

GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG



September - October 2019 No 161



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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

Gubernatorial elections were held in St. Petersburg

On September 8, 2019, residents of St. Petersburg, who have the right to vote in the elections, chose the Governor and deputies of municipal councils. The election was won by A. Beglov (64.4% of the vote), acting Governor since October 3, 2018. The second place was taken by N. Tikhonova (Fair Russia) - 16.8%, the third - by M. Amosov (Civic platform) - 16%. As part of the election campaign, city residents presented to the authorities more than 400 thousand proposals to improve life in the city. The official inauguration ceremony of the Governor was held on September 18, 2019, in the Mariinsky Palace. The ceremony was attended by: Chairman of the Federation Council V. Matvienko, Chairman of the constitutional court V. Zorkin, the representative of the President of Russia in the North-Western Federal district A. Gutsan, Governor of the Leningrad region A. Drozdenko, Chairman of the City election committee V. Minenko, honorary citizens of St. Petersburg, deputies of the Legislative Assembly of St. Petersburg and other officials. During the ceremony, A. Beglov took the Governor's oath, and the Chairman of the legislative Assembly V. Makarov handed him the official badge of the Governor and announced his inauguration.

The composition of the Government of St. Petersburg was approved

On September 25, 2019, the deputies of the Legislative Assembly of St. Petersburg have approved the candidacies of the Vice-governors nominated by Governor A. Beglov. After that, the Governor signed a resolution on the formation of the city Government. In addition to the Governor, it includes: Vice-governors L. Sovershaeva, E. Batanov, N. Bondarenko, E. Elin, V. Kirillov, V. Knyaginina, N. Linchenko, O. Markov, A. Mityanina and M. Shaskolsky, as well as Yu. Shesterikov (representative of the Governor in the Legislative Assembly), E. Grigoriev (Chairman of the Committee on external relations), O. Kapitanov (Chairman of the Committee on interethnic relations and implementation of migration policy in St. Petersburg) and A. Poveliy (head of Kolpinsky district administration).

Reshuffle in the Committee for city beautification

In accordance with the order of the Government of St. Petersburg on October 14, 2019, V. Rublevsky was dismissed from the post of Chairman Of the Committee on beautification. The reason for the resignation was the personal initiative of the official. Temporary fulfillment of the duties of

the Chairman of the Committee on beautification was assigned to the first Deputy Chairman S. Malinin.

Prospects of development of transport infrastructure of St. Petersburg and Leningrad region were discussed in Smolny

On September 16, 2019, a meeting on the development of transport infrastructure of the city and the region was held in Smolny. The meeting was chaired by Deputy Prime Minister M Akimov. The event was attended by the Minister of transport of the Russian Federation E. Ditrih, elected Governor of St. Petersburg A. Beglov, Deputy Chairman of the government of the Leningrad region for construction M. Moskvina. As part of the St. Petersburg agenda, the issues of preparation for the implementation of 6 priority projects were discussed, the justifications for which were developed jointly with the Federal authorities: the construction of the Latitudinal highway of high-speed traffic, Southern latitudinal highway, South-Volkhonskaya road, the transport interchange at the intersection of the Moscow highway with the Dunayskiy Avenue, the reconstruction of the Primorskoye and Petrozavodskoye highways. The implementation of these projects will be financed from the federal and city budgets and with extra-budgetary sources. In addition, the meeting discussed the preparation of the Concept plan of development of the railway junction of St. Petersburg and Leningrad region.

Regular meeting of the Public Council for the development of small business held in Smolny

At the meeting on October 18, 2019, under the chairmanship of Governor A. Beglov, measures aimed at supporting small business and the participation of the city in the implementation of the national project "Small and medium-sized entrepreneurship and support for individual entrepreneurial initiative" were considered. In St. Petersburg, more than 350 thousand small and medium-sized businesses are registered; more than 1 million people are employed by those businesses. In 2018, revenues from corporate income tax increased by almost 7% and from corporate property tax by almost a third. The center "My business" was established and operates, the operator of which is the Fund for the development of small and medium-sized businesses in St. Petersburg. It is planned to open an export support center, which will help St. Petersburg enterprises to enter foreign markets. In 2020, the moratorium on the introduction of the trade fee will continue in St. Petersburg.

Meeting of the Board to improve business conditions in St. Petersburg held in Smolny

At the meeting on October 25, 2019, under the chairmanship of Governor A. Beglov, the preliminary results of the work in the current year were summed up. For 8 months of 2019, the industrial production index increased by 5%, the turnover of organizations -by 4.6%, 206.7 billion rubles of investments were attracted to the city economy. On the same day, the Governor of St. Petersburg and the Chairman of "Business Russia" A. Repik discussed various aspects of relations between the government and business, the implementation of national projects and the state of the business climate. A. Beglov said that in order to implement the May 2018 decree the President of the Russian Federation on national goals and strategic goals, the city has developed 40 regional projects with a total budget of more than 54 billion rubles.

LEGISLATION

Changes were made to the procedure for developing the forecast of socio-economic development of St. Petersburg

In accordance with the resolution of the Government of St. Petersburg dated September 27, 2019 No. 671, amendments were made to the resolution of the Government of St. Petersburg No. 555 dated 05.05.2011 "On measures to develop the forecast of socio-economic development of St. Petersburg". The changes provide for the introduction of 12 additional indicators for the development of forecasts of socio-economic development of the city. The supplemented indicators characterize the main spheres of life: demography, industry, trade and services, foreign economic activity, entrepreneurship, investments, cash incomes and expenditures of the population, labor and employment, social development and the state of the environment.

The Action Plan for the implementation of the strategy of socio-economic development of St. Petersburg was established

Resolution of the Government of St. Petersburg No. 740 of October 22, 2019 approved the Action Plan for the implementation of the Strategy of socio-economic development of St. Petersburg until 2035. The Action Plan provides for the implementation of the Strategy in four stages: the first two-in the period 2019-2024, the third stage – in 2030, the fourth-in 2035.

The Social code of St. Petersburg has been amended

The Governor of St. Petersburg has signed the Law of October 24, 2019 No. 478-108 on amendments to the Law of St. Petersburg "Social code of St. Petersburg". According to the amendments, women aged 19 to 24 years who gave birth to their first child in the period from 1 January 2020 will be paid a single compensation in the amount of 52120 rubles. Prior to the amendments, such payment was provided to

women aged 20 to 24 years who gave birth to their first child in the period from 1 January 2018.

The Legislative Assembly is considering the draft budget of St. Petersburg

On October 30, 2019, a meeting of the Legislative Assembly was held, at which Governor A. Beglov presented the draft budget of St. Petersburg for 2020 and the planned period 2021-2022. According to the presented draft, the budget revenues of St. Petersburg in 2020 are planned in the amount of 664.7 billion rubles, including the city's own revenues - 649.7 billion rubles. The expenditure part of the budget is planned in the amount of 701.4 billion rubles. Thus, for the first time, the city budget expenditures will exceed 700 billion rubles. The main priority of the budget spending is the social sphere. It is planned to allocate about 70% of the expenditure part of the budget to state programs of social profile. After the discussion of the draft budget, a vote was held. Forty one deputies have voted "for", 6 - "against", 2 have abstained. The draft budget was adopted as a basis in the first reading.

MEETINGS, COOPERATION

The XXIII session of the General Assembly of the World Tourism Organization held in St. Petersburg

The session was held in the Northern capital of Russia from September 9 to 13, 2019. St. Petersburg was the first Russian city in which the session was held. The World Tourism Organization (UNWTO) is a specialized inter-governmental Agency of the United Nations. UNWTO General Assemblies are held every two years.

The Governor of St. Petersburg met with the Chairman of the Council of cantons of the Federal Assembly of the Swiss Confederation

The meeting of A. Beglov and J.-R. Fournier was held on October 17, 2019 in Smolny. The parties discussed the development of cooperation between St. Petersburg and Switzerland. During the meeting, it was noted that several companies with Swiss capital already worked in St. Petersburg. Since 2015, the pharmaceutical enterprise of Novartis has been operating in the city. The possibility of purchasing tramcars of the Stadler Company is being considered.

The XVIII All-Russian Forum of strategic planning in regions and cities of Russia was held in St. Petersburg

The forum was held from October 28 to 30, 2019. The forum's theme was focused on national goals and effects for the territories. During the two main days of the event, 45 events were held (including 3 plenary sessions), which were attended by more than 1500 people from 68 Russian regions of Russia, 100 cities, as well as by foreign guests and speakers from 30 countries.

The forum was attended by a number of senior leaders of the federal and regional levels. Among them: Minister of economic development of the Russian Federation M. Oreshkin, Chairman of the accounts chamber of the Russian Federation A. Kudrin, Minister of science and higher education of the Russian Federation M. Kotyukov, Governor of St. Petersburg A. Beglov, Governor of the Novosibirsk region A. Travnikov, Governor of the Ulyanovsk region S. Morozov.

2. EMPLOYMENT

In August 2019, large and medium sized enterprises employed 1494.2 thous. people (Table 1). Staff employees amounted to 95.6% of all the employed. Compared to the previous month the number of staff fell by 0.5%, the number of by-workers fell by 2.8%, and that of contracted workers grew by 3.5%.

In January-August 2019, the number of employees at these enterprises grew by 2.7% compared to the same period of 2018. In August 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 47.3% of all employed at large and medium organizations.

In June-August 2019 the number of economically active population (EAP) amounted to 3069.5 thous. persons, of them 3028.0 thous. employed and 41.5 thous. unemployed. During the reporting period, the employment rate was 66,3% (share of employed people in total population aged 15 to 72 years), the level of economic activity – 67,2% (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 3rd quarter of 2019 in the organizations of St. Petersburg (without small business entities) amounted to 1 815 people, or 0.12% of the total number of employees of organizations of Saint Petersburg (excluding small businesses).

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

| | August 2019 | | January-August 2019 in % to January-August 2018 |
|--------------------------------|-------------|-------------------|---|
| | '000 people | In % to July 2019 | |
| Filled jobs total, including: | 1494,2 | 99,4 | 102,7 |
| Registered permanent employees | 1427,6 | 99,5 | 102,8 |
| External by-workers | 28,8 | 97,2 | 96,9 |
| Contracted labour | 37,8 | 96,5 | 103,3 |

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

| Industry | Total employment | |
|--|------------------|----------------|
| | '000 people | % of the total |
| Total, including: | 1494,2 | 100,0 |
| Manufacturing | 217,2 | 14,5 |
| Production and distribution of electric power, gas and water | 44,6 | 2,9 |
| Agriculture and forestry | 4,6 | 0,3 |
| Construction | 57,6 | 3,9 |
| Transportation and telecommunications | 210,8 | 14,1 |
| Finance | 56,5 | 3,8 |
| Real estate transactions, leasing and services | 38,4 | 2,6 |
| Wholesale and retail trade, repair of motor vehicles and home appliances | 164,0 | 10,9 |
| Hotels and restaurants | 29,8 | 2,0 |
| Public administration, security and social care | 92,3 | 6,2 |
| Education | 203,2 | 13,6 |
| Healthcare and social services | 166,7 | 11,2 |
| Culture, sports, entertainment | 47,2 | 3,2 |
| Science and technology | 117,0 | 7,8 |
| Administrative services | 35,8 | 2,4 |
| Other services | 8,5 | 0,6 |

In September 2019, the demand of St. Petersburg enterprises for new workforce amounted to 37.6 thous. people (table 3).

In January-September 2019, the Employment Service received 267382 applications from citizens for the provision of public services, including 48333 applications for vocational guidance and 108755 applications for information on the situation on the labor market (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January-September 2019, the largest number of vacancies was declared by organizations related to the following types of economic activity: transportation and storage-12.4%; administrative activities and related services-11.0%; manufacturing - 9.8%; wholesale and retail trade, repair of motor vehicles and motorcycles-9.2%; construction-8.0%; activities in the field of health and social services-7.8%; activities of hotels and public catering - 6.1%; public administration and military security - 6.1%; education-6.1%; professional, scientific and technical activities-3.4%; real estate activities-3.2% (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In September of this year, as in the same period of 2018, among the employees who fell into the top ten demanded professions, the most popular are programmers, engineers of various specialties, doctors. In 2019, the deficit of engineers increased, while the deficit of programmers and doctors decreased. There was a shortage of supervisors, artisans, technicians, surveyors. Among the specialists of working professions in September 2019, compared to the same period of the previ-

ous year, bricklayers and concrete workers are still in demand, but their deficit has decreased. There was a shortage of car drivers, installers of various specialties, tilers, electric and gas welders, parquet-layers, drivers of concrete carriers.

At the end of September 2019, labor market pressure (the number of unemployed persons registered with the Employment service per vacancy) amounted to 0.59 persons / vacancy (at the end of September 2018 – 0.47 persons / vacancy).

In September 2019, 22.1 thous. persons were registered at the Employment Service of St. Petersburg. It is 7.8% more than in September 2018 (table 4). In July 2019, 53.9% of those registered at the Employment Service were officially considered unemployed.

At the end of September 2019, the total number of those who turned to the State Employment Service of St. Petersburg amounted to 29493 people (at the end of September 2018 – 24512 people).

In January-September 2019, the Employment Service has received 267382 applications from citizens for the provision of public services, including 48333 applications for vocational guidance and 108755 applications for information on the situation on the labor market.

The number of registered unemployed citizens at the end of September this year amounted to 11884 people, including: women-54.1%; youth aged 16-29 years-11.6%; disabled people-14.7%, citizens of the pre-retirement age-20.7% (at the end of September 2018, the number of unemployed was 9552 people) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

TABLE 3. St. Petersburg enterprises' demand for workforce, January 2018 – September 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 |
| June | 44,5 | 0,5 | 100 | 100 |
| July | 44,2 | 0,5 | 100 | 100 |
| August | 44,2 | 0,5 | 100 | 100 |
| September | 37,6 | 0,6 | 120 | 120 |

In September 2019, 2.8 thousand people received the status of unemployed (0.5 thousand people or 19.8% more than in September 2018). The size of employment of the unemployed in September 2019 was 0.1 thousand people or 9.3% more than in the same period of 2018, and amounted to 0.9 thousand people.

According to Rosstat, in the third quarter of 2019, the unemployment rate (according to the methodology of the International Labor Organization) amounted to 1.4% of the economically active population (EAN). St. Petersburg had one of the

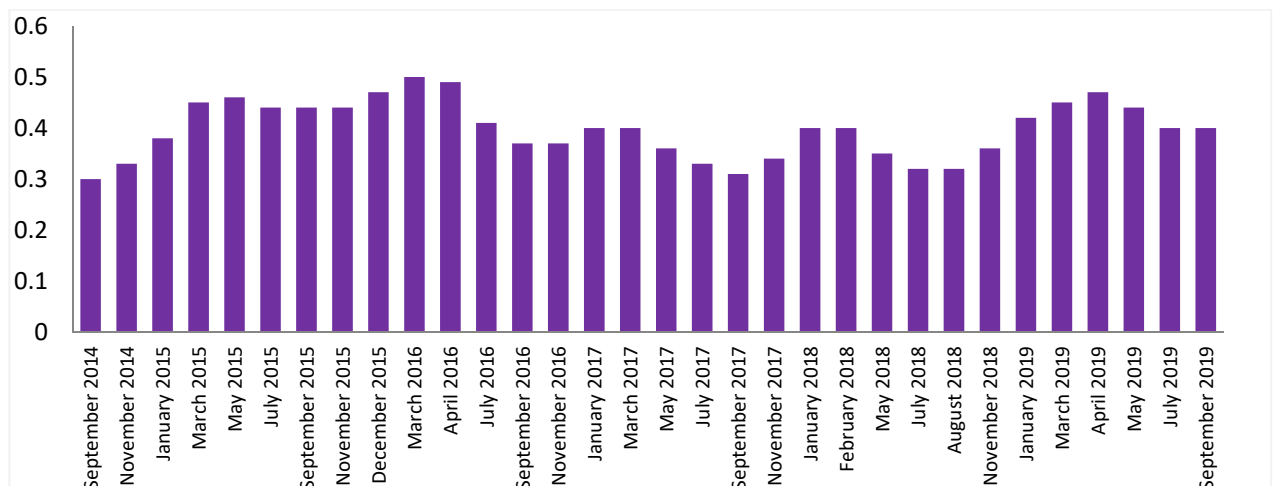
lowest unemployment rates among the subjects of the Russian Federation (in the North-Western Federal district -3.4%, Moscow- 1.3%, Russia - 4.4%).

The registered unemployment rate (the ratio of the number of registered unemployed to the labor force on average for 2018) at the end of September 2019 amounted to 0.39% of the labor force (at the end of September 2018, this figure was 0.31%) (www.rspb.ru) (figure 1). This is the lowest rate among the regions of the North-West Federal district .

TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2018, January-September 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 |
| June | 20,4 | 12,3 | 92,4 | 126,6 |
| July | 20,4 | 12,3 | 99,8 | 126,9 |
| August | 20,5 | 11,9 | 97,0 | 124,3 |
| September | 22,1 | 11,9 | 99,6 | 124,4 |

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



3. PERSONAL INCOMES AND EXPENDITURES

PRICES

In January-September 2019 consumer prices growth in St. Petersburg was equal to 2.3%. In the same period of 2018, it was 2.5%.

The growth of consumer prices in January-September 2019 in St. Petersburg was as in Russia on average. In September 2019, consumer prices fell by 0.1% (Table 5).

In January-September 2019, tariffs for paid individual services in St. Petersburg grew by 3.4%. For comparison: their growth in the same period of 2018 was 3.5%.

The rate of growth of tariffs for paid individual services in January-September 2019 was 2% lower than Russia's average. Tariffs for paid services in September 2019 fell by 0.01%.

In January-September 2019, prices of foodstuff grew faster than in Russia on average by

0.5% and those of non-foodstuff goods lower than in Russia on average by 0.5%. The growth was correspondingly – 1.8% and 1.8%.

In September 2019, the prices of food products in St. Petersburg fell by 0.6%, and of non-food products —by 0.2%.

In September 2019, price increases were recorded for cereals and legumes (by 1.5%), cheese (by 1.1%), butter and fats (by 1.0%), bread and bakery products (by 0.8%), sausages (by 0.5%), confectionery (by 0.4%), alcoholic beverages (by 0.3%), milk and dairy products (by 0.2%).

During the period under review, prices of fruits and vegetables fell by 8.1%, fish - by 0.6%, meat and poultry - by 0.2%.

Among non-food products in September 2019, in St. Petersburg there was recorded an increase in prices for perfumery and cosmetic products (by 1.6%), haberdashery (by 1.3%), tobacco products (by 0.8%), detergents and cleaning products, shoes (by 0.5%), knitwear (by 0.4%), clothing (by 0.3%), furniture, hosiery, construction materials (by 0.2%), tableware (by 0.1%).

TABLE 5. Consumer price index dynamics in 2018, January-September 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 |
| 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 |
| 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 |
| July | 100,3 | 99,9 | 100,3 | 100,7 | 100,2 | 99,7 | 100,2 | 100,9 |
| August | 99,4 | 98,7 | 99,7 | 99,8 | 99,8 | 99,1 | 100,2 | 100,2 |
| September | 99,9 | 99,4 | 100,2 | 99,98 | 99,8 | 99,6 | 100,2 | 99,8 |
| September 2019 in % to December 2018 | 102,3 | 101,8 | 101,8 | 103,4 | 102,3 | 101,3 | 102,3 | 103,6 |
| September 2018 in % to December 2017 | 102,5 | 101,1 | 103,0 | 103,5 | 102,5 | 101,3 | 103,0 | 103,6 |

DIFFERENTIATION OF INCOMES AND SALARIES IN ST. PETERSBURG

In August 2019, the level of interindustry wage differentiation increased compared to June 2019 (figure 2). Thus, the gap between the highest salary (mining) and the lowest (hotels and restaurants) was 6.9 times in this month compared to 5.8 times in June 2019.

The highest wages in August 2019 fell on the extraction of minerals (the salary of workers in this industry is 3.59 times higher than the average wage in St. Petersburg).

In August 2019, the average salary in St. Petersburg was significantly exceeded by the remuneration of employees engaged in activities in the field of information and communication (by 67.8%), financial activities (by 45.8%), in the field of scientific and technical activities (by 31.6%).

The lowest wages were paid to those employed in hotels and restaurants (51.6% of the average salary) and the provision of other public,

social and personal services (61.7% of the average salary).

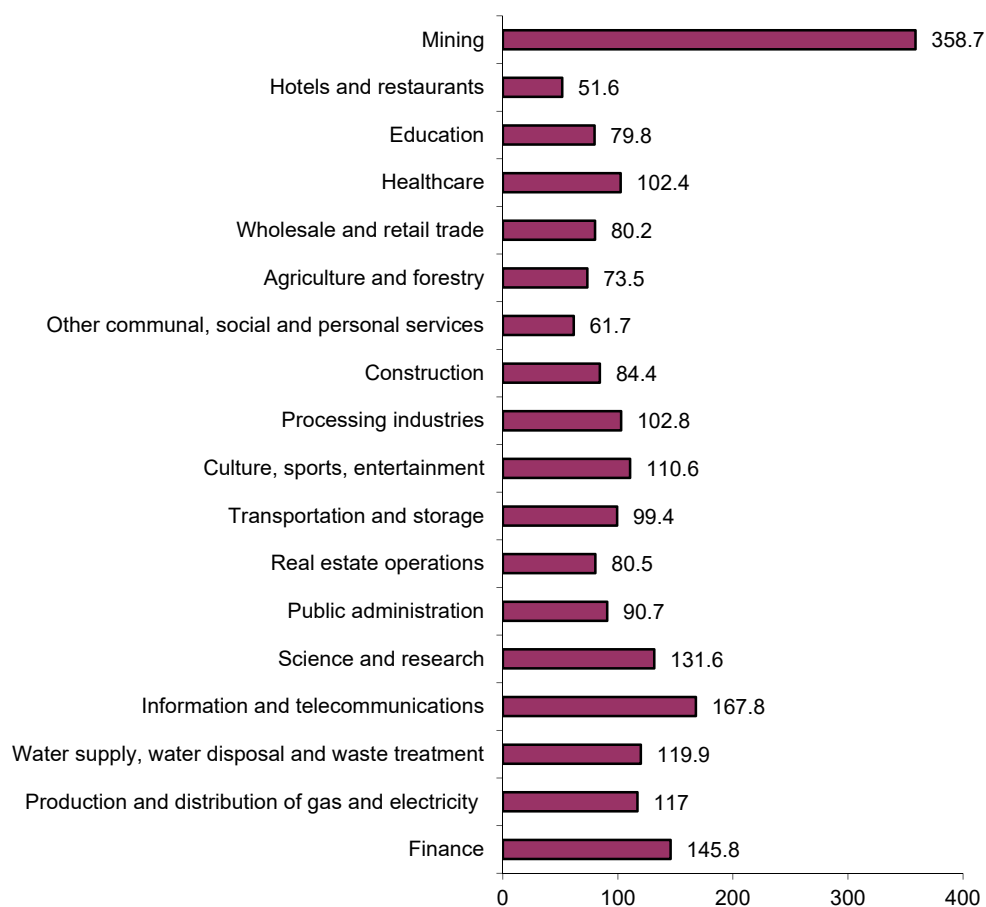


4. INDUSTRY

The index of industrial production in St. Petersburg in January-September 2019 compared to January-September 2018 amounted to 104.7%.

AO "Kirov-Energomash Plant" (KEM) has developed and successfully mastered a new technology for the production of screw pumps for ship turbine units. Volumetric screw pumps allow to pump high-viscosity liquids, including various oil products-oils, fuel oil and others. Development of new technology allows the plant to carry out repair and production of screw pumps under the existing contracts. It also makes it possible to enter the market with a full range of services for the design, manufacture and testing of various types of screw pumps (sdelanounas.ru October 12, 2019).

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



A Center for shipbuilding materials chemistry was opened in St. Petersburg at the Institute of high-molecular compounds of the Russian Academy of Sciences (IAS RAS). In domestic shipbuilding, polymer materials occupy a share of only 0.6%, although in the leading countries with developed shipbuilding infrastructure figure reaches more than 20%. The center will develop and test unique samples of products made of polymer composite materials for their implementation at the enterprises of the United Shipbuilding Corporation (tass.ru 10 September 2019).

The Governor of St. Petersburg A. Beglov has signed a resolution that will allow industrial enterprises of the city to receive subsidies to reimburse part of the costs associated with the training and upgrading of their employees. Due to the approved subsidies, organizations that work in the manufacturing sector will be able to reimburse up to 80% of the costs aimed at training. The volume of allocated budget funds is about 30 million rubles. (spbndevnik.ru October 23, 2019).

5. FINANCE

In January–August 2019, the net financial result (profit minus loss) of the organizations in the city amounted to 717.7 billion rubles, which is 1.6 times more than in the corresponding period of 2018.

In January-August 2019, the number of unprofitable organizations decreased by 42 units or by 5.3% compared to the same period of 2018, the amount of loss decreased by 36.6%.

CITY BUDGET

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

STATE DEBT

Information on the structure of the state debt of St. Petersburg as of October 1, 2019 is presented in tables 10 and 11.

PICTURE 3. Industrial production dynamics in St. Petersburg by industry, January-September 2019 in % to January-September 2018

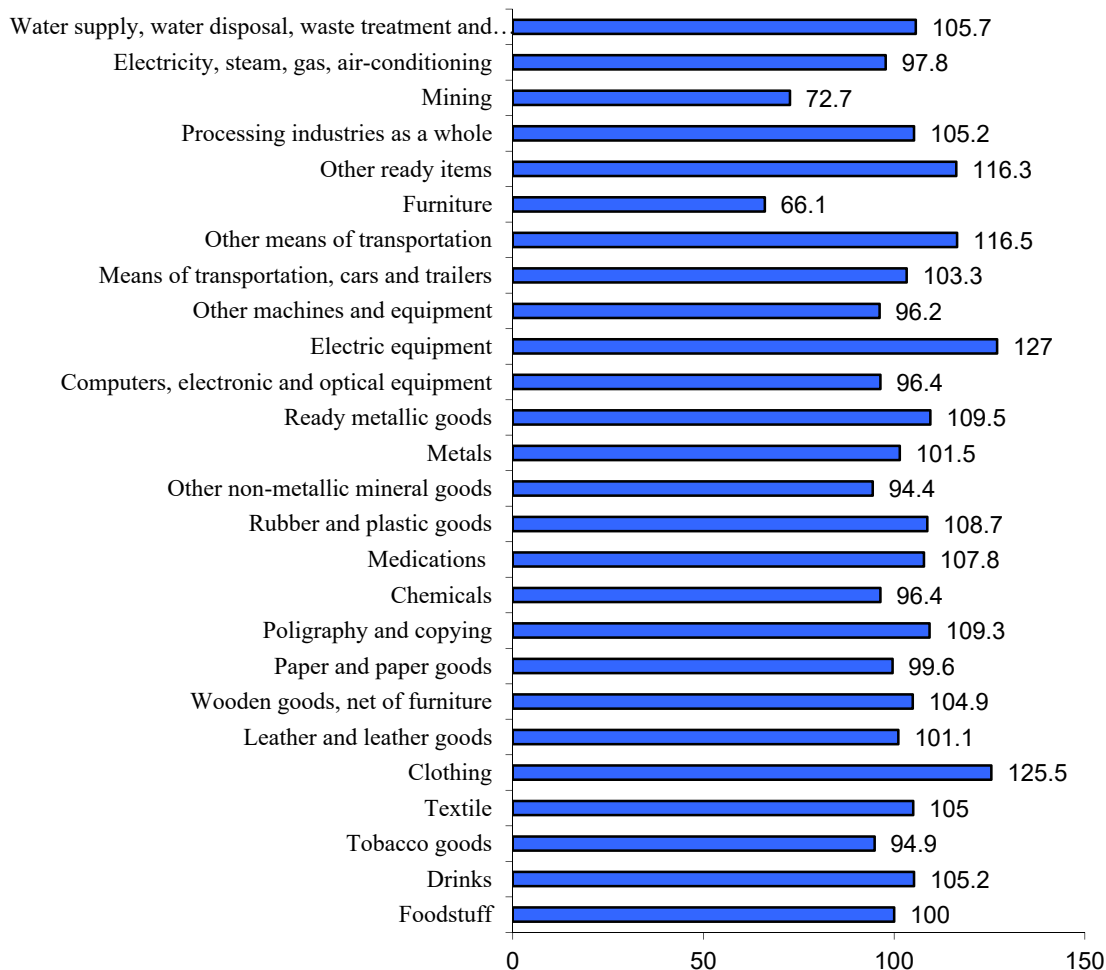


Table 9. Consolidated budget execution on September 1, 2019 (mln rubles)

| | Revenues | Expenditures | Surplus (+) / deficit (-) |
|-----------------------|----------|--------------|---------------------------|
| <i>January-July</i> | 386 772 | 340 684 | 46 088 |
| <i>January-August</i> | 426 126 | 384 646 | 41 480 |

Source: Petrostat

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

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

Source: City Committee of Finance

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

| Item | Plan for 2019 | Fact on 01.10.2019 |
|-----------------------------|---------------|--------------------|
| Domestic debt service costs | 4 442,5 | 1 155,5 |
| Total | 4 442,5 | 1 155,5 |

Source: City Committee of Finance

6. CITY AFFAIRS

BEAUTIFICATION, RESTORATION, CAPITAL REPAIRS

At the end of October, the restoration of the facade of the Durnovo mansion on the English embankment was completed. The work was carried out to restore the basement, porch, walls, windows and doors of the front facade, as well as stucco decoration and ceramic columns framing the windows of the second floor. In addition, the entrance lobby has been restored. The total cost of the works financed from the city budget amounted to 52 million rubles (according to Interfax)

The memorial Museum of the Romanov family will be created in the Alexander Palace, which has been a part of the state Museum-reserve "Tsarskoye Selo" since 2009. First, seven premises will be opened for visitors after the completion of restoration and preparatory works in the spring of 2020. In accordance with the decree of the Government of the Russian Federation, in 2019, the Tsarskoye Selo received more than 1 billion rubles for the restoration of the Alexander Palace. The completion of works in the Palace is planned for 2022 (according to TASS)

In Oranienbaum, after the completion of restoration works, the Honorary gates of the fortress of Peterstadt were opened. This is part of the overall reconstruction of the Oranienbaum Museum complex, which is due to be completed in 2024. By the summer of 2020, several rooms of the Chinese Palace, including the Plaster room and the Small Chinese study, will be open to visitors. The funding of the projects comes from "Gazprom". (Based on "Kommersant»)

As of mid-October 2019, the program of capital repairs of multi-apartment buildings in St. Petersburg has been fulfilled by 89%. In total, the program for the current year includes 2.6 thousand objects; the total cost of work is more than 9 billion rubles. In accordance with the decree of the Government of St. Petersburg in 2020, contributions to the overhaul of common property in apartment buildings will increase; the growth may be more than 40%. (Based on "Kommersant»)

TRANSPORTATION, ENERGY, WATER SUPPLY

In January-September 2019, transport organizations of St. Petersburg transported 7.5 million tons of cargo (which exceeds the figures for the same period of 2018 by 12.6%) and 422.3 million passengers (which is lower than in January-September 2018 by 1.1%). At the same time, cargo turnover amounted to 4546.2 million ton-km (2.2 times more than in January-September 2018), and passenger turnover-2526.4 million pass – km (which is higher than in 2018 by 1.7%). The number of road accidents decreased slightly (by 2%) compared to the same period in 2018 (According to Petrostat)

In January-September 2019, Pulkovo airport served more than 15.1 million people, which is 8.1% higher than in the same period of 2018. The volume of traffic on international routes increased by 5%, amounting to 5.9 million people. On domestic airlines, passenger traffic amounted to 9.1 million people — 10.2% more than in January-September 2018. In total, more than 120 thousand take-off and landing operations were performed in Pulkovo in the first nine months of 2019. Russia, Aeroflot, Pobeda, S7 Airlines and Ural airlines became the leaders in terms of traffic in January-July 2019. Lufthansa, Uzbekistan Airways, Belavia, Turkish Airlines and Finnair are the leaders among foreign carriers. Moscow, Simferopol and Sochi remain the most popular Russian destinations, while Antalya, Minsk and Frankfurt am Main remain the top international destinations. (According to the press service of LLC "VVSS»)

The draft budget of the city for the next year considers several options for increasing fares in public transport in St. Petersburg in 2020, including a significant rise in the price of single tickets. The main reason for the increase in the cost of travel is the increase in the costs of the main carriers: subsidies in the Metro budget are 56%, in the budget of GUP "Gorelektrotrans" - 40%, in the

budget of GUP "Passazhiravtotrans" - 45%. (According to TASS)

The debt of consumers for hot water and heat supply to GUP "TEK St. Petersburg" since the beginning of 2019 amounted to 8.6 billion rubles (7.5 billion-overdue). The company filed more than 1200 claims in the courts of various instances and in the judicial order recovered from the debtors about 1.5 billion rubles. (According to RIA Novosti)

MAJOR CITY PROJECTS

The Government of St. Petersburg has organized a competition for the reconstruction and further operation of the sports and concert complex (SKK) on Kosmonavtov Avenue. The chosen contract form is a concession agreement. In accordance with the tender documentation, the total investment by the concessionaire will amount to 10 billion rubles; the same amount will be requested from the Federal budget in the form of a capital grant. The project envisages the creation of a new multifunctional complex with an ice arena for 20 thousand spectators, as well as a recreation park for mass events. (According to TASS)

AO "Western high-speed diameter" has announced a competition for the construction of an interchange at the intersection of the WHSD with Shuvalovsky Avenue, as well as its connection to engineering networks and the street and road network to ensure transport accessibility of residential quarters of the Primorsky district. The initial cost of the work is 4.1 billion rubles. Completion is scheduled for December 2021 (According to Interfax).



7. REAL ESTATE

HOUSING AND CIVIL CONSTRUCTION

In August 2019, 199 312 sq.m. of housing, 8 houses for 4287 apartments, including individual construction, were put into operation in St. Petersburg.

Most of the housing was built in Moscow district: 79 811.10 sq. m., 3 houses for 1695 apartments. The next in terms of housing construction was Nevsky district - 44 000,50 square meters of housing, 2 houses, 853 apartments. In third place is Primorsky district, where 1 house was commissioned, 996 apartments with a total area of 43 620.40 sq. m.

The planned figure for housing commissioning in 2019 is 3.4 million square meters, by October, developers have introduced more than 1.2 million square meters.

In accordance with the current permits for construction in the active phase of construction are currently more than 800 thousand square meters. m. housing, and ahead of the deadline about 1.4 million square meters have been built.

Pursuant to the Decree of the President of the Russian Federation "On the national goals and strategic objectives of the development of the Russian Federation for the period up to 2024" in St. Petersburg, a passport of the regional project "Housing" was developed and approved with the target indicators of the volume of the commissioning from 3.4 million square meters this year to 3.7 million square meters in subsequent years.

However, given the current deficit of social infrastructure close to the already constructed housing, the city authorities are in a working dialogue to discuss with the relevant Ministry the adjustment in the index for new housing for the region, so as to eliminate the accumulated deficit in infrastructure and to prevent the formation of the new one in 3-5 years' time.

In addition, in August 2019, 55 public facilities were put into operation, including a children's school of arts and a kindergarten in the Primorsky district, a school for 825 seats in the Moscow district.

In a joint report, the St. Petersburg Committee for construction and Gosstroy nadzor summed up the results of the work for the seven months of the current year, comparing the figures of the performance of the Targeted programs of the Committee since 2015. In total, 38 facilities were commissioned in 2015, 25 in 2016, 12 in 2017 and only 15 in 2018. The volume of spending in 2019 amounted to 20.1 % of the annual volume, and is the highest for the same period of the last three years

According to the website Bsn.ru at the meeting on October 28 on the implementation of national projects, the Governor said that today the deficit according to the social standard in St. Petersburg is about 36 thousand places in kindergartens, about 27 thousand places in schools, 10 thousand visits per shift in clinics.

According to the Chairman of the Committee on construction L. Kulakov, 18 social facilities were put into operation in the last 7 months. These include 8 kindergartens for 1060 places and 7 schools for 4750 places, and at the end of the year 11 new schools and 24 kindergartens will be put into operation. Thirty social infrastructure facilities are expected to be commissioned this year, and 24 more will be built by investors.

CO-INVESTORS

Pursuant to the Federal law No. 214 "Management of construction projects" Gosstroy nadzor checks developers and project declarations. In total, for seven months of this year, more than 1200 objects were under the supervision of the Service. 707 supervisory activities were carried out at construction sites, 234 warnings on inadmissibility of violation of mandatory requirements of legislation in the field of urban development were issued.

As the site Restate.ru reported, at the conference "Mass housing construction: law and market", held in the framework of the International Housing Congress in St. Petersburg, Deputy Chairman of the Committee on construction E. Baranovsky reported that on the territory of the city 189 companies are engaged in the housing construction with the involvement of funds of citizens based on 431 construction permits.

According to the results of receiving documents from builders for compliance with the criteria of construction readiness, 73% or 314 projects of residential complexes in the city meet the established criteria of construction readiness (15%-30%), and 10% of the contracts of equity participation will be completed within the next two years according to the old rules. 2% of the complexes are problematic objects of shared construction and are included in the "road map" to restore the rights of defrauded shareholders. 25% or 107 construction projects will go to project financing or will be financed by the companies' own funds. Of these 107 projects, only 13 buildings cause concern and most likely will not receive project financing from banks, and 4 of them have court decisions, at 9 construction is not underway.

He also noted that one of the priorities in the work of the city Government remains the solution of the issue of "defrauded co-investors". 29 "problem" houses are under control. This year, 10 problem houses have already been commissioned, 11 more will be commissioned by the end of the year.

TERRITORIAL DEVELOPMENT, REGULATION

During the past events in the framework of the International Housing Congress, the participants discussed changes in the urban planning legislation of the Russian Federation and the principles of urban development.

Governor A. Beglov and Deputy Prime Minister of the Russian Federation V. Mutko at a meeting on the implementation of national projects discussed the creation of a Fund in St. Petersburg to solve the problems of defrauded co-investors in the region. Without this, it is impossible to count on the co-action of the Federal center, the Deputy Prime Minister said. Such a Fund, the first in the country, has been registered in the Leningrad region since the summer. This will allow for the completion of problematic residential facilities in the region under the co-financing scheme.



8. INVESTMENT PROJECTS

The city Government plans to create a large recreational cluster in the North of St. Petersburg.

The cluster project was developed by the order of the city administration and will be implemented on the territory of the industrial zone "Gorskaya", near the village of Lisy Nos. The recreation center will include educational, entertainment and sports facilities, a yacht club, a year-round ski slope, a historical reconstruction Park following the example of the famous French Park Puy-du-Fou, IT-cluster facilities, as well as office real estate and hotels. Investments in it, according to preliminary calculations, will amount to 50-60 billion rubles with the involvement of private investors. The project has weaknesses, the main of them - poor transport accessibility of "Gorskaya", its remoteness from residential areas and major tourist sites.

In St. Petersburg opens the first vegan confectionery "Rabbit, run!"

The institution will work in the city center, on Marata street. No items on the menu contain animal products. About 800 thousand rubles were spent on the opening the point. Now there are about 30 vegan cafes in St. Petersburg.

In St. Petersburg, a project has been launched to create a model of the circular economy "EcoHoreca".

This is the first experience in Russia of combining restaurants into clusters for centralized processing of organic waste. The first (test) cluster included projects of a number of St. Petersburg restaurateurs, including the group Duoband, "Boucher", Beefzavod, Ginza Project, whose establishments are located on Rubinstein street and Aptekarsky Prospekt. The investment of one restaurant in the project will not exceed 300 thousand rubles; this amount includes the installation of containers and changing the storage system. However, in order to make their business even more environmentally friendly, restaurateurs need to think through a system of handling organic waste, that is, not only to accumulate them separately, but also to process them into compost. According to the idea of the authors of the project "EcoHoreca", the association of restaurants (primarily on a territorial basis) will be economically beneficial for all parties. First, the environmentalists agreed with vendors GAIA and rNature on the free provision of equipment for waste processing for the first year of use. At the initial stage it will be machines of small capacity (from 125 kg to 400 kg per day), but in six months after the launch of the project the volume of loading will increase.

In the future, the project "EcoHoreca" will be an important part of the garbage reform, which is aimed, among other things, to increase the percentage of recycling and recycling. At the same time, no financing from the city budget is expected for the project.

Cosmos Group, a subsidiary of AFC Sistema, enters the hotel market of St. Petersburg

The building on Italiyskaya street, which is currently occupied by MTS office, will be recon-

structed into a hotel. If the project is implemented, it will be the first hotel of the Cosmos Hotel Group in St. Petersburg and the third under the five-star brand Cosmos Collection. The other two work in the Moscow region and Altai. The amount of investment in the launch of the hotel and the reconstruction of the object was not disclosed.

Meat processing plant "Norilskiy" invests in the expansion of capacity for the production of ready-made soups in cups on the territory of the industrial zone Parnas

Meat processing plant "Norilskiy" this year has invested 40 million rubles into the purchase of new equipment and re-design of the production site in St. Petersburg. By the end of the first quarter of 2020, the company will invest in the development of production of another 15 million. It is planned to increase capacity from 60 to 200 tons per day.

In St. Petersburg, there will be installed hundreds of points for renting power banks

In St. Petersburg 35 points of rent under the brand "Take Charge!" began work. By the end of the year, this number will grow to 300. The service operates automatic powerbank dischargers. The customer, who is registered in the company's application, has the opportunity to pay for and pick up the battery charger for rent in the nearest vending machine. You can return the charge in any available device. Market experts note that today the offers of paid phone charging devices are not developing as actively as, for example, renting or selling charging devices by catering establishments. At the first stage, investments in business development in St. Petersburg amounted to 6.5 million rubles, the total volume of investments — 26 million rubles. "Take Charge!" already cooperates with the restaurant chains Coffee Shop and "Dve palochki" in St. Petersburg.

Adamant is launching a multibillion project in St. Petersburg.

Adamant Holding Company plans by October 2020 to launch a logistics complex with an area of 45 thousand square meters in Osinovaya Roshcha, and by 2023 - to increase the area of the existing logistics complex "Armada Park" from 107 to 242 thousand square meters. The total cost of these projects exceeds 5 billion rubles. In case of successful implementation, Adamant will be among the three largest logistics operators in the North-West.



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/>