

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

**March-April 2019 № 159**



---

**1. CITY MANAGEMENT:** *Staff changes at Smolny*

---

**2. EMPLOYMENT:** *Officially registered unemployment is up*

---

**3. PERSONAL INCOMES AND EXPENDITURES:** *Salary arrears are up*

---

**4. INDUSTRY:** *Nuclear icebreaker “Ural” has been launched*

---

**5. FINANCE:** *Information on the execution of the consolidated budget*

---

**6. CITY AFFAIRS:** *New proposal for the railway to Pulkovo airport*

---

**7. REAL ESTATE:** *New order of converting residential properties into non-residential*

---

**8. INVESTMENT PROJECTS:** *New fueling complex at Pulkovo airport*

---

**Founder:** ICSEr Leontief Centre

**Editor in chief:**

*Nina Oding*

**Editors:**

*Olga Varlamova*

*Denis Kadochnikov*

© ICSEr Leontief Centre, 2019. When quoting from this publication, reference to “A General Overview of Socio-Economic Situation in St. Petersburg” is required.

In compiling this review, the report data of St. Petersburg Statistic Committee for 2007-2019 on the Socio-Economic Situation in St. Petersburg and the Leningrad Oblast was used.

## 1. CITY MANAGEMENT

### APPOINTMENTS

The acting Governor of St. Petersburg Alexander Beglov has made staff changes. According to the press service of the head of the city, on June 5, 2019, Victor Borshev was appointed the Chairman of the Housing Committee. On June 28, Oleg Kapitanov has been appointed the Chairman of the Committee on Interethnic relations and implementation of the ethnic policy in St. Petersburg. Alexander Beglov has released Igor Grigoriev, the ex-Chairman of the Committee for nature management, environmental protection and environmental safety, from this position on May 27, 2019 based on the latter's personal statement.

### LEGISLATION

Alexander Beglov has signed on May 8 the Law of St. Petersburg, which increases the lower limit of the amount of administrative fines imposed on citizens, officials and legal entities for unauthorized application of inscriptions and drawings, hanging, installation and posting of ads, posters and other information materials in places not established for this purpose. The adoption of the Law is aimed at reducing the number of administrative violations in the field of improvement in St. Petersburg.

### MEETINGS, COOPERATION

Prospects for cooperation were discussed at a meeting in Smolny on June 25, between the acting Governor Alexander Beglov and Deputy Secretary General of the Party Committee of the CPC of Sichuan province Deng Xiaogan. According to the press service of the city head, A. Beglov offered Chinese investors to join in the development of hotel infrastructure. Following the meeting, the parties signed an action Plan for cooperation between St. Petersburg and Sichuan province (China) for 2019-2020. In addition, a Memorandum of understanding was signed between the Committee on science and the higher school of St. Petersburg and the Department of education of the People's Government of Sichuan province.

During the St. Petersburg international economic forum on June 7, the acting Governor Alex-

ander Beglov held a working meeting with Anna Kuznetsova, the envoy of the President of the Russian Federation for children's rights. The head of the city also discussed with the Chairman of the Board of Directors of the SKOLKOVO Foundation Viktor Vekselberg the activities of the Regional operator of the Foundation in St. Petersburg.

## 2. EMPLOYMENT

In April 2019, large and medium sized enterprises employed 1517.8 thous. people (Table 1). Staff employees amounted to 95.1% of all the employed. Compared to the previous month the number of staff grew by 0.2%, the number of by-workers fell by 1.5%, and that of contracted workers grew by 1.9%.

In January-April 2019, the number of employees at these enterprises grew by 3.0% compared to the same period of 2018. The number of staff during the period grew by 3.1% that of by-workers fell by 2.4%, the number of contracted workers grew by 3.2%.

In April 2019, the majority of jobs was in processing industries, education, transportation and telecommunications, healthcare, wholesale and retail trade, the least was in agriculture and forestry, hotels and restaurants and other services (table 2). The public sector employed 48.5% of all employed at large and medium organizations.

In February – April 2019 the number of economically active population (EAP) amounted to 3064.8 thous. persons, of them 3024.3 thous. employed and 40.5 thous. unemployed. During the reporting period, the employment rate was 66.2% (share of employed people in total population aged 15 to 72 years), the level of economic activity – 67.1% (share of economically active population of the total population aged 15 to 72 years) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

According to Petrostat, the number of employees to be dismissed in the 2<sup>nd</sup> quarter of 2019 in the organizations of St. Petersburg (without small business entities) amounted to 1 420 people, or 0.09% of the total number of employees of organizations of Saint Petersburg (excluding small businesses). Meanwhile the number of workers required in april 2019 in the organizations of St. Petersburg (without small businesses) amounted to 62568 people.

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

	April 2019		January-April 2019 in % to January-April 2018
	'000 people	In % to March 2019	
Filled jobs total, including:	1517,8	100,2	103,0
Registered permanent employees	1444,0	100,2	103,1
External by-workers	33,8	98,5	97,6
Contracted labour	40,0	101,9	103,2

**TABLE 2. Employment at enterprises and organizations of St. Petersburg by the type of economic activity in April 2019 (without small enterprises)**

Industry	Total employment	
	'000 people	% of the total
Total, including:	1517,8	100,0
Manufacturing	218,8	14,4
Production and distribution of electric power, gas and water	44,3	2,9
Agriculture and forestry	5,1	0,3
Construction	59,4	3,9
Transportation and telecommunications	207,1	13,7
Finance	56,7	3,7
Real estate transactions, leasing and services	38,1	2,5
Wholesale and retail trade, repair of motor vehicles and home appliances	166,8	11,0
Hotels and restaurants	30,1	2,0
Public administration, security and social care	93,5	6,2
Education	217,5	14,3
Healthcare and social services	166,8	11,0
Culture, sports, entertainment	49,2	3,2
Science and technology	120,9	7,9
Administrative services	35,4	2,4
Other services	8,1	0,6

In May 2019, the demand of St. Petersburg enterprises for new workforce amounted to 43.7 thous. people (table 3).

In January-May 2019, the Employment Service received 151 591 applications from citizens for the provision of public services, including 30761 applications for vocational guidance and 61716 applications for information on the situation on the labor market. At the end of May 2019, the need for employees declared by employers amounted to 43733 vacancies, of which 56.7% in working professions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In May 2019, the largest number of vacancies was announced by organizations related to the following types of economic activities: transportation and storage -14.4%, construction-8.3%, administrative and related additional services-10.1%, processing industries – 9.1% of all declared vacancies; wholesale and retail trade, repairs of vehicles and motorcycles - 8.6%; activities in the field of health and social services – 7.7%; activities with real estate – 3.4%; public management and providing military security - 6.7%, the operation of hotels and public catering enterprises – 5.2%; professional and scientific activities – 3.4%.

**TABLE 3. St. Petersburg enterprises' demand for workforce, January 2018 – May 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
February	40,4	0,6	100	85,7
March	40,5	0,6	100	85,7
April	40,9	0,6	100	100
May	43,7	0,5	83,3	83,3

**TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2018, January-May 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
February	24,3	13,8	108,5	112,6
March	24,2	13,6	98,8	119,0
April	24,1	14,2	104,4	126,7
May	21,7	13,3	94,0	123,8

In 2019, the deficit of programmers increased the deficit of design engineers, managers decreased, the deficit of doctors and quality engineers remained the same. There was a shortage of electrical engineers, masters of construction works, pharmacists, and supervisors. In May 2019, compared to the same period of the previous year, among the specialists of working professions, drivers of the car, concrete workers, masons, turners are still in demand. There was a shortage of facing-tilers, fitters, installers of various specializations (<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 May 2019 amounted to 0.50 persons per vacancy (at the end of May 2018 - 0.59 persons/vacancy).

In May 2019, 21.7 thous. persons were registered at the Employment Service of St. Petersburg. It is 7.7% less than in May 2018 (table 4). In May 2019, 61,3% of those registered at the Employment Service were officially considered unemployed.

At the end of May 2019, the total number of those who turned to the State Employment Service of St. Petersburg amounted to 28863 people (at the end of May 2018 – 29369 people).

The number of registered unemployed persons at the end of May 2019 was 13336, of them females – 52.9%; youth aged 16-29 – 11.1%; disabled persons – 14.4%, pre-pensioners – 17.5% (at the end of May 2018 the number of the unemployed was 10776 persons)

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

In May 2019, the status of an unemployed was assigned to 2.0 thous. persons (200 people or 12.1% more than in May 2018). The number of the job-placements in May 2019 was by 100 people or by 11.0% more than in the same period of 2018, and amounted to 700 people.

According to Rosstat, in February-April 2019, the unemployment rate (according to methodology of the International Labor Organization) amounted to 1,3% 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 – 3,6%, 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 May 2019 amounted to 0,44% of the economically active population (at the end of May 2018, the figure was 0,35%) ([www.rspb.ru](http://www.rspb.ru)) (figure 1). This is the lowest figure among the regions of the Northwestern Federal district.

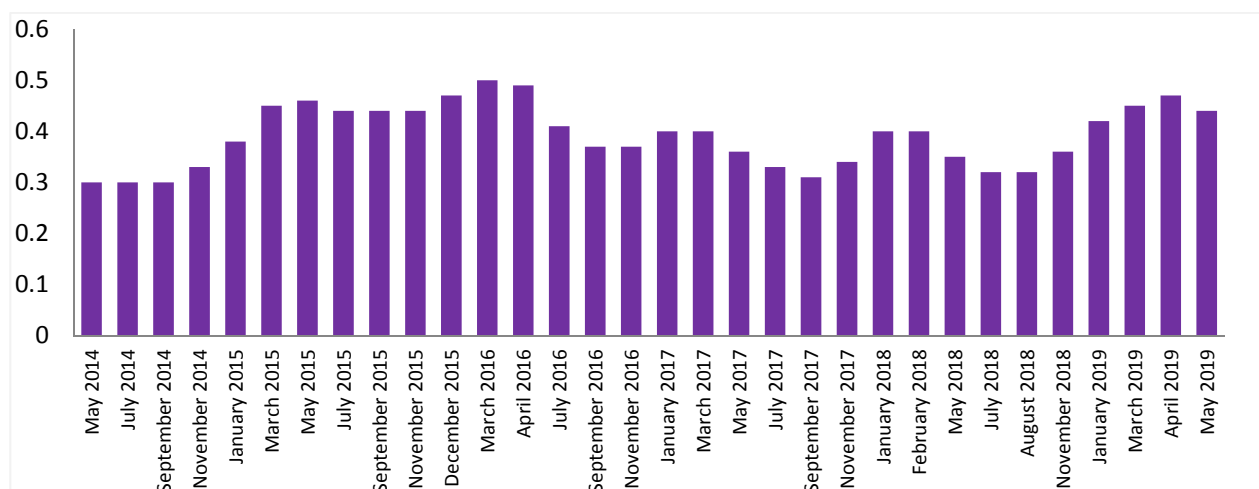
### 3. PERSONAL INCOMES AND EXPENDITURES

#### PRICES

In January-May 2019 consumer prices growth in St. Petersburg was equal to 2.7%. In the same period of 2018, it was 2%.

The growth of consumer prices in January-May 2019 in St. Petersburg was 0,3% more than in Russia on average. In May 2019, consumer prices grew by 0.5% (Table 5).

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

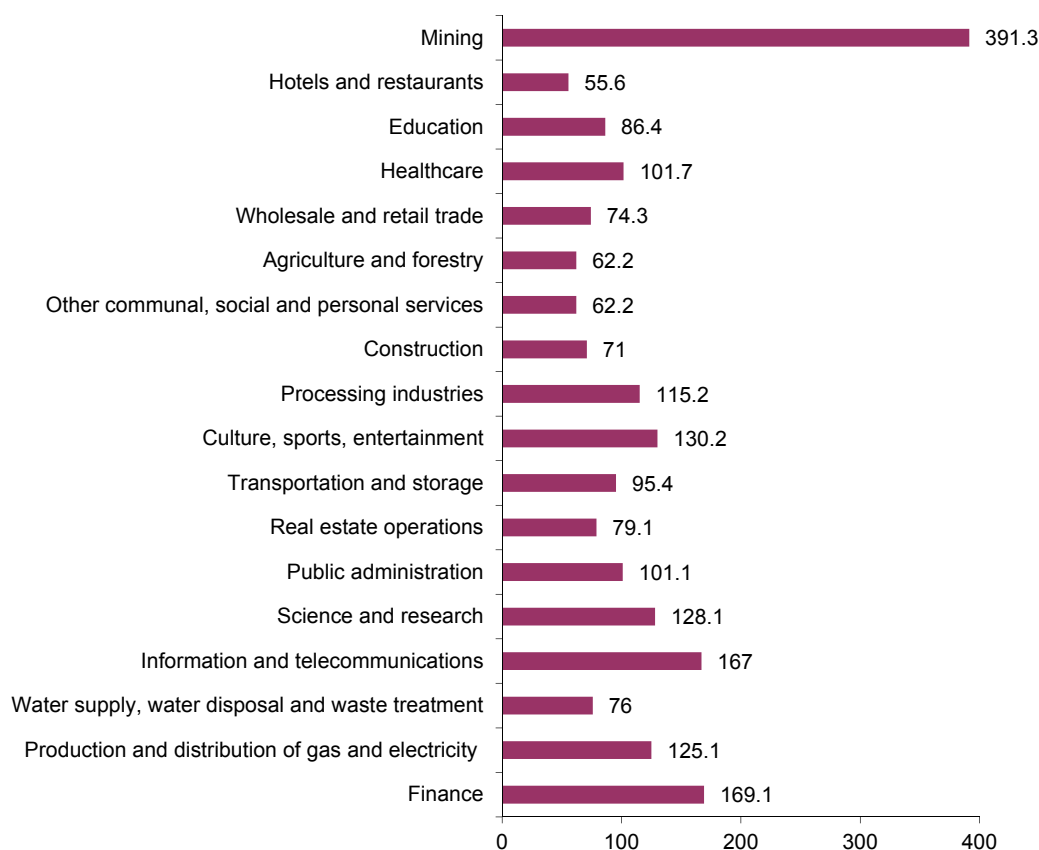


**TABLE 5. Consumer price index dynamics in 2018, January-May 2019, % to the previous month**

	<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
February	100,4	100,8	100,1	100,3	100,4	100,8	100,9	101,3
March	100,3	100,7	100,3	99,95	100,3	100,5	101,2	101,5
April	100,4	100,5	100,3	100,2	100,3	100,4	100,2	100,2
May	100,5	100,6	100,2	100,7	100,3	100,4	100,2	100,4
May 2019 to December 2018	102,7	104,4	101,4	102,1	102,4	103,5	101,6	102,1
May 2018 to December 2017	102,0	102,5	102,0	101,1	101,6	101,8	101,9	101,0



**Figure 2. Inter-industry differentiation of average salary in April 2019 in St. Petersburg, % of the average salary (the average salary = 100%)**



#### 4. INDUSTRY

The index of industrial production in St. Petersburg in January-May 2019 compared to January-May 2018 amounted to 104.8%.

On May 30, at the Sredne-Nevisky shipyard in St. Petersburg took place the solemn ceremony of launching of the third minesweeper of the project 12700 "Vladimir Yemelyanov". "Vladimir Emelyanov" is the third serial (fourth in a row) minesweeper of the project 12700 "Alexandrite". The first two ships "Alexander Obukhov" and "Ivan Antonov", have already been transferred to the fleet. (<http://sudostroenie.info>, May 30, 2019).

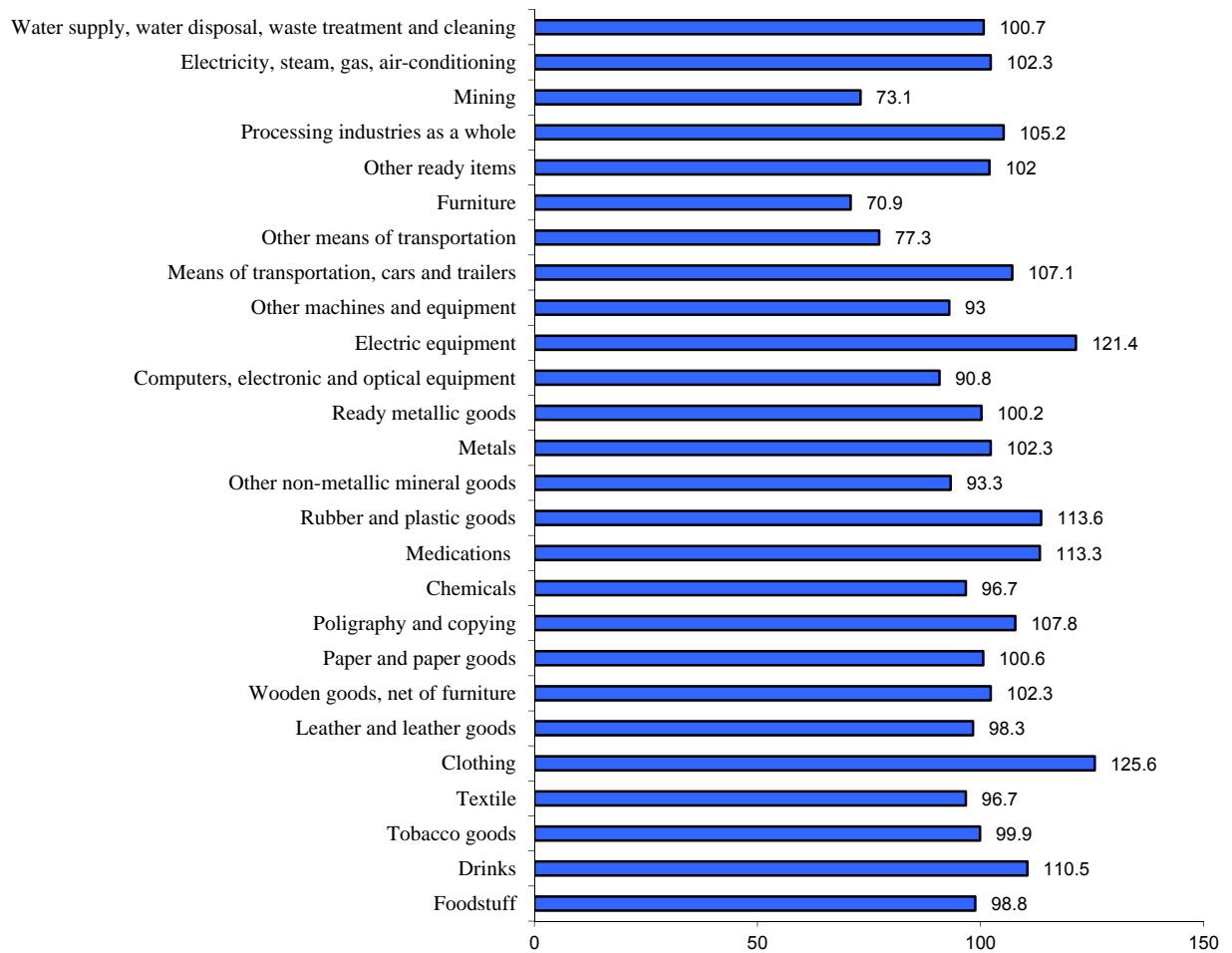
Nuclear icebreaker "Ural" of the project 22220 has been launched at the Baltic plant in St. Petersburg. It was laid at the Baltic plant in 2016 and became the second serial universal nuclear icebreaker of the project 22220. Under the contract with the Federal state unitary enterprise "Rosatom FLOT" Baltic shipyard is building three nuclear-powered icebreaker of the project: "Arktika", "Sibir" and "Ural". The technical design was developed by the construction bureau "Iceberg" in 2009, the chief designer was V. M. Vorobiev (<http://rus-shipping.ru> May 27, 2019).

In January-May 2019, St. Petersburg car factories Hyundai, Nissan and Toyota produced 158.3 thousand cars, which is 4% more than the volume of production for the first five months of 2018. The share of St. Petersburg car industry in relation to the all-Russian car production in January-May was 24.5%, which is 0.4% higher than a year earlier (<https://dvizhok.su>, June 24, 2019).

#### 5. FINANCE

In January-April 2019 the consolidated financial result (profit minus loss) of organizations (excluding banks, insurance companies and budget organizations, without small businesses) amounted to 409.8 bln rubles, which is 1.8 times more than in the corresponding period of the last year.

In January-April 2019, the number of unprofitable enterprises in comparison with the same period of 2018 fell by 50 units or by 5.6%, the amount of the loss fell by 10%.

**PICTURE 3. Industrial production dynamics in St. Petersburg by industry, January-May 2019 in % to January-May 2018****CITY BUDGET**

The information on the budget execution is presented in the table 8.

**STATE DEBT**

The information about the structure of the state debt as of April 1, 2019, is presented in the tables 9 and 10.

**Table 8. Consolidated budget execution on April 1, 2019 (mln rubles)**

	Revenues	Expenditures
<i>January-February</i>	73497	71591
<i>January-March</i>	148797	121878

**Table 9. St. Petersburg's state debt structure on June 1, 2019**

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



**Table 10. Debt service expenditures of the budget of St. Petersburg, as of June 1, 2019 (mln rubles)**

Item	Plan for 2019	Fact on 01.06.2019
Domestic debt service costs	4442,5	0,0
Total	4442,5	0,0

**Source:** City Committee of Finance

## 6. MUNICIPAL AFFAIRS

### BEAUTIFICATION, RESTORATION, CAPITAL REPAIRS

The restoration of the Exchange building continues. The first stage, which was completed in June 2019, included strengthening the foundation of the building and strengthening the soil. At the second stage, which will last more than two years, it is planned to restore the facades of the Exchange, replace the roof and rafters over the colonnade, repair engineering systems, drainpipes and lanterns, recreate the lost pre-revolutionary decor and interiors. The cost of the first stage was about 300 million rubles, and the total cost of the work will exceed 2 billion rubles (According to the materials of "St. Petersburg Vedomosti»).

After two years of restoration, the Bank bridge over the Griboyedov canal was opened. The cost of the work amounted to 35 million rubles. Also in June 2019, "Mostotrest" has signed a contract for the overhaul of the Torgovy bridge with a total cost of 80 million rubles and the 1st Engineering bridge worth 35 million rubles. As part of the restoration of the Torgovy bridge, the contractor (FOR "Revival") will replace the supporting parts of the bridge and granite elements of the crossing, as well as lay a new asphalt coating, restore metal elements, railings and lanterns. The completion date is October 2020. The 1st Engineering bridge is planned to be restored by October 2019, the contractor (LLC "Matis") will replace the bridge covering, repair fences and bridge construction. At the time of the work closed traffic on the Fontanka river embankment from Zamkovaya street to the embankment of the river Moika. (According to materials of "Kommersant" and "Business Petersburg»)

The competition for the restoration of the Kazan Cathedral, which was held by the North-Western Directorate for construction, reconstruction and restoration of the Ministry of culture of the Russian Federation, was won by LLC "Revival of St. Petersburg". Renovation works include the restoration of marble floors and baseboards, chandeliers and artificial marble cladding of the building, fencing stairs, grilles and gates. In addition, the contractor is obliged to install automatic fire protection, fire alarm and repair the heating system. The cost of the work under the contract is \$ 199.5 million rubles, the work is expected to be complet-

ed by the end of November 2019 (According to TASS materials).

The North-Western Directorate for construction, reconstruction and restoration of the Ministry of culture has also announced a competition to complete the restoration of the Bolshoi drama theatre. The contractor will have to, in particular, restore the waterproofing of the basement, remove the engineering and technological support systems from it, as well as dismantle the damaged finishing elements. The initial (maximum) value of the contract is 517 million rubles, the winner will be determined until July 17. (Based on the materials of "Kommersant").

### TRANSPORTATION, ENERGY, WATER SUPPLY

In January-May 2019, transport organizations of St. Petersburg transported 3.9 million tons of cargo (which exceeds the figures for the same period of 2018 by 15.6%) and 241.7 million passengers (which is lower than in January-May 2018 by 1.1%). At the same time, cargo turnover amounted to 2448.1 million ton-km (2.3 times more than in January-May 2018), and passenger turnover to 1395.5 million pass-km (which corresponds to the indicators of 2018). The number of road traffic accidents decreased slightly (by 1.7%) compared to the same period in 2018, the number of road accidents involving children under 16 years decreased by 6% to 236. (According to Petrostat).

In January-May 2019, Pulkovo airport has served 6.8 million people, which is 12.3% higher than in the same period of 2018. The traffic on international routes increased by 9%, amounting to 2.4 million people. On domestic flights, the passenger traffic totaled 4.4 million, 14.2% more than in January-May 2018. In the first five months of 2019 there were more than 64 thousand takeoff and landing operations at Pulkovo. The leaders in the volume of traffic in May 2019 were "Rossia", "S7 Airlines", "Aeroflot", "Pobeda" and "Ural airlines". (Source: The press-service "NCSG»)

### MAJOR CITY PROJECTS

The new project of the railway line from the center of St. Petersburg to Pulkovo airport is considered by the Government of St. Petersburg, Federal agencies and Russian Railways. Instead of a frozen project for the construction of Aerexpress the possibility is considered of using the existing suburban trains from Vitebsk station and the creation of additional underground railway lines

from the high-speed highway M-11 station to Ligo-vo through the Pulkovo airport. According to expert estimates, the cost of creating such a railway line will be more than 25 billion rubles, which is cheaper than launching an Aeroexpress line. (Based on the materials of "Kommersant").



## 7. REAL ESTATE

### HOUSING

The construction on the sites of former industrial enterprises is actively carried out in St. Petersburg. According to the study of the international consulting company Colliers International, by the end of 2019, about 900 thousand square meters of housing will be built in the industrial territories of St. Petersburg. This is a quarter less than in 2018, when 1.2 million square meters were introduced. (Kvadrat.ru). As of 2019, the city has 11 large industrial sites (more than 10 hectares) with a total area of over 383 hectares, where housing is being built. According to experts, from 2020 there will be an increase in the volume of construction. In 2021 it will amount to 1.03 million sq m. The most actively developed is the industrial zone in the Central district, where 1.2 million square meters of housing is under construction. This is followed by Vyborg and Moscow districts, where the volume of housing under construction in industrial zones is 585 thousand square meters and 507 thousand square meters, respectively. The major sites of redevelopment is that of the plant "Samson", the plant "Svetlana" and "New Lessner".

On July 10, the Russian auction house will hold the first auction on the electronic trading platform ETP RAD after the termination of the powers of the property Fund of St. Petersburg. This is the first auction in the framework of the April 1 agreement between the Committee of property relations of St. Petersburg and the Russian auction house (RAD). For the sale of complex objects, the selection of the auction organizer will be carried out from among the professional sellers selected by the order of the Government of the Russian Federation No. 1874-R of 25.10.2010. At the auction on July 10, there will be separate lots of three buildings with land plots – near the metro station "Volkovskaya" on Gruzinskaya street, in the area of Rzhevka at Chelyabinskaya street and in Pavlovsk in the Park "Marienthal". Also four commercial premises with an area of 81.5 sq. m. to 241.3 sq. m. will be offered. The initial prices of the lots range from 1.7 million to 36 million rubles.

### CO-INVESTORS

As the Deputy Minister of construction, housing and communal services of the Russian Federation Nikita Stasishin stated on May 15 at the St. Petersburg International Legal Forum,

problematic housing construction projects, which are included in the road maps of Russian regions and for which no transfers had been made to the Fund for the protection of the rights of shareholders, can be completed at the expense of the Federal budget with regional co-financing.

On May 23, the State Duma of the Russian Federation has adopted in the first reading a bill on the completion of problematic housing. In particular, it is planned to create regional funds for the completion of problematic facilities at the expense of the Federal and regional budgets, as well as a compensation Fund with control through the mechanism of compulsory banking support of all expenditure operations of regional funds. It is also planned to solve the problem of so-called double sales.

Since July 1, 2019, raising funds for shared housing construction on objects not put into operation is allowed only with the use of escrow accounts under contracts of participation in shared construction submitted for the state registration after July 1, 2019. Exempt are construction objects that meet the criteria established by the Government of the Russian Federation that determine the degree of readiness of such objects and the number of concluded contracts of participation in shared construction. The Russian government had previously established criteria to be met by banks entitled to open escrow accounts for settlements under equity construction contracts.

One of the requirements is that the Bank has a credit rating not lower than a-(RU) level of credit rating Agency "ACRA" or not lower than the level of Gia - credit rating Agency "Expert RA". As of March 1, 2019, 63 banks, including 18 regional ones, met the established criteria. According to the press center of the Ministry of construction, in order to stimulate the competitive environment, the requirements for the credit rating of banks will be brought down to BBB-. This will allow 37 more banks, including 16 regional ones, to join the scheme. The Government has made this decision on May 16.

In order to minimize the risks in attracting financing from citizens, a limit is set on the amount of debt on all agreements on the provision of targeted loans to developers for the construction of apartment buildings or other real estate objects. It will be determined in the amount of not more than 20% of a bank's own capital (with a credit rating lower than A - and up to BBB - inclusive).

### TERRITORIAL DEVELOPMENT, REGULATION

The budget underfunding of cultural heritage amounts to 2.1 billion rubles. Deputy Minister of culture of the Russian Federation Nikolay Ovsienko said this at the meeting of the Collegium of the Ministry of culture of the Russian Federation, RIA Novosti reported. According to him, due

to the lack of funds, it is impossible to ensure large-scale restoration of cultural heritage objects at the expense of federal budget, so it is necessary to involve private business in the process. In 2020-2024, the Ministry of culture plans to allocate 100 million rubles annually to the Agency for management and use of historical and cultural monuments. This financing is intended for the development of technical documentation, engineering surveys, preparation of investment passports for at least 50 historical estates. The full package of documents, according to officials, will allow attracting investors faster. According to the Unified state register of cultural heritage objects, there are about 3 thousand estates in Russia, 1.9 thousand of them are of regional importance, and 500 are federal ones. Most of them are nearly ruined. In total, the register includes almost 144 thousand monuments.

The national project "Housing and urban environment" will be implemented until 2024. The project consists of four Federal projects - "Mortgage", "Housing", "Formation of a comfortable urban environment" and "Ensuring sustainable reduction of the housing stock unsuitable for living". The total amount of funding from all sources, including extra-budgetary, exceeds 1 trillion rubles. The main target of the national project is to ensure the annual commissioning of 120 million square meters of housing and to improve living conditions of 5 million families annually.

Equipping land plots with engineering, transport and social infrastructure is one of the most important factors influencing the achievement of the targets of the national project "Housing and urban environment". Following the expanded meeting of the Presidium of the State Council in Kazan, Russian President Vladimir Putin instructed to prepare proposals for financing social, road and municipal infrastructure to address the issue of increasing the volume of housing construction in the country.

At a press conference at TASS on May 16, Deputy Minister of construction and housing and communal services of the Russian Federation Maxim Yegorov said that the size of the subsidy to the regions for the formation of a comfortable urban environment will take into account the index of the quality of the urban environment of the federal subject. This year, the index will be calculated for all 1117 cities of the country and its first assessment, based on the data for 2018, will be carried out by November 1. The amount of federal funding for the urban environment for 2020 will be calculated taking into account the indicators of the urban environment quality index for 2018. All cities are divided into 10 climatic and size groups for the correct compilation of the city index assessment scales and their correct comparison. The quality index of the urban environment is complex; it is formed based on the analysis of all national projects. The method of calculation includes 36 indicators that will allow

the most complex approach to the definition of the current state of the urban environment.

The State Duma of the Russian Federation has adopted in the third, final reading a law that changes the order of conversion of residential premises into non-residential. The law complements the list of documents that are necessary for the transfer of residential premises to non-residential premises and back. Now, for this procedure, it will be necessary to have a corresponding resolution of the general meeting of owners in the multi-apartment building and the written consent of all owners adjacent to the premises to be converted. Another prerequisite is a separate entrance for these non-residential premises. Earlier, the State Duma has adopted a law banning the placement of hotels and hostels in residential premises of apartment buildings. It will come into force on October 1. By this time, the owners of private hotels and hostels located in residential premises will be obliged to transfer them to non-residential, and in case of impossibility of such transfer – to shut them down.



## 8. INVESTMENT PROJECTS

### **“Rosneft” has begun the construction of a new fueling complex at Pulkovo airport**

The project is implemented by daughter-firms of “Rosneft” and VTB through their joint enterprise “TZK Pulkovo”. The construction will be carried out in two stages in 2020-2021. The project involves building a system of fuel hydrants under the airfield, fuel storage with a capacity of 16 thousand cubic meters, filtering station and other infrastructure. The project of construction of TZK Pulkovo implements Xia in the framework of the strategy of “Rosneft” to expand its own network of fuelling complexes and to increase supplies of jet fuel to end consumers. The new refueling complex with a capacity of 300 thousand tons of jet fuel per year will fully comply with modern requirements: about 5 minutes will be spent on moving of the dispenser to the aircraft, 10 tons of jet fuel will be pumped within 14 minutes. At the same time, the existing hydrant system will allow refueling wide-body aircraft 20 minutes faster than with the help of traditional tankers. The investments in the project amount to about 3 billion rubles.

### **A center for the development of medical equipment will be established in St. Petersburg**

JSC “Electronic company “Elkus” will convert a facility in Moskovsky district into a research and production complex. It was initially planned that this company, known as one of the largest manufacturers of electronic components for aerospace and marine systems in Russia, would be engaged in research and development of electronic equipment for aviation and the Navy. The facility’s profile change, as explained in the company,

was caused by the reduction of the state order. The Russian medical technology market has shown dynamic growth in recent years.

**One of the leaders of St. Petersburg market of commercial real estate, FortGroup company will open a gastronomic space, City Food, in its own "City Mall"**

This will be one of the first projects in the city in the food hall format. As reported by the FortGroup, the gastronomic space will occupy 4.5 million sq m in the fourth floor of the shopping mall, which is currently being updated. City Food will be capable of hosting 1,1 thousand persons and about 30 cafes and restaurants. Part of the operators of the future food hall are long-time tenants of City Mall. In addition to this, a number of new spots will appear in City Food. Among them are "Pizza 22 cm", OMO, "Bureau", "Sculpt and cook", Lavanda Eclair, "Babaganush", Tuk-Tuk, YODA Express, Ikigai and wine, Mad espresso and others. The peculiarity of the City Food concept is that part of the future space will be occupied by fast food restaurants — Carl's Jr., McDonalds, KFC, Teremok, Cinnabon. The design of the project was developed by DA Studio.Architects. The volume of investment is estimated at 100-150 million rubles.

**St. Petersburg JSC "Vertex" plans to build a plant for the production of generic and original drugs**

For this purpose, it has established a subsidiary, OOO "Biogen" which became the resident of the SEZ "Saint-Petersburg" on the site "Novoorlovskaya". The construction is scheduled to start in 2021. The investments in the project will amount to more than 4.6 billion rubles, of which more than 2.6 billion rubles will be invested by Vertex, the rest will be borrowed. The planned payback period is 12 years. The new plant will produce 14 products; the planned volume of production is up to 15 million packages of products annually in the first years of production to the calculated indicators.



## ***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/>