

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

**January-February 2019 № 157**



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## 1. CITY MANAGEMENT

### APPOINTMENTS, GOVERNMENT COUNCILS

**Staff changes at six City committees.** On January 17, 2019, the acting Governor A. Beglov has appointed new chairs to six City committees. V. Moskalenko became the Chairman of the Committee on economic policy and strategic planning (he has been working in the same Committee since 2002, since 2013 - as the first Deputy Chairman). The position of the Chairman of the Committee on industrial policy and innovation was entrusted to Yu. Kalabin (prior to his appointment he held the position of General Director of JSC "KRP-invest" Holding, Russian Railways, prior to that - deputy director on economy and finance JSC "Leningrad Metal Factory"). The Chairman of the Investment Committee is R. Golovanov (worked in the same Committee from February 2008 to April 2018, after which he moved to work in JSC "VEB infra-structure"). The Chairman of the Committee of the property relations of St. Petersburg is V. Kalugin (up to the appointment, he was the general director of OOO "Consulting group IHC", from 1994 to 2015, he worked in the Committee for land resources and land management, and later became Chairman of the Committee). The Chairman of the Health Committee is D. Lisovets (before that he was the Deputy Chief physician of the City hospital № 40). The Chairman of the Committee on territorial development is A. Belsky (since 2014 he was the head of the municipal council of Sestroretsk, Deputy Chairman of the Council of municipalities of St. Petersburg and Chairman of the Public Council for small business of Kurortniy district).

**Personnel changes in the City Government.** On January 18, 2019, the acting Governor A. Beglov has discharged four Vice-governors: A. Govorunov (at the same time he was relieved from the post of the head of the Administration of the Governor), M. Kucheryavyi, K. Serov and S. Movchan. All dismissed Vice-governors were members of the City Government. Serov and Movchan were appointed advisers to the Governor of St. Petersburg immediately after the dismissal.

**New composition of the City Government.** By the resolution of the acting Governor of St. Petersburg, dated January 23, 2019, № 5-PG the composition of the Government of St. Petersburg was set. The Vice-governors who kept their seats are N. Bondarenko (responsible for urban management), V. Kirillov (responsible for education, culture, sports, environmental protection, security), A. Markov (responsible for external relations, tourism and archival issues) and A. Mityanin

(responsible for social services, demographic development, labor and employment). The new members of the Government are Vice-governors: L. Sovershaeva (directs the Administration of the Governor, replaces the Governor in his absence), E. Batanov (responsible for investment policy, transport and coordination of the development of the Russian zone of the Arctic), E. Elin (responsible for the economy, finance and property relations), V. Knyaginina (responsible for vocational education and science), N. Linchenko (responsible for the construction and protection of cultural heritage), M. Shaskolsky (responsible for energy and technical regulation). In addition to the above-mentioned persons, members of the City Government are: acting Governor A. Beglov, representative of the Governor in the Legislature Yu. Shesterikov, the Chairman of the Committee on the beautification V. Rublevsky and the Chairman of the Committee on transport A. Golovin. The last three were members of the City Government during the period of G. Poltavchenko.

**New head of the administration of Frunzensky district.** On February 4, 2019, K. Serov was appointed the head of the district administration. Previously K. Serov in 2013-2017 headed the administration of the Nevsky district, and from 1994 to 2013 was a deputy of the Legislature of St. Petersburg. The former head of the Frunzensky district V. Sapozhnikov was dismissed after the acting Governor A. Beglov during the detour of the district was convinced of the poor organization of work on cleaning the territory from snow and ice.

**At the enlarged meeting of the Collegium of the Main Department of the Ministry of internal affairs of Russia for St. Petersburg and Leningrad region, the results of work in 2018 have been summed up.** The meeting was held on January 24, 2019 in the cultural center of the police department. The meeting was attended by the head of the branch of the Ministry of Internal Affairs of Russia in St. Petersburg and Leningrad region S. Umnov, Deputy Minister of Internal Affairs of Russia M. Vanichkin, the acting Governor of St. Petersburg A. Beglov, Governor of the Leningrad region A. Drozdenko. It was noted that the crime rate in St. Petersburg was down. In 2018, the number of registered crimes in the City decreased by 1.4 % compared to 2017. In 2018 the crime rate decreased by 2.7% and amounted to 960 crimes per 100 thousand residents, which is

significantly less than the average in Russia (1355).

**Events dedicated to the 75th anniversary of the complete liberation of Leningrad from the Nazi siege.** On January 27, 1944, Leningrad was completely liberated from the siege, which began on September 8, 1941. During the siege the only connection of the City with the rest of Soviet territory not occupied by the enemy, was the Ladoga lake. The duration of the siege was 872 days, however, even after her breakthrough, Leningrad remained in the enemy's siege, which lasted until September 1944. Currently in St. Petersburg there are 5 thousand people, awarded with the medal "For the defense of Leningrad" and 81 thousand persons awarded by a sign "Inhabitant of besieged Leningrad". On January 26, at the Piskarevsky memorial cemetery a solemn ceremony of laying wreaths and flowers was held. It was attended by Russian President Vladimir Putin. On January 27, a parade of troops of the St. Petersburg territorial garrison took place on Palace square.

**Meeting of the coordinating Council on guardianship in the field of social protection, education and healthcare.** The meeting was held on January 30, 2019 in Smolny under the chairmanship of the acting Governor A. Beglov. The meeting was attended by the Commissioner for the rights of the child in St. Petersburg S. Agapitova, members of the City Government, deputies of the Legislative Assembly, heads of relevant social institutions and public organizations, young residents of the City. The participants of the meeting discussed the transition of children's institutions of the City to a new format of work, close to family education. During the meeting, it was noted that the number of children left without parental care, decreased in St. Petersburg by 32%. Of the 11098 children of this category, almost 10000 live and are brought up in families. 1320 children live in urban institutions, 89% of them are older than 7 years, 39% have a disability.

**Preparations for the European Football Championship 2020.** On January 31, 2019, a meeting was held on preparing the City for the European football championship. The meeting was held by acting Governor A. Beglov. It was also attended by Deputy Minister of sports of Russia P. Novikov, the head coach of the Russian football team S. Cherchesov representatives of the City profile committees, of the Administration of the President of Russia, of the Russian Football Union (RFU), and of the local organizational structure of UEFA "Euro 2020". The European championship will be held on June 12 to July 12, 2020 in 12 European cities. St. Petersburg stadium "Gazprom arena" will host four matches, including a quarter-final.

**The Board of the Main Investigation Department of the Investigative Committee of Russia in St. Petersburg has summed up the work in 2018.** The meeting was held February 13, 2019. It was attended by the Head of the Main investigative Department of the Investigative Committee of Russia in St. Petersburg A. Klaus, the acting Governor of St. Petersburg A. Beglov, heads of law enforcement and Supervisory authorities. The participants of the meeting noted the decrease in the crime rate and the increase in crime detection: in 2018, 3826 crimes were solved in the City, of which 1428 were serious and especially serious. The overall rate of crime detection (according to the profile of activity) by the Investigative Committee of Russia in the City was 94.5%.

**The meeting of the extended Board of the Federal tax service Of St. Petersburg.** The meeting was held on February 14, 2019. At the meeting the results of work of tax authorities of the City in 2018 and the key challenges for 2019 were summed up. At the meeting it was noted that in 2018 the tax service in St. Petersburg has collected 518,1 billion rubles, which made up 88% of revenues of the consolidated budget of St. Petersburg. In total, in 2018, the revenues of the consolidated budget of St. Petersburg amounted to 589.5 billion rubles. The revenue growth amounted to 13.2% to 2017, while tax revenues increased by 15%. The acting Governor of St. Petersburg A. Beglov set the task of transition in 2022 to a deficit-free budget. By 2025, the revenue part of the budget should increase to 1 trillion rubles.

**The annual Congress of the Council of municipalities of St. Petersburg.** The work of the Congress was held on February 21, 2019 in the cultural and leisure center "Moskovsky". The Congress was attended by the acting Governor A. Beglov and the Chairman of the Legislative Assembly V. Makarov. The participants of the Congress summed up the activities of local governments in 2018 and defined tasks for the future. The Chairman of the Council of municipalities of St. Petersburg V. Belikov made a report on the results of the work of local self-government in 2018 and actual tasks for 2019.

## LEGISLATION

**The limits of change in the payments for utilities and the regional standards of cost of housing and communal services are defined.** The decree of the Governor of St. Petersburg of January 23, 2019 No. 6-PG has set the maximum limit of change in the fees for public services in 2019-2023. Based on the resolution of the Government of St. Petersburg of January 24, 2019 No. 26 the regional standard of utilities cost per one person has been set to the end of 2019. A monthly payment for capital repairs of common property in apartment buildings is: 169,2 rubles on citizens

living alone; 117,5 rubles on each family member, consisting of two people; 94 rubles on each member of the family, consisting of three or more people.

**Additional requirements to technoparks are established.** Based on the law of St. Petersburg dated February 8, 2019 № 29-3, the Government of St. Petersburg will establish additional requirements for industrial technoparks and their management companies in order to apply incentive measures at the expense of the state budget. The law was adopted in accordance with amendments to Federal legislation.

**The Social Code of St. Petersburg is amended.** Based on the Law of St. Petersburg dated February 8, 2019 No. 39-5 additional measure of social support to citizens suffering from rare debilitating diseases such as amyotrophic lateral sclerosis or syndrome of short bowel, which require special or intravenous nutrition and home care.

**The rules of appointment to the position of the Chairman of the territorial electoral commission are specified.** The clarification was carried out based on the Law of St. Petersburg dated February 13, 2019 № 41-6. The provisions of the Law specify the full scope of the territorial election commission and the procedure for its establishment and work. The deadline for a decision on the appointment of a new chairman of the territorial election commission (in the case of premature dismissal of the previous one from office) during the election campaign (the period from the date of appointment of a referendum and before the end of the campaign) should not exceed 10 days (instead of 14) from the date of the decision about the pre-term termination of authority of the named person. At other times, such a decision is given a month.

**The order of selection of the organization involved in sale of property of St. Petersburg.** The procedure is specified based on the Law of St. Petersburg of February 19, 2019 № 52-9, which establishes that a specialized organization, which the Government of St. Petersburg has the right to involve in the implementation of the functions of the seller of the City property, is determined by the results of the contract procedures. The relevant amendments have been made to the laws of St. Petersburg.

#### MEETINGS, COOPERATION

**St. Petersburg and "Gazprom" signed a cooperation agreement.** The agreement was signed on January 14, 2019 by the acting Governor of St. Petersburg A. Beglov and the Chairman of the Board of PJSC "Gazprom" A. Miller. The agreement is valid for 2019-2021. According to the

agreement, cooperation will continue on the development of gas and heat supply, the use of natural gas for urban public transport, reducing the debt for thermal energy, landscaping in the area of Lakhta center, the reconstruction of outdoor lighting and the artistic illumination of architectural ensembles in the Central part of St. Petersburg, the construction of four sports complexes in Kolpinsky, Petrodvortsovy, Pushkin, and Moscow districts.

**The Acting Governor of St. Petersburg held a working meeting with the President of the oil company "Lukoil".** The meeting was held on January 17, 2019 in Smolny. A. Beglov and V. Alekperov discussed the prospects of bilateral cooperation. In particular, they discussed the reconstruction of existing gas stations, construction of new gas stations in the North of St. Petersburg and other joint projects. It was noted at the meeting that "Lukoil" is one of the largest taxpayers of St. Petersburg and regularly supports various City projects.

**The Acting Governor of St. Petersburg held a working meeting with the President-Chairman of the Board of PJSC "VTB Bank".** The meeting was held on January 17, 2019 in Smolny. A. Beglov and A. Kostin discussed the Bank's participation in financing transport infrastructure development projects. In particular, the implementation of the project of construction of the Eastern high-speed diameter was discussed.

**The development of the St. Petersburg railway junction discussed in Smolny.** On February 8, 2019, the acting Governor of St. Petersburg A. Beglov held a working meeting with the General Director – Chairman of the Board of JSC "Russian Railways" O. Belozеров. The issues of modernization and infrastructure development of the St. Petersburg railway junction were discussed during the meeting. At the meeting, an understanding was reached on the signing of an agreement on the development of the St. Petersburg railway junction with funding of 83 billion rubles.

**The development of Kronstadt Navy cluster.** On February 19, 2019, the Acting Governor of St. Petersburg A. Beglov and the Russian Defense Minister Sergei Shoigu have discussed the development of Kronstadt. In particular, the prospects of cooperation in the creation of the Navy cluster in Kronstadt were discussed. Various aspects of the redeployment of naval educational and scientific institutions to Kronstadt and the establishment of an educational, scientific and combat training center on their basis were considered. Currently, a "road map" of the project is being prepared. The meeting also discussed the development of the military-historical Park "Patriot", transport and engineering infrastructure of Kronstadt and the construction in St. Petersburg of a boarding school for female students of the Ministry

of defense of Russia, which is scheduled to open September 1, 2019.

**St. Petersburg strengthens ties with Egypt.** On February 21, 2019, the Acting Governor A. Beglov met with the Chairman of the Suez Canal Administration M. Mamish in Smolny. Prospects of development of cooperation were considered. The main attention was paid to the participation of St. Petersburg enterprises in the work of the Russian industrial zone of the Suez Canal. The parties noted with satisfaction the growth of foreign trade turnover between St. Petersburg and Egypt, which amounted to 353,3 million US dollars, 26% more than in 2017.

**The III International Labor Forum was held in St. Petersburg.** The Forum was held from February 28 to March 1, 2019 at the Expoforum Convention and exhibition center. The forum was organized by the Government of St. Petersburg and St. Petersburg State University with the support of the Russian Government. The main topic of discussion was the accumulation and use of human capital and the transition to the growth economy. The forum is the largest international platform for discussing trends in the development of labor and labor relations, determining the points of

economic growth based on the development of human capital, the impact of labor market transformation on changes in the education system.

## 2. EMPLOYMENT

In December 2018, large and medium sized enterprises employed 1505.5 thous. people (Table 1). Staff employees amounted to 94.8% of all the employed. Compared to the previous month the number of staff grew by 0,3%, the number of by-workers fell by 0.2%, and that of contracted workers remained the same.

In 2018, the number of employees at these enterprises grew by 4.2% compared to the same period of 2017. The number of staff during the period grew by 4% that of by-workers fell by 1.9%, the number of contracted workers grew by 18.9%.

In December 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.

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

	December 2018		January-December 2018 in % to January-December 2017
	'000 people	In % to November 2018	
Filled jobs total, including:	1505,5	100,3	104,2
Registered permanent employees	1427,7	100,3	104,0
External by-workers	34,9	99,8	98,1
Contracted labour	42,8	100,0	118,9

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

Industry	Total employment	
	'000 people	% of the total
Total, including:	1505,5	100,0
Manufacturing	217,7	14,5
Production and distribution of electric power, gas and water	45,4	3,0
Agriculture and forestry	4,8	0,3
Construction	56,6	3,8
Transportation and telecommunications	206,9	13,7
Finance	56,1	3,7
Real estate transactions, leasing and services	34,8	2,3
Wholesale and retail trade, repair of motor vehicles and home appliances	163,0	10,8
Hotels and restaurants	28,2	1,9
Public administration, security and social care	91,7	6,1
Education	219,2	14,6
Healthcare and social services	165,6	11,0
Culture, sports, entertainment	50,0	3,3
Science and technology	120,2	8,0
Administrative services	36,8	2,4
Other services	8,5	0,6

In October-December 2018 the number of economically active population (EAP) amounted to 3072,1 thous. persons, of them 3026,9 thous. employed and 42.2 thous. unemployed. During the reporting period, the employment rate was 66,9% (share of employed people in total population aged 15 to 72 years), the level of economic activity – 67,9% (share of economically active population of the total population aged 15 to 72 years) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

The number of employees to be discharged in Q4 amounted to 2149 thousand people or 0,14% of the total employment (without small enterprises), the number of the hired -126.4 thousand people. The number of vacancies (without small enterprises) was in the end of Q3 63114 people.

In January 2019, the demand of St. Petersburg enterprises for new workforce amounted to 39.6 thous. people (table 3).

In January 2019, the Employment Service received 21515 applications from citizens for the provision of public services, including 4689 applications for vocational guidance and 9240 applications for information on the situation on the labor market. At the end of January 2019, the need for employees declared by employers amounted to 39626 vacancies, of which 56.3% in working professions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January 2019, the largest number of vacancies was announced by organizations related to the following types of economic activities: transportation and storage -19.1%, construction-13.0%, processing production – 8.4% of all declared vacancies; wholesale and retail trade, re – mount of vehicles and motorcycles- 8.3%; activities in the field of health and social services – 8.2%; administrative and related additional services-7.7%, activities on real estate with real es-

tate - 6.4; public management and providing military security - 6.3%, the operation of hotels and public catering enterprises - 5.2%; the operation of hotels and public catering enterprises – 5,2; education - 3.9%.

In January 2019, as in the same period of 2018, among the employees who fell into the top ten scarce professionals, the most popular were programmers, doctors, masters, police, design engineers, managers. The professions of a programmer, a software engineer and a doctor consistently take the top spot of the ranking.

In 2019, the deficit of programmers, masters has increased, while the shortage of doctors, engineers, and managers has decreased. There was a shortage of masseurs, social workers, technologists, pharmacists. Among the specialists of working professions in January 2019 in demand are still car drivers, electric and gas welders, supervisors, cashiers.

There was a deficit of anticorrosion workers, fitters, electricians, couriers (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

The pressure on the labor market (the number of unemployed citizens registered with the State employment service per vacancy) at the end of January 2019 amounted to 0.57 per persons per vacancy (at the end of January 2018 - 0.69 persons/vacancy).

In January 2019, 22,6 thous. persons were registered at the Employment Service of St. Petersburg. It is 8.9% less than in January 2018 (table 4). In January 2019, 56.2% of those registered at the Employment Service were officially considered unemployed.

At the end of January 2019, the total number of those who turned to the State Employment Service of St. Petersburg amounted to 25368 people (at the end of January 2017 – 27739 people).

**TABLE 3. St. Petersburg enterprises' demand for workforce, January 2018 – January 2019**

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 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
December	42,0	0,5	100	83,3
January 2019	39,6	0,6	120	85,7

The number of registered unemployed persons at the end of January 2019 was 12689, of them females – 52.5%; youth aged 16-29 – 13.7%; disabled persons – 13.7% (at the end of January 2017 the number of the unemployed was 11919 persons) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January 2019, the status of an unemployed was assigned to 2.0 thous. persons (500 people or 37.4% more than in January 2018). The number of the job-placements in January 2019 was by 32 people or by 7.1% less than in the same period of 2018, and amounted to 400 people.

According to Rosstat, in October-December 2018, the unemployment rate (accord-

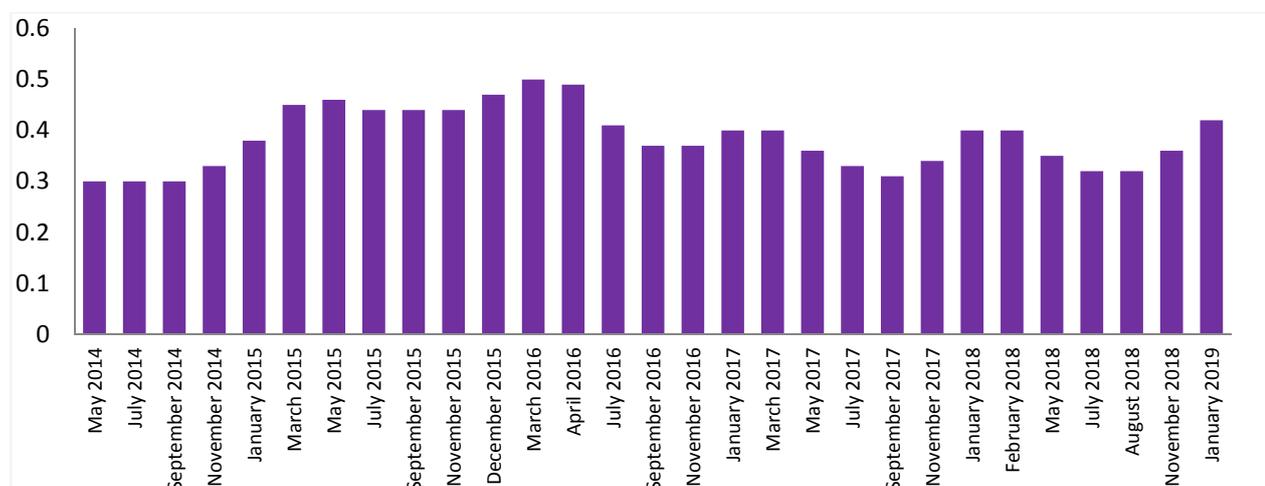
ing to methodology of the International Labor Organization) amounted to 1,5% of the economically active population (EAP). St. Petersburg had one the lowest levels of unemployment among the subjects of the Russian Federation (in the North-Western Federal district – 3,9%, Moscow – 1,2%, Russia as a whole – 4,8 %).

The level of registered unemployment (ratio of registered unemployed to the economically active population on average) at the end of January 2019 amounted to 0,42% of the economically active population (at the end of January 2018, the figure was 0,40%) ([www.rspb.ru](http://www.rspb.ru)) (figure 1). This is the lowest figure among the regions of the North-western Federal district.

**TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2018, January 2019**

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 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
October	20,6	10,3	108,3	105,7
November	21,7	10,9	105,1	106,6
December	22,0	12,0	110,7	101,7
January 2019	22,6	12,7	105,4	106,5

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



### 3. PERSONAL INCOMES AND EXPENDITURES

#### PRICES

In 2018 consumer prices growth in St. Petersburg was equal to 3,9%. In 2017, it was 3,7%.

The growth of consumer prices in 2018 in St. Petersburg was 0,4% lower than in Russia on average. In January 2019, consumer prices grew by 1.1% (Table 5).

In 2018, tariffs for paid individual services in St. Petersburg grew by 3.3%. For comparison: their growth in the same period of 2017 was 6,5%.

The rate of growth of tariffs for paid individual services in 2018 was 0,5% lower than the Russia's average. Tariffs for paid services in January 2019 grew by 1%.

In 2018, prices of foodstuff grew slower than in Russia on average by 0,7% and those of non-foodstuff goods higher than in Russia on average by 0,2%. The growth was correspondingly – 4,0% and 4,3%.

In January 2019, the prices of food products in St. Petersburg increased by 1.8%, and of non-food products —by 0.5%.

In January 2019, prices grew for fruits and vegetables (by 9.5%), cereals and legumes (by 1.1%), meat and poultry, oils and fats, alcohol, sausage products (by 0.9%), bread and bakery

products (by 0.7%), fish (by 0.5%), confectionery products, milk and dairy products, cheeses (by 0.4%).

Among non-food products in January 2018 in St. Petersburg prices increased for detergents and cleaning products (1.5%), tobacco products and building materials (0.7%), haberdashery and hosiery (0.6%), dishes (0.5%), furniture (0.4%), shoes (0.3%), clothing, knitwear (0.2%).

Perfumery and cosmetic products' prices fell by 0.1%.

In January 2019, the payments for maintenance and repair of housing, for operating costs, cold water supply and sanitation, hot water supply, gas increased by 1.7%, for electricity by 1.8%, for capital repairs - by 26.7%.

In January 2019 in St. Petersburg prices increased for museums of 7.9%, for washing of cars - by 5%, taxi rides - by 4.1%.

In 2018, gasoline prices increased by 9.4%, diesel fuel – by 17.0%. In January 2019, gasoline prices increased by 0.6% and diesel fuel prices increased by 1.2%.

**TABLE 5. Consumer price index dynamics in 2018, January 2019, % 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 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
December	100,7	101,3	100,4	100,4	100,8	101,7	100,2	100,4
January 2019	101,1	101,8	100,5	101,0	101,0	101,3	100,6	101,1
December 2018 in % to December 2017	103,9	104,0	104,3	103,3	104,3	104,7	104,1	103,9
December 2017 in % to December 2016	103,7	101,9	103,2	106,5	102,5	101,1	102,8	104,4

**TABLE 6. Real monetary incomes and real salary in St. Petersburg and the Russian Federation in 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 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
November	100,2	104,0	95,2	96,7	100,0	104,2	96,9	96,9
December	132,3	102,5	170,0	94,8	128,4	102,5	101,0	150,0

**PERSONAL INCOMES AND EXPENDITURES**

In 2018, real income in St. Petersburg decreased by 1.7% and by 0.2% in Russia on average (table 6).

Traditionally, at the end of the year the payments to employees increase, so in December the average monthly nominal accrued wages in St.

Petersburg have increased significantly and amounted to 77 666 rubles. In Russia on average, the average nominal salary in December 2018 was 55 150 rubles (29% less than in St. Petersburg).

**TABLE 7. Salary arrears in St. Petersburg in 2018, January-February 2019 (on the 1<sup>st</sup> of each month), mln. rubles**

	January	February	March	April	May	June	July	August	September	October	November	December	January 2019	February
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	129,1	136,8
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	0,0	0,0

**TABLE 8. Personal expenditures of St. Petersburg's residents in 2017, 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 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
August	86,6	16,2	- 2,1	10,2	- 6,4
September	86,8	15,2	- 5,7	10,1	- 5,2
October	80,3	15,5	5,8	10,7	- 10,9
November	83,8	16,7	- 0,6	10,1	- 7,7
December	59,4	16,1	18,7	5,2	- 2,7

The arrears of wages on February 1, 2019 amounted to 136.8 mln. rubles. They have decreased compared to February 1, 2018, by 42.5%. The construction sector accounted for 58.3% of all debt, manufacturing - 36.3%, research and development - 5.4%.

The share of savings in bank deposits has sharply increased in December 2019, and the purchase of foreign currency by the population has decreased (table 8).

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

In December 2018, the level of interindustry salary differentiation decreased compared to October 2018 (picture 2). The gap between the highest salary (mining) and the lowest (provision

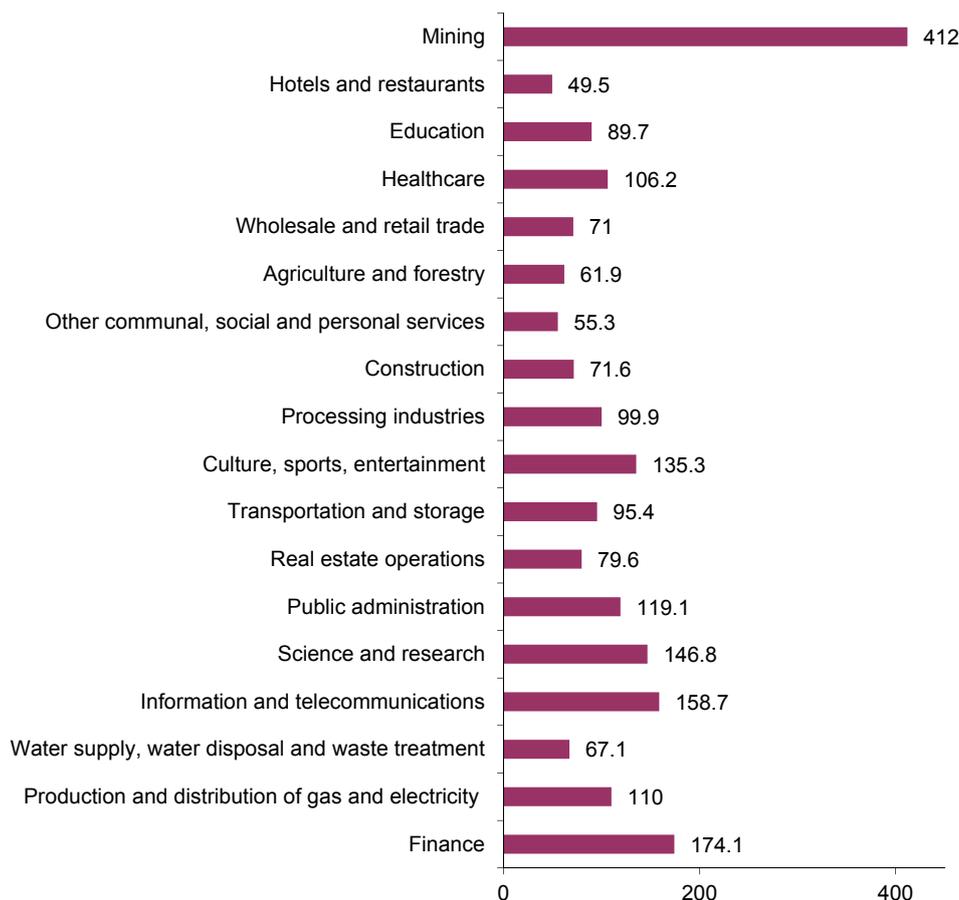
of other services) was 8.3 times, compared to 5 times in October, 6 times in August and 5.3 times in June 2018.

The highest salary in December 2018 was in mining industry (the salary in this industry was 4.1 times higher than the average salary in St. Petersburg).

In December 2018, the average salary in St. Petersburg was significantly exceeded by that in the field financial activities (by 74.1%), in information and telecommunications sector (by 58.7%), in the field of scientific and technical activities (by 46.8%).

The lowest salary was paid to those employed in hotels and restaurants (49.5% of the average salary), and in the provision of other services (55.3% of the average salary).

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



## 4. INDUSTRY

The index of industrial production in St. Petersburg in January-December 2018 compared to January-December 2017 amounted to 105%, in January 2019 to January 2018 – 104,1%.

Deputy Chairman of the Committee on industrial policy and innovation Ivan Skladchikov at a meeting of the Commission of the Legislative Assembly on industry, economy and entrepreneurship said that the growth rate of industrial production in St. Petersburg for the third year exceeds the average Russian (in 2018 - 105%). In 2018, St. Petersburg enterprises shipped products for 3.3 trillion rubles, tax payments to the consolidated budget of the Russian Federation increased by 15.1% and amounted to 440.7 billion rubles. Of these, St. Petersburg budget received 76 billion rubles. Actively developed pharmaceutical and car-making clusters, electronic industry, military-industrial complex (spbdnevnik.ru, February 4, 2019).

The opening ceremony of the production complex of JSC "Laser systems "at the site "Neudorf " was held on February 27. The investments in the complex amounted to about 400 million rubles. The number of employees is 180 people and by 2025 it will double. The company has created a full cycle of production: from scientific research to serial production. The company's products are used in space development, aviation, meteorology and environmental monitoring, as well as in security products (<https://www.gov.spb.ru>, 27 February 2019).

The production of cutting tools made of hard alloys has been modernized at the "Virial" plant. The plant produces key axial cutting tools (solid fused rods), turning and milling replaceable multifaceted plates. The company has purchased new technological equipment and launched a full cycle of production: from product development and synthesis of initial components to the production of finished products. The implementation of the project will reduce the import dependence of key industries on the supply of foreign hard-alloy cutting tools, whose share in the market is more than

80%. The average price of axial tools will be below that of imported analogues. The cost of the project amounted to 523.2 million rubles. The new production line with a capacity of 70 tons of products per year will allow to produce products that are not inferior in characteristics to the best foreign analogues (<http://frprf.ru>, 11 January 2019).

According to the Agency "AUTOSTAT" with a reference to "Auto-Dealer-SPb", in 2018, St. Petersburg automobile plants - Hyundai, Nissan and Toyota - have produced 376.7 thousand cars, which is 9% higher than in 2017. In 2018, 65% of the total output of cars made in St. Petersburg were made at the Hyundai plant, 20% at the Toyota's, 15% at the Nissan's. The share of the St. Petersburg automobile industry in relation to the all-Russian volume of production of cars in 2018 amounted to 23,5% (a year ago – 24,6%) ([www.autostat.ru](http://www.autostat.ru), 31 January 2019).

## 5. FINANCE

In January-November 2018 the consolidated financial result (profit minus loss) of organizations (excluding banks, insurance companies and budget organizations, without small businesses) amounted to 587,5 bln rubles, which is 15,2% less than in the corresponding period last year. In January-November 2018, the number of unprofitable enterprises in comparison with the same period of 2017 grew by 46 units or by 7.2%, the amount of the loss grew by 0.4%.

### 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 November 1, 2018, is presented in the tables 10 and 11.

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

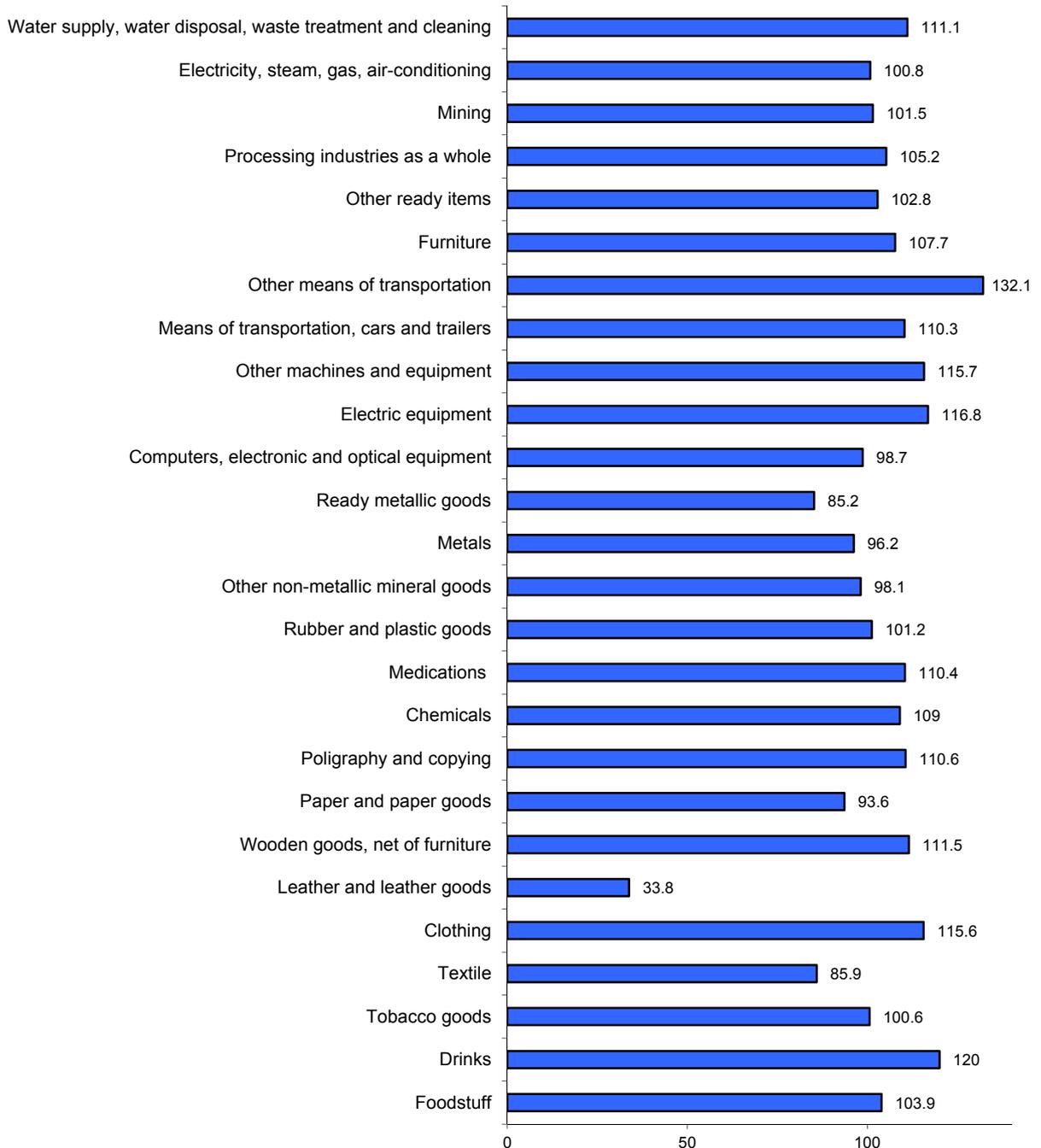
	Revenues	Expenditures
<i>January-October</i>	484 957	<b>441 872</b>
<i>January-November</i>	524 282	490 400

Source: Petrostat, December 1, 2018

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

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

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

Item	Plan for 2019	Fact on 01.03.2019
Domestic debt service costs	4 442,5	0,0
Total	4 442,5	0,0

Source: City Committee of Finance

## 6. MUNICIPAL AFFAIRS

### BEAUTIFICATION, RESTORATION, CAPITAL REPAIRS

In January, the Federal state unitary enterprise "Russian Post" has started the restoration works in the building of the main post office. In 2019 it is expected to restore the historic facades of the building on Pochtamtskaya street, the Pochtamtsky lane and the street of Yakubovich. In 2020-2021, the interior of the post office will be renovated. An expert assessment of the estimated cost of the work is about 3 billion rubles (according to the materials of Business Petersburg).

The City Directorate of transport construction has announced a tender for the construction of a new street (planned name – Sredneuralskaya street) in the section from Dunaisky Avenue to the southern semi-ring of the October railway. The initial (maximum) price of the contract is 724,6 million rubles, the completion date is June 2020.

Another competition was announced by the Directorate - for the construction of the continuation of Varshavskaya street from Malaya Mitrofanyevskaya street to the embankment of the Obvodny canal. The initial price of the contract is 573,6 million rubles, the term of completion of works is the end of 2021. The third competition is held for the capital repair of the intersection of Peterhof highway and Budenny Avenue, the initial cost of the contract is 141,4 million rubles, the expected completion date is December 15, 2020 (according to the Kommersant's materials»)

"Mostotrest" has announced a competition for the overhaul of the Green bridge over Moyka river. During the repair, it is planned to replace the bridge cover, restore the lost elements of the fence and lanterns, clean the granite cladding, and perform waterproofing and drainage works. The architecture of the bridge, according to technical assignment, is to be preserved. The initial cost of the contract is 501,3 million rubles. Applications for the competition are accepted until March 28. At the same time, tenders have been announced for the restoration and repair of several other bridges - Torgovy (contract value – 80,1 million rubles.), Penkovy (60,9 million rubles.), Semenovskiy (4,5 million rubles) and Ushakovskiy (18,1 million rubles) (On the materials of RBC and Business Petersburg).

### TRANSPORTATION, ENERGY, WATER SUPPLY

In 2018, transport organizations of St. Petersburg transported 6,8 million tons of freight and 584 million passengers, which exceeds the figures for 2017 (by 110% and 2.5%, respectively). At the same time, cargo turnover amounted to 2775 million ton-km (44.5% more than in 2017), and passenger turnover – 3389 million pass-km (3.9% more than in 2017). The number of road traffic accidents increased slightly compared to 2017 (according to Petrostat).

In 2018, Pulkovo airport handled 18.1 million passengers, which is 12% higher than in 2017. The traffic on international routes increased by 14.9%, amounting to 7.1 million people. Domestic traffic amounted to 11 million people — 10.8% more than in 2017. By the end of 2018, Pulkovo airport ranks fourth in terms of passenger traffic in Russia. In January 2019, passenger traffic on domestic airlines increased by 14.4% compared to January 2018, and by 13.1% for international airlines (Based on Interfax materials).

JSC "Western high-speed diameter" has announced a competition for the development of the design and documentation for connecting the WHSD to the main latitudinal high-speed road (Eastern high-speed diameter) through a transport interchange near Vitebsk Avenue. The cost of works is estimated at 405,4 mln rubles. The project of the Eastern high-speed diameter is in the development stage, its goal is to associate the WHSD and the ring road and to unload the historic center of St. Petersburg (Based on TASS materials).

### MAJOR CITY PROJECTS

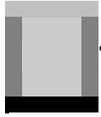
The operator of Pulkovo airport LLC "Sky gate of the Northern Capital" is preparing a plan for the reconstruction of the airport. The need for additional work is due to the projected increase in passenger traffic - up to 25 million people by 2023 and 35 million people by 2039. The operator is considering three alternative options for the development of the airport:

1) the extension of the landing galleries, increasing numbers of gates and extension of the baggage system,

2) expansion of the existing passenger terminal and construction of an additional terminal for low-cost airlines,

3) resumption of use of the Pulkovo-2 terminal.

According to expert estimates, the reconstruction of the airport in accordance with one of the scenarios can range from 1,45 to 1,6 billion euros. The cost of construction of the new terminal and reconstruction of the airport in 2011-2015 amounted to 1.2 billion euros (Based on RBC materials).



## 7. REAL ESTATE

### HOUSING

At the meeting of builders on January 25, Deputy Chairman of the Committee of construction Evgeny Baranovsky, summing up the past year, noted that a record-high 3.9 million sq meters of housing had been commissioned, above the plan of 3.2 million sq meters, and stressed that the Ministry of construction of Russia expects from St. Petersburg in 2024 the input of 5,4 million sq meters with all necessary social infrastructure.

According to the Committee for construction at the end of December 2018 in St. Petersburg 3 287 167,5 sq meters of housing were commissioned, 1425 houses and 64796 apartments, including individual construction.

Also, as of December 25, in St. Petersburg 325 civil objects with an area of 1 137 738 sq meters were completed, among them are 14 schools, 16 health s, physical culture and sports facilities, 33 administrative and office buildings, 12 hotels, 8 objects of religion and culture, 29 commercial properties, 51 industrial-warehouse appointment, 8 petrol stations, 21 the object of automotive service, 133 objects of communal and road construction.

According to experts of Knight Frank St Petersburg (bsn.ru/news), in two years, the number of apartments under construction in St. Petersburg grew by 3 times and amounted to 15.6 thousand units with a total area of 669 thousand sq meters.

### CO-INVESTORS

According to the adopted amendments to the Law on shared construction, from July 1, 2019 co-investors will have to transfer money for apartments to escrow accounts, and builders will switch to project financing of objects. When buying an apartment in a new building and concluding a contract for equity participation, the co-investor transfers the money not to the developer, but to a bank, and the financial organization blocks these funds until the construction is over. The developer can receive this money only after the house is delivered. This innovation should protect the buyers who have invested in the future house at early stages. Funds for the construction of housing will

be received by the builders within the framework of project financing in the form of bank loans.

However, in the early 2019, the Ministry of construction of the Russian Federation has developed a draft methodology with criteria that will allow to complete part of the projects according to the usual scheme. Two main criteria are the degree of readiness of the object and the number of shared participation agreements (DDU).

In February, at the Russian Investment Forum in Sochi, the Minister of construction and housing V. Yakushev said that the Ministry of construction plans to allow the completion of residential buildings, which are built by no less than 30%. The Minister also said that a number of subjects of the Russian Federation under an agreement with the Government of the Russian Federation could get the right to determine which objects will go to escrow financing and which will not. The regions will themselves establish the degree of preparedness and the number of contracts. However, the agreement will have an obligatory condition: if the developers do not cooperate, the subject of the Russian Federation will complete their facilities at its own expense.

The exemption from the transition to escrow accounts of objects that are ready for at least 30% is designed to help developers to switch to the new rules. However, now it is not clear how the readiness of the facility can be calculated. In the early February, the working group on the development of urban planning activities of SRO "Association of builders of St. Petersburg" has prepared and sent to the Ministry of construction of the Russian Federation the proposals for amendments to the draft methodology developed by the Agency", — said Valeria Malysheva, General Director of JSC "Lenstroytrest". Kvadrat.ru.

### TERRITORIAL DEVELOPMENT, REGULATION

As reported on the website of Smolny, on February 15, A. Beglov said that one of the factors preventing the City from quickly solving the problems is the lack of full-fledged district administrations. "Excessive centralization of power has led to disorganization of City management. Each district of St. Petersburg is comparable in scale and number of inhabitants to an average-sized Russian city, but does not have the necessary levers of control. We need to expand the powers of district administrations and of local self-government", — said Aleksandr Beglov.

In addition, the Governor has noted that the Administration needed a feedback from residents. The City authorities have adopted a resolution on the creation in each district of its own development program for the next two to three years, understandable to ordinary residents and based on their proposals. Proposals will be collected through the multifunctional centers, also meetings will be held with citizens with the participation of members of the government. The district with the

best development program will receive an additional 100 million rubles from the budget for its implementation.

At the plenary session of the Legislative Assembly of St. Petersburg on February 21, regular amendments were made to the law on public green spaces. According to the Agency bsn.ru the territory between houses 112 and 116 on Savushkin street in the Primorsky district, where the construction of the BC "Astana" is expected, was deleted from the list of green zones. Malinovka Park where the Russian Orthodox Church plans to build a church, again has not been given a protected status, reports "Kommersant".

The site of the plant "Rigel" on the street of Professor Popov in the Petrogradsky district of St. Petersburg has been included in the list of green zones. This site was in the plans for residential development.

## 8. INVESTMENT PROJECTS

According to Petrostat, the total volume of financial investments of St. Petersburg organizations (without small businesses) in January-December 2018 amounted to 13 309,1 billion rubles, including long-term financial investments accounted for 1 894,8 billion rubles or 14,2% (see table 12).

**Table 12. Financial investments of St. Petersburg organizations (without small businesses) in January-December 2018**

Received	Mln rubles	In %
Financial investments of organizations, including:	13 309 086	100
<b>Long-term:</b>	<b>1 894 824</b>	<b>14,2</b>
Including:		
Shares and other forms of participation in the capital	1 383 941	10,5
Debt securities and certificates of deposit	11 147	0,1
Loans granted	478 917	3,6
Bank deposits	6 879	0,1
Others	3 941	0,0
<b>Short-term</b>	<b>11 414 262</b>	<b>85,8</b>
Including:		
Shares and other forms of participation in the capital	1 166 156	8,8
Debt securities and certificates of deposit	1 147 791	8,6
Loans granted	1 481 694	11,1
Bank deposits	7 267 289	54,6
Others	351 332	2,6

As can be seen from the table, short-term financial investments of enterprises amounted to 85.8% of the total, their main share are bank deposits (54.6%)

### INVESTMENT PROJECTS

#### **The construction of a large sports complex is planned in Kurortniy district of St. Petersburg**

The project of construction of a sports complex in Zelenogorsk, which is implemented by LLC "Sea facade" was presented at a meeting of the Commission on physical culture and sports of the Legislative Assembly of St. Petersburg. According to the project, the sports complex should consist of six buildings with halls for boxing, volleyball, gymnastics and pool, as well as an open air site. It is assumed that the sports complex will lease sites to a variety of sports organizations for permanent training, as well as for sports tournaments.

The total cost of the project may amount to 800 million rubles.

#### **St. Petersburg diesel plant of PJSC "Zvezda" and the energy machine-building company "Zvezda-Energetika" announced the creation of a joint venture for the production of autonomous power plants LLC "Zvezda — Energo kompleks".**

"The parties intend to organize the production of power plants for backup and permanent autonomous power supply, as well as for the assembly of diesel generator sets of medium and high power. The engines developed by PJSC "Zvezda" will be used in the production of power plants. The production of these engines was planned jointly with the Yekaterinburg holding "Sinara" (the investments in this project were estimated at 10 billion rubles). The power plants will be used as emergency backup and main sources of supply for oil and gas industries, medical institutions, objects of the Ministry of emergencies.

#### **Machine-building company "TAURAS-PHOENIX" is ready to start construction of a plant for the production of packing equipment in St. Petersburg.**

The preliminary term of completion — 2021, the plant will be capable of producing 250 pieces of equipment for packaging of food products. The company's staff is expected to be 800 people. The project can get the status of a strategic one, the City Government said. The volume of investments, according to preliminary estimates, will amount to 3.2 billion rubles.

#### **The leader of the Russian market of promotional products, St. Petersburg-based**

**company "Project 111", invests in the construction of its own warehouse complex.**

According to experts, it will be one of the largest projects in the last three years in St. Petersburg market of warehouse real estate. The construction will be carried out on private land at Volkhonskoye highway. The plans include a creation of A+ facility for 25 thousand pallets, with an area of 38 thousand sq meters. There will be a three-story office space next to the warehouse, the project also provides for landscaping and a parking space for cars and trucks. The cost of the project will be 1,5 billion rubles, 80% borrowed funds.



## ***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/>