

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



**March-April 2020 № 164**



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## 1. CITY MANAGEMENT

### APPOINTMENTS

#### **A new social Vice-Governor has been appointed to the Government of St. Petersburg**

In accordance with the decree of the Governor, of March 5, 2020, O. Ergashev was appointed the Vice-Governor responsible for social issues. The position of the social Vice-Governor became vacant in the City Government after A. Mityanina, who held it, became the children's Ombudsman of St. Petersburg on February 26, 2020. On March 4, 2020, the candidacy of O. Ergashev was approved by the deputies of the Legislative Assembly. O. Ergashev is responsible for coordinating and monitoring the activities of the Health Committee, Social Policy Committee, the Veterinary Department, and the Social Nutrition Department. Previously, O. Ergashev worked in the field of healthcare and medical education. He holds the degree of doctor of medicine and the title of Professor.

#### **The head of the Property Relations Committee was replaced**

On March 24, 2020, the Chairman of the Property Relations Committee, V. Kalugin, was discharged by the Government of St. Petersburg. On March 27, V. Kalugin was appointed Deputy Head of the Administration of the Governor of St. Petersburg. On the same day, L. Kulakov was appointed as the Chairman of the Property Relations Committee. Before being appointed to this post, he worked as the first Deputy Head of the administration of the Governor of St. Petersburg. From February 2018 to January 2020, he headed the Construction Committee.

#### **The head of the State housing Inspectorate has been replaced**

In accordance with an order of the Government of St. Petersburg dated April 20, 2020, the head of the State Housing Inspectorate of St. Petersburg, chief state housing inspector V. Zyabko, was dismissed from his post. On April 21, O. Akatsevich was appointed to this position.

#### **The heads of a number of healthcare institutions are appointed as advisers to the Governor on a voluntary basis**

On April 17, 2020, academician of the Russian Academy of Sciences E. Aylamazyan (from 1988 to 2018, he headed the Ott Institute of obstetrics and gynecology) was appointed to the position of advisor to the Governor of St. Petersburg on a voluntary basis. On April 27, 2020, E. Shlyakhto, General Director of the Almazov National medical research center, A. Mikava, chief doctor of the St. Mary Magdalene Children's City hospital No. 2, Dean of the faculty of dentistry and

medical technologies of St. Petersburg State University, Yu. Shcherbuk, the head of the Department of neurosurgery and neurology of the faculty of Medicine of St. Petersburg State University, A. Kuzhel, Director of the Territorial Fund of compulsory medical insurance of St. Petersburg were appointed as advisors to the Governor of St. Petersburg on a voluntary basis.

#### **City center for monitoring the situation with the coronavirus and an Inter-departmental coordination Council for countering the spread of the coronavirus infection have been established**

The City monitoring center includes representatives of all Executive state authorities of St. Petersburg. Based on the decree of the Governor of St. Petersburg of March 23, No. 18-PG, an Interdepartmental City Coordination Council was established to counteract the spread of the new coronavirus infection in St. Petersburg and its composition was approved. The first meeting was held on the same day. The members of the Council included representatives of the internal Affairs bodies, the migration Department, the transport Department, the Federal security service, the Federal service of the national guard, the Border and Customs departments, Rospotrebnadzor, the Federal Antimonopoly service, the Federal service for veterinary and phytosanitary supervision, the Chief Federal inspector, the Vice-Governors of St. Petersburg, and representatives of the Legislative Assembly of St. Petersburg. The new structure coordinates the work of operational headquarters and other collegial bodies.

#### **A working group was formed to monitor key economic indicators and support enterprises in the context of countering the spread of the coronavirus infection**

The working group was established in accordance with the decree of the Government of St. Petersburg dated March 20, 2020 No. 154. The working group coordinates the activities of the executive bodies of state power of St. Petersburg, territorial bodies of federal executive authorities, other state authorities and organizations on monitoring key economic indicators.

#### **Staff on increasing the revenues of the City budget**

The new structure is created by the decree of the government of St. Petersburg No. 159 of March 25, 2020, in order to ensure coordinated actions and organize joint work of the executive bodies of state power of St. Petersburg, territorial structures of federal authorities, public and other organizations on increasing the revenue base of the budget of St. Petersburg. The work of staff

should also be aimed at achieving the target level of the City budget revenue of 1 trillion rubles in 2024.

#### LEGISLATION

##### **Amendments to the Environmental code of St. Petersburg**

Based on the law of St. Petersburg of March 4, 2020 No. 115-25, amendments were made to the Law of St. Petersburg of June 29, 2016 No. 455-88 (Environmental code of St. Petersburg). The changes were made to bring the City's legislation in line with the federal one. In accordance with the amended regulation on particularly protected natural territory, the passport of the protected area must include information about the types of time-resolved land use for each functional zone specially protected natural territory in the case of zoning of specially protected natural areas.

Another amendment was made to the Environmental code on the basis of the law of St. Petersburg of March 10, 2020 No. 100-22. The amendments relate to the issues of receiving reports on the formation, utilization, neutralization, and disposal of waste from legal entities and individual entrepreneurs that perform economic and (or) other activities at category III facilities subject to regional state environmental supervision.

##### **The parameters of the state order for professional development of state civil servants of St. Petersburg were approved**

The state order for 2020 is approved by the Law of St. Petersburg No. 102-23 of March 10, 2020. In 2020, at least 3471 state civil servants of St. Petersburg must undergo professional retraining, qualification improvement and other professional development measures. No more than 18.9 million rubles should be allocated for this.

##### **All educational institutions in St. Petersburg are closed**

In accordance with the decree of the Government of St. Petersburg of March 28, 2020, No. 164, all educational institutions are closed due to the threat of spreading the coronavirus infection. The exception was made by individual kindergartens, where groups of children with a maximum occupancy of 12 people are organized.

##### **In St. Petersburg, a self-isolation regime was introduced**

Based on the decree of the Government of St. Petersburg of March 30, 2020, No. 167, citizens over the age of 65 are required to observe a regime of self-isolation and not leave their place of residence. Other categories of citizens are advised not to leave their place of residence, with the exception of cases of requesting emergency medical assistance, trips to work that are not suspended or related to the provision of transport and delivery services. Allowed are visits to the nearest store,

walking with pets within 100 meters from the house and taking out garbage. Citizens are required to keep a distance of at least 1.5 meters from other citizens, including in public places.

**The law of St. Petersburg No. 185-38 of April 2, 2020 amended the law on the budget process** (No. 371-77 of July 4, 2007). According to the changes, based on the decision of the City Government, budget funds can be used to increase the Reserve Fund of the Government of St. Petersburg. These funds can be used to finance measures to counter the spread of the coronavirus infection and ensure socio-economic stability.

Based on the law of St. Petersburg of April 2, 2020, No. 191-41, **amendments were made to the Law on the Social code** (November 9, 2011, No. 728-132). According to the amendments, the Government of St. Petersburg is given the authority to establish temporary or one-time measures of social support and assistance in conditions of high readiness or emergency, as well as to establish temporary restrictions on the provision of social support measures.

The law of St. Petersburg No. 187-39 of April 2, 2020 **amended the Law on a one-time monetary payment in connection with the 75th anniversary of the Victory**. According to the changes, it is planned to accelerate the provision of monetary payments from the budget of St. Petersburg for the 75th anniversary of Victory in the Great Patriotic War.

All of the above laws came into force on April 3, 2020.

##### **Violators of prohibitions and restrictions on countering the spread of the coronavirus infection will be punished with fines.**

The law of St. Petersburg of 8 April 2020, No. 207-44 establishes administrative liability for failure to fulfill the requirements for the temporary suspension of events with the physical presence of the citizens, failure to comply with work requirements by stores, public catering enterprises, rendering services. Fines are imposed for committing offences. For citizens, they can reach 4 thousand rubles, for officials - 40 thousand rubles, for legal entities – 300 thousand rubles. The City authorities transferred the authority to draw up reports on administrative violations of non-compliance with the requirements aimed at introducing and ensuring a high-alert regime in connection with the spread of the coronavirus infection to the Ministry of Internal Affairs of Russia.

##### **Changes have been made to the tax legislation of St. Petersburg**

On April 9, 2020, the Law of St. Petersburg No. 201-45 of April 8, 2020 "On amendments to certain laws of St. Petersburg on taxes and fees" came into force. The Law is aimed at supporting business activities in the context of a worsening situation due to the spread of the coro-

navirus infection. The measures relate to reducing the rates and payment regime for income tax, transport tax of organizations, land tax and corporate property tax.

**Employees of public health institutions that provide medical care to patients with the coronavirus infection will receive additional payments**

This possibility is a result of the adoption of the resolution of the Government of St. Petersburg dated April 17, 2020, No. 218. The provisions of the decree determine that for the period from March 16 to 31, 2020, incentive payments for special working conditions and additional workload will be received by employees of city stations that provided medical assistance to patients with the coronavirus infection (including doctors, middle and junior medical staff, as well as other categories of employees). Other categories of medical workers who participated in measures to identify and treat patients with the coronavirus infection will also receive payments. Surcharges will depend on the amount of time actually worked. Funds for these fees will be generated from the City budget. The Russian Ministry of healthcare has decided to co-finance additional incentive payments. The amount of the transfer from the federal budget is 635.3 million rubles. On April 28, 2020, the government of St. Petersburg adopted a resolution to allocate 30 million rubles from the Reserve Fund. to provide one-time payments to medics who have been affected by the treatment of patients with the coronavirus infection and to their family members.

**MEETINGS, COOPERATION**

**In September, the Dresden Opera ball can be held in St. Petersburg**

This agreement was reached on March 3, 2020, at a meeting between the Governor of St. Petersburg, A. Beglov, and the President of the Dresden ball, H. J. Frey. St. Petersburg already has experience in organizing and holding this event. In 2019 The Dresden Opera ball was held outside of Germany for the first time. Given the great interest of the public in this important cultural event, H. J. Frey and the Chief Burgomaster of Dresden, D. Hilbert, appealed to the leadership of St. Petersburg with a proposal to re-host the Opera ball. According to the plans, performances will take place at the Mikhailovsky Theater and the Shostakovich St. Petersburg academic Philharmonic, as well as in an open space surrounded by world-famous historical and cultural monuments.

**A meeting of the Organizing Committee for the preparation and holding of the European professional skills Championship Euro Skills-2020 was held in St. Petersburg**

On March 5, 2020, the concept and inter-agency plan of the main activities for the prepara-

tion and holding of the championship was approved. The sources of funding have been identified, and issues are being resolved with the involvement of sponsors and partners.

**Businesses that use urban real estate are granted rental holidays.**

In connection with the establishment of bans and restrictions designed to slow down the spread of the coronavirus infection, but which caused serious problems for enterprises in a number of industries (tourism and hotel business, consumer services, public catering, retail trade in non-food goods, passenger transport, and some others), based on the order of the St. Petersburg Property Relations Committee dated April 3, 2020, rental holidays were established for a number of categories of users of urban real estate. Initially, the benefits were granted to businesses in only three industries, provided that they were included in the Register of small and medium-sized businesses. Starting from April 24, 2020, deferrals for payments and installments for the payment of lease payments are provided to enterprises in 38 industries, regardless of whether they are included in the Register of small and medium-sized businesses.

**St. Petersburg received additional funding for the fight against the coronavirus**

In accordance with the Agreement between the Government of St. Petersburg and the Ministry of Finance of Russia dated April 23, 2020, St. Petersburg received an additional grant from the federal budget in the amount of 781.4 million rubles. Funds are used to provide medical care for patients with the coronavirus infection. This involves equipping the newly created, repurposed and modernized bed stock of public health institutions in St. Petersburg, providing these institutions with a centralized oxygen supply system and individual protection equipment. Part of the funds is directed to equipping state healthcare institutions in St. Petersburg that meet the requirements of the procedure for providing medical care in the fields of "anesthesiology and resuscitation" and "pulmonology" for infectious diseases. On April 29, 2020, a decree was signed to allocate 1.75 billion rubles from the Reserve Fund of the City Government for the purchase of personal protective equipment and oxygen concentrators.

During the period of March-April 2020, the number of beds for the treatment of patients with the coronavirus infection increased by 10 times. By the end of April, 5,483 beds had been returned to the City, including 605 beds equipped with ventilators and 3,709 beds with oxygen supply. An additional 1,295 beds are being deployed in 7 Federal hospitals that are being re-designated for receiving patients with the coronavirus infection. For the treatment of patients with a mild course of the disease, an infectious Department with 600 beds has been deployed in the Zarya boarding

house. Patients are also admitted in one of the Lenexpo pavilions (1,000 beds) and in the City hospital No. 20 (350 beds).

## 2. EMPLOYMENT

In February 2020, 1527.2 thousand people were employed at large and medium-sized enterprises (table 1). In particular, full-time employees accounted for 95.2% of those employed at these enterprises. Compared to the previous month, the number of full-time employees increased by 0.3%, the number of employees hired by contracts increased by 14.0%, and the number of part-timers decreased by 1.4%.

In January-February 2020, the number of employees at these enterprises increased by 3.7% compared to the same period in 2019. The number of full-time employees increased by 3.7% over the same period. The number of part-timers increased by 1.4%, and the number of employees working under contracts increased by 8.2%.

In February 2020, the largest number of jobs was in manufacturing, education, transport and communications, healthcare, wholesale and retail trade, and the smallest number was in agriculture and forestry, hotels and restaurants, and

other services (table 2). 48.5% of all employees in large and medium-sized enterprises of the City worked in the public sector of the economy.

In December 2019 - February 2020, the number of the economically active population (EAN) amounted to 3095.7 thousand people, including 3048.5 thousand employed and 47.2 thousand unemployed. 1481.6 thousand persons were persons outside the workforce. During the period under review, the employment rate was 66.6% (the share of the number of employed in the total population aged 15 to 72 years), the level of economic activity - 67.7% (the share of the number of economically active population in the total population aged 15 to 72 years) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

According to Petrostat, the number of employees scheduled for release in the first quarter of 2020 in organizations of St. Petersburg (without small businesses) amounted to 1755 people or 0.12% of the total number of employees of organizations of St. Petersburg (without small businesses) in January 2020. At the same time, the number of vacant jobs at the end of the fourth quarter of 2019 in organizations in St. Petersburg (without small businesses) was 66.5 thousand.

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

	February 2020		January-February 2020 in % to January-February 2019
	'000 people	In % to January 2020	
Filled jobs total, including:	1527,2	100,6	103,7
Registered permanent employees	1454,2	100,3	103,7
External by-workers	33,6	101,4	101,4
Contracted labour	39,4	114,0	108,2

**TABLE 2. Employment at enterprises and organizations of St. Petersburg by the type of economic activity in February 2020 (without small enterprises)**

Industry	Total employment	
	'000 people	% of the total
Total, including:	1527,2	100,0
Manufacturing	214,5	14,1
Production and distribution of electric power, gas and water	44,7	2,9
Agriculture and forestry	5,3	0,3
Construction	52,8	3,5
Transportation and telecommunications	215,3	14,1
Finance	54,8	3,6
Real estate transactions, leasing and services	39,8	2,6
Wholesale and retail trade, repair of motor vehicles and home appliances	173,8	11,4
Hotels and restaurants	29,7	1,9
Public administration, security and social care	92,3	6,0
Education	220,2	14,4
Healthcare and social services	170,0	11,1
Culture, sports, entertainment	50,1	3,3
Science and technology	118,8	7,8
Administrative services	38,0	2,5
Other services	7,1	0,5

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By the end of March 2020, the need for employees declared by employers to the Employment Service amounted to 30816 vacancies (table 3), of which 55.1% were workers' positions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In January-March 2020, the largest number of vacancies was declared by organizations related to the following economic activities: transportation and storage-14.6%; manufacturing-14.5%; wholesale and retail trade, repair of motor vehicles and motorcycles-11.2%; health and social services – 8.2%; administrative and related services – 6.4%; hotels and catering – 6.0%; public administration and military security-5.8%; construction – 5.6%; education-5.5%; real estate operations-3.7%; professional, scientific and technical activities-3.0% (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In March 2020, as in the same period of 2019, among the employees who were among the top ten in short supply, the most popular were police officers, managers, doctors, engineers, and programmers. In 2020, the deficit of police officers and engineers increased, the deficit of doctors and programmers decreased, and the deficit of managers remained at the level of last year. There was a shortage of operational duty servicemen, foremen, inspectors, quality engineers and teachers.

In March 2020, compared to the same period of the previous year, car drivers, concrete workers and bricklayers are still in demand among specialists in the working professions. The shortage of concrete workers and masons has increased, and the shortage of car drivers has decreased. There was a shortage of anti-corrodors, drivers of automobile cranes, locomotives and electric locomotives, carpenters, tram drivers, electricians.

The pressure in the labor market (the number of unemployed citizens registered with the Employment Service, per vacancy) at the end of March 2020 was 0.79 people / vacancy (at the end of March 2019 – 0.60 people/vacancy).

In March 2020, 24.2 thousand people were registered in the Employment Service of St. Petersburg. This is the same as in March 2019 (table 4). In March 2020, 62.4% of those registered with the Employment Service were officially recognized as unemployed.

At the end of March 2020, the total number of people who applied to the state Employment Service of St. Petersburg was 29297 (at the end of January 2019 - 29199).

In January-March 2020, the Employment Service received 90902 applications from citizens for providing public services, including 17548 applications for vocational guidance and 37845 applications for informing about the situation on the labor market.

The number of registered unemployed citizens at the end of March 2020 was 15110, including: women – 54.4%; youth aged 16-29 – 10.8%; entrepreneurs-13.1%, citizens of pre-retirement age-22.0% (at the end of March 2019, the number of unemployed was 13598) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

**TABLE 3. St. Petersburg enterprises' demand for workforce, January 2019 – March 2020**

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 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
October	35,4	0,6	100	150
November	33,9	0,6	100	120
December	31,2	0,7	116,7	140
January 2020	30,3	0,7	100	116,7
February	31,1	0,8	114,3	133,3
March	30,8	0,8	100	133,3

In March 2020, 3.7 thousand people received the status of unemployed (by 1.0 thousand people or 35.2% more than in March 2019). The rate of job-placement of the unemployed in March 2020 was 0.1 thousand people or 9.4% more than in the same period of 2019, and amounted to 0.9 thousand people.

According to Rosstat, in December 2019 – February 2020, the unemployment rate (according to the methodology of the International labor organization) was 1.5% of the economically active population (EAN). St. Petersburg had one of the lowest unemployment rates among the Russian regions (3.7% in the North-Western Federal district, 1.6% in Moscow, and 4.6% in the Russian Federation).

The level of registered unemployment (the ratio of the number of registered unemployed to the number of the labor force on average for 2019) at the end of March 2020 was 0.49% (at the end of

March 2019, this indicator was 0.45%) (www.rspb.ru) (picture 1). This is the lowest indicator among the regions of the North-Western Federal district.

### 3. PERSONAL INCOMES AND EXPENDITURES

#### PRICES

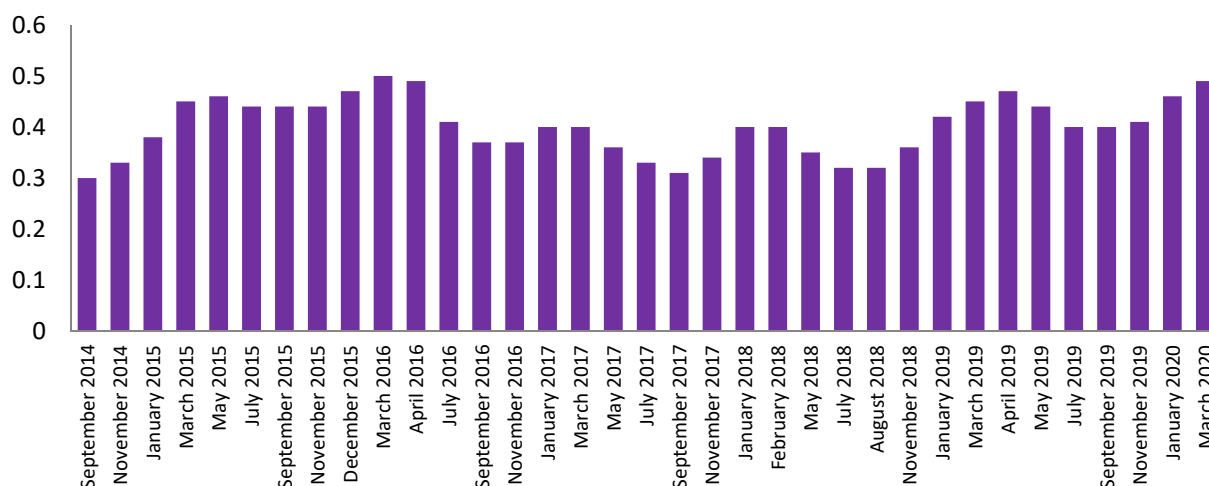
In January-March 2020, prices in the consumer sector of the economy of St. Petersburg increased by 1.7%. In the same period of 2019 - by 1.9%.

Consumer price growth in January-March 2020 in St. Petersburg was 0.4% higher than the national average. In March 2020, consumer prices increased by 0.8% (table 5).

**TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2019, January-March 2020**

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 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
September	22,1	11,9	99,6	124,4
October	21,4	12,3	103,1	118,4
November	21,7	12,5	102,2	115,1
December	21,3	13,9	110,8	115,1
January 2020	22,6	13,9	100,3	109,6
February	24,0	14,6	104,7	105,8
March	24,2	15,1	103,8	111,1

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



In January-March 2020 in St. Petersburg, tariffs for paid services to the population increased by 1.3%. For comparison, their growth in January-March 2019 was 1.2%.

The growth of prices for paid services in St. Petersburg in January-March 2020 was higher by 0.6% of the national average. Prices for paid services increased by 0.2% in March 2020.

In January-March 2020, prices for food and non-food products increased by 2.8% and 1.0%, respectively. The growth of prices for food products in St. Petersburg in January-March 2020 was higher than the average Russian level by 0.6%, and non-food products were higher than the average Russian level by 0.2%.

Prices for food products in March 2020 in St. Petersburg increased by 1.3%, and for non-food products-by 0.9%.

In March 2020, there was an increase in prices for fruit and vegetable products (+5.2%), cereals and legumes (+ 2.8%), meat and poultry (+ 1.6%), fish (+1.7%) oil and fat (+ 1.3%), cheeses (+ 0.9%), bread and bakery products (+0.5%), milk and dairy products, confectionery (+ 0.2%), sausage products (+ 0.3%), alcoholic beverages (+0.1%).

Among non-food products in March 2020, St. Petersburg recorded an increase in prices for perfumes and cosmetics (+ 4.7%), medicines (+ 4.1%), electric goods (+ 2.2%), detergents and cleaning products, paper and stationery (+ 0.8%), tableware (+ 0.7%), tobacco products (+ 0.5%), hosiery, haberdashery (+ 0.4%), footwear (+ 0.2%), clothing, construction materials (+ 0.1%).

During the period under review, fabrics' prices fell by 0.9%, and those of knitwear-by 0.1%.

In March 2020, payments for cold and hot water supply, sanitation, housing maintenance and repair, operating expenses, gas and electricity, and capital repairs remained unchanged.

In March 2020, hotel accommodation became more expensive by 6.8%, health and Wellness services by 2.5%, and professional training courses by 1.3%.

During the period under review, airplane flights fell by 3.2%, and apartment rental services fell by 0.6%.

In January - March 2020, gasoline prices increased by 0.3%, and diesel prices increased by 0.8%.

#### PERSONAL INCOMES AND EXPENDITURES

In February 2020, real wages in St. Petersburg increased by 4.3%, while in Russia they increased by 0.5% (table 6).

The average monthly nominal salary accrued in St. Petersburg in February 2020 was 65249 rubles. The average nominal salary of Russian citizens in February 2020 was 27.6% less than in St. Petersburg and amounted to 47,257 rubles.

As of April 1, 2020, salary arrears amounted to 87.5 million rubles. The amount of arrears increased by 65% compared to April 1, 2019. 6.7 million rubles of arrears were formed in 2018. Construction accounted for 51.9% of the total debt, while manufacturing accounted for 48.1%.

**TABLE 5. Consumer price index dynamics in 2019, January-March 2020, % 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 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
May	100,5	100,6	100,2	100,7	100,3	100,4	100,2	100,4
June	100,1	99,4	100,2	100,8	100,0	99,5	100,2	100,6
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
November	100,2	100,3	100,03	100,2	100,3	100,5	100,2	100,1
December	100,4	100,5	100,1	100,6	100,4	100,7	100,1	100,2
January 2020	100,7	101,0	100,2	101,1	100,4	100,7	100,2	100,2
February	100,2	100,5	99,9	100,0	100,3	100,6	100,0	100,4
March	100,8	101,3	100,9	100,2	100,6	101,0	100,5	100,1
March 2020 in % to December 2019	101,7	102,8	101,0	101,3	101,3	102,2	100,8	100,7



**TABLE 6. Real salary in St. Petersburg and the Russian Federation in 2019, January-February 2020, %**

	<i>St. Petersburg</i>		<i>Russian Federation</i>	
	<i>Real salary</i>		<i>Real salary</i>	
	<i>To the previous month</i>	<i>To the same month of the previous year</i>	<i>To the previous month</i>	<i>To the same month of the previous year</i>
January 2018	80,5	117,9	76,3	111,0
February	99,5	111,9	102,5	110,5
March	104,7	108,9	104,7	108,7
April	98,3	108,9	102,4	107,6
May	95,6	106,9	100,9	107,6
June	109,1	104,9	103,6	107,2
July	95,0	108,5	92,2	107,5
September	102,3	105,5	100,9	104,9
October	100,9	104,5	101,0	105,2
November	100,2	104,0	100,0	104,2
December	132,3	102,5	128,4	102,5
January 2019	72,5	93,1	74,8	101,1
February	102,8	97,2	101,1	100
March	109,5	101,3	107,2	102,3
April	98,4	100,8	103,2	103,1
May	95,3	100,4	101,6	99,4
June	107,5	99,2	102,9	102,9
July	96,6	100,3	103,0	93,9
September	101,8	100,2	103,1	101,3
October	103,3	102,6	103,8	102,0
November	99,4	100,5	102,7	99,1
December	136,2	104,3	106,9	134
January 2020	71,4	104,5	74,5	106,5
February	104,3	105,9	100,5	105,7

**TABLE 7. Salary arrears in St. Petersburg in 2019, January-April 2020 (on the 1<sup>st</sup> of each month), mln. rubles**

	January 2019	February	March	April	May	June	July	August	September	October	November	December	January 2020	February	March	April
Total arrears	129,1	136,8	90,9	53	75,4	85,9	94,3	115,8	139,6	118,3	175,3	290,9	145,3	144,2	113,2	87,5
Including arrears due to the lack of budget financing	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	3,8	0,0	0,0	0,0	0,0	0,0	0,0

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

In February 2020, the level of inter-industry wage differentiation increased in comparison with December 2019 (picture 2).

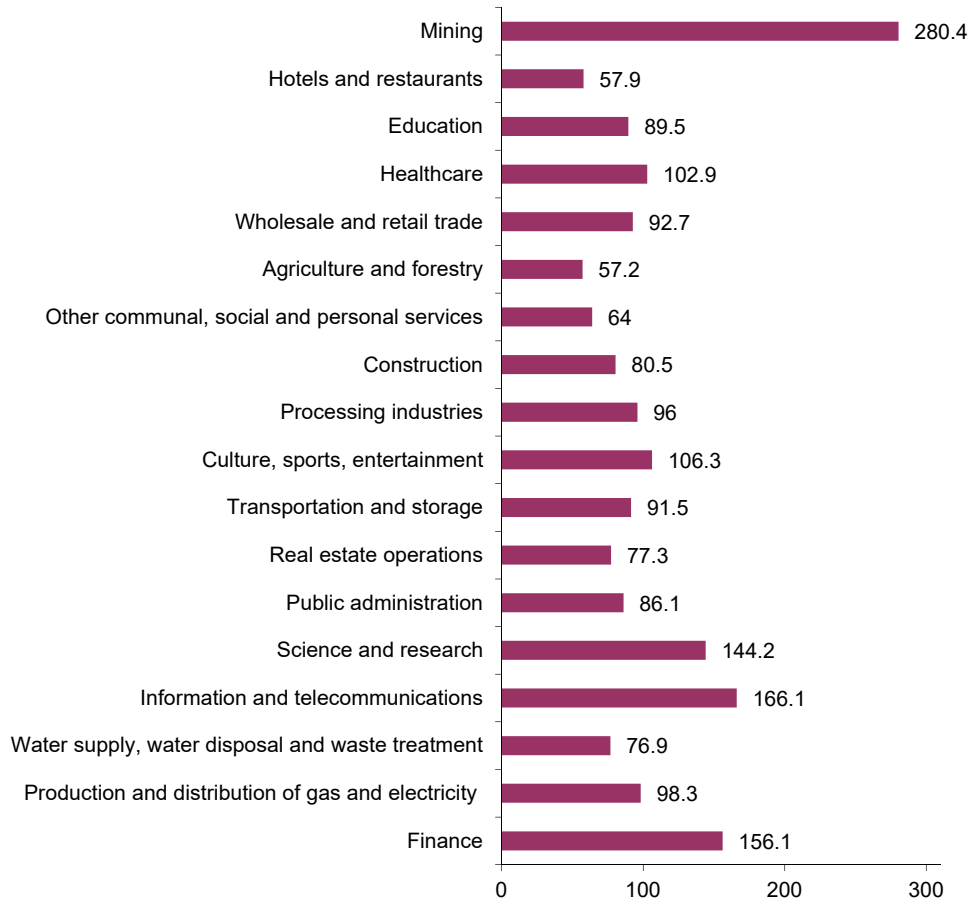
The highest wages in February 2020 were in mining (the wages of employees in this industry were 2.8 times higher than the average wage in St. Petersburg).

In February 2020, the average salary in St. Petersburg was significantly exceeded by the remuneration of employees engaged in information and communication activities (by 66.1%), financial activities (by 56.1%), scientific and technical activities (by 44.2%), culture, sports, leisure and entertainment (by 6.3%).

The lowest wages were paid to those employed in agriculture (57.2% of the average salary), hotels and restaurants (57.9% of the average

salary), and other public, social and personal services (64.0% of the average salary).

**PICTURE 2. Inter-industry differentiation of average salary in February 2020 in St. Petersburg, % of the average salary (the average salary = 100%)**



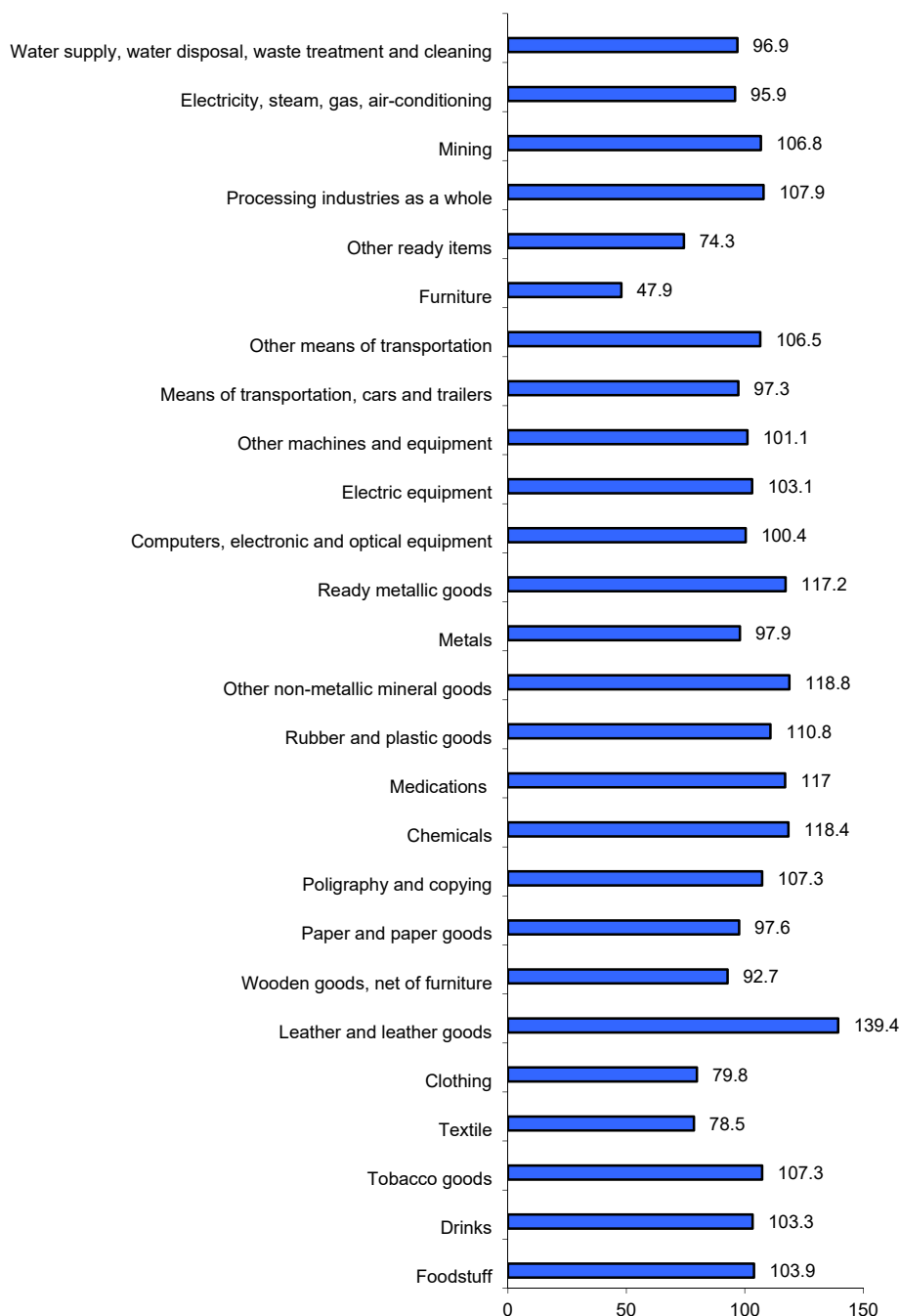
#### 4. INDUSTRY

The industrial production index in St. Petersburg in January-March 2020 compared to January-March 2019 was 102.5%.

On March 12, 2020, "Zealous" corvette of the project 20380 was launched at the Severnaya Verf shipyard (St. Petersburg). The ship is being built by order of the Russian Defense Ministry for the Black Sea Fleet. Corvettes are built using unique technologies that reduce their radar visibility. Composite materials and alloys were developed by one of the leaders in the creation of new materials —St. Petersburg Federal state unitary

enterprise "TsNII KM "Prometey", and the construction of the superstructure for corvettes is carried out at the Sredne-Nevisky shipyard. (topspb.tv 12.03.2020)

In St. Petersburg, the production of unmanned robot trams has started. The first such sample was put on the rails at the Oktyabrsky electric car repair plant. Unmanned robot trams may appear on the streets of the City in 5-7 years. The City's infrastructure is gradually preparing for the introduction of unmanned trams — "smart" traffic lights, traffic control systems, and a 5G network are appearing on the streets. (topspb.tv 03.03.2020).

**PICTURE 3. Industrial production dynamics in St. Petersburg by industry, January-March 2020 in % to January-March 2019**

## 5. FINANCE

In January–March 2020, the net financial result (profit minus loss) of organizations amounted to 347.3 billion rubles, which is 14.3% more than in the corresponding period of 2019.

In January-February 2020, the number of organizations with losses decreased by 54 units or 5.3% compared to the same period in 2019, and the amount of losses increased by 33.8%.

### CITY BUDGET

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

### STATE DEBT

Information on the structure of St. Petersburg's state debt as of May 1, 2020 is provided in tables 10 and 11.

**Table 9. Consolidated budget execution as of March 1, 2020 (mln rubles)**

	Revenues	Expenditures	Surplus + / Deficit -
January	35967	25537	10430
January-February	74035	72763	1272

Source: Petrostat

**Table 10. St. Petersburg's state debt structure on May 1, 2020**

	Mln rubles
State domestic debt of St. Petersburg, including:	55 000
Bonds	55 000
Budget credits	0,0
State external debt of St. Petersburg	0,0
Total	55 000

Source: City Committee of Finance

**Table 11. Debt service expenditures of the budget of St. Petersburg, as of May 1, 2020 (mln rubles)**

Item	Plan for 2020	Fact on 01.05.2020
Domestic debt service costs	3923,0	-1 480,6
Total	3923,0	-1 480,6

Source: City Committee of Finance

## 6. MUNICIPAL AFFAIRS

### BEAUTIFICATION, RESTORATION, CAPITAL REPAIRS

In 2020, the Administration of St. Petersburg will reduce budget expenditures for the targeted program of capital repairs of apartment buildings by 89% to 330 million rubles and for the program for beautification and environmental protection by 48% to 2.4 billion rubles. At the same time, the financing of improvements carried out within the framework of the national project "Housing and urban environment" will be preserved. (Based on the materials of TASS and the Finance Committee)

The North-Western Directorate for construction, reconstruction and restoration of the Ministry of culture of the Russian Federation canceled the next competition for the restoration of the building of Quartermaster warehouses, which is a monument of history and culture of regional significance. The tender was initially announced on March 31, 2020, and the initial contract price was 437 million rubles. (Based on the materials of "Delovoy Peterburg»)

The Committee on state control, use and protection of historical and cultural monuments does not plan to cancel previously announced competitions for the restoration of monuments and cultural heritage objects. As of April 2020, the Committee has announced 105 tenders and concluded 85 contracts with contractors for the amount of 1.57 billion rubles. (According to the material of Kommersant»)

Major repairs of the Green Bridge over the Moika River will continue in the current period. The lifting of restrictions on the movement of the transport along the Moika embankment and along the entire territory of Nevsky Prospekt was supposed to be connected with the May holidays, but the decision was reconsidered due to their cancellation. The total cost of the reconstruction of the Green Bridge is about 500 million rubles, and the work on the site performed by Vozrozhdenie is expected to be completed by the end of May 2020. (According to the material of Kommersant»)

### TRANSPORTATION, ENERGY, WATER SUPPLY

In January-March 2020, transport organizations in St. Petersburg transported 3,640 thousand tons of cargo and 135.8 million passengers. At the same time, cargo turnover amounted to

1,730 million ton-km, and passenger turnover – 804.9 million pass-km. The number of road accidents was 1,414, which exceeded the level of the same period in 2019 by 6.9%. It is expected that the consequences of quarantine due to the coronavirus infection will have a significant impact on the above indicators in April-June 2020. (According to Petrostat)

GUP "TEK SPb", GUP "Vodokanal", PAO "TGC-1" and AO "Petroelectrosbyt" report a significant reduction in the collection of payments for housing and utilities, including for heating, water and electricity, in April 2020. Thus, management companies paid to GUP "TEK SPb" 29% less than in April 2019. The collection rate of GUP Vodokanal decreased by 30%, of PAO TGC - by 23%, and of AO Petroelectrosbyt - by 25%. The total amount of payments to these enterprises was reduced by 966 million rubles. Earlier in March 2019, Russian government has banned fines and penalties for non-payment or incomplete payment of housing and utilities services until the end of 2020. (Based on materials from housing and utilities companies)

From March 13 to April 30, 2020, the Administration of St. Petersburg has introduced restrictions on the use of carsharing (short-term car rental). In addition, night transport that doubles metro lines has been suspended. These decisions were taken among other measures to counteract the spread of the coronavirus infection. (Based on the materials of Kommersant»)

State unitary enterprise Vodokanal has announced the suspension of public toilet services in St. Petersburg from April 15, 2020 in order to "minimize contacts during the spread of the coronavirus infection". The preliminary opening dates are currently unknown. (Based on materials from Delovoy Peterburg)

## MAJOR CITY PROJECTS

The transport reform of St. Petersburg, related to the restriction of the number of private carriers and the organization of additional public transport routes, was postponed due to the spread of the coronavirus infection and the inability to purchase a sufficient number of vehicles. The current agreements with carriers, which were planned to be changed in 2020, will be extended until 2022. (According to the materials of Kommersant»)

## 7. REAL ESTATE

### CONSTRUCTION

In April the St. Petersburg real estate developers have commissioned a 115 000 sq.meters of housing. Four new apartment buildings were built for 1,971 apartments with an area of 98,300 sq. m. In addition, the reconstruction of one object

for 134 apartments with an area of 11,000 sq. m. was completed, plus 20 cottages with a total area of 5,300 sq. m. were commissioned.

The editorial office of the newspaper "Real Estate and Construction of St. Petersburg" has organized a round table "online in the framework of the project "Discussion club". According to participants of the housing construction market, there are no serious problems with the production and supply of building materials in St. Petersburg and the Leningrad region. In the North-Western region, almost everything necessary for construction is produced and extracted. But the prices of materials and equipment will grow.

### CO-INVESTORS

According to the NSP journalist Kh. Kasimov, shareholders of the Normann group, having studied a dozen tenders for public procurement, and came to the conclusion that the Fund for the protection of the rights of shareholders ("Dom.RF") spends millions of rubles in vain and deliberately delays decisions on problematic objects. In 2019-2020 The Fund has drawn 26 closed tenders for a total of 3 billion 845 million rubles. Of these, 405 million rubles were spent on their own needs (equipping computers, providing legal services, conducting self-checks); 174 million rubles were spent on complex support of insolvency procedures for developers; 60 million – for legal services for complex support of activities. For 23.4 million rubles, the Fund ordered an audit of its financial statements; it spent 20.4 million rubles on medical insurance for employees, 11.9 million rubles on computer software, 2.4 million rubles on the organization of trips, and 5.9 million rubles on stationery and bags with a corporate logo. At the same time, the Fund employs only 104 employees.

The Fund does not follow the procedure and schedule for reviewing problematic objects. The representative of the shareholders M. Zorina believes that "the Fund shall publish for each problem object official data: date of receipt of the documents from KU, a confirmation that the documents are prepared correctly and taken in full; the date of the order of assessment and examination in the evaluation of the organization; estimated date of receipt of the assessment and examination (no later than 90 days from the moment of service); the date of the Supervisory Board (no later than 10 days from receipt of the assessment and examination). The Fund must monitor the time frame of the contracts, and if the contractor violates the terms stipulated in the contract (90 days), the Fund must fine and/or terminate the contract. If this process is not put under public control and the work of the Fund is not transparent for shareholders, budget money will flow away, a lot will be spent, and the problem of deceived shareholders will not be solved".

## REGULATION

On April 16, President Vladimir Putin held a video conference with Minister of construction and housing and communal services V. Yakushev on the development of the construction industry.

During the meeting, a number of important problems in the construction industry were announced, which must be resolved in the near future. In particular, Vladimir Putin proposed to launch a preferential mortgage program, under which it will be possible to take out a mortgage at the rate of 6.5% per annum for the purchase of new comfort-class housing worth up to 3 million rubles in the regions and up to 8 million rubles in Moscow and St. Petersburg.

In addition, the President instructed to prepare a set of measures, including subsidizing the Bank rate, which will increase the availability of Bank loans for companies in the construction industry. Such assistance will be provided to companies that remain employed. When receiving support with loans, developers must take on the obligation to complete the construction of houses planned for commissioning this year and next.

On the issue of problems of defrauded shareholders, it is proposed to capitalize the Fund for the protection of the rights of shareholders by 30 billion rubles and allocate these resources for the construction of unfinished houses. The President also instructed the Ministry of Finance to grant state guarantees to the DOM.RF Corporation in the amount of 50 billion rubles. With this money, the company will be able to attract funds from commercial banks and directly buy new comfort-class apartments from developers.

The Government adopted a resolution on anti-crisis measures to stabilize the financial condition of housing construction organizations. It provides for a temporary relaxation of the current legislation for developers. In particular, no penalties will be charged until January 1 for non-fulfillment of obligations under equity participation agreements, and losses incurred before January 1 as a result of the introduction of a high-alert or emergency situation will not be taken into account. The accrual of interest payable by the co-investor has been canceled.

## 8. INVESTMENT PROJECTS

**AO Sredne-Neveskiy shipbuilding plant, a part of the United shipbuilding Corporation, has signed a contract with PAO State Transport Leasing Company for the construction of two passenger vessels of the river-sea class of the A45-90 project for a total of 5 billion 270 million rubles for the needs of the Krasnoyarsk region.** The built vessels will operate on the socially significant route "Krasnoyarsk-Dudinka-Krasnoyarsk" on the Yenisei River. Under

the terms of the contract, the vessels will be delivered to the customer in 2023 and 2024.

The signing of the contract was preceded by the organizational work of the Government of St. Petersburg and, in particular, the St. Petersburg Committee for Arctic Affairs. In 2019, a business event was held in the framework of the International Arctic forum, during which it was noted that currently there is a high degree of wear and tear of the existing passenger fleet in the regions of the Arctic zone of the Russian Federation with an increase in demand for transportation by inland waterways. An innovative solution to this problem was the development of the SNS of the A45-90.2 heat stroke project.

**On April 15, 2020, an online meeting was held on the restoration of cultural heritage sites and the development of the historical territory in the zone of the Kronstadt Kabo-tazhnaya Harbor.**

Within the framework of the "Island of Forts" project, a city cluster of the same name is being created for tourism, recreation and education, dedicated to the Russian Navy. Currently, all the necessary procedures have been completed, and state contracts have been signed for the restoration of three forts located on the territory of the "Island of Forts" project. These are "Emperor Peter I", "Kronshlot" and "Emperor Alexander I".

The Russian government has allocated 4.5 billion rubles for the reconstruction of forts that are part of the UNESCO world heritage site. An important issue for discussion was the conduct of underwater archaeological research in the upcoming summer period. They are of great importance for the restoration of fortifications, as well as for the planned construction of more than a kilometer-long cable car from Kotlin Island to the Fort "Emperor Aleksander I" and the yacht marina in Kupecheskaya Harbour.

The issue of the forts turning into museums should be resolved together with the issues of creating a Historical Park and a Museum of Naval Glory in the framework of an expanded working group with the participation of representatives of the Navy, professional and expert communities of architects, restorers and historians, as well as the public of St. Petersburg.

**The Investment Committee of St. Petersburg took part in the creation of the Russian-German directory for investors.**

The Russian-German Chamber of Commerce (North-West branch) has published an investment guide "St. Petersburg: guide for investors".

The informational and analytical publication in Russian and German will be useful for both foreign and Russian investors interested in successful business in the region. The pages of the guide contain information about the main economic indicators of the City, the development of investment infrastructure, government measures to

support investors and ways to obtain it, as well as tax benefits and the provision of real estate in St. Petersburg. The guide "St. Petersburg: guide for investors" is available on the Investment portal of St. Petersburg.

**Sveza Group has launched at St. Petersburg plant the production of birch plywood, which is used for installing floors for trucks and trailers.**

The amount of investment in the project exceeded 250 million rubles. Of these, 130 million were invested in previous years, and 122 million are planned to be invested in the current year. The production was started at the existing capacities of the St. Petersburg plant. The new product has a special strength (up to 7,200 kg per loader axle) and a reduced weight. The volume of production of sets of floor coverings for use in tented semi-trailers is planned based on the strategic goals of Sveza to increase the share in the supplier portfolio of key manufacturers of trailer equipment in Europe.



## ***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/>