

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

**November-December 2018 № 156**



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## 1. CITY MANAGEMENT

### APPOINTMENTS, GOVERNMENT COUNCILS

#### **Newly appointed Plenipotentiary representative of the President of Russia in the North-Western Federal district**

The position of the plenipotentiary representative remained vacant since October 3, 2018, when A. Beglov left the office to become the acting Governor of St. Petersburg. On November 7, 2018, new presidential envoy to the Northwestern federal district has been appointed. A. Gutsan is well known in St. Petersburg, was born in Gatchina district of the Leningrad region and is a graduate of the Leningrad state University. He spent most of his career working for the City prosecutor's office. In 2007-2018, he held the position of Deputy General prosecutor of Russia.

#### **The acting Governor of St. Petersburg has appointed the head of his office and key advisers**

On November 8, 2018, L. Sovershaeva was appointed to the position of head of the Governor's office. Prior to this appointment, she served as a deputy plenipotentiary representative of the President of Russia in the Northwestern federal district. At the same time, the acting Governor defined the circle of his key advisers. These positions were assigned to: E. Elin (Economics and Finance), I. Gan (public relations and media) and Y. Ablets (youth policy). Advisers on a voluntary basis are the vice-president of the center for strategic development, the chairman of the Board of "CSR North-West" V. Knyaginina and the well-known actor and cultural figure N. Burov.

#### **Personnel reshuffle in the Committee on law, order and safety and among advisers and special representatives of the Governor of St. Petersburg.**

On December 17, 2018, L. Bogdanov was discharged from the duties of the Chairman of the Committee on law, order and security. The Committee was entrusted to the deputy Chairman of the same Committee, A. Romanov. In addition, on December 17, the Governor has discharged several advisers and special representatives in charge of the protection of public order, work with veteran organizations, investment, construction of the metro and the City's economy and relations with the media.

#### **Chair of the Investments Committee dismissed**

On December 25, 2018 I. Babyuk was dismissed from the position of the head of the Investments Committee. The execution of the duties of the Chairman of the Committee on Investments

was entrusted to the deputy chairman of the same Committee Ye. Vasiliev.

#### **The composition of the Government of St. Petersburg has changed**

On December 26, 2018, the acting Governor of the City has accepted the resignation of two members of the Government - Vice – governors M. Mokretsov and I. Albin. M. Mokretsov worked in the City Government since April 2013 and was responsible for solving issues of property, financial and economic nature. Within his area of responsibility were issues of financial, tax and economic policy, planning, management of state property and land relations. Since August 2017, M. Mokretsov has held the position of Vice-Governor, Chairman of the Committee of property relations of St. Petersburg. I. Albin worked in the City Government since November 2014 and oversaw the construction, reconstruction, architecture, protection of cultural heritage, transport, energy and tariff regulation. After the resignation of M. Mokretsov, Vice-Governor S. Movchan is responsible for the issues previously curated by him in the government of St. Petersburg. Vice-the Governor N. Bondarenko will be responsible for the areas previously curated by I. Albin. The temporary performance of the duties of the Chairman of the Committee of property relations was entrusted to the vice-Chairman of the Committee A. German.

#### **City authorities, trade unions and employers have signed a regional agreement**

On November 28, 2018, the regional agreement on minimum wages and Obligations of the parties between the City Government, Leningrad Federation of trade unions and the Union of Industrialists and entrepreneurs of St. Petersburg was signed at Expoforum. The signed documents amend the Trilateral agreement of St. Petersburg in the 2017-2019 biennium. The agreement was signed by the acting Governor A. Beglov, President of the Union of Industrialists and entrepreneurs of St.Petersburg A. Turchak and the Chairman of Leningrad Federation of trade unions V. Derbin. By 2019 the minimum wage will increase to 18 thousand rubles. According to this indicator, among all regions of Russia, St. Petersburg is second only to Moscow (18.8 thousand rubles). St. Petersburg minimum wage is almost 1.6 times higher than the Federal level and 1.5 times more than the City's subsistence minimum.

#### **A working meeting of the Prime Minister of Russia and the acting Governor of St. Petersburg**

The working meeting was held on November 28, 2018 at St. Petersburg Technological University. The Chairman of the Government of Russia Dmitry Medvedev and the acting Governor of St. Petersburg A. Beglov discussed the development of the City. The main topics of discussion were the creation of high-tech jobs and the imple-

mentation of national projects, including the development of transport infrastructure.

### **Proposals to create a naval cluster in Kronstadt have been discussed at the Admiralty**

On December 5, 2018 at the main headquarters of the Russian Navy (the Admiralty) there was held an enlarged meeting under the chairmanship of the Russian defense Minister S. Shoigu. The meeting was attended by the commander-in-chief of the Russian Navy V. Korolev, the acting Governor of St. Petersburg, and representatives of the Russian defense ministry. The meeting was dedicated to the formation of a naval cluster in Kronstadt. For this purpose, it is planned to transfer to Kronstadt a number of naval educational, scientific and museum institutions. On their basis, a single training center for the Navy and a modern tourist and recreational zone will be created. As part of the cluster formation, the modernization of the energy, transport and social infrastructure will be carried out, the forts and cultural heritage sites of the Kronstadt will be reconstructed. The project is scheduled to start in January 2019.

### **A meeting of the Presidential Council on culture and art was held**

The meeting was held on December 15, 2018 at the Konstantinovsky Palace. The meeting was chaired by the President of Russia Vladimir Putin. The participants of the meeting discussed the formation and implementation of the national program "Culture" until 2024.

### **Regular meeting of the Staff to improve the conditions of doing business in St. Petersburg at Smolny**

The meeting was held on December 26, 2018 under the chairmanship of the acting Governor Beglov. Among the most significant results of the work in 2018 there was noted the possibility of filing a single application for technological connection to engineering networks by means of the "Unified system of the construction complex of St. Petersburg" and a significant reduction in the time of solving issues of connection to power supply networks. To connect the object one only needs to go through 2 procedures that take 80 days, and the cost of connection is 45 times lower. In 2018 among all Russian regions, St. Petersburg ranked 4th in the national rating of the investment climate of the Agency for strategic initiatives. At the end of 2018, in the RAEX-Analytics rating, St. Petersburg entered the top five regions of Russia with the highest investment attractiveness. In addition, the Northern capital has made a significant contribution to improving Russia's place in the ranking of "Doing Business". In part of Russia, this rating takes into account the conditions of work of entrepreneurs in Moscow and St. Petersburg. At the beginning of 2019 in St. Petersburg, it is planned

to conduct an Internet survey of entrepreneurs about the business climate of the City.

## **LEGISLATION**

### **Amendments to the Law on land tax**

In the Law of St. Petersburg dated November 14, 2012 no 617-105 "On land tax in St. Petersburg», change have been made: new tax rates are set that will be applied from January 1, 2019.

### **Amendments to the Law on the magistrates of St. Petersburg**

Based on the law of St. Petersburg from November 15, 2018 № 621-131 amendments have been made to the Law of St. Petersburg of October 18, 2000 № 552-64 "On magistrates of St. Petersburg". The changes relate to the definition of the structure, number and technical support of the magistrates. It is determined that the staff of a magistrate includes the secretary of the court session, the court clerk and the assistant justice of the peace. The issue of admission to the state civil service of St. Petersburg for the position of assistant magistrate are subject to agreement with the magistrate.

### **Private medical organizations are provided with benefits to rent non-residential buildings and premises owned by St. Petersburg**

Based on the law of St. Petersburg dated November 26, 2018 № 639-132 amendments were made to the Law of St. Petersburg "On the procedure for determining the rent for non-residential premises, owned by St. Petersburg" and the Law of St. Petersburg "On the order of granting benefits to rent non-residential facilities, owned by St. Petersburg". Private medical institutions in the coming year will be provided with benefits to rent premises. The premises will be provided from the stock of facilities intended for lease for the implementation of socially significant activities - the provision of primary health care. The premises will be provided to private medical organizations involved in the implementation of the territorial program of state guarantees of free medical care.

### **Small businesses are encouraged to engage in processing and recycling of waste**

The Law of St. Petersburg of November 26, 2018 No. 641-133 amends three laws. Amendments were made to the laws of St. Petersburg: "On tax benefits", "On property tax of organizations", "On land tax". For small businesses involved in the processing and disposal of non-metallic waste, tax incentives are established.

### **The Law on the budget of St. Petersburg for 2019-2021 was adopted**

In accordance with the Law of St. Petersburg, dated November 30, 2018 № 711-144 ap-

proved have been the parameters of the budget of St. Petersburg for the next 3 years. The total volume of revenues of the budget of St. Petersburg for 2019 is determined for 591.8 billion rubles; the expenditures should be 643.8 billion rubles. The size of the budget deficit in 2019 will be 52 billion rubles.

#### **The Social Code of St. Petersburg has been amended**

Based on the law of St. Petersburg dated November 30, 2018 № 682-143 changes were made to the Social code of St. Petersburg (Law of St. Petersburg dated November 9, 2011 № 728-132). According to the changes, families with children are provided with an additional measure of social support. This measure provides an opportunity to improve the living conditions, to finance suburban construction, getting children's education in educational organizations, regardless of their organizational and legal forms, carrying out educational activities based on a license. In addition, this measure extends to financing high-tech medical care, medical rehabilitation.

#### **The main parameters of the budget of the Territorial fund of obligatory medical insurance of St. Petersburg for 2019 have been approved**

The parameters were approved by the Law of St. Petersburg of November 30, 2018 № 713-145. The total revenues of the budget of the Territorial fund of obligatory medical insurance of St. Petersburg (TFOMS) for 2019 have been approved in the amount of 108,8 billion rubles, expenditures – in the amount of 108,8 billion rubles. Transfers from the City budget will cover 108,3 billion rubles in the revenues part.

#### **Amendments to the laws of St. Petersburg on taxes and fees**

Based on the law of St. Petersburg of November 30, 2018 № 709-135 amended has been the Law of St. Petersburg of June 28, 1995 № 81-11 "On tax benefits". The essence of the changes relates to the exemption from property tax of organizations in respect of buildings located within the boundaries of land plots, which have been granted the status of innovation and industrial park or a technological park of St. Petersburg, including exhibition halls with a total area of at least 35 thousand square meters, subject to their introduction into operation not earlier than January 1, 2019.

#### **The Law of St. Petersburg on maternal capital amended**

The Law of St. Petersburg of November 30, 2011 № 810-151 "On maternal (family) capital in St. Petersburg" has been amended. They relate to the possibility of channeling funds of maternal (family) capital into high-tech medical care for children, including payment for travel to the place of treatment. In addition, maternity capital can be

spent on the purchase of goods and services approved for circulation on the territory of Russia, intended for social adaptation and integration into the society of children with disabilities.

#### **In commemoration of the 75th anniversary of the complete liberation of Leningrad from the fascist siege, a cash payment was established**

An additional measure of social protection introduced by the Law of St. Petersburg on December 3, 2018 № 674-146. It is established in relation to certain categories of citizens in the form of a one-time cash payment in the amount of 3000 to 7000 rubles.

#### **In St. Petersburg, the value of the subsistence minimum in the 3rd quarter of 2018 was established.**

Based on the decree of the Government of St. Petersburg of December 11, 2018 No. 930 the subsistence minimum in St. Petersburg for the 3rd quarter of 2018 is set: the average per capita subsistence minimum is 11 021,3 rubles (in 2017 – 10 791,6 rubles), for working-age population – 12 079,5 rubles (in 2017 – 11 868,2 rubles), for pensioners – 8 954,1 rubles (in 2017 8 612,2 rubles), for children – 10 754,6 rubles (in 2017 – 10 403,2 rubles). For comparison, in the 3rd quarter of 2016 average per capita subsistence minimum was 10 449,5 rubles.

#### **The strategy of development of St. Petersburg until 2035 has been approved**

The strategy of socio-economic development of the City for the period up to 2035 was approved by the law of St. Petersburg dated December 19, 2018 № 771-164. The strategy is the main document that defines the future of the City for the next 17 years. The strategy was developed by the leading City committees with the participation of representatives of the scientific and expert community, business and public organizations. The draft strategy received a positive conclusion of the Ministry of Economic development of Russia. The goals and objectives of the Strategy are aligned with the priorities and goals of Russia's social and economic development. The document identifies three priorities: the technological breakthrough, the introduction of innovations and advanced technologies; the creation of a comfortable, quality, safe and comfortable urban environment that has preserved its historical identity; openness to new ideas and talents, as a continuation of the traditions laid down at the foundation of the City. The objectives of the strategy include a significant improvement in the life of the City. Life expectancy will increase in 2035 to 80 years (in 2017 - 75.4 years), the number of employed in small business will grow by a third, the average annual growth rate of GRP will fluctuate within 3.5% - 5%, the investment in fixed capital will increase 4 times.

### **The General plan of St. Petersburg has been changed**

The amendments were made based on the law of St. Petersburg dated December 19, 2018 № 763-161 "On amendments to the Law of St. Petersburg "On the General plan of St. Petersburg". The period of the General plan of St. Petersburg has been changed from 2018 to 2021. The changes also affected the design decisions in the heat and electric supply, external transport, urban passenger transport, road network, water supply and sanitation, gas supply. The law defines additional measures to improve the environmental situation and environmental protection. In the period from May 22 to July 19, 2018, public hearings were held on the draft law.

### **The law on the election of the Governor of St. Petersburg has been amended**

The amendments were made based on the law of St. Petersburg dated December 19, 2018 № 789-173 "On amendments to the Law of St. Petersburg "On elections of the highest official of St. Petersburg - the Governor of St. Petersburg". The adopted Law provides for the establishment of the possibility of nomination of candidates for the position of the Governor not only by electoral associations, but also in the order of self-nomination. The law replaced the possibility of voting by absentee ballot, as well as early voting by the possibility of inclusion in the list of voters at the location ("mobile voter"). The St. Petersburg Election Commission has the right to make decisions on the formation of polling stations for voting of St. Petersburg residents at their location.

## **MEETINGS, COOPERATION**

### **Acting Governor of St. Petersburg has held talks with the president of the world Association of the exhibition industry (UFI)**

Meeting of the acting Governor A. Beglov and the president of UFI K. Peraboni took place on October 2 in the Smolny. The meeting was timed to the 85th Congress of UFI "Dynamic development – the key to the future of the exhibition industry", which was held in St. Petersburg for the first time.

### **St. Petersburg develops cooperation with the International Advertising Association**

On November 10, 2018 in Smolny the acting Governor A. Beglov met with the president of the International Advertising Association S. Krishnaswamy. The parties discussed the organization and holding of the World Advertising Congress in St. Petersburg in 2020. St. Petersburg and the International Advertising Association already have experience of successful cooperation. In 2017, the Northern capital of Russia hosted the World Communication Summit, which was attended by

representatives of 26 countries and 15 Russian regions.

### **VII International Cultural Forum held in St. Petersburg**

The forum was conducted from November 15 to 17, 2018. The forum's theme was "Culture as a strategic potential of a country". The forum was organized by the Government of Russia, the Ministry of culture of Russia and the Government of St. Petersburg. Over 35,000 people and 38 official delegations from around the world took part in the forum's events. The main venue for the forum's events was The General staff building of the State Hermitage Museum.

### **Acting Governor of St. Petersburg held a meeting with the Commissioner for the rights of entrepreneurs**

The meeting was held in Smolny on November 16, 2018. The Acting Governor of the Russian Federation and the Russian President's Commissioner for the rights of entrepreneurs, B. Titov, discussed the state of the business climate and the development of innovative and high-tech industries. Particular attention was paid to the support of small and medium-sized businesses in St. Petersburg.

### **Initiatives of women's organizations have been discussed in the Smolny**

On November 24, 2018, the acting Governor A. Beglov held a meeting with representatives of the Organization for support and development of social initiatives of the Women's Alliance. The meeting participants have noted the great positive role of women's organizations in solving many urban problems. In St. Petersburg, there are more than 100 such public organizations. Of them 46 are members of the Women's Alliance. Among the priorities of the National strategy for action for women were the preservation of the health and well-being of families and the development of social infrastructure. During the meeting A. Beglov gave several instructions to the social block of the government.

### **XI International Innovation Forum, XXII International Forum "Russian industrialist" and the International scientific and educational salon were held in St. Petersburg**

The forums' events were held from November 28 to 30, 2018 at the Expoforum. The opening ceremony of the forums was attended by the acting Governor of St. Petersburg A. Beglov, the Chairman of the Board of OOO "UK "ROSNANO" A. Chubais, the President of the Union of Industrialists and entrepreneurs of St. Petersburg A. Turchak. The main theme of the forums was "Digital transformation", which included 4 thematic areas: "Technologies for the new economy", "Innovations: competition and challenges", "Investments in

innovations", "Human capital as a factor of transformation".

#### **Acting Governor of St. Petersburg met with the Minister of education of Russia and the President of World Skills Europe**

The meeting took place on November 30, 2018 at the Expoforum. During the conversation, the issues of preparation for the Euro Skills championship, which will be held in St. Petersburg in 2022, were discussed. A. Beglov, O. Vasilyeva and Ms. D. Traidis got acquainted with the sites of the IV Open regional championship "Young professionals" (World Skills Russia), the City course of professional skills "Step into the profession" and the festival of professions "Ticket to the future".

#### **The XVI Forum of small and medium-sized businesses of St. Petersburg**

The Forum was held on December 5-6, 2018 in the exhibition complex "Lenexpo". The Forum was attended by the acting Governor A. Beglov. The forum was organized by the Committee for the development of entrepreneurship and the consumer market of St. Petersburg and the Public Council for the development of small business under the Governor of St. Petersburg. More than 4,000 delegates took part in the events of the forum. In the framework of the forum, an exhibition of the annual festival of promising projects "Business Kitchen" and the investment session of the acceleration program were held.

#### **The Congress of builders of St. Petersburg**

On December 6, 2018 at the exhibition complex "Lenexpo" the XVI Congress of builders of St. Petersburg was held. The Congress was attended by the acting Governor of St. Petersburg, and the heads of construction organizations of St. Petersburg, Leningrad region, federal and municipal authorities, representatives of the scientific and expert communities. The Congress delegates summed up the work of the construction industry in 2018 and identified the main directions and objectives of its development in 2019.

#### **The Government of St. Petersburg and Hyundai Motor Manufacturing have signed an investment contract**

On December 25, 2018, in Smolny, the acting Governor A. Beglov and the General Director of "Hyundai Motor Manufacturing Rus" L. Yongtek have signed an investment contract on the further localization of car production in St. Petersburg. Currently, the level of localization of the Hyundai plant in St. Petersburg is 47%. The contract provides for the construction of a plant for the production of engines and gearboxes for cars, as well as a research and development center in the Kamenska industrial zone. By the end of 2027, Hyundai plans to invest more than 16.6 billion rubles in this project. According to the published plans, more than 10% of the produced products will be exported.

## **2. EMPLOYMENT**

In October 2018, large and medium sized enterprises employed 1496,9 thous. people (Table 1). Staff employees amounted to 94.9% of all the employed. Compared to the previous month the number of staff grew by 0,3%, the number of by-workers - by 2.5%, and that of contracted workers - by 6%.

In January – October 2018 the number of employees at these enterprises grew by 4.6% compared to the same period of 2017. The number of staff during the period grew by 4.4% that of by-workers fell by 1.3%, the number of contracted workers grew by 23%.

In October 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 49% of all employed at large and medium organizations.

In June-October 2018 the number of economically active population (EAP) amounted to 3062,0 thous. persons, of them 3017,3 thous. employed and 44.8 thous. unemployed. During the reporting period, the employment rate was 66,7% (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/>).

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

	October 2018		January-October 2018 in % to January-October 2017
	'000 people	In % to September 2018	
Filled jobs total, including:	1496,9	100,5	1496,9
Registered permanent employees	1420,7	100,3	1420,7
External by-workers	34,8	102,5	34,8
Contracted labour	41,4	106,0	41,4

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

Industry	Total employment	
	'000 people	% of the total
Total, including:	1496,9	100,0
Manufacturing	216,8	14,5
Production and distribution of electric power, gas and water	45,1	3,0
Agriculture and forestry	4,9	0,3
Construction	59,5	4,0
Transportation and telecommunications	204,8	13,7
Finance	56,4	3,8
Real estate transactions, leasing and services	34,9	2,3
Wholesale and retail trade, repair of motor vehicles and home appliances	159,2	10,6
Hotels and restaurants	27,6	1,8
Public administration, security and social care	91,0	6,1
Education	217,4	14,5
Healthcare and social services	164,8	11,0
Culture, sports, entertainment	49,7	3,3
Science and technology	119,6	8,0
Administrative services	36,3	2,4
Other services	8,9	0,7

The data on the movement of employees at medium and large enterprises in the third quarter of 2018 show that the scale of hiring and discharging of employees of organizations was slightly higher than during the same period of the last year. The number of discharged employees amounted to 124.2 thousand people, the number of the hired -126.4 thousand people. The number of employees scheduled for discharging in the IV quarter of 2018 increased compared to the same period of the last year to 2 149 people (in the IV quarter of 2017 - 1 999 people).

In November 2018, the demand of St. Petersburg enterprises for new workforce amounted to 46.5 thous. people (table 3), 60.9% of them – workers' vacancies.

In January - November 2018, the highest number of vacancies was declared by organizations belonging to the following economic activities: transport and storage – 15.8%, construction – 14.4%, manufacturing 11.9%.

In November of this year, as in the analogous period of 2017, among the employees who fell into the top ten of scarce specialists, the most popular were managers, quality engineers, doctors, police officers. At the same time, the shortage of managers and quality engineers has increased, and the shortage of doctors and police officers has decreased.

**TABLE 3. St. Petersburg enterprises' demand for workforce, January 2017 – November 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
April	41,0	0,7	100	88
May	45,1	0,5	71	83
June	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
August	44,0	0,5	100	100
September	43,9	0,5	100	100
October	47,8	0,4	80,0	80,0
November	46,5	0,5	125,0	83,3

There was a deficit of programmers, masters, engineers of various specializations, masters of repair, engineers for information security, massage therapists. The shortage of car drivers, electric and gas welders, turners, excavator operators, concrete workers appeared in November 2018, compared to the same period of the previous year. Remain in short supply painters and steel fixers. The shortage of plumbers and plasterers has decreased (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

The pressure on the labour market (the number of unemployed citizens registered with the State employment service per vacancy) at the end of November 2018 amounted to 0.47 per persons per vacancy (at the end of November 2017 - 0.58 persons/vacancy).

In November 2018 21.7 thous. persons were registered at the Employment Service of St. Petersburg. It is 12.5% less than in January 2018 (table 4). In November 2018, 50.2% of those registered at the Employment Service were officially considered unemployed.

At the end of November 2018, the total number of those who turned to the State Employment Service of St. Petersburg amounted to 25913 people (at the end of September 2017 – 26896 people).

The number of registered unemployed persons at the end of November 2018 was 10875, of them females – 53.2%; youth aged 16-29 –

14%; disabled persons – 15.2% (at the end of November 2017 the number of the unemployed was 10202 persons)

(<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In November 2018, the status of an unemployed was assigned to 2.4 thous. persons (300 people or 14.7% more than in November 2017). The number of the job-placements in November 2018 was by 26 people or by 3.4% more than in the same period of 2017, and amounted to 800 people.

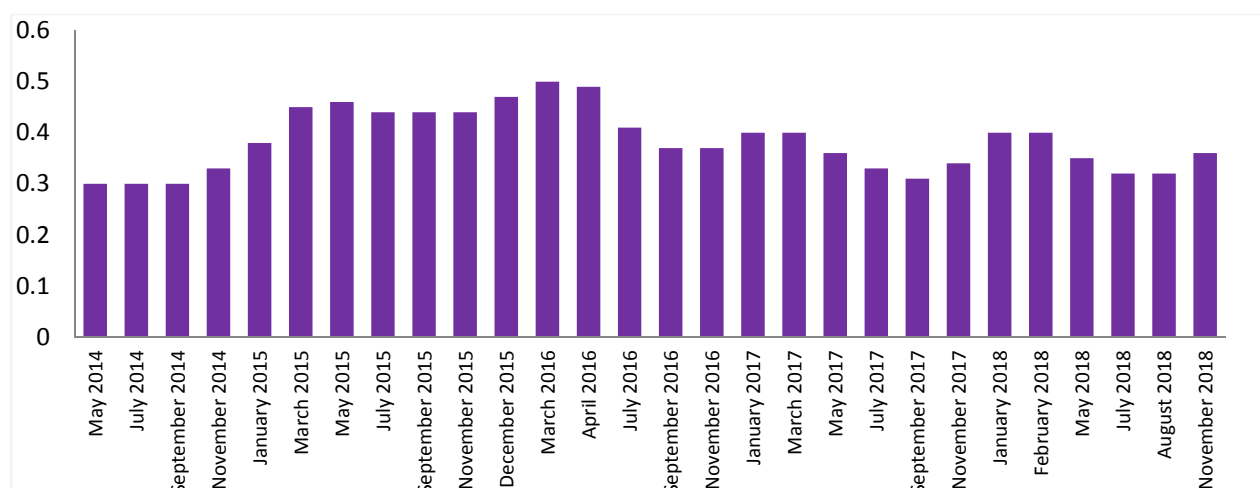
According to Rosstat, in June-October 2018, the unemployment rate (according to methodology of the International Labor Organization) amounted to 1,5% of the economically active population (EAP). St. Petersburg had one the lowest levels of unemployment among the subjects of the Russian Federation (in the North-Western Federal district – 3,8%, Moscow – 1,2%, Russia as a whole – 4,6 %).

The level of registered unemployment (ratio of registered unemployed to the economically active population on average) at the end of November 2018 amounted to 0,36% of the economically active population (at the end of November 2017, the figure was 0,34%) ([www.rspb.ru](http://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-November 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
August	20,3	9,6	99,0	98,2
September	20,5	9,6	99,5	103,7



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

### 3. PERSONAL INCOMES AND EXPENDITURES

#### PRICES

In January-November 2018 consumer prices growth in St. Petersburg was equal to 3,2%. In the same period of 2017, it was 3,4%.

The growth of consumer prices in January-November 2018 in St. Petersburg was 0,2%

lower than in Russia on average. In November 2018, consumer prices grew by 0, 4% (Table 5).

In January-November 2018, tariffs for paid individual services in St. Petersburg grew by 2,9%. For comparison: their growth in the same period of 2017 was 6,3%.

The rate of growth of tariffs for paid individual services in January-November 2018 was 0,6% lower than the Russia's average. Tariffs for paid services in November 2018 fell by 0,3%.

**TABLE 5. Consumer price index dynamics in 2017, January-November 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
March	100,2	100,4	100,3	100,0	100,1	100,1	100,2	100,0
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
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
August	99,8	99,2	100,1	100,1	100,0	99,9	100,2	100,3
September	100,04	99,5	100,4	100,4	100,2	99,6	100,4	100,2
October	100,3	100,4	100,6	99,7	100,4	100,6	100,5	99,9
November	100,4	101,2	100,2	99,7	100,5	101,0	100,4	100,0

In January-November 2018, prices of foodstuff grew slower than in Russia on average by 0,2% and those of non-foodstuff goods by the same % as in Russia on average. The growth was correspondingly – 2,7% and 3,9%.

In November 2018, there was an increase in prices for fruits and vegetables (by 5,7%), meat and poultry (by 1,2%), oils and fats, milk and dairy products (by 1,1%), cereals and legumes, sausages (by 0,9%), confectionery (by 0,4%), bread and bakery products for alcohol and cheese (by 0,1%). In November 2018, the fish price fell by 0,5%.

Among non-food products in November 2018 in St. Petersburg, there was an increase in prices for kitchenware (by 2,4%), knitwear (by 0,7%), detergents and cleaning products, shoes, furniture (by 0,5%), construction materials, hosiery, tobacco products (by 0,3%), clothing (by

0,1%). Perfumery and cosmetic goods' prices fell by 1,2%, haberdashery— by 0,1%.

In November 2018, the payment for the maintenance and repair of housing, for operating costs, for cold water supply and sanitation, for hot water supply, for gas, for electricity remained unchanged.

In January-November 2018, gasoline prices increased by 9,4%, that of diesel fuel - by 16,3%. In November 2018, gasoline prices increased by 0,2%, while diesel fuel prices increased by 2,7%.

#### PERSONAL INCOMES AND EXPENDITURES

In October 2018, real wages increased in St. Petersburg by 0,9% and by 1,0% in Russia on average (table 6).

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

	St. Petersburg				Russian Federation			
	Real salary		Real income		Real salary		Real income	
	To the previous month	To the same month of the previous year	To the previous month	To the same month of the previous year	To the previous month	To the same month of the previous year	To the previous month	To the same month of the previous year
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
July	95,0	108,5	101,6	100,8	92,2	107,5	96,0	102,4
August	94,3	105,4	88,4	103,3	97,5	106,8	99,3	99,1
September	102,3	105,5	101,6	95,7	100,9	104,9	99,0	96,8
October	100,9	104,5	108,1	106,7	101,0	105,2	103,1	100,3

**TABLE 7. Salary arrears in St. Petersburg in 2018 (on the 1<sup>st</sup> of each month), mln. rubles**

	January	February	March	April	May	June	July	August	September	October	November	December
Total arrears	189,2	236,9	253,7	192,9	240,6	281,6	195,7	323,4	223,8	154,9	174,3	159,8
Including arrears due to the lack of budget financing	0,0	0,0	0,0	0,1	0,0	1,1	0,0	0,0	0,0	0,0	0,0	0,0

Average monthly nominal salary in St. Petersburg in October 2018 amounted to 57951 rubles. Average nominal salary in Russia in October 2018 was 26.9% less than in St. Petersburg and was equal to 42 332 rubles.

Salary arrears on December 1, 2018 amounted to 159,8 million rubles. The arrears have decreased compared to August 1, 2018 by 49,4%. Transport accounted for 29,0% of the total arrears, processing industries for 27,6%, research and development for 25,7%, construction for 17,7%.

In May-September 2018, the share of savings in deposits decreased, and the purchase of currency by the population increased (table 8).

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

In October 2018, the level of interindustry salary differentiation decreased compared to De-

cember 2017 (picture 2). The gap between the highest salary (mining) and the lowest (provision of other services) was 5 times in October against 6.0 times in August and 5.3 times in June 2018.

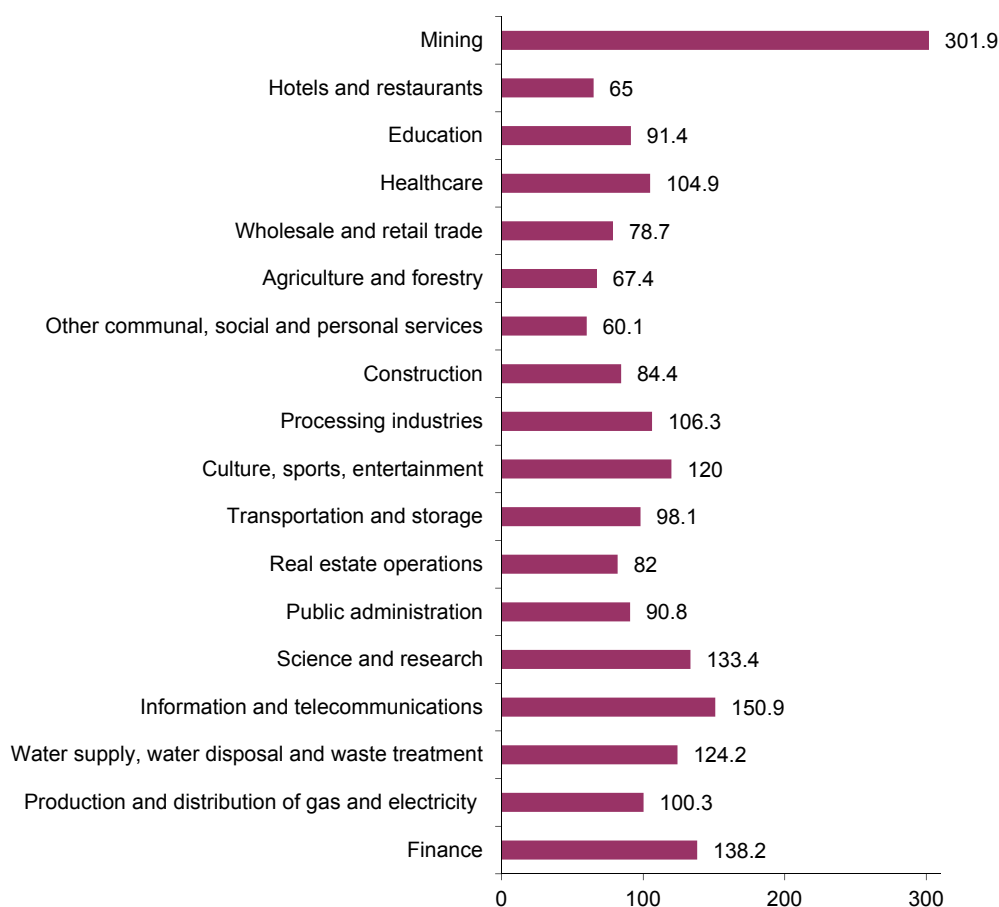
The highest salary in October 2017 was in mining industry (the salary in this industry was 3 times higher than the average salary in St. Petersburg).

In October 2018, the average salary in St. Petersburg was significantly exceeded by that in the field of information and communication (by 50,9%), in financial activities (by 38,2%), in the field of scientific and technical activities (by 33,4%).

And the lowest salary was paid to those employed in hotels and restaurants (65% of the average salary), and in the provision of other services (60,1% of the average salary).

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

	<i>Expenditures:</i>				<i>Excess of incomes over expenditures (+), expenditures over incomes (-)</i>
	<i>Purchase of goods and services</i>	<i>Required payments</i>	<i>Savings in deposits</i>	<i>Foreign currency purchase</i>	
January 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
July	74,4	21,6	1,3	8,7	- 3,4
September	86,6	16,2	- 2,1	10,2	- 6,4
January 2017	86,8	15,2	- 5,7	10,1	- 5,2
October	80,3	15,5	5,8	10,7	- 10,9

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

#### 4. INDUSTRY

The index of industrial production in St. Petersburg in January-September 2018 compared to January-September 2017 amounted to 104,6%.

**Car factories of St. Petersburg (Toyota, Nissan and Hyundai) in January-November 2018, released 344,1 thousand cars**, which is 8.9% more than in the same period last year, according to TASS. The share of Petersburg in the structure of the all-Russian production of passenger cars is 22-24% (tass.ru, 19.12.2018).

**At "Novoorlovskaya" site of the special economic zone "St.Petersburg" an innovative center "Burevestnik" (subsidiary of OJSC ALROSA) has been launched.** It is the largest CIS enterprise for the development and production of x-ray equipment for industrial and scientific purposes. The plant created 650 high-tech jobs. The volume of investments is more than 2 billion rubles. (topspb.tv, 04.12.2018).

**Scientific-pharmaceutical firm "Polysan" has opened the third phase of the plant in St. Petersburg.** In the new building, the plant will produce a metabolic protector "Cytoflavin" and antiviral drug "Cycloferon". In addition, the new line of "Polysan" will produce heart drug "Xarelto" for German Bayer, the agreement was signed in 2015. The investment in production line with maximum capacity of 550 million tablets per year amounted to 4,5 billion rubles (including 3,3 billion rubles as a loan from "Sberbank"). Together with the new line, the plant's capacity has reached 800 million tablets per year (rbc.ru, 28.11.2018).

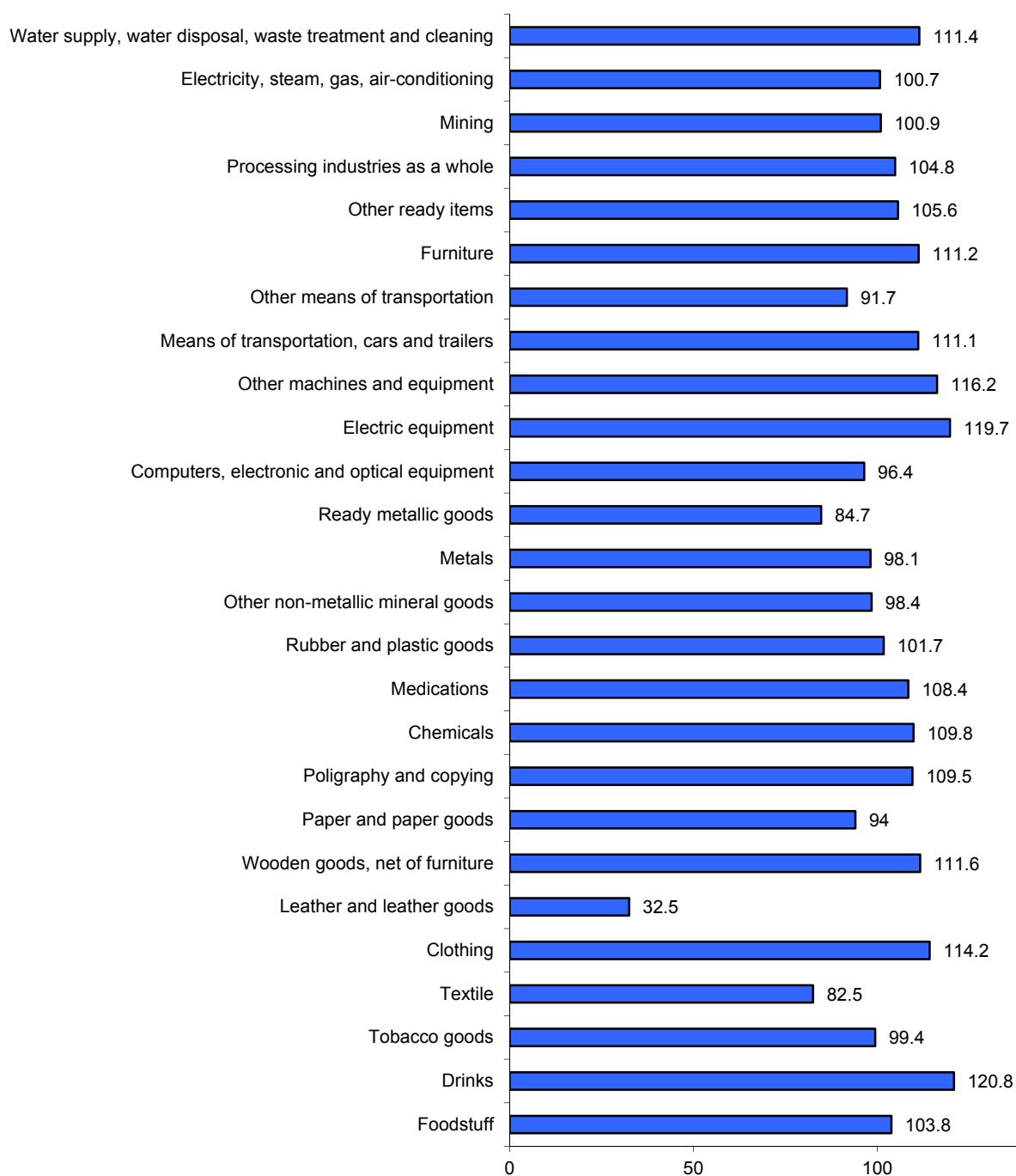
**The Russian Direct Investment Fund and the pharmaceutical company Geropharm have launched the first production site for the production of insulin in the Pushkinskaya industrial zone.** The total investment in the project is 3,3 billion rubles. The plant will produce insulin, its analogues and other drugs. After reaching the designed capacity, the plant will be able to produce 1000 kg of substance per year, which will provide 100% of the needs of the Russian population in insulin. Technological process does not need imported raw materials (tass.ru, 16.11.2018).

**The "Admiralty shipyards" has began construction of ice-resistant, self-moving plat-**

form "North Pole». The project customer is Roshydromet. The contract for the design and construction of the platform was signed in April 2018. The preliminary design of the vessel (the designer is JSC KB "Vypel") has already been completed and approved, the first batch of metal has been purchased, the procedure for the purchase of basic equipment has started. The "North

Pole" will be used to study sea ice, the atmosphere and ecology of the Arctic, as well as for aviation flights and weather forecasts. "North Pole" can move in ice without an icebreaker, will have autonomy on fuel reserves of 2-3 years and a service life of 25 years. The station will also be equipped with a helipad. The cost of construction is 7 billion rubles.

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



## 5. FINANCE

According to the data of the Federal tax service of Russia in St. Petersburg in January-November 2018 the revenues from taxes, fees and other obligatory payments amounted to 1092,1 bln rubles, which in nominal terms is 110,3% of the amount for the corresponding period last year.

In January-October 2018 the consolidated financial result (profit minus loss) of organizations (excluding banks, insurance companies and budget organizations, without small businesses) amounted to 502,7 bln rubles, which is 23,8% less

than in the corresponding period last year. In January-October 2018, the number of unprofitable enterprises in comparison with the same period of 2017 grew by 81 units or by 12,9%, the amount of the loss fell by 1,3%.

### CITY BUDGET

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

### STATE DEBT

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

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

	Revenues	Expenditures
<i>January-September</i>	416 266	399 144
<i>January-October</i>	484 957	441 872

Source: Petrostat, November 1, 2018

**Table 10. St. Petersburg's state debt structure on January 1, 2019**

	mln rubles	share, %
State domestic debt of St. Petersburg, including:	30 100	100,0
Bonds	30 100	100,0
Budget Credits	0,0	0,0
State external debt of St. Petersburg	0,0	0,0
Total	30 100	100,0

Source: City Committee of Finance

**Table 11. Debt service expenditures of the budget of St. Petersburg, as of January 1, 2019 (mln rubles)**

Item	Plan for 2018	Executed by 01.01.2019
Domestic debt service costs	2 571,4	2 315,1
Total	2 571,4	2 15,1

Source: City Committee of Finance

## 6. MUNICIPAL AFFAIRS

### BEAUTIFICATION, RESTORATION, CAPITAL REPAIRS

The competition for the restoration of the Exchange building on Vasilievsky Island was won by OOO Meander. The total cost of works will be 299 million rubles (the initial maximum price of the contract was 323,8 million rubles). The technical task involves the restoration of the facades of the historic building, restoration of the stylobate, repair of engineering networks and structures and repair of the roof of the Exchange building. The works must be completed within 330 calendar days from the date of their actual beginning. (Based on the materials of "Kommersant" and public procurement portal).

The North-Western Directorate for construction and restoration has announced tenders for major repairs and restoration of the Intendant's warehouses. According to the tender documentation, the cost of works on the 4th and 5th floors of the buildings is estimated at 78.5 million rubles and 44.4 million rubles. The deadline for applications is February 19, 2019, the expected completion date is December 16, 2019 (based on the materials of Kommersant»).

### TRANSPORTATION, ENERGY, WATER SUPPLY

In January-September 2018, transport organizations of St. Petersburg transported 6,7 million tons of cargo and 427,1 million passengers, which exceeds the figures for the same period in 2017 (by 70% and 4,2%, respectively). At the same time, the cargo turnover amounted to 2,064 million ton-km (35,3% more than in the same period in 2017), and passenger turnover-2,483 million passenger – km (5,3% more than in January-September 2017). The number of road accidents increased slightly compared to the same period in 2017 (according to Petrostat).

In January-November 2018, Pulkovo airport served 16,8 million people, which is 12% higher than in the same period of the previous year. The volume of traffic on international routes increased by 14,8%, amounting to 6,7 million people. On domestic routes for 11 months of 2018 the ridership was 10,2 million people, which is 10,2% more than in January-November 2017. In total for the period in Pulkovo there were 152,7 thousand uptakes and landings of aircraft. As of the end of 2018, Pulkovo airport ranks fourth in terms of passenger traffic in Russia (Based on Kommersant and RBC).

By the end of 2018, the debt of St. Petersburg residents for capital repairs exceeded 1.3 billion rubles. More than 80% of the total debt (1,1 billion rubles) is the debt of the owners of residential premises, about 15% - the debt of the owners

of non - residential real estate. Collection of contributions in 2018 amounted to 91,2%. In total, since the introduction of mandatory contributions for major repairs in St. Petersburg in 2014, more than 9,9 billion rubles have been collected. In December 2018 the Capital Repair Fund announced tenders for the selection of contractors for the repair of various objects of common property in apartment buildings in the amount of 4,6 billion rubles (based on the materials of the Fund).

Since July 2019, tariffs for cold water supply in St. Petersburg will increase by 7% for citizens and by 8% for industrial consumers. The economic justification for the increase in tariffs contains two main arguments— high debt of citizens and enterprises to "Vodokanal" (at the end of 2018 it is more than 8,5 billion rubles) and a reduction in the volume of financing of the investment program of the enterprise by 16,8 billion rubles).

### MAJOR CITY PROJECTS

The project of construction of a railway line from Pulkovo airport to the center of St. Petersburg, the competition for the implementation of which was planned to be announced in early 2019, will be canceled. At the end of November 2018, the Administration of St. Petersburg conducted an audit of the project, as a result of which it was decided to cancel its current version – the airport has not reached the maximum passenger traffic. Four alternative options for the development of public transport to the airport are metro (the estimated cost is about 75 billion rubles.), Aeroexpress (19 billion rubles), tram line from the Kupchino metro station (16 billion rubles) and the expansion of the bus service (3 billion rubles). Each of these options has different limit values of passenger traffic, different terms of construction and the expected travel time to the City center (Based on the materials of Kommersant»).

## 7. REAL ESTATE

### HOUSING

According to the press center of the Committee for construction in November 2018 in St. Petersburg there were put into operation 122 943,9 sq.m. of housing, 158 houses, 1999 apartments, including individual construction.

Most of housing was in the Vyborg district, where there were commissioned 52 720,40 square meters of housing, a total of 13 houses for 899 apartments. The next is Pushkin district – there were commissioned 25 022,90 sq. m. of housing – 38 houses for 403 apartments. In the Central district there were commissioned 1 house for 249 apartments with total area of 16 279,10 sq. m.

At the XVI Congress of builders, which took place on December 6 at Lenexpo, the acting Governor said that the City Government signed a permit for the construction of 24 million square meters of housing by 2024. According to the current standards of urban design, for 3 million square meters of housing it is required 6.5 thousand places in kindergartens and 12 thousand places in schools. This requires about 34 billion rubles of investments. In the Meantime, the City has an imbalance between the pace of housing construction, and the pace of construction of social and transport infrastructure.

Experts of the real estate Agency "Sofia" analyzed the primary market and found out what objects were represented in the construction market (BSN.RU). Now, more than 800 apartment buildings are being built in St. Petersburg. Most objects have brick-monolithic walls (52%). "Monolithic" houses make up 19% of the total volume of construction, and panel objects - 16%. The remaining share is accounted for block and brick houses.

#### NON-RESIDENTIAL REAL ESTATE

In November 2018, there were commissioned 34 civil use objects, including 2 kindergartens for 140 kids and 1 for 220 kids in the Central district, a covered market with an integrated car park in the Frunzensky district and a church in the Central district. S. Harlashkin Chairman of the Committee on transport infrastructure development, in an interview which he gave to the NSP, noted that "the 2018 was a very fruitful year from the point of view of launching objects including those built for the 2018 World Cup. The Committee, provided funding of 56,7 billion rubles. Of these, 27,9 billion were allocated from the budget of St. Petersburg for the construction of metro facilities – 14.7 billion. For 2019 the budget of the Committee was approved in the amount of 43.3 billion rubles. 18 billion is planned for the development of the metro, 10,5 billion for the construction of road facilities. The financing of the road repair program in 2019 will remain at the level of 2018 and will amount to 5 billion rubles. The largest objects that were included in the targeted program of repairs are Obvodny canal embankment (odd side), Grazhdanskiy and Zanevsky avenues, Prosvescheniya avenue, Vyborg highway from the Ring road to the border with the Leningrad region, Komendantskiy avenue, and Aviakonstruktorov avenue.

#### COMMERCIAL REAL ESTATE

The volume of warehouse space commissioning this year was a record for the last 7 years and amounted to 83 thousand square meters. The rents are rising: the average cost of space in class A properties today makes 500 rubles. The most active among the tenants are on-line retailers. Lately the major players of this segment have in-

creased the rented area 2-3 times, according to the company IPG.Estate.

The office market segment expects changes in the future. However concerns about the commissioning of Lakhta Center are not confirmed by practice. According to the director of development of IFC Lakhta Center I. Anisimova, all structures of Gazprom will not move to the tower. There has been no surge in demand for housing in the area, but it will be gradual over a long period of time.

#### CO-INVESTORS

During the traditional Christmas real estate summit (the organizers of the event in St. Petersburg are PROEstate Events and Academy of Real Estate (ARE) with the support of the Russian Guild of managers and developers.) on December 12, important changes in the market due to the introduction of amendments to the Federal law 214, which actually abolish equity construction, were discussed. Due to changes to the law on equity construction, the Federal registration service has stopped the registration of new equity contracts for 38 houses in St. Petersburg. The ban on attracting new funds of shareholders was imposed because the delay in the delivery of objects exceeded six months.

As the Chairman of the Committee for the construction Kulakov noted: "the construction complex of the City coped with the first wave of problems and expects to begin the transition to the format of project financing during the next year."

According to the forecasts of developers, the transition to the new format of work in total will add to the cost of housing at least 30% (bsn.ru). Using escrow accounts, a shareholder will pay for the real estate object by about 20% more, at prices for three years in advance, according to the General Director of the Megalith Corporation A. Brega. The amount of VAT is also increased by 2%, payments to the Social Insurance Fund are increased to 6%. In addition, the cost of construction is growing, only in the last year prices for basic building materials increased by 30%.

V. Grigoriev, Chairman of the Committee on urban planning and architecture believes that developers need not to increase the final price, but to reduce costs and expenses. It is also necessary to revise architectural and urban design and introduce modern technologies. As an example, the chief architect of St. Petersburg cited the project in Paris, on the banks of the river Seine, where the cost per square meter with full decoration, communications and landscaped area amounted to 1500 euros.

According to the website BSN.RU officials say that in St. Petersburg there are 33 distressed residential construction. At the beginning of the year in the Northern capital among the problematic ones there were 39 houses under construction for 13,1 thousand apartments. Their total area was



more than 570 thousand square meters. Currently 6 objects for 1525 apartments on this list have been commissioned.

In addition, another 10 houses pass the final inspection of the office of state construction. After completion of all improvements and approvals, buyers will receive the keys to 3,3 thousand apartments. The remaining 23 houses for 7171 apartments are to be put into operation in 2019.

As of November 30, there are outstanding permits for the construction of 1238 residential buildings in the City. Of them 654 residential buildings are financed by co-investors.

#### TERRITORIAL DEVELOPMENT, REGULATION

At the meeting on December 20, the draft law "On territories with special status in St. Petersburg" was adopted in the first reading. The idea is to establish a separate investment program for different parts of the City, such as the historical center, residential areas or the "gray belt". As the Chairman of the parliamentary commission on urban economy S. Nikeshin noted: "first of all, this bill is aimed at creating mechanisms for the participation of the Legislature in the decisions to build in the historic center. The initiative belongs to the Chairman of the Legislature V. Makarov, who has experience in the fight against several developers working in Petrograd side.

Since 2019, the monthly fee for capital repairs will increase by 1 ruble per square meter. The fee is determined by the period of construction of the house, the material of the walls, the physical deterioration of the house, as well as the presence or absence of an elevator. In general, monthly amount of payment for capital repairs will be from 1% to 1.8%.

Since the introduction of the norm on capital repairs in 2014, the amount of all transferred funds amounted to 14 billion 250 million rubles.

## 8. INVESTMENT PROJECTS

According to Petrostat, the volume of investments in fixed capital of St. Petersburg organizations in January-September 2018 amounted to 361.6 billion rubles, which is 87.8% compared to the same period last year.

#### INVESTMENT PROJECTS

**Coca-Cola HBC Russia has opened a juice production line at the St. Petersburg plant "Multon"**

The line produces juice drinks under the brand "My family" in a small package with a volume 0,175 liter. The new line for production of juices is the sixth in the company. Its capacity is 9 thousand packs per hour, the planned volume of production next year is 850 thousand packages (in one package there are 24 packs) for the year.

Last autumn, the "Multon" plant launched two lines for the production of Dobry and My family juices worth 170 million rubles and with a capacity of more than 145 million liters per year. The volume of investment amounted to 185 million rubles.

**On "Novoorlovskaya" site of the Special economic zone "St. Petersburg" an Innovation center "Burevestnik" (a subsidiary of ALROSA) began its work.**

It is the largest enterprise in the CIS countries for research, development and production of x-ray equipment for industrial and scientific purposes.

The new plant will allow Burevestnik to increase the production of x-ray separators (equipment for diamond mining) to 150-200 units per year, which can lead Burevestnik to the world leaders in the production of these products. The products of Burevestnik are already exported to Southeast Asia, Africa, the CIS and the Middle East. The volume of investments in the project amounted to more than 2 billion rubles.

**JSC "Passenger port of St. Petersburg - Sea facade" has signed an agreement on the establishment of a sea passenger shipping line.**

The partners of the City government in this project are three Greek companies — ferry operator Anek Lines, the developer - Litinus Group and Prime Bulk, providing consulting and operator services.

By the end of 2018, the Board of Directors of "Sea facade" should decide on the establishment of a joint venture. To create a shipping company, the Greek side is ready to provide an ice-class ferry for 2.5 thousand people, which will make winter cruises in the Baltic Sea. The ferry line should open in the winter season of 2019. The Ship will go under the Russian flag, and the port of its registration will be the "Sea facade".

**JSC "NPO "Technologies" will build a plant for the production of food additives.**

The business plan of the project was approved by the expert council for the special economic zone under the Government of St. Petersburg.

The plant should be put into operation in the third quarter of 2021. It will produce additives to increase the shelf life and improve the consistency and taste of products that are used in meat and fish processing, as well as in the confectionery industry. The second activity of the plant will be the production of additives based on eco- and bio-ingredients. The cost of the new project will be 404.9 million rubles.

**The company JSC "VimpelCom" ("Beeline") have entered the market of telemedicine services.**

A mobile application for the operator's subscribers was launched based on the Online Doctor platform, which was developed by the Mobile Medical Technologies Company. The project is federal in scope, but most of the clinics with

which the new service cooperates are located in St. Petersburg; only a few institutions are in Moscow. Users of the service will be able to get advice from 150 doctors of various profiles. The application is also available to make an appointment at a clinic, a laboratory, to do tests with discounts and to use special offers from partners.

According to experts, the investments in the project amounted to at least 300 million rubles.



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

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

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

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