

# Northwest Russia: Facts and Events

Newsletter by the Stockholm Region Office in St. Petersburg

Issue 32, 2005, week 18

## Construction of New Marine Passenger Terminal in St. Petersburg



Photo: [www.interpress.ru](http://www.interpress.ru)

Mikhail Fradkov, Chairman of the Government of the Russian Federation, has signed a decree on construction of the marine passenger terminal on Vasilievsky Island in St. Petersburg.

Valentina Matvienko, Governor of St. Petersburg, says that "this project will help St. Petersburg to achieve one of its strategic goals, i.e. development of the city as a tourist center. The terminal on Vasilievsky Island will be the first of its kind in Russia. Neither St. Petersburg nor other Russian regions have any modern marine passenger terminals at the moment".

For 2005, the Ministry of Economics provided over 600 mln RUR (approximately 21,6 mln USD) for dredging works. The rest of the project will be financed by investors.

Besides the marine passenger terminal construction, within the frames of the Vasilievsky Island development the area of the island will be significantly increased. The new territory will host business centers and dwelling zones (see Northwest Russia: Facts and Events: week 12, 2005).

Source: the City of St. Petersburg, [www.gov.spb.ru](http://www.gov.spb.ru)



## Bill On Local Self-government

The bill *On Local Self-government* was approved by the Executive Board of the City of St. Petersburg on 26 April 2005. The document was prepared according to the requirements of the federal law.

The bill stipulates basic rights and duties of local authorities depending on their specific features and the possibility of

vesting local authorities with certain powers currently executed by St. Petersburg as one of the subjects of the Russian Federation. Valentina Matvienko, Governor of St. Petersburg, says that the City of St. Petersburg will be constantly developing the system of local self-government. "We will delegate more and more powers to the local authorities. But it should be done step by step along with the build up of experience and staff training on the local level", says the Governor.

In the nearest future the bill *On Local Self-government* will be submitted for consideration of the Legislative Assembly of St. Petersburg.

Source: the City of St. Petersburg, [www.gov.spb.ru](http://www.gov.spb.ru)

## Powers Vested in District Authorities Will Be Enlarged

During the meeting of the Executive Board of the City of St. Petersburg changes in the City ordinance *On District Authorities in St. Petersburg* were adopted. The measures are targeted at the development of housing policy and ensurance of the city's interests in the management of dwellings run by Associations of homeowners. In particular, powers of district authorities to regulate the issues of housing and land privatization will be considerably enlarged.

Valentina Matvienko, the Governor of St. Petersburg, emphasized that the enlargement of the powers of district authorities also expands their responsibility for the implementation of the housing and communal services reform.

Source: the City of St. Petersburg, [www.gov.spb.ru](http://www.gov.spb.ru)

### General Information:

St. Petersburg is divided into 18 administrative districts governed by district authorities. Heads of district authorities that are a part of the City of St. Petersburg are appointed by the Governor.

## International Industrial Fair in Hanover



On 11-15 April 2005 Hanover, Germany, hosted the 58th International Industrial Fair. The official partner country at this year's fair was Russia.

Vladimir Putin, President of the Russian Federation, and Gerhard Schröder, Chancellor of the Federal Republic of Germany, participated in the official opening ceremony of the Fair. On 11 April the joint statement about strategic partnership between Germany and Russia within education, scientific research and innovations field was signed. Within the frames of the Fair the Russian-German Economic Forum "Partner Country Russia" took place.

At the Fair the industrial potential of St. Petersburg was presented by about 30 larger industrial enterprises occupying the joint stand with the area of 133 square meters. Three more companies had their own stands.

During the fair Mikhail Oseevsky, Vice-governor of St. Petersburg, and the representatives of Federal Ministry for Transport, Construction and Housing Services of Germany agreed to hold negotiations on the implementation in 2005-2006 of the new pilot project – reconstruction of dwelling houses. The project was proposed by Initiative Housing Industry Eastern Europe (Germany) and the non-profit organization St. Petersburg Association of Homeowners (see page 3).

Source: Sergey Izotov, press-center of the St. Petersburg Committee for Economic Development, Industry and Trade, e-mail: [info@cedipt.spb.ru](mailto:info@cedipt.spb.ru)

## Northwest Russia in Baden-Wuerttemberg: Attracting New Investors

The conference *Northwest Russia in Baden-Wuerttemberg* that took place in Stuttgart in April 2005 was timed to the visit of Vladimir Putin, President of Russia, to Hanover Industrial Fair.

The Russian delegation that consisted of regional officials and businessmen came to Baden-Wuerttemberg willing to find new investors into the home region. Among the members of the delegation were Ilya Klebanov, Plenipotentiary Representative of the President of Russia in the Northwest Federal District, Mikhail Oseevsky, Vice-governor of St. Petersburg, and Grigory Dvas, Vice-governor of the Leningrad region.

According to Mikhail Oseevsky, German motorcar industry is of special interest for St. Petersburg. In particular, negotiations with Daimler-Chrysler (its headquarters is situated in Stuttgart) on constructing a Mercedes plant in St. Petersburg are being carried out.

Ilya Klebanov especially emphasized that the Northwest Federal District needs the German experience that would help it to develop the SME sector.

At the moment there is a large number of Russian-German projects implemented in St. Petersburg and the Leningrad region. Among the largest investors are *Bosch-Siemens Hausgeräte, Knaut, Henkel-Era* etc.

Source: Delovoy Peterburg, 18 April 2005

## Investments in St. Petersburg Are Increasing

On 12 April 2005 Valentina Matvienko, Governor of St. Petersburg, participated in the Russian Economic Forum in London that took place simultaneously with the Industrial Fair in Hanover. Valentina Matvienko reported that the volume of foreign investments in the St. Petersburg economy in 2004 increased by 40%. The Governor of St. Petersburg also mentioned that the City has established clear and predictable rules for business. Among the priority sectors for St. Petersburg economy Valentina Matvienko named machine-and shipbuilding.



Photo: [www.interpress.ru](http://www.interpress.ru)

### New Holland

One of the major investments projects to be implemented in St. Petersburg is the reconstruction of the New Holland – the island in the center of St. Petersburg that in the end of 2004 was passed by the Ministry of Defence of the Russian Federation to the City of St. Petersburg (see Northwest Russia: Facts and Events, week 4, 2005).

According to Yury Molchanov, Vice-governor of St. Petersburg, in the beginning of May the Federal Agency on Housing Management of the Russian Federation passed over the power to hold the tender on reconstruction of New Holland to the St. Petersburg Committee on Housing Properties Management. In June 2005, the call for bids for the main contract will be announced. As estimated by the St. Petersburg Committee on Investments and Strategic Projects, at least 500 mln USD will be required for the implementation of the project. According to the optimistic forecasts, the winner of the tender will be able to start the implementation of the project in autumn 2005.

Source: Delovoy Peterburg, 13 and 21 April 2005

## News from St. Petersburg City Association of Homeowners

The non-profit organization City Association of Homeowners was one of the St. Petersburg organizations that participated in the Industrial Fair in Hanover on 11-15 April 2005. During the fair, at the St. Petersburg corporate stand a round table discussion *Education and Science in Russian and German Universities* was arranged. At the round table, the Hanover University of Lower Saxony and the City Association of Homeowners presented the joint research *Automatic System of St. Petersburg Housing Resources Management*. The research was carried out upon the request of the St. Petersburg Committee on Economic Development, Industrial Policy and Trade and was awarded diploma as The Best Public Procurement Supplier in 2003.

The Hanover Institute for Architectural Informatics and the St. Petersburg Association of Homeowners declared that they would continue their researches in 2005-2006.

During the fair, Mikhail Oseevsky, Vice-governor of St. Petersburg, and the representatives of Federal Ministry for Transport, Construction and Housing Services of Germany agreed to hold negotiations on the implementation in 2005-2006 of the new pilot project aiming at reconstruction of dwelling houses. New energy saving technologies will be transferred for the reconstruction of the pilot object. The project proposed by the Initiative Housing Industry Eastern Europe (Germany) and St. Petersburg Association of Homeowners will be financed from a long-term credit provided by the *KfW Bankengruppe (Kreditanstalt fuer Wiederaufbau)*. The volume of investments is about 1.5 mln Euro. As the pilot object a standard St. Petersburg panel dwelling house with the area of 10 thousand square meters will be used.

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## Housing and Communal Services: Facts and Figures



Photo: [www.interpress.ru](http://www.interpress.ru)

The housing stock in St. Petersburg comprises 55 mln square meters.

Market of housing and communal services (annual volume):

Heating services 10 bn RUR (appr. 360 mln USD)

Water supply services 8 bn RUR (appr. 290 mln USD)

Housing services 3.2 – 5.2 bn RUR (appr. 116-190 mln USD)

Gas supply services 0.8 bn RUR (appr. 29 mln USD)

### Privatization in St. Petersburg

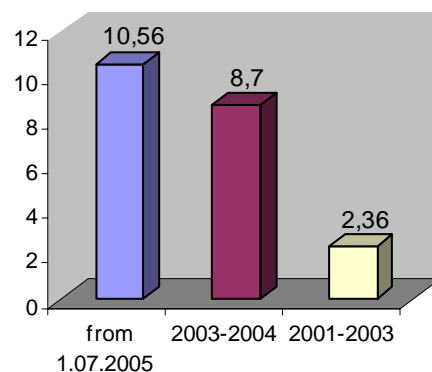
62% of dwelling properties in St. Petersburg is privatized. The free-of-charge privatization will be abolished on 1 January 2007.

3.6 mln square meters of dwelling properties were brought into operation in 2004 in the Northwest Federal District that. With the growth rate 7.3% the district was ranked second in Russia and showed the best results in the last 10 years. These are the district leaders:

1. St. Petersburg 438 square meters per 100 inhabitants
2. Leningrad region 278 square meters per 100 inhabitants
3. Kaliningrad region 257 square meters per 100 inhabitants

Source: *Metro* newspaper, April 28, 2005

## Housing and Communal Services Package Costs (rubles per 1 square meter)



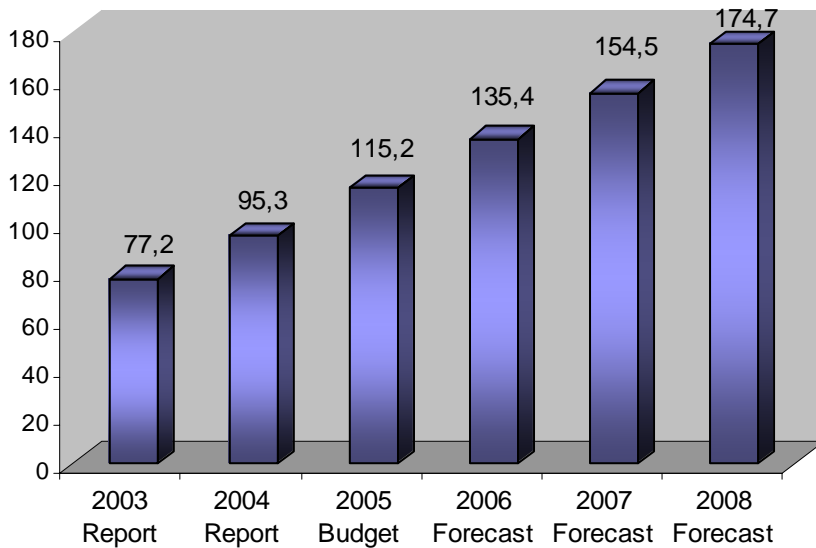
The services package includes:

- Maintenance and renovation of joint housing property
- Maintenance of the house's adjacent territory
- Cleaning of refuse chutes
- Cleaning of staircases
- Maintenance and renovation of lifts

Source: *Metro* newspaper, April 27 2005

## St. Petersburg Budget Will Double and Become Deficit-free

Revenues of St. Petersburg Consolidated Budget  
(billion RUR)



At the session of the City of St. Petersburg the budget for 2006-2008 was approved. Budget revenues and expenditures in 2003 constituted 77 237 and 78 330 million rubles correspondingly (approximately 2 780 and 2 817 million USD). According to the Long-term Financial Plan in 2008 the city budget will become balanced, i.e. budget revenues and expenditures will equalize and constitute 174 664 million rubles (approximately 6 280 million USD).

The budget is planned to be increased by means of St. Petersburg economic and investment growth, as well as tax diversification. As emphasized by Mikhail Oseevsky, Vice-Governor of St. Petersburg, 'tax revenues constitute 70-72% of the

city budget. The major part is provided by profit tax and individual income tax. Both are closely related to the level of economic growth. We forecast dynamic economic growth that will be reflected in the budget revenues' increase'.

Long-term Financial Plan develops and specifies the prospects outlined in the preceding Plan in particular, double increase in both revenues and expenditures, growth of the development part of the budget, continued emphasis on the social needs, deficit-free budget in 2008 etc. The expenditures will go up due to budget investments in the city infrastructure. During 2006-2008 they are planned to constitute 90.9 bn RUR (about 3.3 bn USD).

Source: the City of St. Petersburg, [www.gov.spb.ru](http://www.gov.spb.ru)

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

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