of the Public council on small business development

The meeting was held on November 2 at Smolny and has been dedicated to the tenth anniversary of the Public council. During the meeting it

was noted that over 10 years in the framework of the Council there had been held 30 meetings, 540 seminars and over 300 round tables. Consulting assistance has been provided to more than 25 thousand business entities, the Center for development and entrepreneurship support operates, so does the Fund of assistance to crediting of small and medium business, and the Regional integrated center. For the first half of 2017, the number of small and medium-sized enterprises increased in the City by 7 thousand. The access of small and medium business to state and municipal orders has been expanded. In 2017 in this field there were concluded more than 60 thousand contracts for a total amount of 85 bln rubles. Small and medium enterprises of St. Petersburg employ more than 1 mln people.

A regular meeting of the Investment Council under the Governor of St. Petersburg held at Smolny

On December 12, under the chairmanship of the Governor Georgy Poltavchenko the Investment Council considered promising investment projects with volume of investments amounting to about 10 bln rubles. These included the project on the creation of a "three-star" hotel at the Finland station (total investment 1 bln rubles) by the "Leader" company; "Svetoch" company's project for the construction of a complex "Lukomorje" – an interactive museum of fairy tales by A. S. Pushkin (1.6 bln rubles); the project by the company "AVA-PETER" on the creation in the Kirov district of the multifunctional medical center "South clinic" (5 bln rubles), the project by the companies "Cascade" and "Orion" on the development of industrial infrastructure in the North-Western part of St. Petersburg (2 bln rubles). In addition, the meeting participants have considered the issue of further development of the special economic zone of technical innovation type "St. Petersburg".

The latest the meeting of the Council in 2017 was held on December 28 and was dedicated to summarizing results of its work. In the first 9 months of 2017, the volume of investments into fixed capital amounted to 384,6 bln rubles, which is substantially more than for the same period in 2016 (288,8 bln rubles). In the first half of 2017, the City has received foreign direct investment of USD 3.3 bln, 9.1% more than in the same period of 2016. In 2017 the Investment Council has reviewed and approved of 15 projects. These projects related to industry, transport infrastructure and hotel sector. The total investment to be made under these projects is estimated at 81 bln rubles. Nine projects have received the status of a strategic project.

St. Petersburg prepares to celebrate the 315 anniversary of its founding

On December 22 under the chairmanship of the Governor Georgy Poltavchenko a meeting of

the Organizational Committee on preparation to celebration of the 315-anniversary of St. Petersburg was held. Festive events dedicated to this event will be held from May 20 to 27, 2018. The most significant event will be the next St. Petersburg International Economic Forum, which will be held from May 24 to 26. The meeting participants summed up the interim results of the competition to choose the logo of the celebration of the 315-anniversary of St. Petersburg. In the framework of the contest, 208 versions have been reviewed, of which the 10 best were selected. The winner will be determined at the beginning of 2018.

LEGISLATION

The Law on capital repairs of common property in apartment buildings has been amended

In accordance with the Law of St. Petersburg of November 2, 2017 No. 662-114 changes to the Law of St. Petersburg of 4 December 2013 No. 690-120 "On capital repairs of common property in apartment buildings in St. Petersburg" have been made. According to the amendments, a regional operator, responsible for the overhaul, is vested with the functions of a builder. This will allow the regional operator to operate on self-designed project documentation. It is expected to save money and to reduce time of competitive procedures on contracts for the preparation of project documentation.

Procedure for maintaining the register of procedures in the construction industry

The resolution of the Government of St. Petersburg of November 2, 2017 No. 908 has approved of the Procedure for maintaining the register of procedures in the construction industry in the state information system of St. Petersburg - "Unified system of the construction complex of St. Petersburg". According to the established Procedure, the register is formed and maintained by the Administration of the Governor in electronic form only. It is done based on the subsystem "Register of procedures in the field of construction" of the state information system of St. Petersburg "Unified system of the construction complex of St. Petersburg", created in accordance with the decree of the Government of St. Petersburg of 22.08.2016 No. 706. The Procedure has set the format of the Register, the format of the notice on inclusion of a procedure in the register and of the notification of executive bodies of state power of St. Petersburg on the provision of information on a procedure in the field of construction for placement in the Register.

Media have been defined, which are to be used for publishing the list of property of the treasury of St. Petersburg to be transferred to trust management

Based on the Law of St. Petersburg of November 7, 2017 No. 664-116 amendments to the Law of St. Petersburg of June 16, 2004 № 334-51 "On trust management of property of St.-Petersburg" have been made. The changes relate to clarification of the publication of the list of objects subject to transfer to trust management. The list of objects is subject to official publication in one of the media referred to in the article 1 of the Law of St. Petersburg of June 30, 2010 No. 445-112 "On providing access to information about the activities of state authorities of St. Petersburg". Among these media, are: the official site of Administration of St.-Petersburg (www.gov.spb.ru), "The Herald of the Administration of St. Petersburg" and "the Information Bulletin of the Administration of St. Petersburg", the newspapers "St. Petersburg Vedomosti" and "St. Petersburg Diary". The date of publishing of the list is 15 days.

Amendments to the Law on administrative offences in St. Petersburg

The law of St. Petersburg of November 7, 2017 No. 660-117 has introduced responsibility for violation the procedure of rendering state and municipal services. According to it, the violation by an official of an executive body of state authority or of local government, an employee of the MFC of the procedure for granting state or municipal services shall entail the imposition of an administrative fine in the amount from 3000 to 5000 rubles. In addition, a rule has been introduced providing for the imposition of an administrative fine in the amount from 5,000 to 10,000 rubles if the above mentioned persons request documents and (or) fees, not stipulated by normative legal acts of state authorities of St. Petersburg or local authorities. The law of St. Petersburg of November 29, 2017 No. 727-128 sets two new types of administrative offenses. The first concerns the failure of an official of an executive body of state power of St. Petersburg to meet a legal requirement of a member of the Legislative Assembly or creating obstacles in the implementation of his/her activities. The second offence is a failure of an official of the executive body of state power of St. Petersburg to comply with deadlines for provision of information (documents, presentations, responses for requests) to a member of the Legislative Assembly.

The cost of a patent for foreign citizens working in St. Petersburg has been increased

Based on the Law of St. Petersburg of November 27, 2017 No. 752-125 for 2018 the coefficient of 1,7299 is set. The regional coefficient is applied when calculating the cost of the monthly fee for the patent (fixed advance payment on personal income tax) for foreign citizens engaged in labor activity in Russia based on the patent. The established regional coefficient in 2018 provides an increase in the value of the patent to the level of 3500 rubles per month.

The subsistence minimum in the 3rd quarter of 2017

Based on the decision of the Government of St. Petersburg of November 27, 2017, No 963, the following subsistence minimum for various categories of the population is set in St. Petersburg for the 3rd quarter of 2017: the average per capita minimum subsistence level is 10 791,6 rubles, for working-age population – 11 868,2 rubles, for pensioners – 8 612,2 rubles, for children – 10 403,2 rubles. In 2017 the cost of living has increased, on average, by 3.3%. For comparison, in the 3rd quarter of 2016 the subsistence minimum on average per capita was 10449,5 rubles.

The Law on the Budget of St. Petersburg for 2018-2020

The Law of St. Petersburg of December 4, 2017 No. 801-131 has approved of the parameters of the budget of St. Petersburg for the next 3 years. The total revenue of the budget of St. Petersburg for 2018 is set at the amount of 538,7 bln rubles, in 2019 - 576,9 bln rubles, in 2020 - 624,9 bln rubles. The total expenditures amount is set for 2018 in the amount of 591,6 bln rubles, in 2019 and 2020, the expenditures will be 614,3 and 650,2 bln rubles respectively. The size of the budget deficit in 2018 will be 52.9 bln rubles, in 2019 - 37.4 bln rubles, in 2020 - 25.3 bln rubles.

Main parameters of the budget of the Territorial fund of obligatory medical insurance of St. Petersburg for 2018-2020

The parameters have been approved by Law of St. Petersburg of December 12, 2017 No 803-146. The total revenues of the budget of the Territorial fund of obligatory medical insurance of St. Petersburg (TFOMS) for 2018 will amount to 95.5 bln rubles, the expenditures –95.5 bln rubles.

MEETINGS, COOPERATION

St. Petersburg is strengthening cooperation with Uzbekistan

On November 3 at Smolny Governor Georgy Poltavchenko met with the delegation of the Republic of Uzbekistan headed by the state advisor to the president, the chairman of the central council of the union of youth of Uzbekistan K. Kurenbaev. Among the priorities of the joint work were mentioned: labor migration, tourism development, joint education projects of patriotic and cultural kinds, interaction with youth organizations and intercollegiate cooperation.

St. Petersburg is developing cooperation with the Agency for strategic initiatives

On November 7 at Smolny Governor Georgy Poltavchenko met with the director general of the Agency for strategic initiatives (ASI) S. Chupsheva. They have discussed problems of improving conditions for doing business in St. Petersburg and new areas of cooperation between

the City and the Agency. ASI has provided to the City the assistance in the implementation of the 12 target models developed by the Ministry of economic development of Russia to facilitate business and to increase investment attractiveness.

St. Petersburg has hosted the VI International cultural forum

From November 16 to 18, the forum events were held in the General staff building of the State Hermitage and at the Russian Museum of Ethnography. The forum is a platform for meetings, open dialogue and exchange of experience between experts in the fields of culture and cultural policy, government officials, politicians and businesspersons from different countries. The forum participants have discussed the problems and trends of development of the world and Russian cultural life. 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 participants of the VI International cultural forum were 34 thousand people from 79 countries.

St. Petersburg is strengthening cooperation with the People's Republic of China

On December 4 at Smolny Governor Georgy Poltavchenko met with the first deputy chairman of the Soong Ching Ling Foundation at the ministry of culture of China H. Yuxiang and the chairman of the board of the Foundation "Dialogue of civilizations" V. Yakunin. They have discussed prospects of development of humanitarian cooperation. Following the meeting, Georgy Poltavchenko, H. Yuxiang and V. Yakunin have signed a Protocol of intent.

St. Petersburg is strengthening ties with the Republic of Korea

On December 15 at Smolny Governor Georgy Poltavchenko met with the head of the ruling party of the Republic of Korea, the chairperson of the parliamentary committee on foreign policy cooperation between the Republic of Korea and the Russian Federation of the National Assembly of the Republic of Korea Mrs. H. Mie. They have discussed the prospects of cooperation. The parties noted with satisfaction that in the first 9 months of 2017, the trade turnover between St. Petersburg and the Republic of Korea has increased by 15% compared to the same period in 2016 to USD 1.3 bln. St. Petersburg develops contacts with the Korean cities of Seoul, Incheon and Busan. Among the most promising directions of bilateral cooperation are healthcare, pharmaceuticals, new technologies in urban care, tourism and shipbuilding.

The results of the competition for the projects of "symmetric" residential development in St. Petersburg and Minsk

The award ceremony of the architectural and urban planning competition for the development of "symmetric" housing projects in St. Petersburg and Minsk was held on December 19 at the Central exhibition hall "Manege". It was attended by the Governor of St. Petersburg G. Poltavchenko and the chairman of the Executive Committee of Minsk, Andrei Shorets. There were 5 projects on each side. In the Northern capital of Russia, it is planned to build a "Belarusian quarter", and in Minsk – a "St. Petersburg quarter." The results of the competition have been announced by the Chairman of the Committee for city planning and architecture of St. Petersburg V. Grigoriev. Among Belarusian projects the award went to the project "Cranes" (developed by the Institute "Minsk civilian project"). Among Russian projects the best one was prepared by St. Petersburg architectural Bureau "Studio 17" (headed by S. Gaikovich).



2. EMPLOYMENT

In October 2017, large and medium sized enterprises employed 1467.7 thous. people (Table 1). Staff employees amounted to 94.7% of all the employed. Compared to the previous month the number of staff grew by 0.1%, the number of by-workers - by 2.6%, and that of contracted workers - by 12.5%.

In January – October 2017 the number of employees at these enterprises grew by 2.6% compared to the same period of 2016. The number of staff during the period grew by 2.4% that of by-workers fell by 0.7%, the number of contracted workers grew by 12.4%.

In October 2017, the largest number of vacancies filled was in education, processing industries, 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 46.6% 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 2017		January-October 2017 in % to January –October 2016
	'000 people	in % to September 2017	
Filled jobs total, including:	1467,7	100,5	102,6
Registered permanent employees	1389,2	100,1	102,4
External by-workers	36,3	102,6	99,3
Contracted labour	42,2	112,5	112,4

TABLE 2. Employment at enterprises and organizations of St. Petersburg by the type of economic activity in October 2017 (without small enterprises)

Industry	Total employment	
	'000 people	% of the total
Total, including:	1467,7	100,0
Manufacturing	211,1	14,4
Production and distribution of electric power, gas and water	48,4	3,3
Agriculture and forestry	5,7	0,4
Construction	58,8	4,0
Transportation and telecommunications	179,1	12,2
Finance	55,3	3,8
Real estate transactions, leasing and services	35,8	2,4
Wholesale and retail trade, repair of motor vehicles and home appliances	153,2	10,4
Hotels and restaurants	26,4	1,8
Public administration, security and social care	88,9	6,1
Education	232,5	15,8
Healthcare and social services	142,8	9,7
Culture, sports, entertainment	47,6	3,2
Science and technology	133,7	9,1
Administrative services	37,8	2,6
Other services	10,6	0,8

In August-October 2017 the number of economically active population (EAP) amounted to 3036.7 thous. persons, of them 2986.8 thous. employed and 49.7 thous. 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 2017, the demand of St. Petersburg enterprises for new workforce amounted to 41.4 thous. people (table 3).

In the end of November 2017, 41406 vacancies have been reported to the Employment service, 61.6% of them – workers' positions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January-November 2017 the greatest demand for employees was declared by the enterprises and organizations of such economic activities, as cargo transportation and storage – 13.6% of all reported vacancies; processing industries – 13.1%, construction – 12.7%; wholesale and retail trade – 9.8%.

The pressure in the labor market (the number of unemployed citizens registered at the Employment Service per one vacancy) at the end

of November 2017 was 0,58 persons per vacancy (at the end of November 2016 – 0,54 persons per vacancy).

In November 2017 24 thous. persons were registered at the Employment Service of St. Petersburg. It is 2.1% less than in December 2016 (table 4). In November 2017, 42.5% of those registered at the Employment Service were officially considered unemployed.

At the end of November 2017, the total number of those who turned to the State Employment Service of St. Petersburg amounted to 26896 people (at the end of November 2016 – 27830 people).

The number of registered unemployed at the end of November 2017 was 10202 persons, of them women – 52.9%; young people aged 16-29 years – 14.5%; persons with disabilities – 15.8% (at the end of November 2016 the number of unemployed amounted to 11055 persons) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In November 2017, the status of unemployed was assigned to 2.1 thous. persons. The number of the job-placements in November 2017 was by 17 people or by 0.8% less than in the same period of 2016, and amounted to 800 people.

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

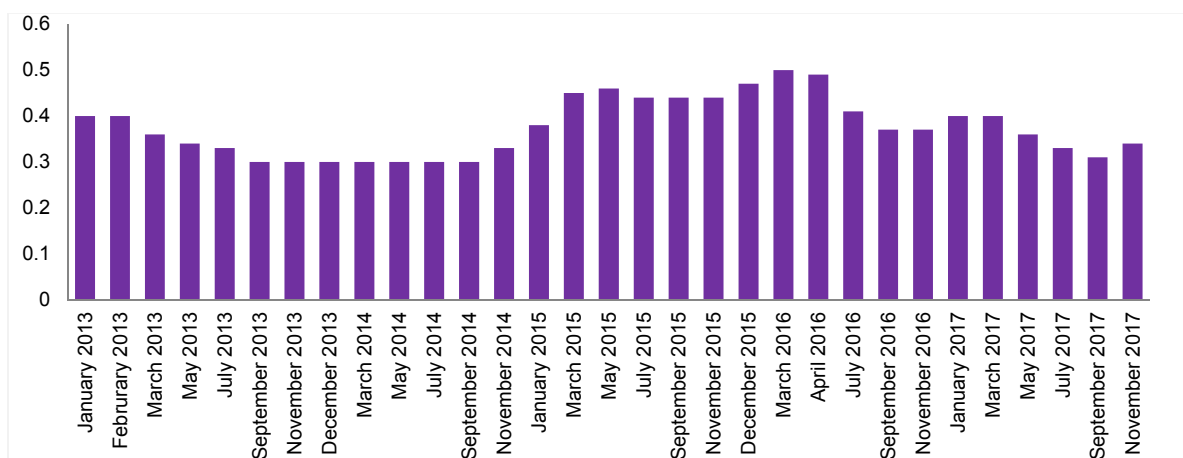
Month	Demand for workforce reported to the Employment service, thous. people	Number of unemployed people per 1 vacancy		
		persons	In % to the previous month	In % to the same month of the previous year
January 2016	49,0	0,6	150	200
February	44,4	0,6	100	120
March	42,4	0,7	117	140
April	43,0	0,8	114	160
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
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
June	45,2	0,5	100	100
July	45,1	0,5	100	100
August	45,2	0,5	100	100
September	44,8	0,5	100	100
October	43,8	0,5	100	100
November	41,4	0,6	120	120

According to Rosstat, in August-October 2017, 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 also 1.6%. St. Petersburg had one the lowest levels unemployment among the subjects of the Russian Federation (in the North-Western Federal district – 4.2%, Moscow - 1.3%, Russia – 5.0 %).

The level of registered unemployment (ratio of registered unemployed to the economically active population on average) at the end of November 2017 amounted to 0,34% of the economically active population (at the end of November 2016, the figure was 0,37%) (www.rspb.ru) (figure 1). This is the lowest figure among the regions of the Northwestern Federal district.

TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2016, January – November 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
June	22,4	10,1	92	79
July	22,0	9,9	97	81
August	21,7	9,8	99	83
September	21,9	9,2	94	83
October	23,2	9,8	106	90
November	24,0	10,2	104	92

PICTURE 1. The level of registered unemployment in St. Petersburg, % of the economically active population**TABLE 5. Consumer price index dynamics in 2016, January – November 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
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
December	100,2	100,5	100,2	99,7	100,4	100,6	100,3	100,3
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
September	99,9	99,4	100,2	100,1	99,9	99,3	100,3	100,1
October	100,2	100,4	100,5	99,5	100,2	100,4	100,3	99,8
November	100,2	100,3	100,3	100,0	100,2	100,2	100,3	100,1
November 2017 in % to December 2016	103,4	101,4	103,1	106,3	102,1	100,5	102,4	104,0
November 2016 in % to December 2015	105,0	104,8	105,8	104,1	105,0	104,0	106,2	104,6

3. PERSONAL INCOMES AND EXPENDITURES

PRICES

In January-November 2017 consumer prices growth in St. Petersburg was equal to 3.4%. In the same period of 2016, it was 5%.

The growth of consumer prices in January-November 2017 in St. Petersburg was 1.3% more than in Russia on average. In November 2017, consumer prices fell by 0.2% (Table 5).

In January-November 2017, tariffs for paid individual services in St. Petersburg grew by 6.3%. For comparison: their growth in the same period of 2016 was 4.1%.

The rate of growth of tariffs for paid individual services in January-November 2017 was 2.3% higher than Russia's average. Tariffs for paid services in November 2017 did not change.

In January-November 2017, prices of foodstuff grew faster than in Russia on average by 0.9% and those of non-foodstuff goods – by 0.7%. The growth was correspondingly – 1.4% and 3.1%. In November 2017, prices of foodstuff and of non-food goods grew by 0.3%.

In November 2017 prices grew for tobacco (+2.1%), construction materials (+1.1%), footwear (+0.7%), textile and cosmetics (+0.5%), clothing (+0.4%), haberdashery (+0.3%), cleaning and washing products (+0.2%), furniture (+0.1%). Kitchenware prices fell by 0.6%.

Prices fell for oil and fats (-1.9%), cereals and beans (-1.1%), meat and poultry (-1%), confectionary (-0.4%).

In November 2017 fees for maintenance and repair of housing, operating costs, cold water supply and sewerage, hot water, gas and electricity have not changed.

In November 2017, in St. Petersburg prices have increased for denture making and for out-bound tourism by 0.5%, for legal services by 0.7%, for color photos printing by 1%.

In January-November 2017, gasoline price increased by 5.4%, that of diesel fuel by 7.2%. In November 2017, gasoline price has increased by 0.7%, that of diesel fuel - by 2.4%.

PERSONAL INCOMES AND EXPENDITURES

The real incomes in St. Petersburg in October have decreased by 3.8%, in Russia on average – by 0.6% (table 6).

The average monthly nominal salary in St. Petersburg in October 2017 amounted to 53874 rubles, in Russia on average – 38333 rubles, 28.8% less.

Salary arrears on December 1, 2017 amounted to 271.7 mln rubles. Processing industries were responsible for 49.9% of the total, construction industry – for 36%, research and development – for 10.3%, transportation sector – for 3.7%, education sector – 0.1%.

In September-October 2017, the share of savings in deposits was small, the share of foreign currency purchase has grown (table 8)

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

	<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 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
October	101,5	103,4	102,2	94,2	99,4	100,4	101,1	94,0
November	101,0	105,0	98,7	96,4	100,9	102,1	98,2	94,4
December	133,8	106,8	170	97,9	129,5	102,4	150,5	93,9
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
August	96,7	105,0	88,2	99,7	98,1	102,4	100,9	99,7
September	102,2	106,0	109,4	99,6	102,8	104,3	100,4	99,6
October	102,2	106,3	96,2	94,2	100,6	105,4	99,4	98,3

TABLE 7. Salary arrears in St. Petersburg in January - December 2017 (on the 1st of each month), mln rubles

	January 2017	February	March	April	May	June	July	August	September	October	November	December
Total arrears	99,6	116,0	127,0	81,9	94,8	112,8	116,3	246,7	210,1	168,5	208,8	271,7
Including arrears due to the lack of budget financing	14,1	13,2	13,5	14,8	20,6	11,7	8,9	4,6	5,1	19,1	12,1	10,4

TABLE 8. Personal expenditures of St. Petersburg's residents in 2016, January – October 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>Obligatory 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
May	83,7	16,4	2,3	8,4	- 11,3
June	69,5	15,6	14,8	8,1	- 7,6
July	74,7	21,4	3,2	9,1	- 9,0
August	81,6	15,4	3,5	11,1	- 12,2
September	81,0	13,2	5,8	9,2	- 9,6
October	84,2	15,7	1,8	9,0	- 11,1

DIFFERENTIATION OF INCOMES AND SALARIES IN ST. PETERSBURG

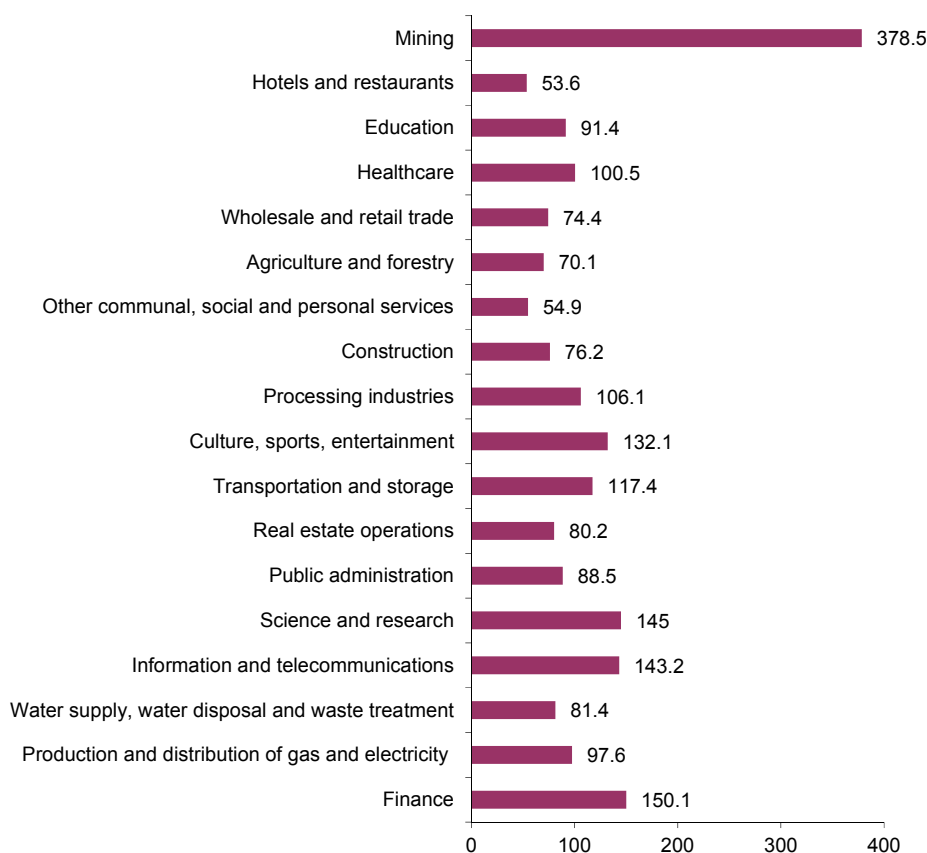
In October 2017, the level of inter-industry salary differentiation fell compared to June 2017 (Picture 2). The gap between the highest salary (mining) and the lowest salary (hotels and restaurants) was during this month equal to 7.1 times compared to 8.7 times in August, 8.1 times in June, and 7.8 times in April 2017.

The highest salaries in October 2017 were paid in mining (the salary in this sector was

3.8 times higher than the average for St. Petersburg).

In October 2017 the average for the City was significantly exceeded by the salary in the financial sector (by 50.1%), in information and telecommunication sector (by 43.2%), in R&D sector (by 45%).

The lowest salary was paid in the provision of other services (54.9% of the average), at hotels and restaurants (53.6% of the average).

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

4. INDUSTRY

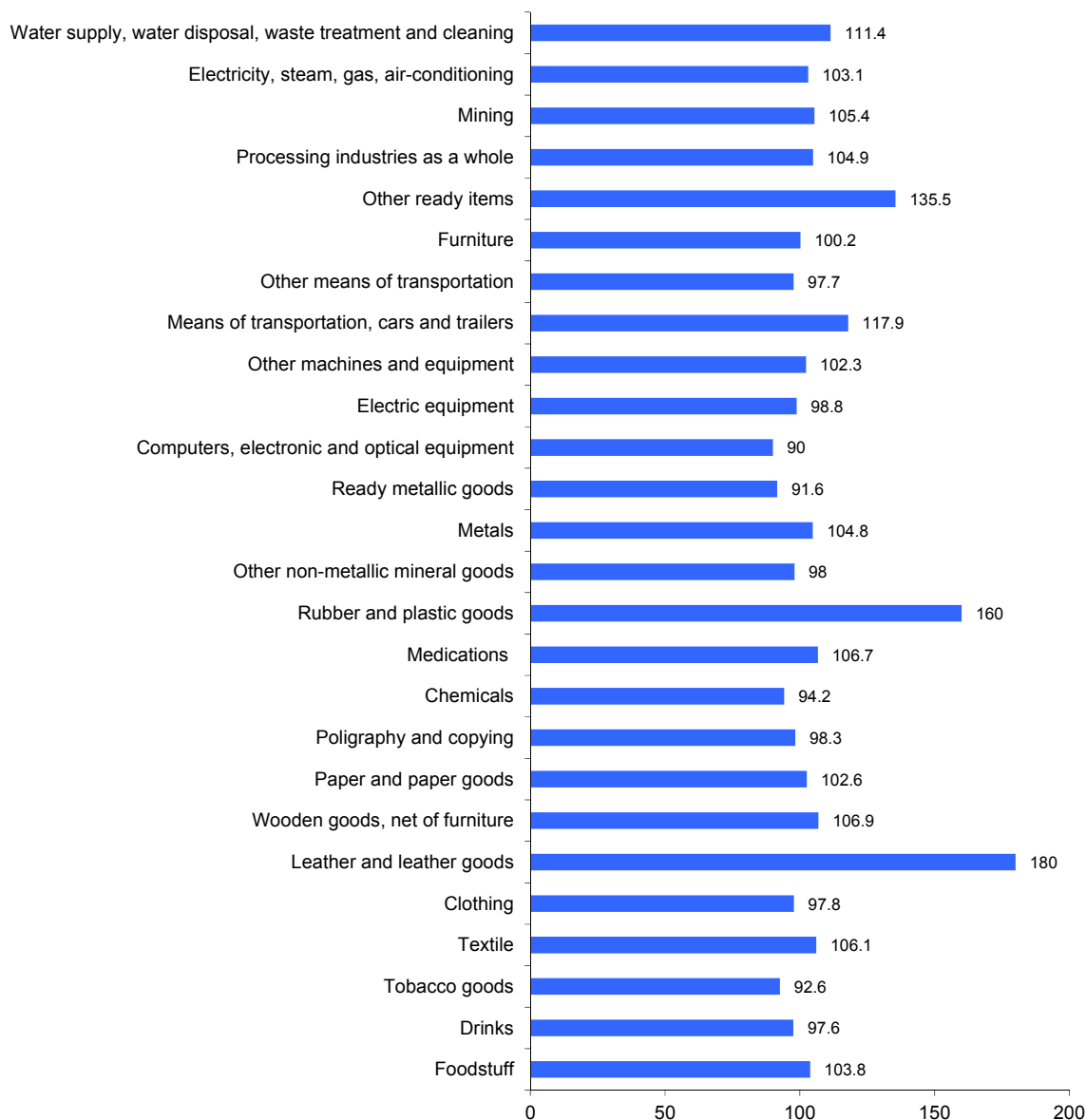
The index of industrial production in St. Petersburg in January-November 2017 in comparison with January-November 2016 amounted to 104,9%.

"Novartis Neva" plant has launched a new production line. The launch ceremony was attended by Vice-Governor of St. Petersburg Sergey Movchan, and the president of the group of companies "Novartis" in Russia Vadim Vlasov. The industrial complex was built on the territory of the special economic zone "St. Petersburg" ("Novoorlovskaya"). The production volume of the plant at full capacity is estimated at 1.5 bln tablets and capsules per year – more than 40 products, including original drugs by Novartis and generics by the Sandoz company (remedium.ru, 11.12.2017).

OAO "Admiralteiskie Verfi" has handed over the icebreaker "Ilya Muromets" to the Northern fleet of the Russian Navy. The icebreaker "Ilya Muromets" has passed all stages of the factory running and state tests. It is planned that in the first week of December, the icebreaker will be

transferred to the permanent base. The icebreaker is to raise the efficiency of the Navy in the Arctic. "Ilya Muromets" is a multifunctional vessel with a displacement of 6 thous. tons. The ceremony of laying the icebreaker was held at the "Admiralty shipyards" on April 23, 2015. In total it is planned to construct a series of four similar vessels. OAO "Admiralty shipyards" specializes in construction of submarines and surface oil fleet (intefax.ru, 30.11.2017).

"Svetlana" Holding in conjunction with St. Petersburg electric-technical university ("LETI") has launched a center for the production of epitaxial structures of carbide silicon and for the mass production of electronic devices based on them. The total project cost is more than 500 mln rubles. According to "Kommersant", this is a real example of import substitution - because of sanctions imported silicon carbide (as well as epitaxial structures based on them) of the necessary quality in the domestic market are absent. The joint center will allow increasing production volumes and creating breakthrough development thanks to a partnership with LETI (kommersant.ru, 08.11.2017).

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

5. FINANCE

CITY BUDGET

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

According to the data of the Federal tax service of Russia in St. Petersburg in January-November 2017 the revenues from taxes, fees and other obligatory payments amounted to 990.3

bln rubles, which in nominal terms is 20.6% more than during the corresponding period last year. In November 2017, compared with the previous month revenues of the budget system fell by 46.4%.

In January-October 2017 the consolidated financial result (profit minus loss) of organizations (excluding banks, insurance companies and budget organizations, without small businesses) amounted to 653.4 bln rubles, which is 3.5% less than in the corresponding period last year. In January-October 2017 the number of unprofitable enterprises in comparison with the same period of

2016 grew by 74 units or by 14.8%, the amount of the loss grew 1.7 times.

STATE DEBT

The information about the structure of the state debt as of December 1, 2017, is presented in the table 10.

RATING

Analytical Credit Rating Agency on December 21, 2017 has confirmed the credit rating of St. Petersburg at the AAA (RU) level with stable outlook and of bonds of St. Petersburg at the level AAA(RU).

The credit rating of St. Petersburg considers high level of development of the regional economy, balanced budget structure, sufficient level of fiscal discipline and low current and projected debt load.



6. CITY AFFAIRS

BEAUTIFICATION, RESTORATION, REPAIRS

Over the next five years, the Administration of St. Petersburg plans to allocate 17.4 bln rubles for restoration of the front facades of apartment houses, objects of cultural heritage. The works in 262 houses will be held in the framework of the subprogram "Heritage" of the

state program "Development of culture in St. Petersburg". (Based on materials of "Kommersant")

After overhaul, the metro station "Lesnaya" has reopened. The total cost of works amounted to 400 mln rubles. During 11 months of work the station was renovated, including halls, walls, columns and floor. Extra entrance doors for people with limited mobility and a new video surveillance system has been installed. The next station, which will be closed for long renovation, the "Academicheskaya". (Based on materials of "Kommersant")

TRANSPORTATION, ENERGY, WATER SUPPLY

In January-November 2017 transport organizations in St. Petersburg have transported 4.4 mln tons of cargo and 516.5 mln passengers, which exceeds the figures for the same period, 2016 (by 15.7% and 4.4%, respectively). The freight turnover amounted to 1378,1 mln ton-km (23.4% more than the same period in 2016), and passenger traffic 2962,5 mln passenger-km (4% more than in January-November 2016). The number of road accidents has slightly increased compared to the same period in 2016, in January-November 2017 there were recorded 5740 accidents (2.8% more than in January-November 2016), which killed 239 people. The number of accidents involving children under 16 years increased by 11.9% to 545. (According to Petrostat)

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

	Revenues	Expenditures	Surplus
<i>January-September</i>	380540	375082	5458
<i>January-October</i>	437797	419028	18769

Source: Petrostat

Table 10. St. Petersburg's state debt structure on 01.12.2017

	mln rubles	%
State domestic debt of St. Petersburg, including:	4742,8	100,0
Bonds	0,0	0,0
Credits	4742,8	100,0
State external debt of St. Petersburg	0,0	0,0
Total	4742,8	100,0

Source: St. Petersburg Committee of Finance

In December, the state unitary enterprise "City Center of Parking Management of St. Petersburg" has announced the tender for the designing of cycling routes in St. Petersburg in 2018, and the creation of several parking lots and park-and-ride facilities. In particular, the design and construction of a city parking lot at the Kazan square (the initial maximum contract price of 13.4 mln rubles), park-and-ride parking at the metro stations "Prospekt Bolshevikov" and "Staraya Derebnya" (the price of the contracts – more than 3.5 mln rubles), as well as several cycling routes of different length (near Fontanka river, in Moskovsky and Vyborgsky districts). In total for the design and construction of the cycle routes the budget of St. Petersburg in 2018, has provided funding of 215,2 mln rubles (Based on materials of administration of St. Petersburg)

The passenger traffic of the airport "Pulkovo" in January-November 2017 amounted to 15.04 mln passengers, which exceeds the figure for the same period of 2016 by 22.5%. The volume of traffic on international routes is growing much faster than on domestic routes. For the first time the number of passengers exceeded 15 mln (the previous record was set in 2014, when the passenger traffic amounted to 14.26 mln). (Based on materials of Interfax and the airport "Pulkovo")

MAJOR CITY PROJECTS

The Administration of St. Petersburg has approved the concession agreement with the football club "Zenit" on the management of the stadium "Krestovskiy" for a period of 49 years. According to preliminary estimates, the cost of maintenance works will be from 1.3 bln rubles per year in 2018, to 2.8 bln rubles in 2065. In addition to the stadium the FC "Zenit" will manage ticket pavilions, inspection areas, and parking spaces. The concessionaire also plans to invest in the finalization of the object more than 500 mln rubles and to develop recreational zone at the stadium, including nine restaurants, bars and cafes. (Based on materials of "Delovoy Petersburg")

A tender for the construction of the Eastern high-speed diameter will be announced in 2018. The road will consist of three sections: from the Western high-speed diameter to Vitebsky Prospekt, from Vitebsk Prospekt to Soyuzniy Prospekt, and from Soyuzniy Prospekt to Ulitsa Kommuny, its total length will be 23 km. The construction will begin in 2019. The Administration of St. Petersburg is considering a possibility of attracting a number of concessionaires to the construction of the highway (similar to the highway M-11, with some areas built by different contractors). (Based on materials of "Interfax")



7. REAL ESTATE

HOUSING

According to the City Construction Committee the numbers for new housing construction in October-November are:

	October	November
Housing, sq.m.	106 526,1	134533,1
Houses / apartments	111 houses / 1694 apts	67 houses / 2310 apts
Individual houses	104 houses	58 houses

Since the beginning of 2017, as of December 1, 2017, there have been put into operation 2 448 683,9 sq. m. of housing, 845 houses for 48 889 apartments.

In addition, in October, there have been commissioned 17 civilian objects, including two kindergartens in the Central district, and retail facilities in the Nevsky and Krasnoselsky districts. In November there have been commissioned 40 civilian objects.

According to Rosstat, the amount of housing built (third quarter results) in Russia is the highest in such regions as Moscow oblast, Krasnodar Krai and St. Petersburg.

In the official list of problematic residential buildings under construction in St. Petersburg there are 42 houses for 14 618 apartments, according to the Construction Committee. The total area of the overdue housing is 675,2 thousand sq. m., most of these are planned for commissioning in 2018 (Restate.ru).

REAL ESTATE MARKET

There is sales stagnation on the suburban real estate market in St. Petersburg and Leningrad oblast, according to experts who spoke at the roundtable under the auspices of ARSPB. Of the 480 projects of cottage settlements around the city 212 are currently frozen (Restate.ru).

The construction market of St. Petersburg faces significant challenges due to changes in legislation and the scandals around SROs. Amendments to the Urban planning code, which entered into force in mid-2017, require developers to work only in those regions where their self-regulating organization (SRO) is registered. The law requires SROs to close branches and representative offices outside of the place of registration, and all contributions should be accumulated according to the territorial principle. It is the membership in a SRO that gives companies the right to work for state and municipal customers.

The innovations can affect hundreds of construction companies of St. Petersburg, because pursuant to the law, two major SROs have

changed their place of registration. "The best construction technologies" and the Association "Construction resources" are registered in Kaliningrad and Moscow regions. Accordingly, the constituent companies can no longer operate on the territory of St. Petersburg, and those members that leave the SROs will not be able to return entrance and membership fees. To become a member of another SRO, a company needs a year.

At the end of October, St. Petersburg saw a series of searches in the offices of construction companies. About 150 security officers have searched 35 apartments and offices of the City in a criminal case of embezzlement of 4 bln rubles from the compensation fund of SROs. The main events took place in the offices of three SROs: the "Standard survey", "Construction resources", "Standard project".

In the Unified register of NOSTROY there are currently 27 self-regulatory organizations operating in the territory of St. Petersburg and the region. They have placed more than 6 200 mln rubles as compensatory funds on special accounts.

HOUSING CO-INVESTORS

Russian President Vladimir Putin on October 25 has ordered to eliminate shared construction in Russia by December 15, 2020, replacing it with project financing. The Government, Central Bank and the Agency for Mortgage Lending have been ordered to prepare a road map by December 15, following the meeting of the President with members of the Government on October 25.

Market effects are predictable; now up to 90% of the volume of residential construction is conducted with the involvement of co-investors. The reason is the lack of sufficient financing, as well as the reliability of the shared construction schema.

A three-year, three-stage plan for the transition to project financing of housing construction has been approved by the head of the Russian Government. As reported by M. Men, the Minister of construction and housing utilities of the Russian Federation, the preparation of the road map involved the Ministry of construction, Ministry of Finance, the Bank of Russia and the Agency for Mortgage Lending. The plan contains a list of laws and regulations aimed at regulating gradual changes in the ways of attracting financing for the construction and at the implementation of project financing through authorized banks. The first stage (Q1 2018) of the plan includes the preparation of the relevant draft amendments to the legislation on construction and related codes. These include amendments to the law on real estate registration, the law on insurance of deposits of individuals, the bankruptcy law and the Tax code of the Russian Federation.

In St. Petersburg on December 7, 2017 there were held parliamentary hearings on the is-

sue of the effective legal mechanisms for the protection of the rights and legitimate interests of participants of shared construction. The acting Chairman of the Construction Committee ye. Baranovsky acted as keynote speaker, telling about the legislative mechanisms of protection of rights and legitimate interests of participants of shared construction (restate.ru).

From the report of Ye. Baranovsky follows that as of December 6, 2017 in St. Petersburg the register of defrauded construction co-investors included 2 512 people.

The Construction Committee is working to complete construction of the problematic objects. In the 11 months of 2017, there have been completed 30 overdue residential buildings, with a total floor area of 431 767,1 sq. m., for 8 530 apartments. Of these, 28 houses were earlier included in the registry. The satisfaction of these citizens is carried out by transfer of apartments in the constructed houses with the subsequent removal of the individuals from the registry. Due to the transfer of new housing to the affected citizens and to the restoration of violated rights, 658 people have been removed from the registry.

LEGISLATION, REGULATION

In the World Bank's Doing Business ranking, Russia has climbed five positions compared to the previous ranking and took the 35-th place. There are some issues in which the country still lags behind. In particular, in terms of the issuance of construction permits, Russia took the 115th place, which led President Vladimir Putin to instruct the Ministry of construction of the Russian Federation to ease the business climate for small and medium-sized construction companies.

In an interview with Business FM, the head of the Ministry of Construction of Russia Mikhail Men spoke about problems in the area of issuing construction permits. A few years ago a construction permit required more than 200 approvals, by the end of 2017 there will be 103. According to him, there were issued 6 Government decrees, establishing an exhaustive list of necessary approvals for permits for construction in all sectors – housing construction, commercial real estate construction, and connecting to engineering networks. However, upon examining the situation in the regions it was found that the established order is adhered to in 24 regions, where the process is supervised by bodies of state construction supervision and inspection. In some regions, the function is delegated to the regional ministries or departments of the construction. However, in some regions, the permits are issued by state agencies that are not competent in the issues of shared construction; the function of issuing permits for the construction is sometimes combined with the licensing of alcohol or, for example, with the processing of metals.

New amendments to the Housing code to strengthen the control over managing companies and to provide for more flexible mechanism of changing managing companies have been passed in the State Duma in the third reading. They have introduced the concept of "gross violations", which include causing danger to life and health of residents, intentional refusal of transfer of technical documentation to a new managing organization, managing houses which are not included in the license and issuing bills for such houses.



8. INVESTMENT PROJECTS

According to Petrostat, in January-September 2017, the volume of investments into fixed capital by organizations of St. Petersburg has amounted to 384,6 bln rubles, 95.9% of figure for the corresponding period last year.

The largest volume of investments (157.7 bln rubles (41,0%)) in January-September of 2017 went to the construction (excluding residential) and land improvements.

St. Petersburg Investment Board has approved of the initiative of the company "Svetoch" to build an interactive amusement Park "Lukomorje"

The future park is an analogue of the Swedish theme park "Astrid Lindgren's World" (Astrid Lindgrens Varld) in Vimmerby where one can see houses, castles, and meet characters of the most famous novels of the writer. The Russian park will also include entertainment areas, playgrounds etc. The park will be located on a plot of 6 hectares. The first stage of the project should be completed by 2020, the entire project is supposed to be completed by 2029. The investment in the project amounts to 1.6 bln rubles.

Finnish communal equipment Wille will be produced in St. Petersburg

The share of local components for cleaning and other utility vehicles that will be manufactured in St. Petersburg will be no less than 80%. The new plant will also be able to maintain the equipment that will be used by the City communal enterprises. The volume of investments in the project by the Finnish company "Vilakone" (Vilakone Oy) has not yet been disclosed, but it is expected to be over 750 mln rubles — this is the minimum for strategic investors in St. Petersburg. The company will create 60 jobs.

International Investment Company Hines starts construction on the second stage of the Outlet Village Pulkovo.

After the launch of the new facility, the total area of the outlet complex will be 21.9 thousand sq. m. Now 97% of the area has been rented out, and the total number of tenants reaches 70. The investor is willing to invest 22 mln euro (about

1,5 bln rubles). The company plans to complete the construction in the third quarter of 2018.

The Coca-Cola factory in St. Petersburg has launched two juice lines. Two new lines for manufacturing of juices under the brand "Dobriy" and "Moya semya" will provide an annual production of more than 145 mln liters of juice, to be delivered to the North-West regions of Russia. The total investment in the creation of the new lines exceeded 170 mln rubles.

"ART-Technology" company has opened "Planetarium №1" in the gas tank on the embankment of Obvodny canal.

The entire project includes three buildings of the Gas plant on the area of 5 thousand square meters. In addition to the planetarium it will house an exhibition gallery at the height of 6 meters, a viewing platform under the dome, showrooms, and an area of virtual reality. The second building is reserved for the science lab, which will be free to visit and will be arranged on the principle of "science behind the glass", the third building is reserved for a museum, which will host the exhibition "Living Paintings".



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/>