

Northwest Russia: Facts and Events

Newsletter by the Stockholm Region Office in St. Petersburg

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St. Petersburg to Accept Its Three-Year Budget in November



St. Petersburg will be among the first Russian cities to accept its three-year budget in November – the three-year law will secure the city's financial obligations towards investors, strategic partners and the citizens.

The creation of such a budget is a result of mutual efforts of the legislative and executive powers to stabilize social and economic policy in St. Petersburg. A lot has already been done to improve the investment climate in the city. More specifically, a number of essential tax remissions have been introduced for strategic investors and the companies, investing over RUR 150 million into manufacture development. The companies that are engaged in highly technological production have also obtained income tax remissions.

As a result of the balanced economic growth, the city has become one of the most attractive regions of Russia for investment. The largest investment projects recently launched in St. Petersburg on a national scale include the Toyota concern factory, factories of the companies *Bosch & Siemens*, *Knauf*, *Nissan*, *General Motors*, *The Baltic Pearl* Shanghai project, and *The Sea Facade* project etc. The economic development of the region will get a powerful impulse with the help of the *Neudorf* free economic zone, which has already admitted *Philips* Corporation.

Today in St. Petersburg there is a coordinate frame of social and economic policy, which defines the key conditions and long-term objectives for the city development. These are the General Layout of St. Petersburg and The Program for Social and Economic development of the City – the city laws regulating the implementation of large-scale projects on the modification of the city transport infrastructure. The construction of a new passenger sea port is due to be completed by 2009, and the protective dam complex and the western high-speed diameter, which will become a new contemporary highway to Scandinavia – by 2010.

The implementation of such long-term projects is possible under the condition of positive growth dynamics of the city budget financial rates as well as thorough planning of the revenues and expenditures. That is why the June 2007 Act of budgetary process, which determines the rights and obligations of all its participants, was an important step to take before the 2008-2010 St. Petersburg budget Act could be passed by the parliamentarians.

“The 2008-2010 St. Petersburg budget Act is one of the fundamental documents, which, we hope, in combination with the other city acts will help to attract new strategic investors and partners to the city by guaranteeing forward-looking long-term business development”, claimed Vladimir Barkanov (see photo above), the chairman of the Budgetary Financial Committee of St. Petersburg Legislative Assembly.

The Main St. Petersburg 2008-2010 Budget Characteristics (RUR billion)

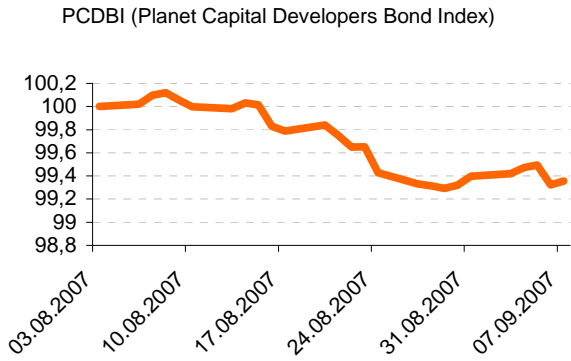
	2007 Budget	2008 Project	2009 Project	2010 Project
Revenues	234,4	293,8	333,3	378,4
Costs	266,3	323,7	359,9	400,8
Deficiency	- 31,9	-29,9	-26,6	-22,4



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Photo: St. Petersburg Legislative Assembly and www.interpress.ru

Northwest Russia's Companies Growing Investment Appeal



The Northwest Russia's companies are becoming even more influential in the Russian security and fixed income markets. The building and development branches have very strong positions. The bond issues of such companies as *M-Industry*, *SetlGroup*, *LSR*, *LenSpecSmu* and *Adamant* put together a significant part of the whole fixed income market volume. These bonds have nowadays relatively low prices, as shown in the diagram.

After the division of the natural monopoly *RAO* into private companies, the northwest energy branch got such strong players, as *LenEnerg*, *TGK-1* (*Territorial Generating Company*), and *OGK-1* (*Wholesale Generating Company*). Securities of *TGK-1* and *OGK-1* companies are quoted on the *RTS* stock exchange and seem to be very attractive to investors as the biggest energy producers and suppliers in the whole region.

In the near future the Investment Group *Planet Capital* forecasts rush development of different branches in the Northwest Russia, and considers the companies mentioned in the current review to be very attractive for investments, including foreign capital.

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Consumption of Dry Pack Mortar in St. Petersburg (thousands ton)

2005 year	275	
2006 year	316	
2007 year (prognosis)	364	
2008 year (prognosis)	418	

Source: Delovoy Peterburg newspaper, September 2007, www.dpgazeta.ru

Photo: www.interpress.ru

Inflation Rates for St. Petersburg, Moscow and Russia

	July 2007	January – June 2007
St. Petersburg	1,1%	8%
Moscow	0,9%	7,6%
Russia	0,9%	6,6%



Source: *Delovoy Peterburg* newspaper, July 2007, www.dpgazeta.ru

Photo: www.interpress.ru

Study Marketing Research at *Formex and Textile Exhibition*



On 30 August in the frames of the seminar “Exhibition management: technologies of business partners search and organization of information activities”, organized at the Bonch-Bruevich St. Petersburg State University of Telecommunications, a group of students visited *Formex and Textile Exhibition* in Stockholm.

The programme of the seminar included lectures and practical trainings in St. Petersburg and Stockholm. At *Formex* the students conducted an educational marketing study revealing the interest of Scandinavian design and art companies in cooperation with their Russian colleagues. The results of the study have shown that the prospect of cooperation attracts the participants of the Fair and they are waiting for the Russian exhibitors and visitors.

The seminar was organized within the frames of the project Baltic MICE-Tourism Training Centre in execution of the Agreement on cooperation and mutual exchange of relevant information between the Stockholm Region Office in St. Petersburg and the Bonch-Bruevich St. Petersburg State University of Telecommunications with the support from the *Northwest Science Park High-Tech*

Industry, the Northwest Business Development Centre *Nordica* and *Stas Lopatkin's Studio of Fine Wear*.

The seminar has already been successfully held at the Herzen State University, the Bonch-Bruevich St. Petersburg State University of Telecommunications and the *Northwest Science Park High-Tech Industry* (see Issue 61, week 42, 2006).

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Photo: www.stofair.se

Growing Demand for Educational Tours



The sales of educational tours grow by 10-15% a year. There is a demand for all kinds of educational programmes, short-term courses for English learners being the most popular ones (up to 75% of clients buy them). The overall market volume of short-term educational courses constitutes 50 thousand people a year. Educational tours abroad are mainly offered by educational agencies, offices of international schools, tour operators and travel agencies.

Source: *Tourinfo* newspaper, June 2007, www.tourinfo.ru

Photo: www.edit.muh.ru

The archive of the newsletters can be found at http://www.stockholmregion.org/websites/stockholm/sd_page/274/3/index.php?

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