

GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

May - June 2020 № 165



1. CITY MANAGEMENT: *Staff changes in the City Government Committees*

2. EMPLOYMENT: *Labor market situation is complicated*

3. PERSONAL INCOMES AND EXPENDITURES: *Serious decline in real salaries in April*

4. INDUSTRY: *St. Petersburg Cable Plant to move to another site*

5. FINANCE: *Changes in the parameters of the City Budget*

6. CITY AFFAIRS: *Restoration of cultural heritage objects is resuming*

7. REAL ESTATE: *Construction companies work within the restrictions*

8. INVESTMENT PROJECTS: *Kirovsky Zavod intends to build an energy center with a capacity of 24.9 MW*

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In compiling this review, the report data of St. Petersburg Statistic Committee for 2007-2020 on the Socio-Economic Situation in St. Petersburg and the Leningrad Oblast was used.

1. CITY MANAGEMENT

APPOINTMENTS

New Chairman has been appointed to the Saint Petersburg Transport Committee

In accordance with the order of the Government of Saint Petersburg, of May 20, 2020, K. Polyakov was appointed to the post of Chairman of the transport Committee. Prior to this appointment, he served as the General Director of the Directorate for the development of the transport system of Saint Petersburg and Leningrad region.

The head of Saint Petersburg Tourism Development Committee has been replaced

On June 1, 2020, the Chairman of the Committee for Tourism Development, E. Pankevich, was relieved of his post by the Government of Saint Petersburg. On June 2, 2020, S. Korneev has been appointed as the Chairman of this Committee. Prior to his appointment, he served as Deputy Head of the Federal Agency for tourism.

Governor of Saint Petersburg delivered an address to the Legislative Assembly on the results of the City Government's activities in 2019.

The annual address of the Governor was presented at the Mariinsky Palace on May 13, 2020. The main theme of the address was the prevention of the spread of COVID-19 infection, and the complex epidemiological and socio-economic situation. A. Beglov noted that now "we have to solve issues that did not exist before". In addition to the topics related to the pandemic, the Governor said that the City looks much better than the national average in terms of the most important economic indicators. At the end of 2019 GRP increased by 1.5%, the industrial production index - by 4.1%, the average monthly salary reached 63.2 thousand rubles, exports amounted to a record 27.6 billion dollars. The revenue part of the budget amounted to 639.2 billion rubles, which is 10.3% more than in 2018. The number of high-performance jobs at the beginning of 2020 exceeded 1 million 314 thousand. The unemployment rate at the end of 2019 was at the lowest in the country – 1.4%.

The Environmental Council under the Governor of Saint Petersburg was created

The resolution of the city Government on the creation of the Environmental Council was signed by the Governor A. Beglov on May 28, 2020. The Council will undertake a comprehensive analysis of environmental protection issues and will participate in the development of proposals to address environmental issues. The Environmental

Council should include highly qualified specialists, heads of public environmental organizations and associations, as well as leaders of public opinion. Decisions of the Environmental Council can be used in the development of draft legal acts and the formation of instructions of the Governor of St. Petersburg.

The first meeting of the Public chamber of the second convocation was held

The meeting was held on May 29, 2020. The meeting was attended by Governor A. Beglov, who thanked the staff of the Public chamber of the first convocation and its Chairwoman N. Kukuruzova. The composition of the Public chamber of the second convocation was updated by one third. I. Sokolova, Deputy General Secretary of the Council of the IPA CIS and Plenipotentiary representative of the Federal Assembly of the Russian Federation, was elected as the Chairman of the Public chamber. Her deputies were the General Director of OOO "Konstruktiv", honored Builder of Russia A. Vakhmistrov and the rector of the Leningrad State University named after A. S. Pushkin S. Eremeyev.

A meeting of the Council for strategic development and project activities of Saint Petersburg was held

The meeting was held on June 17, 2020 via videoconference. The meeting was led by Governor A. Beglov. The meeting participants discussed the difficult economic situation caused by restrictive measures to prevent the spread of COVID-19 infection. In addition, measures aimed at reducing the severity of negative manifestations and normalizing the situation in the economy were considered. The complexity of the situation is evidenced by the fact that the city authorities were forced to reduce the estimate of revenues of the current year's budget by 101.2 billion rubles. At the same time, the budget deficit was increased to 111.1 billion rubles. Significant lease and tax preferences were granted, the small business lending assistance Fund and the industrial development Fund were recapitalized, and 37 businesses were additionally exempted from rent.

LEGISLATION

New version of the Law of Saint Petersburg "On the fundamentals of industrial policy" has been adopted

The new version was adopted based on the Law of Saint Petersburg No. 244-57 of April 30, 2020. In contrast to the old version, it reflects the established trends in the functioning of the industrial complex of St. Petersburg and contributes to

the creation of a basis for its further innovative development. The provisions of the Law define such measures of state support for industry as subsidies, budget investments, state guarantees, special investment contracts, and property support. Subjects of industrial activity were given the opportunity to participate in the formation of personnel policy.

Changes have been made to the main parameters of the budget of Saint Petersburg

Based on the law of Saint Petersburg of June 10, 2020 No. 295-64, amendments were made to the Law of Saint Petersburg "On the budget of Saint Petersburg for 2020 and for the planned period of 2021 and 2022". The total revenues of the budget for 2020 were reduced to 573.8 billion rubles. Revenues for 2021 and 2022 were adjusted in the amount of 746.1 billion and RUB 801.2 billion rubles, respectively. The budget expenditures are determined in the amount of 685 billion rubles for 2020, 790.6 billion rubles for 2021, and 829.4 billion rubles for 2022. The size of the budget deficit of Saint Petersburg is determined in the amount of 111.1 billion rubles in 2020, 44.4 billion rubles in 2021, 28.2 billion rubles in 2022.

MEETINGS, COOPERATION

A cooperation agreement was signed between Saint Petersburg and «Inter RAO UES»

The agreement on cooperation in the field of energy and industry for 2020-2025, dated June 19, 2020, is aimed at interaction in the sphere of priority use of combined generation of electric and thermal energy as the most effective method of generation. In addition, the provisions of the Agreement provide for the construction, reconstruction and technical re-equipment of heat supply facilities in the territory of Saint Petersburg. It is planned to develop a "Road map" for the implementation of the Agreement.

Saint Petersburg will receive additional funding for the fight against COVID-19

In accordance with an Additional agreement between Saint Petersburg and the Russian Ministry of healthcare dated June 19, 2020, Saint Petersburg will receive an additional 243.6 million rubles from the Federal budget. The funds will be used for incentive payments to medical workers in accordance with the decree of the Government of the Russian Federation No. 415 of 02.04.2020. Previously, these payments were set for the period from March 16 to June 30. In 2020, the city was allocated 405.1 million rubles from the Federal budget. 27870 medical workers received payments totaling 1495 million rubles, including 861.9 million rubles - from the budget of Saint Petersburg.

2. EMPLOYMENT

In April 2020, 1516.5 thousand people were employed at large and medium-sized enterprises (table 1). In particular, full-time employees accounted for 95.6% of those employed at these enterprises. Compared to the previous month, the number of full-time employees decreased by 1.1%, the number of employees hired under contracts fell by 16.5%, and the number of co-workers decreased by 2.7%.

In the first four months of 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 3.8% over the same period. The number of part-time employees increased by 1.4%, and the number of employees working under contracts increased by 2.8%.

In April 2020, the largest number of jobs replaced was in manufacturing, education, transport and communications, healthcare, wholesale and retail trade, and the smallest number was in agriculture and forestry, hotels and resorts, and other services (table 2). 48.2% of all employees in large and medium-sized enterprises of the city worked in the public sector of the economy.

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

	April 2020		January-April 2020 in % to January-April 2019
	'000 people	In % to March 2020	
Filled jobs total, including:	1516,5	98,9	103,7
Registered permanent employees	1449,7	99,3	103,8
External by-workers	32,7	97,3	101,4
Contracted labour	34,1	83,5	102,8

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

Industry	Total employment	
	'000 people	% of the total
Total, including:	1516,5	100,0
Manufacturing	213,0	14,1
Production and distribution of electric power, gas and water	44,9	2,9
Agriculture and forestry	5,3	0,4
Construction	53,3	3,5
Transportation and telecommunications	216,4	14,3
Finance	54,6	3,6
Real estate transactions, leasing and services	37,5	2,5
Wholesale and retail trade, repair of motor vehicles and home appliances	175,3	11,6
Hotels and restaurants	26,7	1,8
Public administration, security and social care	91,8	6,1
Education	218,5	14,4
Healthcare and social services	168,6	11,1
Culture, sports, entertainment	48,2	3,2
Science and technology	118,8	7,8
Administrative services	37,1	2,4
Other services	6,5	0,3

In January-March 2020, the number of economically active population (EAN) was 3096.7 thousand people, including 3049.0 thousand employed and 47.7 thousand unemployed. Non-members of the labor force accounted for 1,529.1 thousand people. During the reporting period, the employment rate was 66.6% (share of employed in total population aged 15 to 72 years), the level of economic activity of 67.6% (share of economically active population in the 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 the city's organizations (without small businesses) was 1,755 people or 0.12% of the total number of employees of organizations in St. Petersburg.

At the end of April 2020, the need for employees declared by employers to the employment Service amounted to 31,768 vacancies, 51.8% of them in working professions (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In May 2020, the demand of St. Petersburg enterprises for employees amounted to 32.9 thousand people (table 3).

In April 2020, the largest number of vacancies was declared by organizations related to the following economic activities: manufacturing - 14.5%; transportation and storage-14.3%; health and social services-11.0%; wholesale and retail trade, repair of motor vehicles and motorcycles-10.7%; hotels and catering - 7.1%; administrative

and related services-6.0%; public administration and military security - 5.5%; education – 5.3%; construction – 5.1 %, real estate operations-3.7%; professional, scientific and technical activities-2.9%. (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In April 2020, as in the same period of 2019, managers, engineers, programmers, doctors, and translators remain the most popular among employees who are among the top ten specialists in short supply. In 2020, the deficit of managers and engineers increased, the deficit of programmers, quality engineers and translators decreased, and the deficit of doctors remained at the level of last year. There was a shortage of operational duty specialists, police officers, electricians, and masters.

In April 2020, compared to the same period of the previous year, car drivers and concrete workers are still in demand among the specialists of the working professions. At the same time, the deficit of concrete workers increased, and the deficit of car drivers decreased. There was a shortage of anti-corrosion workers, drivers of automobile cranes and heat pumps, ship fitters, weavers, inspectors-car repairers, operators of machine tools with software control.

The tension in the labor market (the number of unemployed citizens registered with the employment Service, per vacancy) at the end of April 2020 was 2.20 people / vacancy (at the end of April 2019 – 0.59 people/vacancy).

TABLE 3. St. Petersburg enterprises' demand for workforce, January 2019 – May 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
April	31,8	2,2	280	370
May	32,9	2,8	127,3	560

In May 2020, 93.3 thousand people were registered with the employment Service of Saint Petersburg. This is a record for the last three years (table 4). In May 2020, 79.2% of those registered with the employment Service were officially recognized as unemployed.

At the end of April 2020, the total number of people who applied to the state employment service of Saint Petersburg (the employment Service) was 75,972 (at the end of April 2019-29,722).

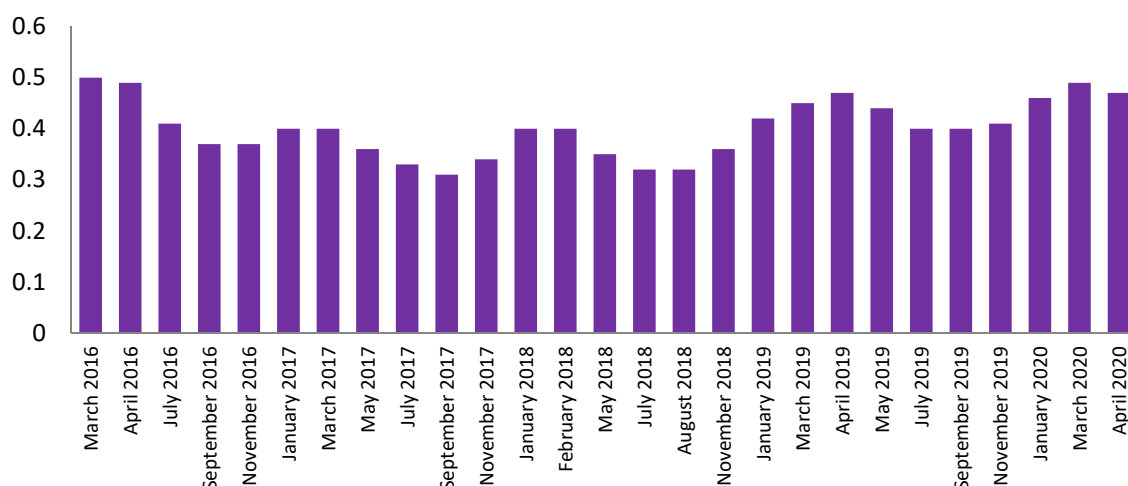
In January-April 2020, the employment Service received 145,140 applications from citizens for providing public services, including 18,867 applications for professional orientation and 40,953 applications for informing about the situation on the labor market.

The number of registered unemployed citizens at the end of April 2020 was 32,477, including: women – 57.3%; youth aged 16-29 – 17.6%; disabled people-6.2%, citizens of pre-retirement age-13.0% (at the end of April 2019, the number of unemployed was 14,194) (<http://ktzn.gov.spb.ru/analiticheskaya-informaciya/>).

In May 2020, 43.5 thousand people received the status of unemployed (by 41.5 thousand people or 22.1 times more than in May 2019). The size of employment of the unemployed in May 2020 was 0.2 thousand people or 26.7% less than in the same period of 2019, and amounted to 0.5 thousand people.

TABLE 4. Change in the number of officially registered unemployed people in St. Petersburg, 2019, January-May 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
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	20,5	11,9	97,0	124,3
October	22,1	11,9	99,6	124,4
November	21,4	12,3	103,1	118,4
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
April	70,0	32,5	210	230
May	93,3	73,9	230	550

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

According to Rosstat, for the first three months of 2020, the unemployment rate (according to the methodology of the International labor organization) it was 1.5% of the economically active population (EAN). Saint 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 April 2020 was 1.06% (at the end of April 2019, this indicator was 0.47%) (www.rspb.ru) (picture 1). This is the lowest figure among the regions of the North-Western Federal district.

3. PERSONAL INCOMES AND EXPENDITURES

PRICES

In January-May 2020, prices in the consumer sector of the economy of Saint Petersburg increased by 2.5%. In the same period of 2019, it was 2.7%.

Consumer price growth in January-May 2020 in St. Petersburg was 0.1% higher than the national average. In May 2020, consumer prices increased by 0.1% (table 5).

In January-May 2020 in Saint Petersburg, tariffs for paid services to the population increased by 1.7%. For comparison, their growth in January-May 2019 was 2.1%.

The growth of prices for paid services in Saint Petersburg in January-May 2020 was higher

by 0.4% of the national average. Prices for paid services increased by 0.3% in May 2020.

In January-May 2020, prices for food and non-food products increased by 4.7% and 1.3%, respectively. The growth of prices for food products in St. Petersburg in January-May 2020 was higher than the average Russian level by 0.6%, and for non-food products-lower than the average Russian level by 0.1%.

In May 2020, food prices fell by 0.2%, while non-food prices remained unchanged.

In May 2020, there was an increase in prices for cereals and legumes (by 5.3%), fish (by 0.5%) milk and dairy products, confectionery (by 0.2%), bread and bakery products (by 0.1%). Over the same period, cheeses (by 1.0%), meat and poultry (by 0.8%), fruit and vegetable products and sausages (by 0.4%), and alcoholic beverages (by 0.1%) fell in price. Oil and fat prices remained unchanged.

Among non-food products in May 2020, St. Petersburg recorded an increase in prices for detergents and cleaning products (by 0.8%), construction materials (by 0.7%), clothing (by 0.3%), tobacco products (by 0.2%), and shoes (by 0.1%). Fabrics fell (by 2.3%), perfumes and cosmetics (by 1.8%), paper and stationery (by 1.0%), medicines and electrical goods (by 0.8%), hosiery (by 0.7%), knitwear (by 0.3%), tableware (by 0.4%), haberdashery (by 0.2%).

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

In May 2020, travel on long-distance trains became more expensive by 13.4%, air travel-by 6.6%, and services of holiday homes and resorts – by 3.2%.

TABLE 5. Consumer price index dynamics in 2019, January-May 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
April	100,4	100,5	100,3	100,2	100,3	100,4	100,2	100,2
May	100,5	100,6	100,2	100,7	100,3	100,4	100,2	100,4
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	100,1	99,9	100,7	99,7	100,1	100,2	100,3	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
April	100,7	101,8	100,3	100,1	100,8	101,7	100,4	100,1
May	100,1	99,8	100,0	100,3	100,3	100,2	100,3	100,5
May 2020 in % to December 2019	102,5	104,7	101,3	101,7	102,4	104,2	101,4	101,3
May 2019 in % to December 2018	102,7	104,4	101,4	102,1	102,4	103,0	101,6	102,1

During the period under review, apartment rentals fell by 3.2%, and hotel stays fell by 1.4%.

In January - May 2020, gasoline prices increased by 0.3%, while diesel fuel prices decreased by 0.5%. In May 2020, gasoline prices fell by 0.07% and diesel prices by 0.1%.

PERSONAL INCOMES AND EXPENDITURES

In April 2020, real wages in Saint Petersburg fell by 14.3%, and in Russia - by 4.3% (table 6).

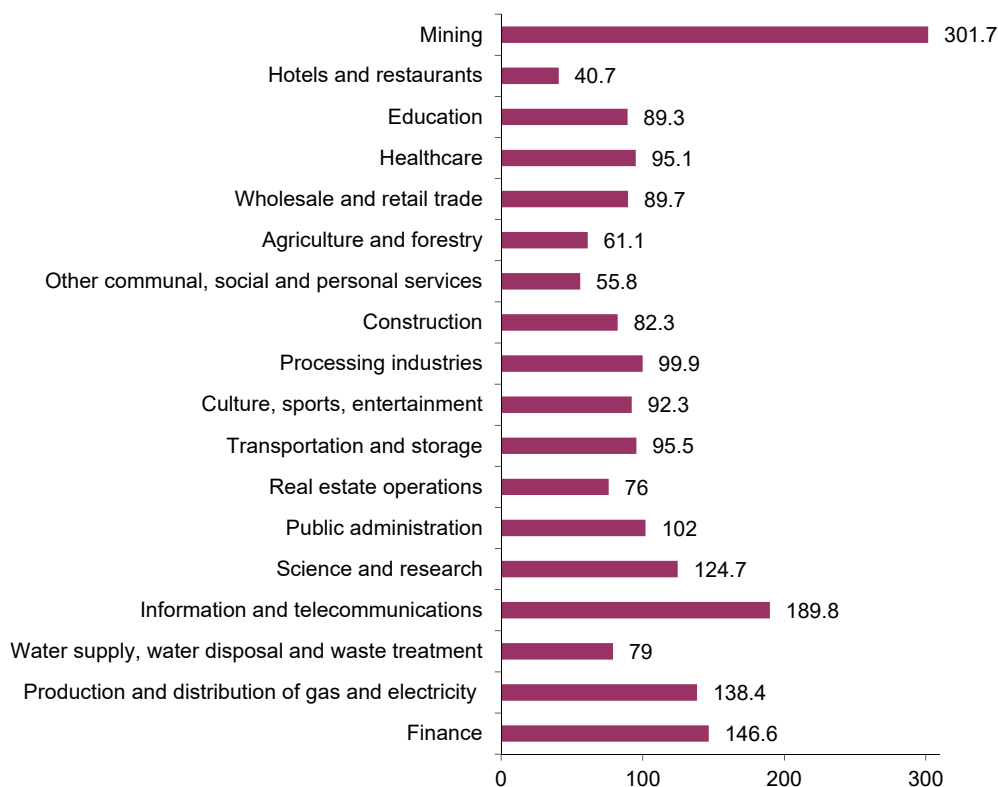
The average monthly nominal salary accrued in St. Petersburg in April 2020 was 62,298 rubles. The average nominal salary of Russian citizens in April 2020 was 20.9% less than in St. Petersburg and was equal to 49,306 rubles.

Salary arrears as of June 1, 2020 amounted to 79.3 million rubles. Construction accounted for 59.5% of the total debt, manufacturing - 34.4%, research and development - 4.7%, and education - 1.4%.

DIFFERENTIATION OF SALARIES IN ST. PETERSBURG

In April 2020, the level of inter-industry wage differentiation increased in comparison with February 2020 (figure 2). Thus, the gap between the highest salary (mining) and the lowest (hotels) it was 7.4 times in this month compared to 4.8 times in February 2020.

The highest wages in April 2020 were in mining (the wages of employees in this industry

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

4. INDUSTRY

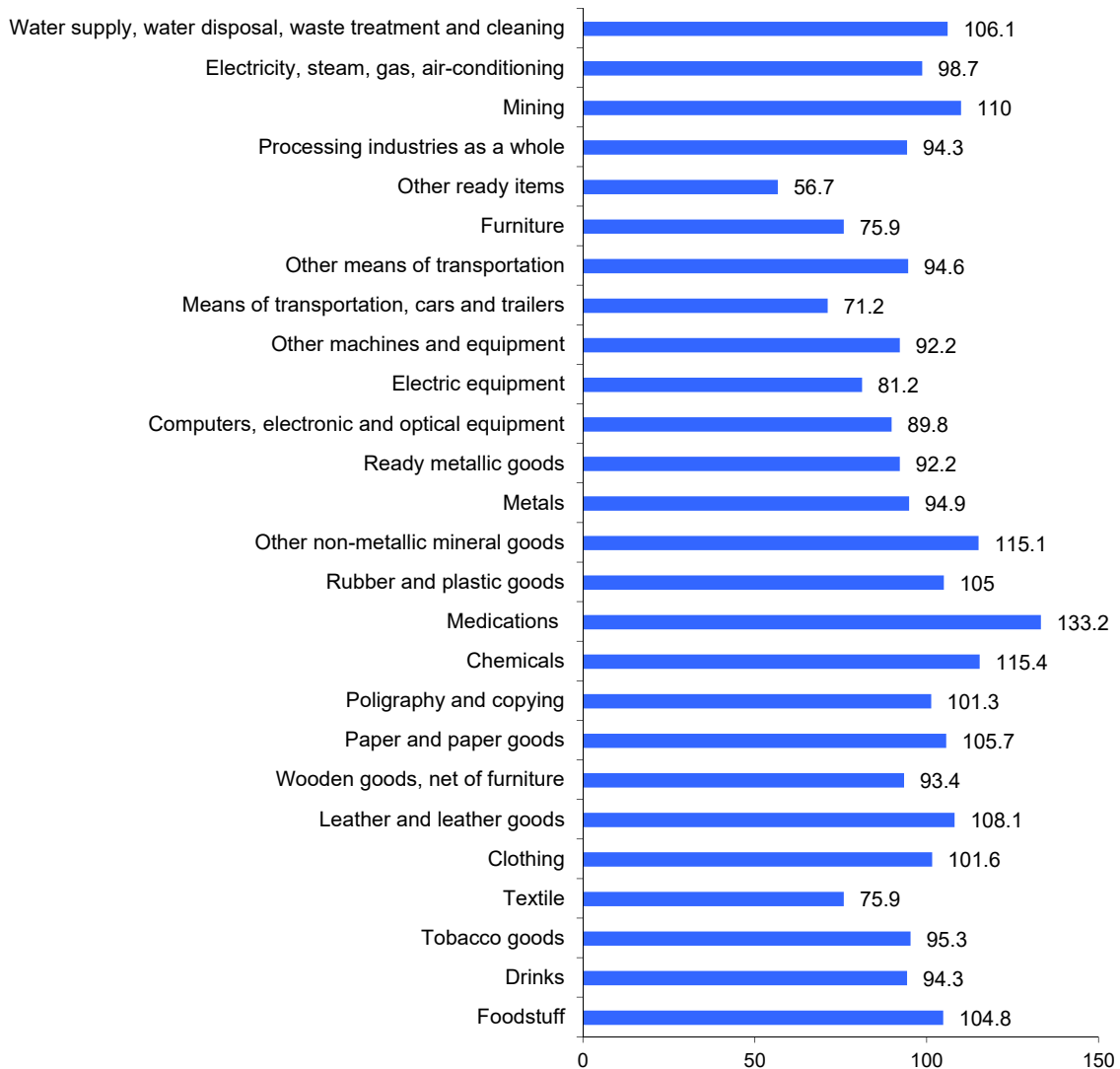
The industrial production index in Saint Petersburg in January-May 2020 compared to January-May 2019 was 96.1%.

On June 23, 2020, Admiralty shipyards (part of the United Shipbuilding Corporation, Saint Petersburg) has launched the first serial trawler of the ST-192 project, Mechanic Maslak, for the Russian Fishing Company (RRPC). 11 modern trawlers of the ST-192 project are being built for the company, 10 of them will be built at the Admiralty shipyards within the framework of the state program of investment quotas. Each of them will be designed for the annual catch of more than 60 thousand tons of fish and the production of about 15 thousand tons of fillets, minced meat and surimi (portnews.ru 23.06.2020).

Sredne-Nevskiy shipbuilding plant (Saint Petersburg) signed the largest civil contract in the company's recent history. Under the order of the State transport leasing company (STLC), the plant will build two passenger vessels of the A45-90 project.² at a total cost of 5.27 billion rubles. The company must deliver the first vessel to the customer by December 31, 2023, and the second one by December 31, 2024. (sudostroenie.info 17.04.2020).

A research and production cluster has been established in Saint Petersburg to develop and manufacture radio electronics and communications equipment for the Russian Arctic. The cluster agreement was signed by 15 companies. Among them are major manufacturers of radio-electronic systems, research institutes, and specialized universities. The cluster companies will create new jobs, invest in research projects aimed at developing the Arctic, and jointly implement investment projects (sdelanounas.ru 24.03.2020).

This summer, the St. Petersburg cable plant will begin transferring its production complex from Vasilievsky Island to the site of the industrial cluster of the Kirov plant. By the end of 2020, Sevkabel will fully vacate the site on Vasilievsky island, and by the second quarter of next year, all production lines will be launched at the new location. Sevkabel plant is one of the top 10 cable and wire manufacturers in the domestic market. In April of this year, the government of the Russian Federation added the Sevkabel plant to the Federal list of system-forming enterprises of the country. By the decision of the administration of St. Petersburg the plant was also included in a similar regional list (spbvedomosti.ru 18.06.2020).

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

5. FINANCE

In January–April 2020, the net financial result (profit minus loss) of organizations of the City amounted to 143.2 billion rubles, which is 35.8 % of the level of the corresponding period in 2019.

In January-April 2020, the number of unprofitable organizations increased by 123 units or 13.5% compared to the same period in 2019, and the amount of loss increased by 1.6 times.

CITY BUDGET

In June, changes were made to the main parameters of the budget of Saint Petersburg (Law of Saint Petersburg No. 295-64 of June 10, 2020).

The total revenue part of the budget for 2020 was reduced to 573.8 billion rubles.

Revenues for 2021 and 2022 were specified in the amount of 746.1 billion rubles and 801.2 billion rubles, respectively.

Budget expenditures are defined in the amount of 685 billion rubles for 2020, 790.6 billion rubles for 2021, and 829.4 billion rubles for 2022.

The size of the budget deficit in Saint Petersburg is set at 111.1 billion rubles in 2020, 44.4 billion rubles in 2021, and 28.2 billion rubles in 2022.

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

STATE DEBT

Information on the structure of the state debt as of June 1, 2020 is presented in tables 10 and 11.

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

	Revenues	Expenditures	Surplus + / Deficit -
<i>January-March</i>	159 294	128 697	30 597
<i>January-April</i>	215 359	185 061	30 299

Source: Petrostat

Table 10. St. Petersburg's state debt structure on June 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 June 1, 2020 (mln rubles)

Item	Plan for 2020	Fact on 01.06.2020
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

Since the beginning of June 2020, the restoration of several cultural heritage sites has been resumed in Saint Petersburg. In particular, the restoration of the facades of the central building of the Gatchina Palace and the Kitchen building continued. The total cost of the works is 294 million rubles, and their completion date is 2021. GATI also issued a warrant for the restoration of the facades of the Yusupov Palace on Moika. The deadline for completing the restoration is May 2021. Restoration work has also begun in the State Academic Chapel, the Tuzov house, and the Farm Park in Tsarskoye Selo. In 2020 about 2.1 billion rubles have been allocated for the implementation of measures in the field of preservation and use of cultural heritage objects in Saint Petersburg. (Based on the materials of «Kommersant»).

The State Hermitage Museum has announced a new competition to carry out restoration work and adapt the Exchange building for modern use. The contract with the previous contractor, OOO Meander, was terminated in February 2020. The new tender documentation includes restoration of facades, restoration of waterproofing and

roofing, and repair of engineering networks. The term of work is 240 days from the moment of its start, the initial cost of the contract is 287.5 million rubles. (Based on the materials of «Delovoy Peterburg»)

The repair of the Torgovy Bridge across the Kryukov canal in the Admiralteysky district of Saint Petersburg has been completed. The total cost of the works, which included the installation of a monolithic reinforced concrete slab, replacement of bridge support parts and restoration of granite elements of the crossing and fencing, amounted to 88.3 million rubles. The contractor, PO Vozrozhdenie, completed the work four months ahead of the original plan. (Based on the materials of «Kommersant»)

Since June 28, 2020, most of the parks in Saint Petersburg are open to visitors, including the 300th anniversary of Saint Petersburg Park and the Central Park of Culture and Recreation, as well as squares, playgrounds, summer cafes, and a zoo. Since the end of March, mass gatherings have been quarantined due to the COVID-19 pandemic. Rides and equipment rentals in the parks will remain closed, and the sale of alcohol will be prohibited. (Based on the materials of «Delovoy Peterburg»)

TRANSPORTATION, ENERGY, WATER SUPPLY

In January-May 2020, transport organizations in Saint Petersburg transported 7636 thousand tons of cargo and 157.5 million passengers (35% lower than in the same period of 2019). At the same time, cargo turnover amounted to 3090 million tons-km, and passenger turnover-935.6 million passengers – km (33% lower than in 2019). The number of road accidents was 1957, which exceeded the level of the same period in 2019 by 18.9%. It is expected that the consequences of quarantine due to COVID-19 infection will have a significant negative impact on the above indicators in 2020. (According to Petrostat)

Passenger traffic at Pulkovo airport in April 2020 decreased by 92% compared to the same period of the previous year and amounted to 111 thousand passengers (in April 2019 – 1.4 million passengers). The main reason for this drastic reduction in passenger traffic was the restrictive measures on domestic and foreign flights related to the COVID-19 pandemic, including a complete ban on flights abroad from the end of March 2020. The overall decrease in the number of passengers for the first four months of 2020 compared to the same period in 2019 was 29%. (Based on the materials of RBC and VVSS LLC»)

The Government of Saint Petersburg has set a limit for the growth of utility tariffs in 2020, which will be 3.5%, which is 0.3% lower than the figure set for the city at the Federal level. The heating fee from July 1 will be 1818.29 rubles per GCal, water supply-109.10 rubles per cubic meter, and electricity - from 3.61 to 4.82 rubles per kWh. (Based on the materials of «Kommersant»).

MAJOR CITY PROJECTS

The Administration of Saint Petersburg has signed an agreement on cooperation in the field of energy and industry with PAO Inter RAO. Agreements were reached on cooperation in the field of combined power and heat generation at the North-Western heating and electric station, as well as reconstruction and maintenance of heat supply facilities in the Primorsky district of the city, which will allow to free up part of the capacity of the GUP "TEK SPb". (Based on the materials of Kommersant»)



7. REAL ESTATE

CONSTRUCTION

According to the Construction Committee, the high-alert mode in the city did not affect the pace of construction. In June of this year, eight multi-apartment residential complexes received

permission from Gosstroyнадзор to put them into operation. Despite the fact that in June of the previous year there were more such permits (10 permits), the total area of houses built this year is almost twice the area of houses built in June 2019: 211.5 thousand square meters against 409.3 thousand square meters. At the same time, the input of residential space also increased in June 2020 and amounted to 235.7 thousand square meters (2019 - 94.5 thousand square meters).

In May, 30 houses with 2214 apartments were commissioned, including individual construction. Most housing was built in Primorskiy district (one house with 2121 apartments), Central district (one house with 65 apartments) and Vyborg districts. In total, 86189 square meters of housing were commissioned in May, and 114700 square meters of housing were commissioned in April.

These indicators were achieved due to the fact that construction work in the city did not stop during the epidemic of COVID-19 and the high-alert regime. As the Minister of construction V. Yakushev reported at the Government meeting on May 28, in April, 44 regions had restrictions on construction work, and in two - Moscow and Moscow region – construction was stopped completely for almost a month.

Yevgeny Baranovsky, Chairman of the Committee on construction, spoke about the state of the construction industry in St. Petersburg during the online discussion "Bankers and developers" organized by Novy Prospekt. This year, it is planned to put into operation 3.7 million square meters of housing: 3.4 million of them - according to the issued construction permits, plus the commissioning of almost all problem homes. According to Yevgeny Baranovsky, the main measures to support the construction industry are reducing mortgage rates to 6.5% per annum, as well as providing developers with preferential loans.

Currently, 146 developers work on the territory of the city. Construction is carried out in accordance with the requirements of Federal law No. 214-FZ, with 348 construction permits with a total area of 21.36 million square meters and a residential area of 13.4 million square meters

NON-RESIDENTIAL

In May 2020, 8 objects of general civil purpose were put into operation. These include a 1,100-seat school in Primorsky district, a complex of pharmaceutical production buildings in Petrodvorets district, and a warehouse building in Pushkinskiy district.

In addition, by the end of the year, two new buildings under construction for ambulance units will be commissioned-in the village of Metallostroy, an ambulance station for five teams and in the Krasnoselskiy district, a substation of the city's ambulance station for 9 cars.

CO-INVESTORS

According to the Ministry of construction of the Russian Federation, on May 28, at a meeting of the Federal government, the results of housing commissioning and implementation of measures to stimulate housing construction in 2019 were summed up. The report was delivered by the Minister V. Yakushev said that 82 million square meters of housing were built in the country. The main input was provided by 15 regions: Moscow region, Moscow, Krasnodar territory, Saint Petersburg, Leningrad region, Republic of Tatarstan, Rostov, Sverdlovsk regions, Republic of Bashkortostan, Voronezh, Samara, Novosibirsk regions, Krasnoyarsk territory, Tyumen and Chelyabinsk regions.

An important event last year was the transition of shared-equity construction to project financing and the use of escrow accounts. The Ministry of construction of Russia together with the Ministry of Finance of Russia, the Central Bank, and the DOM development Institute. The Russian Federation has implemented a set of measures for a smooth transition to a new funding model. So, the Federal government has defined criteria, provided that the project can be completed according to the old rules.

At present, the highest number of construction projects with use of escrow accounts is concentrated in Moscow (5.4 million sq m), Moscow region (3.1 million sq. m), Krasnodar Krai (2.7 million sq m), Saint Petersburg (2.6 million square meters), Sverdlovsk region (1.3 million sq m).

As the Minister noted, the main driver of housing construction was mortgages, including preferential ones for certain categories of citizens. In particular, in St. Petersburg, 2.87 thousand credits were issued for the entire duration of the state subsidy program for mortgage rates. This is the second indicator overall for the country (re-state.ru).

A preferential mortgage is a mortgage at 6% for families where the second and further child has appeared. Over the past year, more than 46,000 loans were issued under this program in Russia. Loans at 2% were provided for young families in the Far East and users of the "Far Eastern hectare".

In 2019, the unified information system for housing construction was also launched. As of May 29, 2020, 99.8 million square meters are under construction: according to the old rules, 58.6 million square meters are being completed. The system also gives an answer to which houses and in which regions of the Russian Federation, in which specific municipality, are problematic. In December 2019, the government allocated a subsidy of 35.5 billion rubles to restore the rights of defrauded shareholders.. Another 30 billion rubles. to solve the problems of defrauded shareholders is allocated within the framework of the implementation of the national action plan.

As for housing commissioning, the head of the Ministry noted that "as of May 1, only 18.6 million square meters were commissioned, which is 5% lower than in 2019. The reason for this was restrictions on construction work in half of the Russian regions and the shutdown of work in Moscow and the Moscow region.

TERRITORIAL DEVELOPMENT, REGULATION

Dmitry Volkov, Deputy Minister of construction and housing of Russia, told RIA Novosti how the Agency is working to reduce construction delays and bureaucratic regulation (<https://minstroyrf.gov.ru/press/>). In particular, the so-called "five steps" have been developed concerning working documentation, expert and project support, territorial planning, standard design, technical regulation and special regulation for emergencies.

Currently, seven federal authorities are developing documents with mandatory requirements for designers and builders, which are necessary both for the examination and for the implementation of state construction supervision. This creates numerous conflicts, duplications, and excessive requirements. Building regulations, reducing the number of mandatory requirements to a reasonable minimum, and "single-channel" technical regulation will significantly reduce the so-called "additional" documents, primarily special technical conditions (STU) and various design justifications, the practice of increasing which is currently outlined.

For example, the number of STU developed in 2017 exceeded 2.5 thousand. In 2019, they have already been developed by more than 4.5 thousand. Taking into account that each STU costs from 500 thousand to 3 million rubles or more and "takes" 1-2 months, this quasi-participant in construction negatively affects the process.

As part of these steps is regulated by the legislation of a single registry, which will con-huddle all the documents necessary for the expertise and state construction supervision. The necessary by-laws have also been developed and approved, and may also be adopted as soon as possible.

At the same time, the national project "Housing and urban environment" provides for the development of about 200 codes of laws and state Standards in the construction sector and the updating of about 400 such documents in the period from 2018 to 2022. In General, the Ministry of construction plans to update about 700 sets of rules and standards by 2024.

According to nsp.ru, at a meeting with members of the coordinating Council of Delovaya Rossiya, Deputy Prime Minister Marat Khusnullin announced that as early as next week, about a third of construction norms and rules may be transferred from mandatory to the category of recommendations.

According to the Deputy Prime Minister, since 2015, for various reasons, technical standards, codes of rules, state Standards have not been updated. In total, there are about 10,000 different construction standards. The nearest actions of the authorities are to make 30-35% of these standards non-mandatory.

8. INVESTMENT PROJECTS

Kirovsky Zavod intends to build a 24.9 MW power center at its production site in Saint Petersburg.

Experts call this another manifestation of the trend of abandoning expensive monopolists' services in favor of own ones.

According to the company, the implementation of the project will eliminate the need to pay for the services of PJSC Lenenergo and reduce the growth rate of electricity prices for subsidiaries. This will also increase the reliability of heat and power supply to the company's production site. The financial partner for the project is PJSC Bank Saint Petersburg. The implementation period is 2022. OOO Andromeda, a new legal entity within the Kirovsky Zavod group of companies, will act as the customer.

Attempts by various enterprises to separate themselves from the services of electric grid monopolies by organizing local electricity production have been made for a long time. In St. Petersburg, PAO Zvezda, Baltika brewing company, NPO Central boiler and turbine Institute, and several dozen other large companies have their own power plants.

Several movie theater chains have announced the opening of movie parking lots in St. Petersburg.

Until recently, the city had only two such points — on Nepokorenykh Avenue and Akademika Pavlova street; in the near future, the number of car theaters will increase to 4-5. Market participants note that the new format will be in demand, but will not bring much profit to owners.

The opening of the car theater was announced by the Mirage cinema network together with the company "Italy Group". The car theater will open on the site of the street art Museum on the highway of Revolution (Krasnogvardeysky district). As specified in the press service of "Mirage cinema", investment in the project amounted to 550 thousand rubles, the funds went to the technical equipment of the site for the film screening.

Atria Russia, a producer of meat semifinished products, invests in updating its assortment and expanding the geography of sales of its delicacies.

In 2020 Atria Russia invests up to 80 million rubles into the brand development and expansion of the pit Product range. In addition, the company intends to increase sales of Casademont's premi-

um cured delicacies (produced jointly with the Spanish company of the same name) in Novosibirsk, Kemerovo, Barnaul, Khabarovsk, Vladivostok, Blagoveshchensk and Petropavlovsk-Kamchatsky.

Before the update, there were 94 items in the "Pit Product" range. Last year, the company reduced 24 of them and launched 13 new products. By the end of 2020, there will be 40 new titles. The company launches two products: products with reduced salt and fat content, as well as delicatessen products. The development program will not require additional investment in the plant, since over the past couple of years Atria Russia has invested 200 million rubles in updating and expanding its production site in Sinyavino.

The Green retail network is entering the St. Petersburg market.

The Green investor is the Kazakhstani group of companies, which includes the distribution business and the Optima retailer.

Stores under the Green brand (about 2 thousand square meters) will open on Chkalovsky, Komendantsky and Leninsky avenues, as well as on Optikov street. By the end of the year, the company plans to expand to 10-15 facilities in St. Petersburg.

According to experts, the investment in the opening of one object can be at least 18 million rubles.

European low-cost airline Wizz Air is opening an operating base at the Pulkovo airport/

In September, Wizz Air will place one at the Pulkovo airport the Airbus A320. Simultaneously with the opening of the new base, it will launch 5 new flights from St. Petersburg. In particular, flights will be launched to Salzburg (Austria), Copenhagen (Denmark), Oslo (Norway), Stockholm (Sweden) and Malta. They will be performed under the regime of lifting restrictions on flights of foreign airlines on the seventh degree of freedom of airspace.

The concessionaire of SKA arena LLC presented the concept of a Park near the new sports and leisure complex, which will appear on the site of the destroyed CCM "Peterburgsky". By May 2023, the investor plans to build a park on the territory near the complex with a festival area, various sports grounds, bicycle and roller paths, tennis courts, a skating rink and a football field. The area of the Park zone will be 12 Hectares. According to the company's press service, the total cost of creating the Park will be at least 500 million rubles.



GENERAL OVERVIEW OF SOCIO-ECONOMIC SITUATION IN ST. PETERSBURG

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

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

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/>