

GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

July-August 2018 № 154



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1. CITY MANAGEMENT

APPOINTMENTS, GOVERNMENT COUNCILS

New head of the Arbitration court of the North-West of Russia

In accordance with the decree of the President of Russia No. 408 of July 7, 2018, S. Markin was appointed the Chairman of the Arbitration court of the North-West district for a 6-year term. Earlier, the Arbitration court was headed by I. Strellov. The newly appointed Chairman is a graduate of the Law faculty of Leningrad State University. His work experience in the judicial system is 30 years. The jurisdiction of the Arbitration court covers the entire territory of the North-Western Federal district, including 11 subjects of the Russian Federation. According to its status, the Chairman is a judge, organizes the activities of the court, distributes duties between his deputies, convenes the Presidium of the court, submits questions for its consideration and presides at meetings, exercises general management of the court apparatus and performs other duties established by the current legislation.

The new head of the St. Petersburg election Commission is V. Minenko

He took this position on July 25, 2018, following a secret ballot of members of the City Election Committee. Before being elected to the new position V. Minenko worked since March 2012 as the main federal inspector across St. Petersburg, in the period 2010-2012 he worked in a similar position in the Urals Federal district. Earlier (since 2016) the activities of the City Election Committee were led by V. Pankevich, who left his post because of the dissatisfaction with his work on the part of the CEC.

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

On July 12, 2018 in Smolny Governor G. Poltavchenko chaired a regular meeting of the Investments Council. The meeting participants discussed issues associated with attracting investors for implementation of projects involving cultural heritage and the support of investors implementing projects to create care facilities for the elderly and disabled, which requires amendments to the City law "On the procedure for granting real estate objects owned by St. Petersburg for construction, reconstruction and adaptation for modern use". In addition, the meeting participants reviewed investment projects in the areas of heat supply and passenger transport on gas motor fuel. The participants of the meeting considered the project of reconstruction of heat supply facilities between St. Petersburg, "Sberbank" and "Sberbank development" for the reconstruction and modernization of

13 city boiler houses. In addition, the project of expansion of the use of passenger vehicles on gas-engine fuel involving purchase of 156 buses and construction of the modern enterprise for their service was considered. The initiator of the project is AO "Third Park", while "Gazprom gas engine fuel" may also join.

Coordination council on environmental enlightenment, education and formation of ecological culture was established

The Coordination council was established based on the decree of the Government of St. Petersburg dated July 18, 2018 № 588. The Coordination council for environmental enlightenment, environmental education and the formation of environmental culture in the territory of St. Petersburg under the Government of St. Petersburg is a permanent collegial advisory body. The head of the Committee on nature management, environmental protection and environmental safety I. Grigoriev has been appointed the Chairman of the Council.

A meeting of the Working group on the development of the Arctic regions and the development of the Arctic

The meeting was held on July 30, 2018 in the office of the Plenipotentiary representative of the President of Russia in the North-West Federal district. The Working group on the development of the Arctic regions and the development of the Arctic operates under the office of the of the President of Russia in the North-West Federal district. The Arctic zone of Russia includes the regions of the North-West Federal district: Murmansk region, Nenets Autonomous district, as well as certain areas of the Arkhangelsk region, Karelia and Komi.

LEGISLATION

The procedure for extending the term of a strategic investment project is defined

The procedure is approved by the decree of the Government of St. Petersburg of July 13, 2018 no.554. This resolution also has approved the procedure for termination of the status of a strategic investment project, the status of a strategic investor and the termination of the agreement on the implementation of a strategic investment project. According to the established procedure, a strategic investor shall send an application to the Committee on investments for the extension of the validity period of such status with an indication of the extension period to the strategic investment project status no later than 2 months before the expiration date. The appeal shall be accompanied by materials confirming the existence of grounds for extension. After consideration within 10 working days, a decision is made to prepare a draft legal act on the extension of the status of a strategic investment project or to refuse to do so.

The list of criteria for assigning the status of a large-scale investment project has been expanded

In accordance with the law of St. Petersburg dated July 18, 2018 No. 439-90, amendments were made to the Law of St. Petersburg dated June 17, 2004 No. 282-43 "On the procedure for the provision of real estate objects owned by St. Petersburg for construction, reconstruction and adaptation for modern use". The changes relate to the criteria for classifying the investment project of construction and (or) the reconstruction of sports and (or) culture facilities as large-scale investment projects. First, the ownership of the object should belong to St. Petersburg. Second, the volume of investments should make not less than 15 bln rubles. Third, on adjacent lands there should be carried out construction and (or) reconstruction of residential, public or recreational purposes. The law came into force on 29 July 2018.

A new category of former civil servants who can receive additional payment for years of service has been established

This possibility is determined by the provisions of the Law of St. Petersburg dated July 18, 2018 № 446-96. This Law introduced amendments to the Law of St. Petersburg "On the state civil service of St. Petersburg". According to the accepted amendments, ex-officials, not entitled to pension for the length of service, are granted monthly payment. The condition for providing such an additional payment is the work at the top of an executive body of the state power of St. Petersburg for at least 4 years. Officials who left the state civil service of St. Petersburg after January 1, 2017 are entitled to this additional payment. Previously, only officials with at least 10 years of experience in the civil service of St. Petersburg had the right to additional payment. The law also introduced changes in the calculation formulas. The law came into force on July 29, 2018.

Regional day of reception of citizens by executive authorities is established In St. Petersburg

The procedure for the regional day of reception of Russian citizens by the executive bodies of the state power of St. Petersburg was approved by the decree of the Government of St. Petersburg dated July 18, 2018 № 575. The regional day of reception of citizens is timed to the day of Foundation of St. Petersburg. It is held annually on the third Monday of May from 12 o'clock to 20 o'clock. The reception of citizens is carried out by the heads of the executive bodies and their authorized persons.

The issues of assigning the status of an innovation and industrial park and the status of a technology park of St. Petersburg are settled

The order of assignment, confirmation and termination of the status of an innovation and industrial park, a technological park and of their management companies was approved by the decree of the Government of St. Petersburg dated July 18, 2018 № 581. Approved has been a list of additional requirements that apply to the above parks and management companies. Interdepartmental Commission (a permanent collegial advisory body under the City Government on the issues of assignment, confirmation and termination of the status of the innovation and industrial Park, the technology Park and their management companies) was formed.

The decision on carrying out of open competition on the right to enter into concession agreement on the railway line "Airport "Pulkovo" - Vitebsky railway station»

The terms of the concession agreement, tender documentation and parameters of the competition criteria have been approved by the decree of the Government of St. Petersburg dated July 27, 2018 № 641. The adopted resolution was issued for the purpose of creation and use (operation) of the railway line connecting St. Petersburg with the Pulkovo airport. A tender commission was formed to conduct an open tender for the right to conclude the concession agreement. The City Investment Committee is the authorized body on behalf of St. Petersburg to perform most of the powers of the concendent. Information about the competition will be published on the official website for posting information about the bidding (www.torgi.gov.ru), the official website of the Government of St. Petersburg (www.gov.spb.ru) and in the "Information Bulletin of St. Petersburg Administration".

MEETINGS, COOPERATION

Governor of St. Petersburg met with a delegation of the US Senate

The meeting took place on July 2, 2018 in Smolny. In addition to the Governor G. Poltavchenko, the meeting was attended by the Chairman of the Legislative Assembly V. Makarov and the representative of the Russian Foreign Ministry In St. Petersburg V. Zapevalov. The delegation of senators was headed by the senator from Alabama, the chair of the committee of the congress on appropriations R. Shelby. During the conversation, it was noted that despite the aggravation of the political situation, trade relations between St. Petersburg and the United States continue to remain at a fairly high level. In terms of the volume of foreign trade turnover, the US ranks 5th among all partners of St. Petersburg. At the end of 2017, the volume of trade amounted to about 2 bln dollars. The number of US tourists visiting St. Petersburg in 2017 increased by 38%. At the St. Petersburg international economic forum in 2018, the

United States was represented by the largest number of participants (more than 550 people).

Governor of St. Petersburg held a meeting with the Secretary-General of the UN World Tourism Organization

The meeting was held on July 13, 2018 in Smolny. G. Poltavchenko and Z. Pololikashvili discussed questions of preparation for carrying out in October 2019 in St. Petersburg the thirteenth session of the General Assembly of the World Tourism Organization (UNWTO). During the meeting, it was noted that tourism was one of the important sectors of the economy of St. Petersburg. In 2017, 7.5 million tourists visited the city. Following the meeting, a Memorandum of understanding was signed between the Government of St. Petersburg and the World Tourism Organization.

St. Petersburg matches of the World Football Cup

In the period from June 14 to July 15, 2018 Russia hosted XXI World Cup. At the stadium "St. Petersburg" (accommodates 64.5 thousand spectators) there have been held 7 matches, including the semi-final and the match for 3rd place. The most important projects of preparation for the World Cup were the construction of the football stadium on Krestovsky Island, the opening of new metro stations "Begovaya" and "Novokrestovskaya", the construction of two bridges - Yachtenny Bridge and Betankur Bridge, as well as a transport interchange on the Pulkovskoye highway.

A delegation of representatives of science and business circles of Japan has visited St. Petersburg

The purpose of the visit was to get acquainted with the Russian experience in the development of Arctic territories. The delegation was headed by the President of the Sasakawa Peace Foundation Mr. N. Tanaka. Among the priorities of the Foundation's activities is the formation of new approaches to the management of the use of resources of the world ocean, ensuring peace and security in the world and solving other problems of our planet. During the visit to St. Petersburg, members of the Japanese delegation met with the "Arctic" Vice-Governor M. Kucheryaviy (in addition to the Arctic issues he also oversees environmental management, environmental protection and ecological security) and the Chairman of St. Petersburg Committee on the Arctic G. Shirokov. On July 9, 2018 members of the Japanese delegation, which was accompanied by M. Kucheryaviy and G. Shirokov have visited the Arctic and Antarctic Research Institute. In St. Petersburg, there are about 50 enterprises with Japanese investments. The most successful example of cooperation is St. Petersburg car assembly plants of the Japanese corporations Nissan and Toyota. As part of its stay in St. Petersburg, the delegation also made visits

to the Baltic plant and to St. Petersburg office of Gazprom.

St. Petersburg strengthens ties with cities of the People's Republic of China

On July 11, 2018, Governor Georgy Poltavchenko met at the Smolny with the Vice-Secretary of Wuhan city Huang Li. Wuhan city is located in the central part of China, at the confluence of the two rivers – Yangtze and Hanshui. Wuhan is the administrative center of Hubei province. Among the most promising areas of cooperation were the automotive industry, hotel business, humanitarian relations, organization of the route of rail transport between the cities of Helsinki and Wuhan through St. Petersburg. In the final part of the meeting, the parties signed a roadmap for cooperation between St. Petersburg and Wuhan for 2018-2020.

On July 12, 2018, Governor Poltavchenko met in Smolny with the Governor of the people's government of Chongqing T. Liangzhi. Chongqing city is located in the central part of China. It is a city under the Central government. In China, only 4 cities have this status. In addition to the urban and peri-urban areas, Chongqing also includes adjacent rural areas. The urban population of Chongqing is 19.7 million and the rural population is 11 million. Chongqing is one of the territories of the so-called "economic belt of the Yangtze river". The parties considered the possibility of organizing direct air communication between the cities. Particular attention was paid to the construction of the freight railway route Chongqing - St. Petersburg – Europe and the logistics distribution center in St. Petersburg.

The delegation of St. Petersburg has visited Singapore on an official visit

The official delegation of St. Petersburg headed by Vice-Governor I. Albin has visited the Republic of Singapore from July 23 to 27, 2018. The visit took place in accordance with the Protocol on cooperation between St. Petersburg Government and the Agency for cooperation of Singapore, signed in November 2017, and with the roadmap adopted at the St. Petersburg International Economic Forum in 2018. The visit has involved negotiations on the implementation of the joint project "Intelligent transport system", developed by the experts of Singapore for St. Petersburg. Singapore is one of the leading countries and cities in the world in terms of economic competitiveness and quality of life. The city development is managed using innovative technological approaches within the framework of the Smart City concept.

Main naval parade of Russia was held in St. Petersburg

On 29 July 2018, the Day of the Navy, the main naval parade was held in St. Petersburg with

the participation of all Russian fleets. The parade was the second in the modern history of Russia. President of Russia Vladimir Putin and other officials took part in the celebrations. In total, the parade involved more than 40 ships, 38 aircraft and helicopters, 4 thousand sailors.

The development strategy of Innograd "ITMO High Park" at the satellite town Yuzhniy has been approved

The strategy was approved on July 31, 2018 at a meeting of the Board of Directors of ITMO High Park. The satellite town of Yuzhniy in the Pushkin district is to accommodate the scientific-educational and innovative center "ITMO High Park". There will be a new ITMO University campus, business incubators, innovative production facilities, research centers, dormitories for students and accommodation for teachers. In accordance with the provisions of the Strategy, by 2024 in the "ITMO High Park" 3,6 thousand people will study, 5 innovative industries and about 50 international laboratories will function. About 12 thousand jobs will be created.

A meeting of the Interdepartmental working group on the preparation and implementation of joint projects aimed at the development of the transport infrastructure of St. Petersburg and the Leningrad region was held

The meeting was held on August 14, 2018 in the building of the Government of Leningrad region. The meeting was chaired by the co-chairs of the working group – the Vice-Governor of St. Petersburg I. Albin and the Deputy Prime Minister of the Leningrad region for construction M. Moskvina. The meeting was attended by the General Director of the ANO "Directorate for the development of the transport system of St. Petersburg and Lenin-grad region" K. Polyakov, heads of relevant committees, organizations and enterprises. The participants of the meeting considered the problems of implementation of several transport projects: construction of a road to continue Piskarevsky Avenue, improvement of transport accessibility of the settlements of Murino and Kudrovo. They also discussed issues related to the design and construction of the road connecting Novaya street in Murino and Murinskaya road in St. Petersburg, the creation of a tram line from the metro station "Ulitsa Dybenko" to the village of Novosaratovka (including the construction of an overpass at the intersection with the railway tracks of the October railway), the connection of the city Podvoyskogo street with the street in Kudrovo, and the construction of the metro station "Kudrovo".

City Pedagogical Council was held In St. Petersburg

Already a traditional event, on the eve of the new academic year, City Pedagogical Council was held on August 27, 2018 in the BKZ "Oktyabr-

skiy". In 2015 153 St. Petersburg pupils received the highest score, in 2018 there already were 423, 2073 graduates graduated with honors, 183 pupils became winners and prizewinners of the final stage of the all-Russian Olympiads. As part of the national project "Education", the first platform of the Academy of digital technologies will be opened in Petrograd district in September. A program of re-equipment of educational institutions of St. Petersburg with modern digital equipment is being prepared. "May (2012) decrees" of the President of Russia in terms of teachers' salaries have been executed in St. Petersburg with a 10% excess.

2. EMPLOYMENT

In June 2018, large and medium sized enterprises employed 1498,0 thous. people (Table 1). Staff employees amounted to 95,0% of all the employed. Compared to the previous month the number of staff grew by 0,1%, the number of by-workers fell by 5,3%, and that of contracted workers grew by 4.6%.

In January – June 2018 the number of employees at these enterprises grew by 2,8% compared to the same period of 2017. The number of staff during the period grew by 2.7% that of by-workers fell by 0,4%, the number of contracted workers grew by 9.7%.

In June 2018 the majority of jobs was in processing industries, education, transportation and telecommunications, healthcare, wholesale and retail trade, the least was in agriculture and forestry, hotels and restaurants and other services (table 2). The public sector employed 48.0% of all employed at large and medium organizations.

In April-June 2018 the number of economically active population (EAP) amounted to 3059,8 thous. persons, of them 3016,7 thous. employed and 43,1 thous. unemployed. During the reporting period, the employment rate was 66,6% (share of employed people in total population aged 15 to 72 years), the level of economic activity – 67,6% (share of economically active population of the total population aged 15 to 72 years) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In July 2018, the demand of St. Petersburg enterprises for new workforce amounted to 42.5 thous. people (table 3).

In the end of July 2018, 42463 vacancies have been reported to the Employment service, 59,5% of them – workers' positions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January-July 2018 the largest number of vacancies was in transportation and telecommunications – 15,3%, processing industries – 12,6%, construction – 11,3% of the total.

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

	June 2018		January-June 2018 in % to January-June 2017
	'000 people	In % to May 2018	
Filled jobs total, including:	1498,0	100,1	102,8
Registered permanent employees	1423,2	100,1	102,7
External by-workers	33,7	94,7	99,6
Contracted labour	41,1	104,6	109,7

TABLE 2. Employment at enterprises and organizations of St. Petersburg by the type of economic activity in June 2018 (without small enterprises)

Industry	Total employment	
	'000 people	% of the total
Total, including:	1498,0	100,0
Manufacturing	218,1	14,6
Production and distribution of electric power, gas and water	43,4	2,9
Agriculture and forestry	5,3	0,4
Construction	59,8	4,0
Transportation and telecommunications	203,2	13,6
Finance	58,3	3,9
Real estate transactions, leasing and services	34,5	2,3
Wholesale and retail trade, repair of motor vehicles and home appliances	159,9	10,7
Hotels and restaurants	28,4	1,9
Public administration, security and social care	91,1	6,0
Education	214,1	14,3
Healthcare and social services	164,9	11,0
Culture, sports, entertainment	50,1	3,3
Science and technology	119,5	8,0
Administrative services	37,8	2,5
Other services	9,6	0,6

TABLE 3. St. Petersburg enterprises' demand for workforce, January 2017 – July 2018

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 2017	41,5	0,6	100	100
February	40,9	0,7	117	117
April	41,0	0,7	100	88
May	45,1	0,5	71	83
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
December	37,9	0,6	100	100
January 2018	35,9	0,7	116,7	116,7
February	37,4	0,7	100	100
March	37,5	0,7	100	100
April	38,3	0,6	85,7	85,7
May	39,9	0,6	100	120,0
June	42,2	0,5	83,3	100
July	42,5	0,5	100	100

In July this year, as in the same period of 2017, among the employees who fell into the top ten professions in demand, the most popular were doctors, engineers, managers, programmers. The deficit of policemen, managers and doctors was

down, there was a shortage of craftsmen, translators, nurses. In July 2018, compared with the same period of the previous year, there was a shortage of car drivers, welders, cashier supervisors, fitters, bricklayers, concrete workers, design-

ers of reinforced concrete products, installers for the installation of steel and reinforced concrete products, millers, painters (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

The pressure in the labor market (the number of unemployed citizens registered at the Employment Service per one vacancy) at the end of July 2018 was 0,55 persons per vacancy (at the end of July 2017 – 0,49 persons per vacancy).

In July 2018 23,3 thous. persons were registered at the Employment Service of St. Petersburg. It is 6.1% less than in January 2018 (table 4). In July 2018, 41,6% of those registered at the Employment Service were officially considered unemployed.

At the end of July 2018, the total number of those who turned to the State Employment Service of St. Petersburg amounted to 28113 people (at the end of July 2017 – 26151 people).

The number of registered unemployed persons at the end of July 2018 was 9694, of them females – 50,6%; youth aged 16-29 – 12,5%; disabled persons – 16,8% (at the end of July 2017 the number of the unemployed was 9888 persons) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

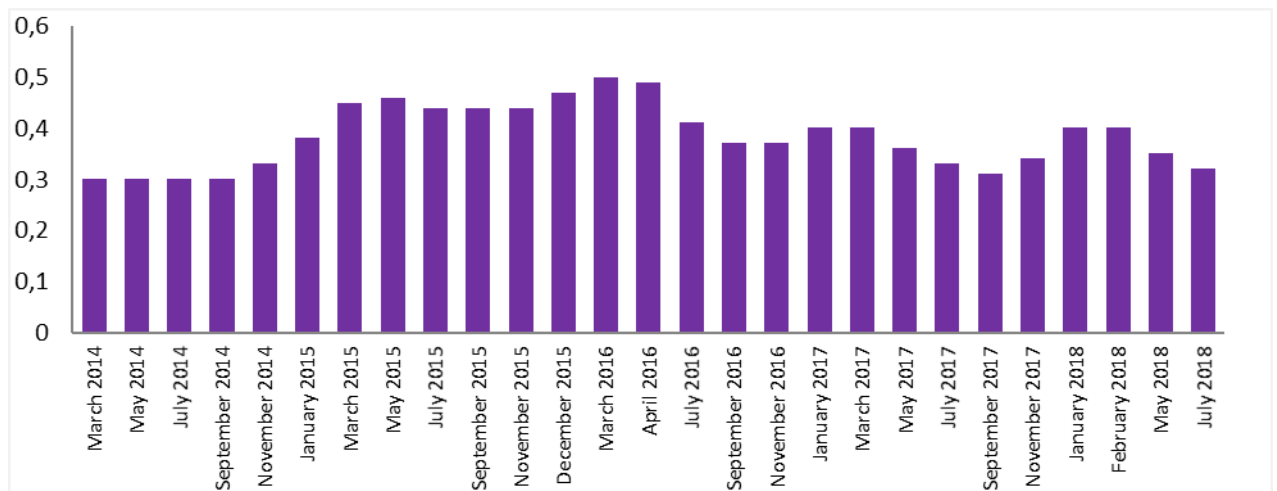
In July 2018, the status of an unemployed was assigned to 2 thous. persons (200 people or 11,9% more than in July 2017). The number of the job-placements in July 2018 was by 36 people or by 6,1% more than in the same period of 2017, and amounted to 600 people.

According to Rosstat, in April-June 2018, the unemployment rate (according to methodology of the International Labor Organization) amounted to 1,4% of the economically active population (EAP). Over the same period in 2017, it was 1,5%. St. Petersburg had one the lowest levels of unemployment among the subjects of the Russian Federation (in the North-Western Federal district – 3,9%, Moscow – 1,2%, Russia as a whole – 4,8 %).

The level of registered unemployment (ratio of registered unemployed to the economically active population on average) at the end of July 2018 amounted to 0,32% of the economically active population (at the end of July 2017, the figure was 0,33%) (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, 2017, January-July 2018

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 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
December	23,6	11,8	116,1	100,7
January 2018	24,8	11,9	100,7	100
February	25,8	12,2	102,6	98,8
March	25,0	11,4	93,5	94,7
April	24,8	11,2	98,0	96,1
May	23,5	10,8	96,2	98,2
June	21,5	9,7	90,4	96
July	23,3	9,7	99,5	98

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

3. PERSONAL INCOMES AND EXPENDITURES

PRICES

In January-July 2018 consumer prices growth in St. Petersburg was equal to 2,7%. In the same period of 2017, it was 3,6%.

The growth of consumer prices in January-July 2018 in St. Petersburg was 0,3% more than in Russia on average. In July 2018, consumer prices grew by 0,3% (Table 5).

In January-July 2018, tariffs for paid individual services in St. Petersburg grew by 3,1%. For comparison: their growth in the same period of 2017 was 6,4%.

TABLE 5. Consumer price index dynamics in 2017, January-July 2018, % to the previous month

	<i>St. Petersburg</i>				<i>Russian Federation</i>			
	<i>CPI</i>	<i>Including:</i>			<i>CPI</i>	<i>Including:</i>		
		<i>Foodstuff</i>	<i>Non-food goods</i>	<i>Personal services</i>		<i>Foodstuff</i>	<i>Non-food goods</i>	<i>Personal services</i>
January 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
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
June	100,4	100,5	100,1	100,7	100,6	100,1	100,1	100,7
July	100,3	99,1	100,1	102,1	100,1	99,0	100,1	101,6
August	99,5	98,2	100,1	100,3	99,5	98,2	100,1	100,4
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
December	100,3	100,5	100,1	100,2	100,4	100,6	100,3	100,3
January 2018	100,5	101,2	100,2	100,02	100,3	100,5	100,3	100,1
February	100,2	100,3	100,2	100,02	100,2	100,4	100,1	100,1
March	100,4	100,7	100,1	100,4	100,3	100,5	100,2	100,1
April	100,5	100,6	100,5	100,4	100,4	100,4	100,4	100,3
May	100,4	99,8	101,0	100,3	100,4	99,9	100,9	100,4
June	100,4	100,2	100,4	100,6	100,5	100,4	100,4	100,7
July	100,3	99,6	100,1	101,3	100,3	99,7	100,1	101,3
July 2018 in % to December 2017	102,7	102,4	102,5	103,1	102,4	101,8	102,4	103,0
July 2017 in % to December 2016	103,6	103,1	102,0	106,4	102,4	102,4	101,4	103,6

The rate of growth of tariffs for paid individual services in January-July 2018 was 0,1% higher than the Russia's average. Tariffs for paid services in July 2018 grew by 1,3%.

In January-July 2018, prices of foodstuff grew faster than in Russia on average by 0,6% and those of non-foodstuff goods – by 0,1%. The growth was correspondingly – 2,4% and 2,5%.

In July 2018, prices of foodstuff fell by 0,4% and those of non-food goods grew by 0,1%.

In July 2018 prices grew for meat and poultry (1,6%), cheese (by 0,4%), fish (0,9%), bread and bakery, cereals and beans (0,1%).

The price of alcohol has not changed.

In July 2018 prices fell for sausage (0,2%), confectionary (0,1%), oils and fats (0,3%), fruits and vegetables (4,1%).

Among non-food goods in July 2018 in St. Petersburg prices grew for construction materials (0,8%), perfumes and cosmetics (0,4%), cleaning and washing products, tobacco products (0,3%), furniture, textiles, kitchenware, footwear, clothing (0,1%). Price of haberdashery fell by 0,3%.

In July 2018 fees for maintenance and repair of housing, operating costs grew by 4,6%, cold water supply and sewerage - by 7,5%, hot water – by 4%, gas – by 3,5%, electricity - by 4,9%.

In July 2018, St. Petersburg prices increased for resort and spa stays by 9%, foreign tourism – by 1,1%, medical services – by 0,5%.

In January-July 2018, gasoline price increased by 8,8%, diesel fuel price – by 10,7%. In July 2018, gasoline price and diesel fuel price have increased by 0,1%.

PERSONAL INCOMES AND EXPENDITURES

Real salary in St. Petersburg in June 2018 grew by 9,1% compared to June 2017, in Russian on average – by 3,6% (table 6).

The average monthly nominal salary in St. Petersburg in June 2018 amounted to 62619 rubles, in Russia on average – 45848 rubles, 26,8% less.

TABLE 6. Real monetary incomes and real salary in St. Petersburg and the Russian Federation in 2017, January-June 2018, %

	<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 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
May	97,6	103,8	88,7	99,7	100,6	102,8	95,5	99,9
June	109,4	106,7	114,8	99,8	104,1	103,9	110,3	100,0
July	92,9	104,2	94,7	98,6	92,1	103,1	96,3	98,4
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
November	100,7	106,4	108,1	103,5	101,1	105,8	99,9	99,9
December	132,8	106,0	160	93,4	131,2	106,2	146,8	98,6
January 2018	80,5	117,9	39,3	97,5	76,3	111,0	50,2	93,0
February	99,5	111,9	160	104,4	102,5	110,5	133,7	104,9
March	104,7	108,9	109,2	111,4	104,7	108,7	100,0	104,7
April	98,3	108,9	102,7	104,6	102,4	107,6	104,6	105,7
May	95,6	106,9	82,6	97,3	100,9	107,6	90,7	100,1
June	109,1	104,9	99,1	83,5	103,6	107,2	110,7	100,7

TABLE 7. Salary arrears in St. Petersburg in June-December 2017, January-June 2018 (on the 1st of each month), mln. rubles

	August 2017	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018	July 2018	August 2018
Total arrears	246,7	210,1	168,5	208,8	271,7	189,2	236,9	253,7	192,9	240,6	281,6	195,7	323,4
Including arrears due to the lack of budget financing	4,6	5,1	19,1	12,1	10,4	0,0	0,0	0,0	0,1	0,0	1,1	0,0	0,0

TABLE 8. Personal expenditures of St. Petersburg's residents in 2017, January-June 2018 (% of the incomes)

	Expenditures:				Excess of incomes over expenditures (+), expenditures over incomes (-)
	Purchase of goods and services	Required payments	Savings in deposits	Foreign currency purchase	
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
November	76,7	14,9	9,5	7,9	- 8,1
December	57,8	15,9	20,4	6,2	- 2,0
January 2018	115,7	20,6	- 14,6	11,2	- 35,1
February	69,9	14,8	11,9	7,1	- 3,8
March	70,3	14,8	15,3	7,0	- 6,1
April	68,4	16,1	12,8	6,6	- 1,6
May	86,2	17,1	- 0,7	8,3	- 8,5
June	87,4	18,8	- 7,6	8,3	- 5,5

Salary arrears on August 1, 2018 amounted to 323,4 mln. rubles, 1,7 times more than on July 1, 2018. Processing industries were responsible for 29.7% of the total, construction industry – for 53,9%, R&D – for 4,5%, transportation – for 11,9%.

In May-June 2018 the share of savings in deposits fell by 8.3% and the share of foreign currency purchase grew by 1,7% (table 8).

DIFFERENTIATION OF INCOMES AND SALARIES IN ST. PETERSBURG

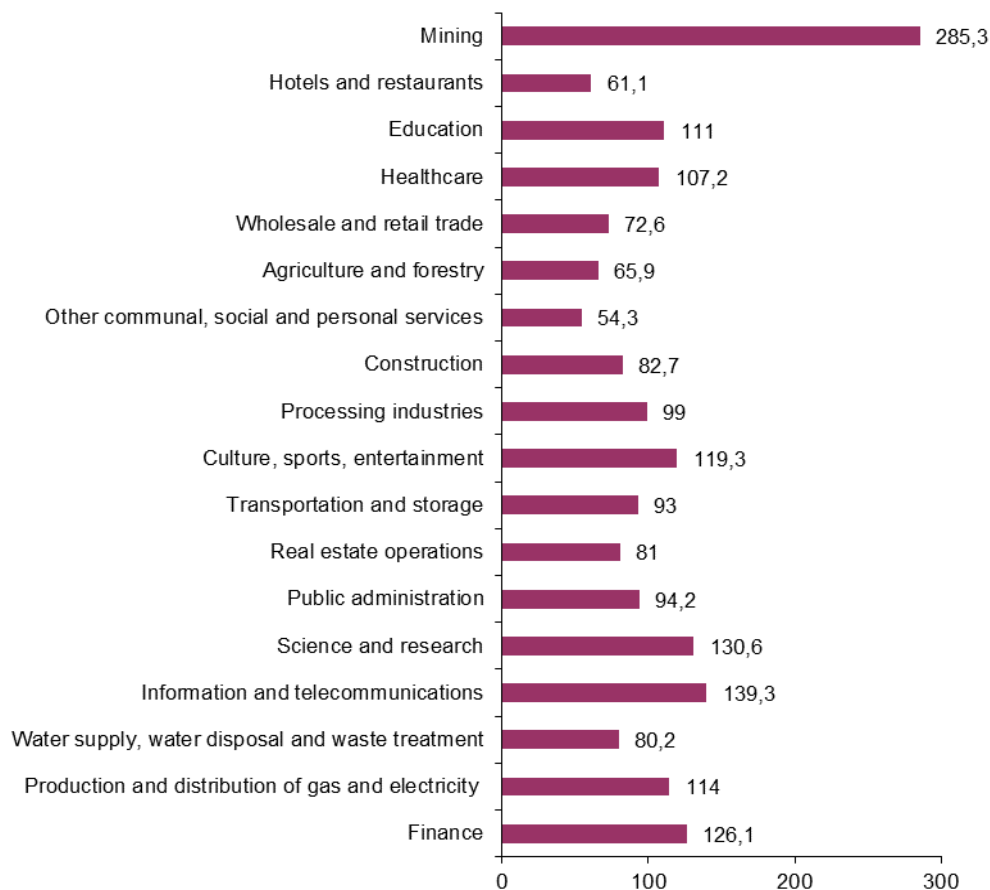
In June 2018, the level of inter-industry salary differentiation grew compared to December 2017 (Picture 2). The gap between the highest

salary (mining) and the lowest salary (other services) was during this month equal to 5,3 times compared to 4,6 times in April 2018. The highest salaries in June 2018 were paid in mining (the salary in this sector was 2,85 times higher than the average for St. Petersburg).

In June 2018 the average for the City was significantly exceeded by the salary in the financial sector (by 26,1%), in information and telecommunication sector (by 39.3%), in R&D sector (by 30,6%).

The lowest salary was paid in the provision of other services (54,3% of the average), at hotels and restaurants (61,1% of the average).

PICTURE 2. Inter-industry differentiation of average salary in June 2018 in St. Petersburg, % of the average salary (the average salary = 100%)



4. INDUSTRY

The index of industrial production in St. Petersburg in January-July 2018 in comparison with January-July 2017 amounted to 103,7% (Picture 3).

"Roselectronics" Holding (part of the state corporation Rostec) began production of personal computers that meet the requirements of the Federal service for technical and export control (FSTEC) and are ready for certification to work with state secrets. The production is organized at NPO "Impulse" in St. Petersburg. Office-type computer's assembly and special checks take 10 working days. The company can assembly 25 computers per week, the press service of the holding reported. The cost of the computer by "Impulse" is 15-30% lower than that of competing models. Among the potential customers of the enterprise are state institutions, special agencies and the Ministry of defense of the Russian Federation (<http://rostec.ru>, 08.08.2018).

Swedish Scania has started production of new generation trucks in the mode of small-node assembly (CKD) at the plant in St. Petersburg. By the end of the year, it is planned to produce about 400 cars. The capacity of the plant allows to assemble 2 thousand units per year. The localization

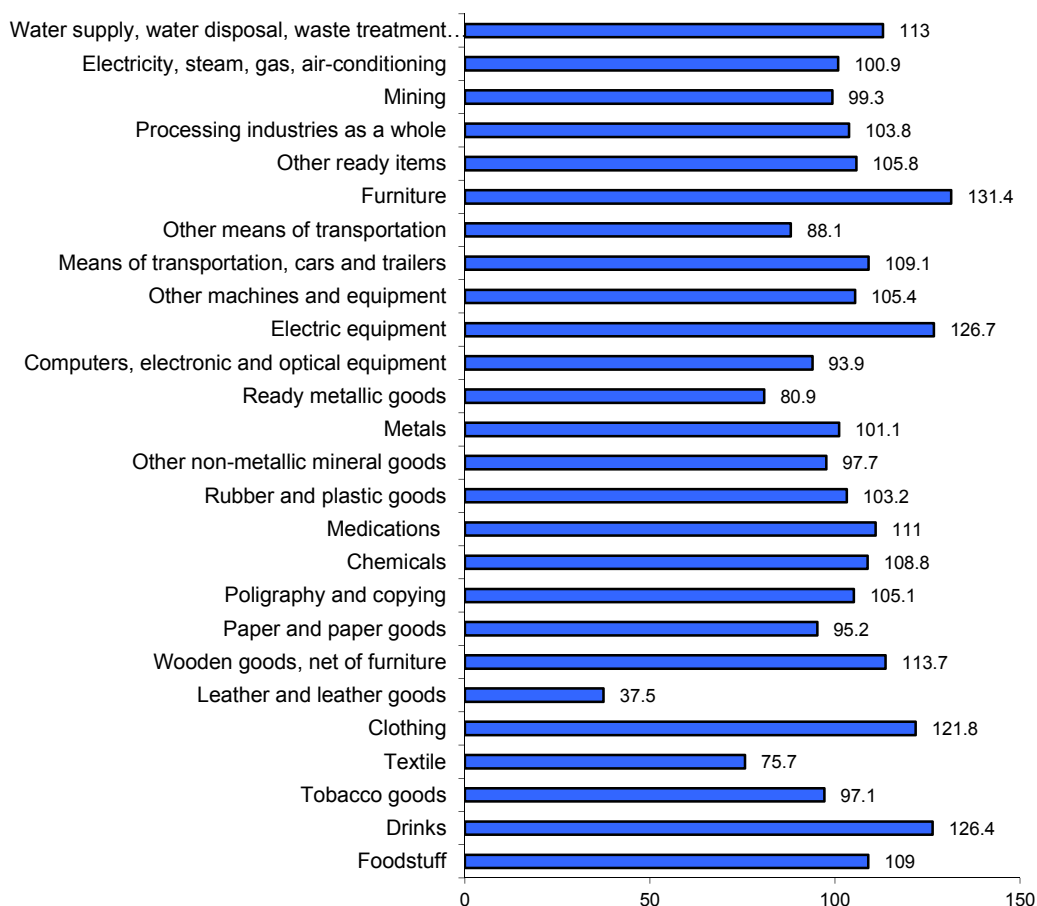
is about 10%, said the representative of the company. Scania chose Russia as the first country for the industrial launch of the production of new generation trucks using CKD technology (<https://1prime.ru> 23.07.2018).

St. Petersburg-based high-tech company NPO StarLine has launched a project designed to make the company the largest contract manufacturer of electronics in Russia. At the site in Yanino in the new building with an area of 10 thousand sq. m. the company has built facilities for production of electronic circuit boards, cable-lay and final product testing. A 12-meter high robotic warehouse was built. In the near future, two more workshops will be opened, investments in which amount to 10-15 million euros each, for the production of plastic housings for products manufactured by the company and metal molds for these housings. All workshops are equipped with robotic lines by the world's best manufacturers (www.rbc.ru 20.07.2018).

The production of self-regulating heating cables has been launched at the SevKabel plant. The new production line of the oldest cable company in Russia will adopt the self-regulating technology of the American company nVent Thermal (known under the brand name Raychem), specializing in industrial heating. Heating cables are used in all industries and provide critical heating solu-

tions. St. Petersburg cable manufacturing plant is currently working at full capacity and is planning construction of a new production site (www.nevnov.ru 25.07.2018).

PICTURE 3. Industrial production dynamics in St. Petersburg by industry, January-July 2018 in % to January-July 2017



5. FINANCE

CITY BUDGET

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

According to the data of the Federal tax service of Russia in St. Petersburg in January-July 2018 the revenues from taxes, fees and other obligatory payments amounted to 717,0 bln rubles, which in nominal terms is 111,7% of the amount for the corresponding period last year.

In January-June 2018 the consolidated financial result (profit minus loss) of organizations (excluding banks, insurance companies and budget organizations, without small businesses)

amounted to 307,4 bln rubles, which is 12,3% less than in the corresponding period last year. In January-June 2018 the number of unprofitable enterprises in comparison with the same period of 2017 grew by 58 units or by 8,1%, the amount of the loss fell by 17,4%.

STATE DEBT

The information about the structure of the state debt as of September 1, 2018, is presented in the tables 10 and 11.

Table 9. Consolidated budget execution in 2018 (mln rubles)

	Revenues	Expenditures
<i>Approved</i>	336 686,8	309 123,1
<i>Executed</i>	542 096,3	594 991,4
<i>Execution, %</i>	62,1	52,0

Source: City Committee of Finance, August 1, 2018

Table 10. St. Petersburg's state debt structure on September 1, 2018

	mln ru- bles	share, %
State domestic debt of St. Petersburg, including:	34 842,8	100,0
Bonds	30 100,0	86,4
Credits	4 742,8	13,6
State external debt of St. Petersburg	0,0	0,0
Total	34 842,8	100,0

Source: City Committee of Finance

Table 11. Debt service expenditures of the budget of St. Petersburg, as of September 1, 2018 (mln rubles)

Item	Plan for 2018
Domestic debt service costs	3 658,8
Total	3 658,8

Source: City Committee of Finance

6. MUNICIPAL AFFAIRS

BEAUTIFICATION, RESTORATION, CAPITAL REPAIRS

The cost of creating a new Museum of the Defense and Siege of Leningrad, which is planned to be built in the alignment of Orlovskaya ulitsa on Smolnaya embankment, increased to 6 bln rubles, of which 3,2 bln rubles is the cost of construction works, 1,6 bln rubles is the cost of equipment. The project will be financed by the federal and the City budgets. In October 2017, Studio 44 won the competition of architectural projects for the construction of the Museum. The area of the new Museum and exhibition complex will be about 30 thousand sq. m.. It will include an exhibition area, a storage facility, the Institute of Memory, educational and theater-concert centers. (Based on "Kommersant" and "Business Petersburg")

The State Museum of History of St. Petersburg has announced the results of the competition for repair and restoration works in the building of the main treasury in the Peter and Paul fortress. The winner is OOO "Kraski goroda". The cost of the works is 36.4 million rubles. The work

in accordance with the contract is to be completed in spring 2019 (According to the materials of "Kommersant»)

In Oranienbaum the Church pavilion of Menshikov Palace has opened after restoration. VTB Bank financed the project; the work was carried out over the past 10 years. Also the Park and Palace complex continues the restoration of the Chinese Palace worth more than 1 bln rubles, which began in 2009. To mark the 250th anniversary of the Palace three restore halls have been opened – the bedroom, the boudoir and the study of Paul I. All works have been completed in 10 of the 17 rooms of the Palace. (Based on "Kommersant" and "Rossiyskaya Gazeta")

TRANSPORTATION, ENERGY, WATER SUPPLY

In January-July 2018, transport organizations of St. Petersburg transported 5.05 million tons of cargo and 334.1 million passengers, which exceeds the figures for the same period in 2017 (by 70% and 5.7%, respectively). At the same time, cargo turnover amounted to 1565 million ton-km (33.8% more than in the same period of 2017), and passenger turnover – 1927 million passenger-km (7% more than in January-July 2017). The number of road traffic accidents has increased

slightly compared to the same period in 2017 - in January-July 2018 there were 3499 accidents (2.6% more than in January-July 2017), which killed 76 people. The number of road accidents involving children under 16 increased by 10.9% to 347 (According to Petrostat).

The Transport Committee of St. Petersburg has requested from the City budget an additional 19,1 bln rubles in 2019. Two main items of the additional costs - a subsidy for the transportation of passengers at a regulated rate (7,3 bln rubles) and the modernization of the rolling stock (9,6 bln rubles). A large part of the costs of the latter will go to GUP "Gorelektrotrans" to purchase 50 new trolleys and 86 trams with a total value of 6,7 bln roubles (Based on materials of "Kommer-sant»)

The start of construction of the metro station "Kudrovo" in Leningrad region, which is to continue Lakhtinsko-Pravoberezhnaya line of St. Petersburg metro, is scheduled for the first half of 2023. The bid for the pre-design work and the preparation of the project documents has been won by "Lenmetrogiprotrans", the total cost of works will amount to 44,2 mln rubles. The scheduled completion date is in March 2019 (According to "Business Petersburg»)

MAJOR CITY PROJECTS

After the completion of the construction of the stadium on Krestovsky Island, several claims concerning the financial relations between the customer of works on the site and contractors were filed with the arbitration courts of St. Petersburg. Two lawsuits have been filed by a former contractor ("Ingtransstroy SPb") for the recovery from the Construction Committee of St. Petersburg of 4,79 bln rubles as a compensation for the unpaid the stadium construction costs. Earlier, the arbitration court recognized the legal termination of the contract between the customer and the contractor in 2013. In turn, the Committee for construction has filed claims for the recovery of 2,87 bln rubles from OAO Metrostroy, the company that was responsible for the completion of the stadium "Saint-Petersburg". The claims are related to the late delivery of the services under the state contract by the company (Based on "Vedomosti»)

The Government of St. Petersburg has announced a competition for the construction of a railway line from the Vitebsk station to Pulkovo airport. The minimum cost of construction in the tender documentation is estimated at 25 bln rubles, while budget financing from the City budget should not exceed 10 bln rubles in the form of a capital grant. A potential investor should attract at least 15 bln rubles of its own and borrowed funds. The financial model of the project is based on the collection of passenger fares for high-speed trains. (Based on the "Vedomosti»)

7. REAL ESTATE

HOUSING

According to the Committee of construction enterprises of St. Petersburg in June 2018 have commissioned 86760,3 sq. m. of housing (89 buildings for 1301 apartments, including individual construction).

In July 2018 in St. Petersburg there have been put into operation 146173,7 sq. m. of housing (118 buildings for 1792 apartments, including individual construction).

In June most of the housing has been commissioned in Primorsky district (65709,10 sq. m. of housing or 6 buildings for 1201 apartments), in Pushkin district — 31 buildings for 48 apartments with total area of 8805,20 sq. m. In third place is Kurortniy district - 4426 sq. m. of housing – a total of 17 buildings for 17 apartments.

In addition, in June 2018, 38 General-purpose facilities have been commissioned, including the reconstruction of the hotel in the Central district, the reconstruction of the building for a sports club in the Pushkin district, and a complex of shops in the Krasnoselsky district.

In July, most of the commissioned housing was in the Central district – 49 097,90 sq. m. of housing, 1 building for 395 apartments. In Nevsky district 4 buildings for 747 apartments with a total area dew 35393,30 sq m have been commissioned and in Kalininsky district - 29769 sq. m. of housing, 1 building for 340 apartments.

In July of this year there have been put into operation 26 civilian objects, including the reconstruction of Tuchkov bridge in the Central district, a reconstructed administrative building in Admiralteyskiy district, and a shop in Kalininskiy district.

At the beginning of August, a joint collegium of the Committee for construction and the State construction supervision and expertise service of St. Petersburg was held, in which the results of the work of the institutions for the first half of 2018 were summed up. Chairman of the Construction Committee Leonid Kulakov said that the amount of funds allocated to the Construction committee in 2018 amounted to 22,3 bln rubles, of which 4,5 bln rubles were provided as of July 1, 2018, including 2,6 bln rubles for the targeted investment program.

The actual execution of the Targeted investment program in construction and design is 20.3% of the annual plan.

During the first half of 2018, 13 social facilities were introduced at the expense of the budget and with the involvement of investors, including 2 kindergartens for 198 seats, a family doctor's office and 2 training grounds for the World Cup. Also was carried out work on the completion of the 3

"problem" residential houses with a total living area of 64 908 sq. m. for 1 198 apartments.

For the first half of the year 961385,8 sq. m. of housing have been commissioned, which is 30% of the annual plan of 3,2 million sq. m. of housing. These include 42 residential purpose for 17863 apartments and 637 individual objects of the construction. The leading districts in terms of housing construction are Primorskiy district – 261,4 thousand sq. m. in 51 buildings for 5991 apartments, Kalininskiy district - 134 thous. sq. m. of housing in 4 buildings for 2919 apartments and Krasnoselskiy district, - 60 buildings for 2538 apartments with total area of 118,3 thous. sq. m.

CO-INVESTORS

On July 1 of this year, amendments to the law on participation in shared-equity construction came into force, designed to protect the rights of citizens as much as possible.

The final version of the law took into account proposals from St. Petersburg aimed at reducing the risks of both investors and participants of equity construction during the transition of the industry to project financing. Thus, in particular, the position of the legislator on the principle of one builder - one construction permit – has been softened, which allows the investor to build social facilities, as well as objects of other infrastructure for several construction permits within the approved territory planning project or urban development plan of the land plot. In addition, the developer is allowed to receive funding from the parent company, which was not allowed by the original version.

An important amendment proposed by St. Petersburg is the possibility for the developer to exercise its obligation under the warranty on the early built objects.

In his Address to the Federal Assembly, the President of the Russian Federation (March 2018) set the task of a phased transition from equity construction to project financing, when the risks are assumed not by citizens, but by developers and banks.

In 2018 in St. Petersburg 30 problematic buildings are to be completed. They include 10 158 apartments (474 000 sq m).

According to the Committee on construction in the first half of 2018 the City was able to commission 3 problematic buildings - objects of shared construction for 1198 apartments, with a total living area of 64908 sq. m.

Under control of the Construction committee are 36 buildings with a total area of 505548 sq. m. for 11370 apartments. The Committee maintains a registry of deceived co-investors, which since the beginning of the year was reduced by 356 people, and today includes 1351 citizens.

TERRITORIAL DEVELOPMENT, REGULATION

Amendments to the Urban Planning code that allow developers to amend construction permits, not to obtain new ones in case of project change have entered into force. The amendments also optimize the requirements for the composition and content of sections of the project documentation. In the examination of the project documentation the reliability of the estimated cost is to be checked. It should be noted that from 2019 all budget-financed projects will undergo a mandatory public technological and price audit of the investment justification. The solutions proposed by the builders will be evaluated based on economic efficiency and compliance with the current level of development of technology.

For developers, there are new provisions related to construction permits. Earlier, the Urban Planning code prescribed to make changes in the permits when the rights to the site were transferred, divided or merged. Now a developer has the right to apply for amendments to the current resolution. (<http://nsp.ru/news/18093-razreshenie-mozhno-i-podpravit>).

On July 12, the Coordination council of St. Petersburg and Leningrad region has approved the draft concept of the joint urban development of the two regions, the development of which started in 2014. The total area of the agglomeration area will be 8, 68 thousand km. The joint development area will include territories within an hour and a half travel time from St. Petersburg.

The press service of the Leningrad region has added that the sub-centers of the agglomeration will be the cities of Sertolovo, Novosaratovka village, Tosno and Shlisselburg. According to the concept, the priority for housing construction will be South and South-West directions. In addition, the joint concept involves the co-construction of a unified system of municipal, engineering and social infrastructure, construction of transport facilities (nsp.ru).



8. INVESTMENT PROJECTS

According to Petrostat, the volume of investments in fixed assets of the City's economic organizations in January-June 2018 amounted to 205,4 bln rubles (80,7 of the amount for the same period of the last year) (Table 12).

TABLE 12. Investments by type

	Bln rubles	% of the total
Investments into fixed capital, including:	205,4	100
Housing	21,8,0	12,5
Non-residential premises, structures and land improvement	80,5	39,2
Vehicles, equipment, machinery and inventory	95,0	46,3
Intellectual property	5,0	2,4
Others	3,1	1,5

The largest volume of investments were directed to buildings (other than residential), construction and land improvement, vehicles, equipment, machinery and inventory.

French hotel operator Accor Hotels will take control of the hotel in the Salut complex on Pulkovo highway, which is being built by Soyuz Invest Development.

The new hotel will operate under the Novotel brand. It is planned that Novotel St. Petersburg Airport will become the flagship hotel in Russia. The project will use advanced construction technologies and materials that comply with the company's policy in the field of environmental protection. The hotel infrastructure will include a restaurant, a bar, event halls, underground parking, a fitness area with a swimming pool, as well as three sky lounges for the crews of European, Korean and Chinese airlines. In addition to the hotel, the Salut complex includes several apart-hotels.

Swedish retailer IKEA opens a small-format store in St. Petersburg.

The first point will open in the shopping Mall "Atlantic City" in October 2018 and will include a design studio, where you can plan any area in the house. In addition, customers will be able to arrange delivery and to purchase goods from the online store. In the near future, IKEA intends to open another small-format store in the City.

American company Amway opens its first store in St. Petersburg

The outlet is located in the building of the business center "Faberge 8". In addition to the sale departments, there will be a studio for meetings and presentations, a zone of culinary master classes, a point of ordering products online and a

phyto-cafe. Similar centers have already opened in Moscow, Nizhny Novgorod, Kazan, Krasnodar, Ufa, Perm, Irkutsk, Krasnoyarsk and Novosibirsk. The company announced last year the development of a retail network and the opening of 28 stores across Russia. The investments in the development of the network should amount to 600 million rubles.

The Government of St. Petersburg has provided OOO "Alex Fitness", which manages a network of fitness centers, the status of a strategic investor.

Within the framework of the strategic investment project, the company should build 4 sports clubs in the City (in Kalininskiy, Krasnoselskiy and Frunzenskiy districts). The project involves sports and recreation centers of two formats: small (3 thous. sq m) and medium (6 thous. sq. m.). The latter involves the construction of an indoor swimming pool and an ice arena.

The status of a strategic investor will allow the company to count on obtaining a land plot for its intended purpose; tax benefits for both land tax and property tax; preferential rate of the rent for the land plot and the possibility of buying the land plot for 25% of the cost after the project implementation.

OOO "Alex Fitness" will have the status of a strategic investment partner up to July 31, 2028. The implementation of the project will require a total volume of investments of no less than 1,5 bln 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/>

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