

Northwest Russia: Facts and Events

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Power Industry Conference

The III International Conference “Modern Power – A Basis of Economic Development” will take place in St. Petersburg on 6-9 April 2004. The main issue to be discussed is the reform of the electric power system in Russia, both on federal and regional level. Special attention will be given to the restructuring of energy production and supply in Russian regions, including the Northwest region that is playing an increasingly important role in Russia's power industry cooperation with abroad.

Heads of the leading power industry enterprises, representatives for governmental bodies, regional authorities, and science centers, as well as financial and insurance companies both from the members of the Commonwealth of Independent States and other countries are invited to take part in the conference.

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New Plans for a Water Sewage System

Felix Karmazinov, General Director of *Vodokanal St. Petersburg*, a municipal water works company, has announced that the construction of the Southwest water treatment plants will be completed in July 2004. Mr. Karmazinov has also mentioned, that the tender for construction of deposits incineration factory is postponed until 2006. However, deposits from the Southwest treatment plant will be transported to another factory located in the northern part of St. Petersburg.

The Southwest treatment plant is being built on a 72 hectares plot, which encompasses territory with a population of 600 thousand people. The cost of the project is Euro 173 million, with 116 million obtained from bank loans, 50 million from EU grants and 6 million coming from *Vodokanal's* funds.

Source: *Delovaya Panorama*, 9-15 February 2004

IT Club Meeting

A regular meeting of the St. Petersburg IT Club was held in St. Petersburg on 3 February 2004. It was dedicated to *Electronic Russia* program, cooperation between IT-companies and governmental bodies, as well as state order on software development services.

Over 30 managers of St. Petersburg leading IT-companies took part in the meeting. A representative of the Leningrad oblast and the Head of the Federal science and technology center of the Ministry of Economic Development and Trade also participated in the discussion.

The meeting resulted in the IT-club's decision to work on the following issues: a series of educational seminars for civil servants demonstrating various ways for applying IT in their daily activities; a proposal for a common tender documentation to be used by IT-companies willing to participate in state tenders; proposals on amending the regional legislation to create favorable economic conditions for IT-companies.

Source: Stockholm Region Office in St. Petersburg, e-mail: stockholm.office@stockholm.spb.ru

IV International Congress for Construction Industry

The IV International Congress for Construction Industry (IBC) will be held within the frames of the construction forum "Interstroyexpo - 2004" in St. Petersburg on 20 – 21 April 2004. The III International Congress, held in April of 2003, saw over 700 participants representing 15 Russian regions and 14 foreign countries, who discussed questions of the investment climate and the state of construction industry in Russia and the Commonwealth of Independent States.

The Congress is aimed at knowledge exchange in the field of modernization and technical re-equipment of life support engineering systems, introduction of new technologies to Russian enterprises, as well as the support of the reform within the Russian sector of housing and communal services.

This year's Congress will encompass a plenary session, a number of conferences, and round table discussions on following themes:

- housing and communal services as a factor of the standard of living in Russia
- role of energy consumption in the reform of the housing and communal services sector
- reconstruction of dwelling houses with the use of modern materials and technologies
- general information on the implementation of the state program *The Reform and modernization of housing and communal services sector in Russia*.

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Road Building and Maintenance in St. Petersburg

Valentina Matvienko, the governor of St. Petersburg, held on 30 January 2004 a work meeting on road building and maintenance in the city. She declared that the construction of the ring road in St. Petersburg (a highway going around the city) would be completed by 2007. Apart from it, a new highway between St. Petersburg and Moscow will be built.

According to roads network development program, the construction of the second *St. Petersburg Ring*, the central ring highway, will be continued. The roads allowing heavy loads to be transported from the center of the city, as well as highways connecting the city streets with the first part of the ring road will be built.

21 million square km roads have been renovated in St. Petersburg since 2000.

Source: Newsletter of the City of St. Petersburg, 2 February 2004

Baltic Bulk Terminal

Valentina Matvienko, the governor of St. Petersburg, held a meeting on the development of the St. Petersburg Sea Port. One of the main issues on the meeting's agenda was the construction of the second turn of the Baltic Bulk Terminal. The investments in the construction will in 2004 comprise \$5-7 million. According to Georgy Pavlenin, the Chairman of the Board of Directors, Baltic Bulk

Terminal enterprise, by the end of 2004 the second warehouse and the second quay wall will be built, that will allow an increase in the capacity of the terminal up to 5 million ton.

Source: Delovoy Peterburg, 26 January 2004

Seminar on Changes in the Swedish Corporate Tax System

The recent KPMG seminar in St. Petersburg on changes in the Swedish tax system attracted interest from the Russian business community looking for a reputable and tax efficient way to structure their outbound European investment. Changes give new possibilities for the development of Russian-Swedish business relations and concern the following aspects: tax exemption for capital gains and dividends received; tax on dividends paid out of Sweden; thin capitalisation rules (no provisions designed to treat interest from related parties as being really a dividend and so not deductible for tax purposes).

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New Customs Code of the Russian Federation

The new Customs Code of the Russian Federation (hereinafter, the Code), Federal Law № 61-FZ came into effect as of 1 January 2004. It has replaced the former Customs Code that proved to be inefficient under the present-day foreign trade conditions.

The Code introduces a number of innovations and creates more preconditions for simplification of customs clearance procedures. Special simplified customs clearance procedures should be established for entities meeting certain requirements. Under these special procedures, goods may be used and/or disposed of by the interested parties (i.e. released) prior to the submission of a customs declaration. As previously, a customs declaration may be compiled and submitted by either a person authorised to dispose of the relevant goods or a professional customs broker acting as agent.

The customs authorities are entitled to verify the correctness of declared information, both when goods are under customs control and within one year after their release, by performing customs audits.

The Code also introduced an important guideline stating that nobody can be held responsible for violating customs procedures if such a violation results from legal ambiguity.

The new Code can be considered as a breakthrough in the development of Russian customs legislation. Customs authorities announced their commitment to strictly observe the rights of persons undertaking foreign trade activity and act in their interests in as much as public interests are not affected.

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New Passports for Travelling Abroad

The Russian Ministry of the Interior has started to develop new foreign passports containing biometric information. According to Alexander Chekalin, Deputy Interior Minister, it has become necessary due to measures undertaken by the countries of the "Great Eight" struggling against international terrorism and illegal migration.

It has so far been decided that the passport should include such biometric parameters as coded face features and fingerprints of the document's owner. The time schedule and order for introducing the new documents will be determined by the Government of the Russian Federation. Alexander Chekalin has also mentioned that in April 2004 the Ministry will start issuing passports corresponding to the international standards, i.e. information in these passports will be stored not only by traditional methods but also in encoded form.

Source: Piter-T, 22 January 2004, e-mail: pitert@mail.rcm.ru

Social and Economic Development of St. Petersburg for 15 Years Ahead

On 9 February 2004 the members of the St. Petersburg Legislative Assembly approved of the system of state planning for the city of St. Petersburg. The goal of the system is to make the city development to a purposeful and regulated process. According to Vladimir Blank, Chairman of the St. Petersburg Committee on Economic Development, Industrial Policy and Trade, the system consists of the Concept for the social and economic development of St. Petersburg (15 years), the Strategic Plan for St. Petersburg (10 years), The Program of social and economic development (5 years), the long-term financial plan (3 years), as well as the city budget and the Governor's annual message.

After the two first documents have appeared, the budget of St. Petersburg is supposed to provide the funding that would guarantee the observance of the living standards indicators. The rest of the budget will be allocated between target programs and various projects, according to the Strategic Plan and the Program of social and economic development.

Vladimir Blank stated that the city needs around 1500-1700 quality indicators for living standards. Approximately 1000 indicators have already been developed.

Source: Delovoy Peterburg, 10 February 2004

Industrial Production Rise in St. Petersburg

Industrial production in St. Petersburg during the last year rose by 5.7 %. Statistics shows, that the most impressive results are achieved within machinery construction and metal works, power industry and food production. Output volumes in these three fields have grown by 14, 6.5 and 3% respectively.

Source: Metro newspaper, 28 January 2004

More Newborn Babies in St. Petersburg

According to the data of the Committee on Public Health, in 2003 St. Petersburg saw 40 299 newborn babies, i.e. 3086 children more than in 2002. The gender proportion is 1000 newborn girls to 1074 boys. The 2003 birth rate per thousand population is 1.3 % higher than that of 2002. During the last 5 years, the birth rate in St. Petersburg has increased by 19%.

Source: Newsletter of the City of St. Petersburg, 26 January 2004

The archive of the newsletters can be found at <http://www.stockholmregion.org/tpl/topic.asp?ID=457>