

Saint Petersburg and the Leningrad region - slide package for a foreign investor



Elias Kallio
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The information in this document is compiled from a variety of sources.

The Pan-European Institute assumes no responsibility for the completeness or accuracy of the information.

1. General information

a) Geographical location



Distances from Saint Petersburg to some European capitals:

	Helsinki	300 km
	Tallinn	320 km
	Riga	490 km
	Moscow	630 km
	Vilnius	660 km
	Minsk	690 km
	Stockholm	690 km
	Warsaw	1030 km
	Oslo	1090 km
	Berlin	1320 km
	London	2100 km
	Paris	2170 km

1. General information

b) Basic facts

	Saint Petersburg	Leningrad region
Area (% of Russia's total)	1 439 km ² (0.008 %)	84 500 km ² (0.5 %)
Population (% of Russia's total)	5 383 890 (3.7 %)	1 847 867 (1.3%)
Main cities (thousand people)	-	Gatchina (93.7), Vyborg (76.4), Sosnovy Bor (68.3)
Borders with	Leningrad region	Finland, Estonia, St. Petersburg, the Novgorod, Pskov, Vologda regions, Republic of Karelia
Main industries	Machine building, metallurgy, metal-processing, energy, food, chemical and petrochemical, light industry, construction	Engineering, chemicals, forestry, agriculture, wood working, pulp and paper, food, fuel, non-ferrous metallurgy and power
Natural resources	Sand and gravel deposits, peat, clay, pebble, sandstones, loam	Forest, bauxite, slate, limestone, phosphorite, clay, granite, gravel

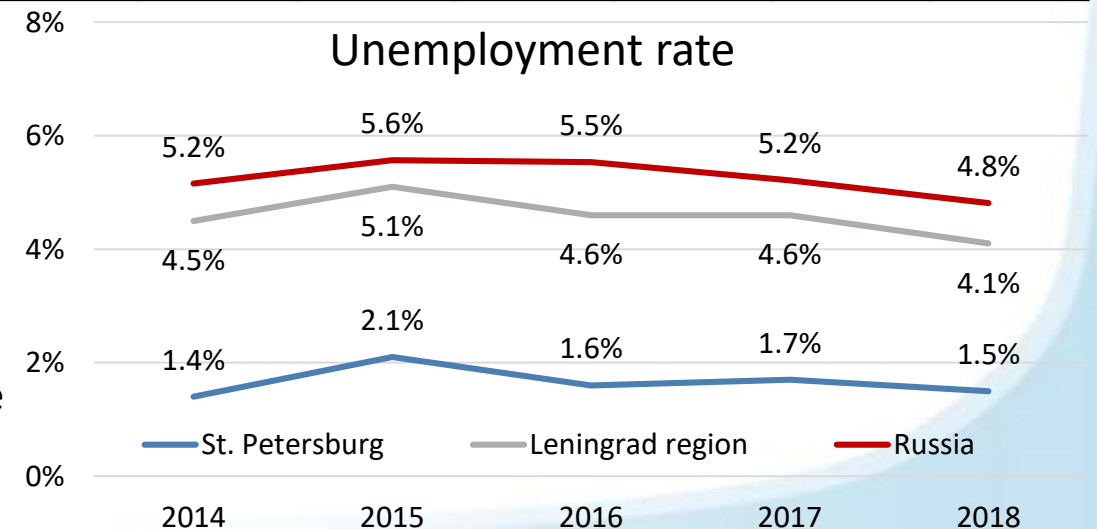
- St. Petersburg is second densest populated Federal subject after Moscow out of 85* Federal subjects

1. General information

c) Population and labor force (at the end of the year)

	2014		2015		2016		2017		2018	
	City	Region	City	Region	City	Region	City	Region	City	Region
Population (thousand)	5 192	1 776	5 226	1 779	5 282	1 792	5 352	1 814	5 384	1 848
Population change from previous year (%)	-	-	0.7	0.2	1.1	0.7	1.3	1.2	0.6	1.9
Development of labor force – economically active population (thousand)	2 846	913	2 905	917	2 971	922	2 991	943	3 010	930
Of which unemployed (thousand)	39	43	62	49	50	44	50	45	45	40
Level of unemployment (ILO definition, %)	1.4	4.5	2.1	5.1	1.6	4.6	1.7	4.6	1.5	4.1
Number of pensioners (thousand)	1 409	484	1 443	497	1 481	512	1 514	524	1 548	536

- Both, St. Petersburg and Leningrad region are doing quite good
St. Petersburg is even having a constant labor shortage
- Both regions are constantly developing and new districts are build in Leningrad region, because the city of St. Petersburg is running out of space
- Leningrad region is also the only Federal subject out of 85* subjects, which government is completely located on a territory of another one



*the international community does not recognize Crimea and City of Sevastopol as a part of Russia

2. Regional economy

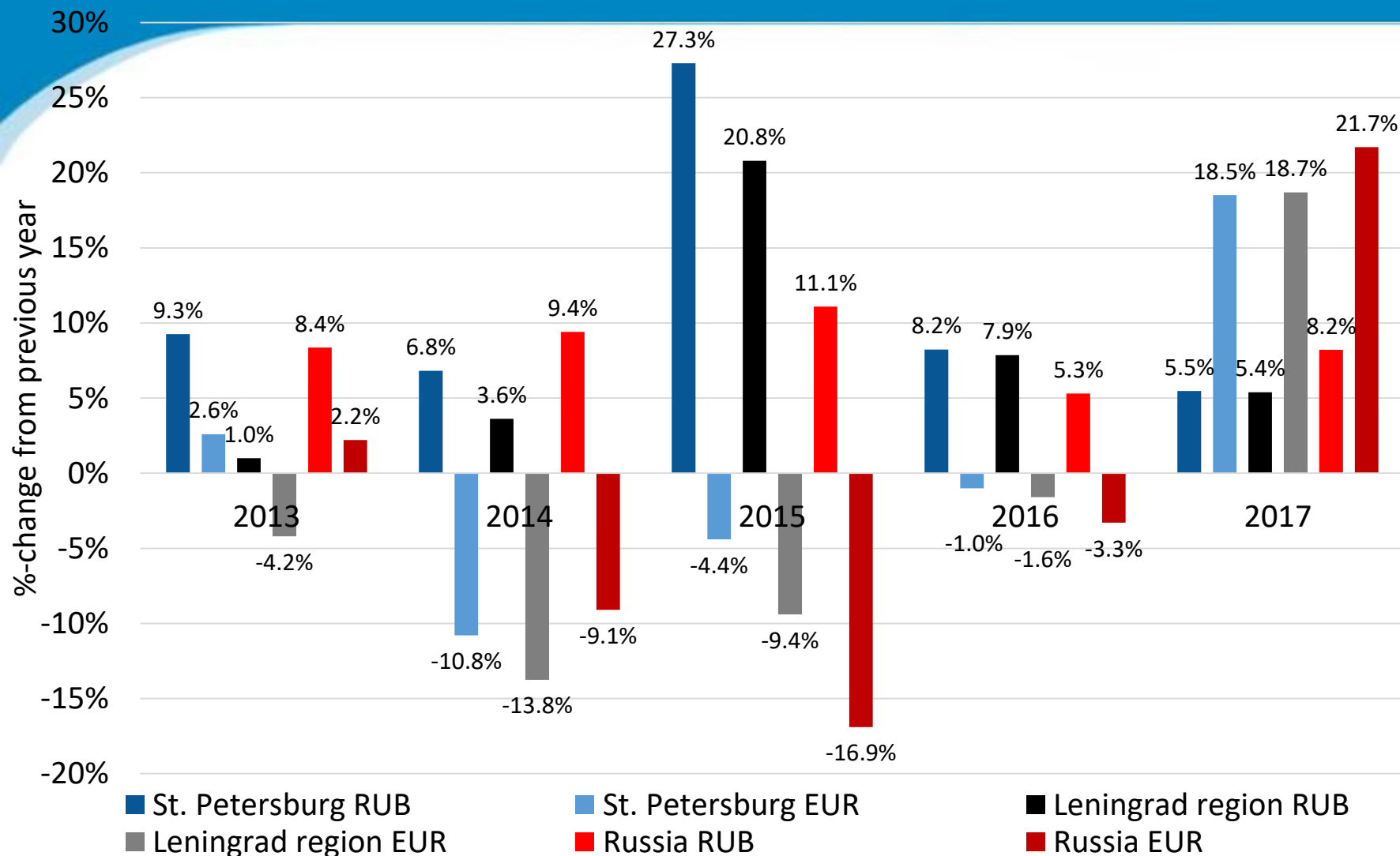
a) Saint Petersburg and Leningrad region in the economy of Russia in 2017

	Saint Petersburg		Leningrad region	
	Value	Share in Russia's total	Value	Share in Russia's total
GDP (billion €)	58.2	5.1 %	14.6	1.3 %
Economically active population (thousand)	2 991	3.9 %	943	1.2 %
Retail trade (billion €)	20.1	4.5 %	5.6	1.2 %
Investment in fixed capital (billion €)	10.2	4.2 %	5.1	2.1 %
FDI (billion \$)	5.9	3.9 %	5.3	3.5 %
Exports (billion \$)	21.8	6.2 %	6.0	1.6 %
Imports (billion \$)	22.9	9.6 %	3.4	1.7 %
Enterprises (thousand)	329.9	8.7 %	25.2	0.7 %

- In St. Petersburg all indicators are larger than in Russia on average per capita; in Leningrad region everything except number of companies, economically active population and retail trade are larger than in Russia on average per capita
- Import to St. Petersburg is almost three times larger than Russian average per capita

2. Regional economy

b) GDP of Saint Petersburg and Leningrad region



GDP of Saint Petersburg, Leningrad region and Russia, bn €

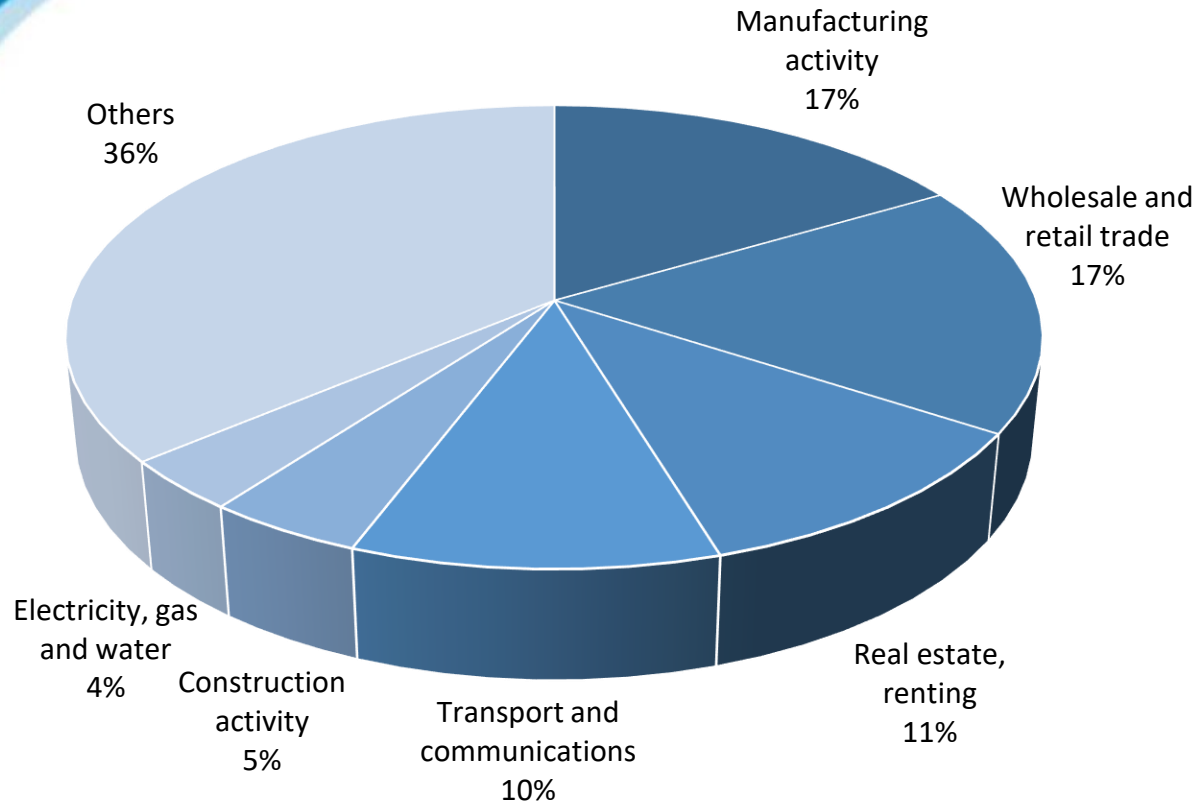
Year	Saint Petersburg	Leningrad region	Russia
2013	58.2	16.0	1 277.8
2014	51.9	13.8	1 161.7
2015	49.6	12.5	965.9
2016	49.1	12.3	933.9
2017	58.2	14.6	1 136.3

- Because of Ruble's devaluation the GDP development in RUB and EUR differs radically
- The one in EUR describes the development of real GDP and purchasing power more adequately

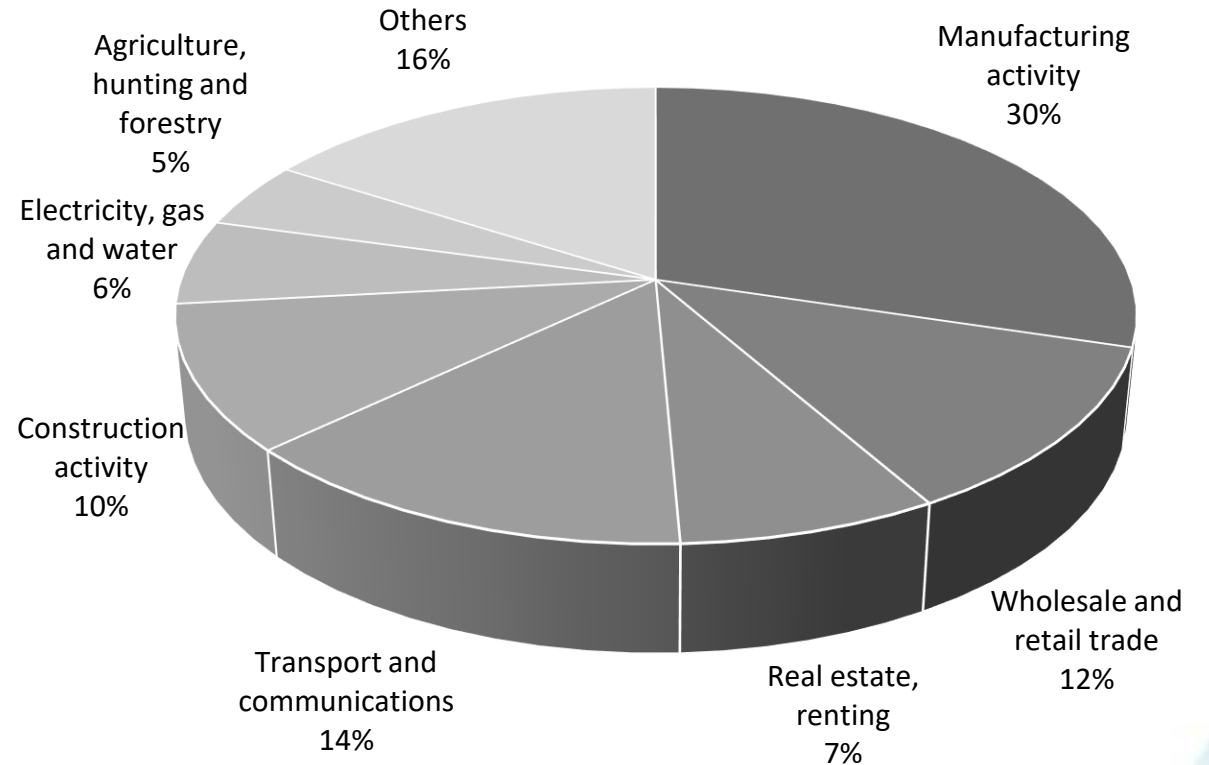
2. Regional economy

c) Structure of GDP in 2017

Saint Petersburg



Leningrad region



- Because of small amount of natural resources in both regions, manufacturing and high value added economic activity is more advanced than in many other Russian regions

2. Regional economy

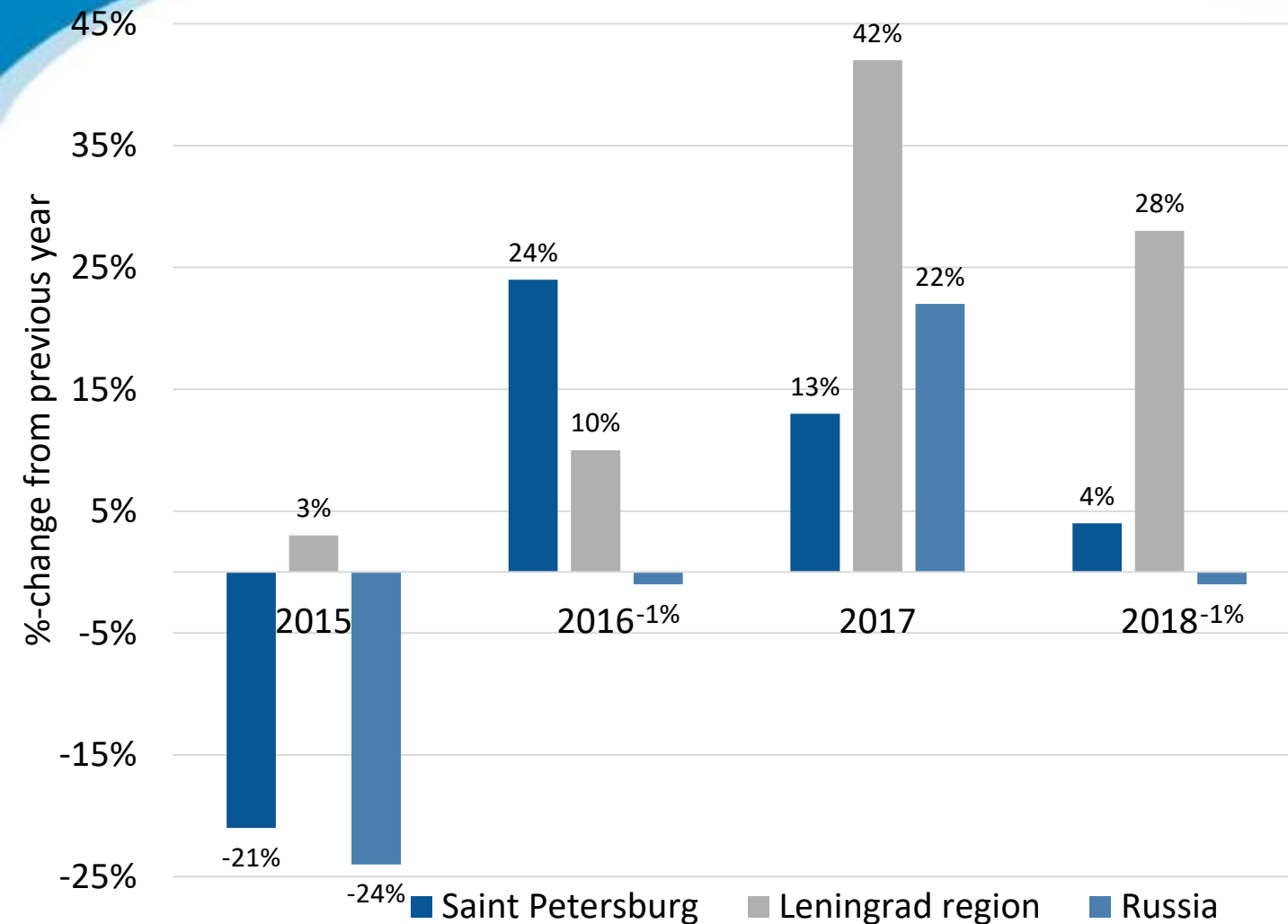
d) Investment potential ranking (out of 85* Russian regions)

	2017		2018	
	SPb	LR	SPb	LR
Ranking of investment potential	3	23	3	24
Labor potential	3	27	3	26
Consumption potential	3	26	3	25
Production potential	2	20	2	22
Financial potential	3	23	3	22
Institutional potential	2	24	2	33
Innovation potential	3	37	3	28
Infrastructure potential	6	10	6	10
Natural resource potential	85	48	85	48
Tourism potential	4	26	3	25
Ranking of investment risk	9	2	10	4

- After Moscow, St. Petersburg is the leading economic center of Russia
- Areas of Leningrad region that are located close to St. Petersburg also benefit from this

2. Regional economy

e) Development of investment in fixed capital



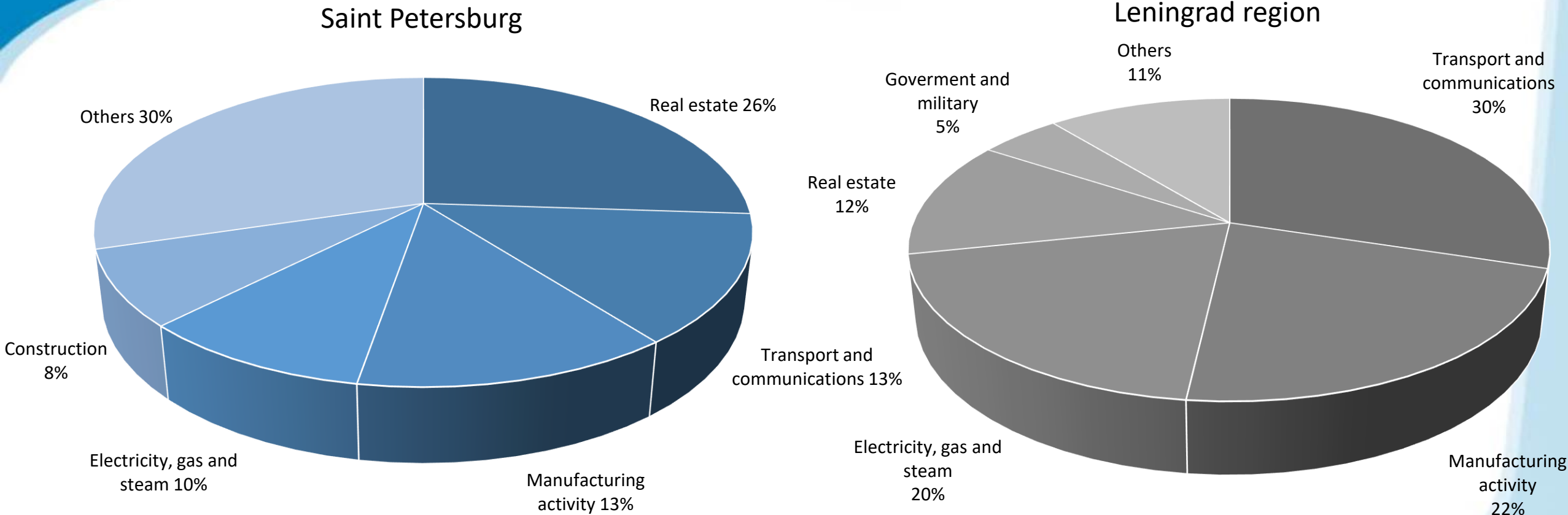
Investment in fixed capital of Saint Petersburg, Leningrad region and Russia, billion €

Year	Saint Petersburg	Leningrad region	Russia
2014	6.8	2.9	203.7
2015	5.4	3.0	154.2
2016	6.7	3.3	152.2
2017	7.6	4.7	186.0
2018	7.9	6.0	183.9

- Both, St. Petersburg and Leningrad region, are constantly above the Russian average

2. Regional economy

f) Investments into fixed capital by sectors in 2017



2. Regional economy

g) Transport infrastructure

	Saint Petersburg	Leningrad region
	The territory of St. Petersburg and Leningrad region is the European gateway of Russia as well as a major destination and transportation hub for all the transportation modes	
Sea and river transport	<ul style="list-style-type: none"> St. Petersburg is Russia's largest sea and river port in the Baltic Sea The port complex includes: The Grand Seaport of St. Petersburg (freight turnover amounted 59.3 million tons in 2018), The Lumber port, river ports on Vasilievsky Island and in the Nevsky Freight District, port facilities in Lomonosov and Kronshtadt Passenger terminal on Vasilievsky Island (regular voyages to Estonia, Finland, Latvia, and Sweden) The Baltic Sea is connected with the Black Sea through canals 	<ul style="list-style-type: none"> River ports: Leningradsky, Podporozhsky and Sviritsky The length of navigable waterways over 2 000 km The total length of all rivers 50 000 km Main rivers: Neva, Svir, Volkhov and Vuoksa Sea ports: Ust-Luga (98.7 million tons in 2018), Primorsk (53.5 million tons in 2018), Vyborg (1.9 million tons in 2018), Vysotsk (18.8 million tons in 2018)
Airports	<ul style="list-style-type: none"> Airport complex Pulkovo located 16 km south of Saint Petersburg and consists of 3 buildings, the newest one was built in 2013 Direct air links with most major countries and airlines Over 18 million passengers in 2018, the Pulkovo Airport is the 38th busiest airport in Europe 	

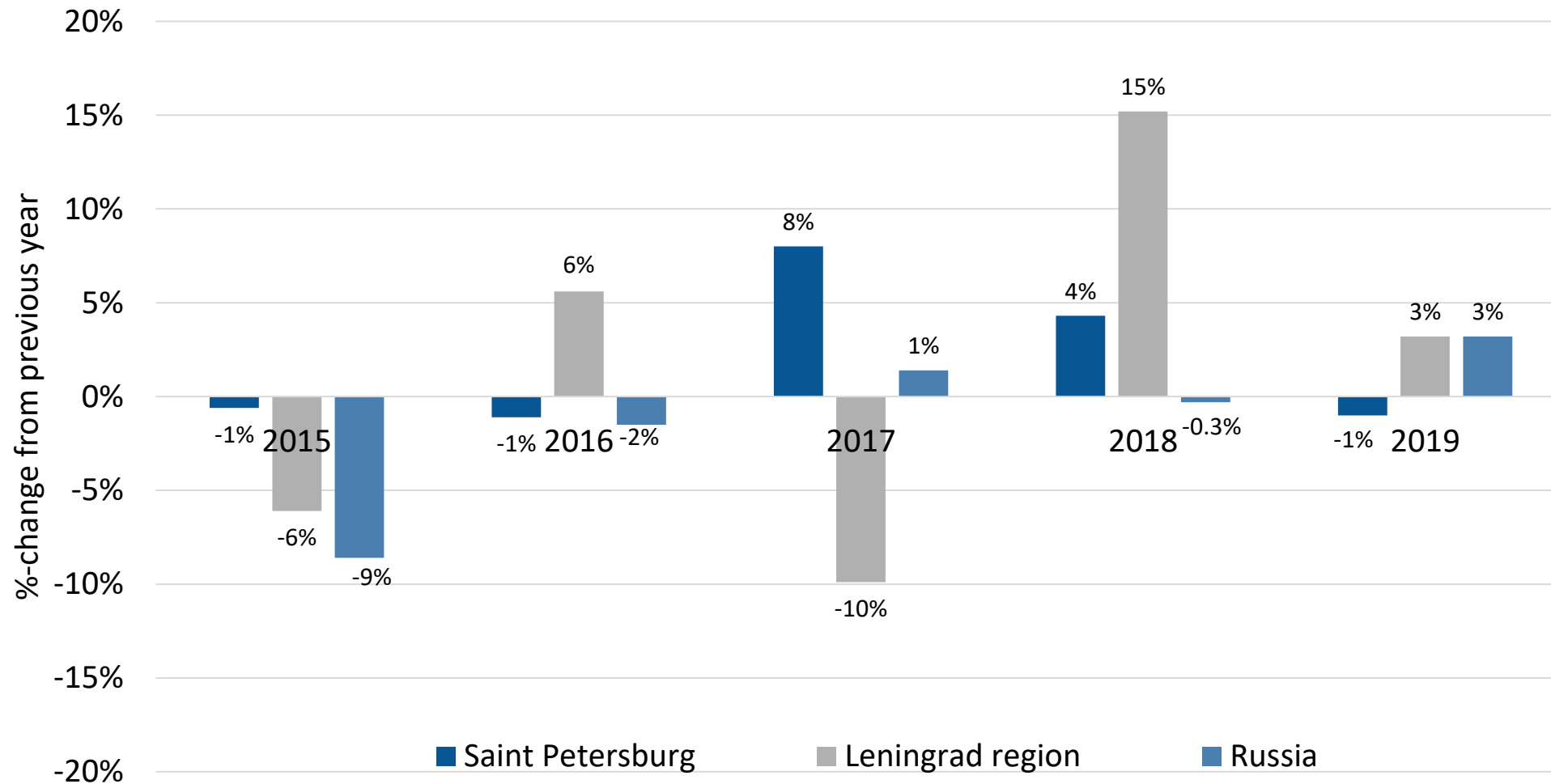
2. Regional economy

h) Transport infrastructure and cargo volumes

	Saint Petersburg				Leningrad region						
Railways	<ul style="list-style-type: none">5 railway stations: Baltiyskiy, Finlandskiy, Ladozhskiy, Moskovskiy and VitebskiyLength of railways – 432 kmTrains to the Czech Republic, Estonia, Finland, Latvia, Lithuania,High-speed trains to Moscow (4 hours) and Helsinki (3.5 hours)				<ul style="list-style-type: none">Main railway stations: Gatchina, Mga, Volkhovstroy and VyborgLength of railways – about 2 250 km, railway density 33 km / 1 000 km²						
Highways	<ul style="list-style-type: none">Length of roads – more than 3 000 kmConnected to Estonia, Finland, Moscow, Murmansk and PskovSt. Petersburg Ring Road was opened in 2011, length – 142 kmWestern Rapid Diameter, a toll road, was opened in 2016, length – 47 km				<ul style="list-style-type: none">Length of roads – over 22 000 km15 federal routes, 5 of which are in the International E-road networkOngoing construction of the Moscow–Saint Petersburg motorway, length 684 km						
Public transport	<ul style="list-style-type: none">Subway: 69 stations (124 planned), passengers in 2016 – 740 millionTramway system: length – 228 km, passengers in 2016 – 182 millionTrolleybus system: passengers in 2016 – 143 millionBus system: passengers in 2016 – 450 million				<ul style="list-style-type: none">Suburban electric trains and buses to Saint Petersburg and within the Leningrad regionA subway station located (Devyatkino) in the territory of Leningrad region, building one more station is in process						
Cargo volumes		2013		2014		2015		2016		2017	
		City	Region	City	Region	City	Region	City	Region	City	Region
Cargo traffic (million tons)		129.4	162.5	231.3	50.3	236.4	40.5	268.4	41.8	280.7	49.7
Passenger traffic (million people)		1704.0	102.2	1647.0	108.7	1658.0	94.5	1678.0	91.9	1682.0	88.7

2. Regional economy

i) Development of industrial production



2. Regional economy

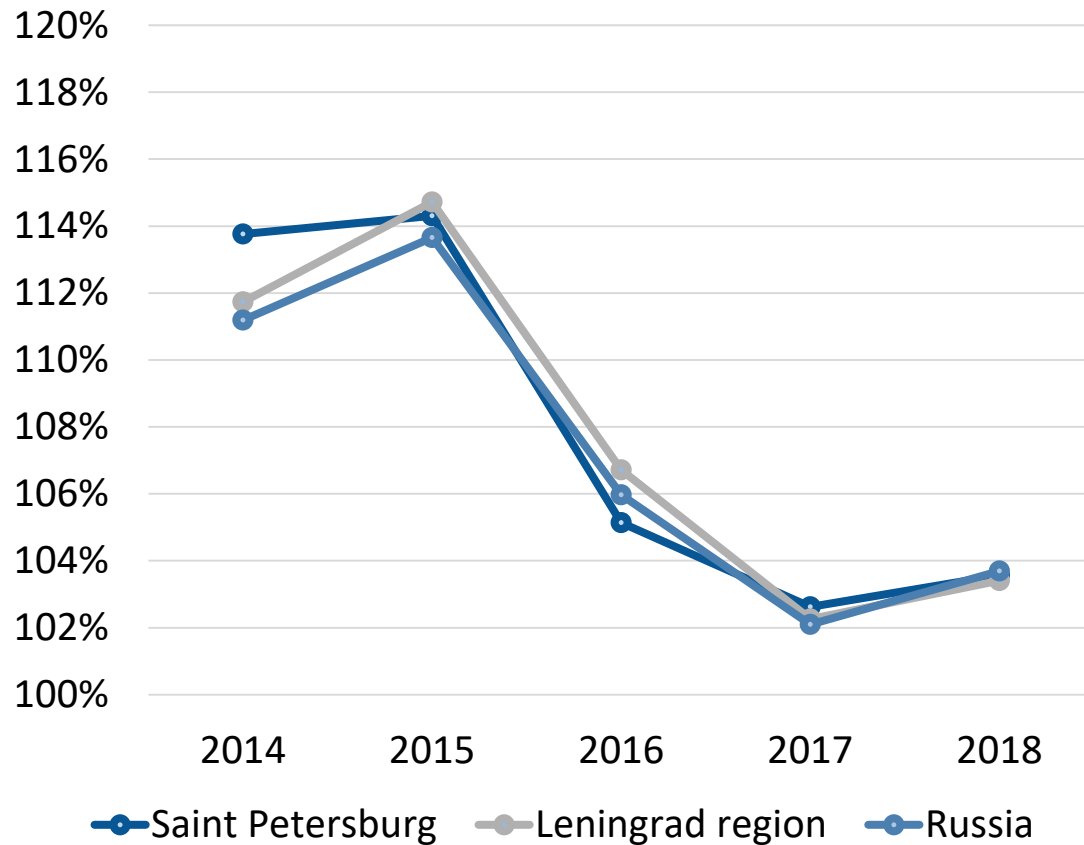
j) Development of industrial production 2015-2018 (percentage from previous year)

	2015		2016		2017		2018	
	City	Region	City	Region	City	Region	City	Region
Industrial production	93.0	99.6	103.9	103.7	105.7	100.7	105.1	105.0
• Mining operations	83.1	129.6	143.9	53.5	106.3	97.8	101.4	115.4
• Manufacturing activity	92.7	98.7	103.7	105.5	105.8	101.6	105.2	104.0
• Electricity, gas and steam	95.3	100.1	105.7	104.8	103.2	94.8	101.5	109.6
• Water and waste disposal	95.5	98.3	104.4	106.4	110.1	109.6	111.1	114.8

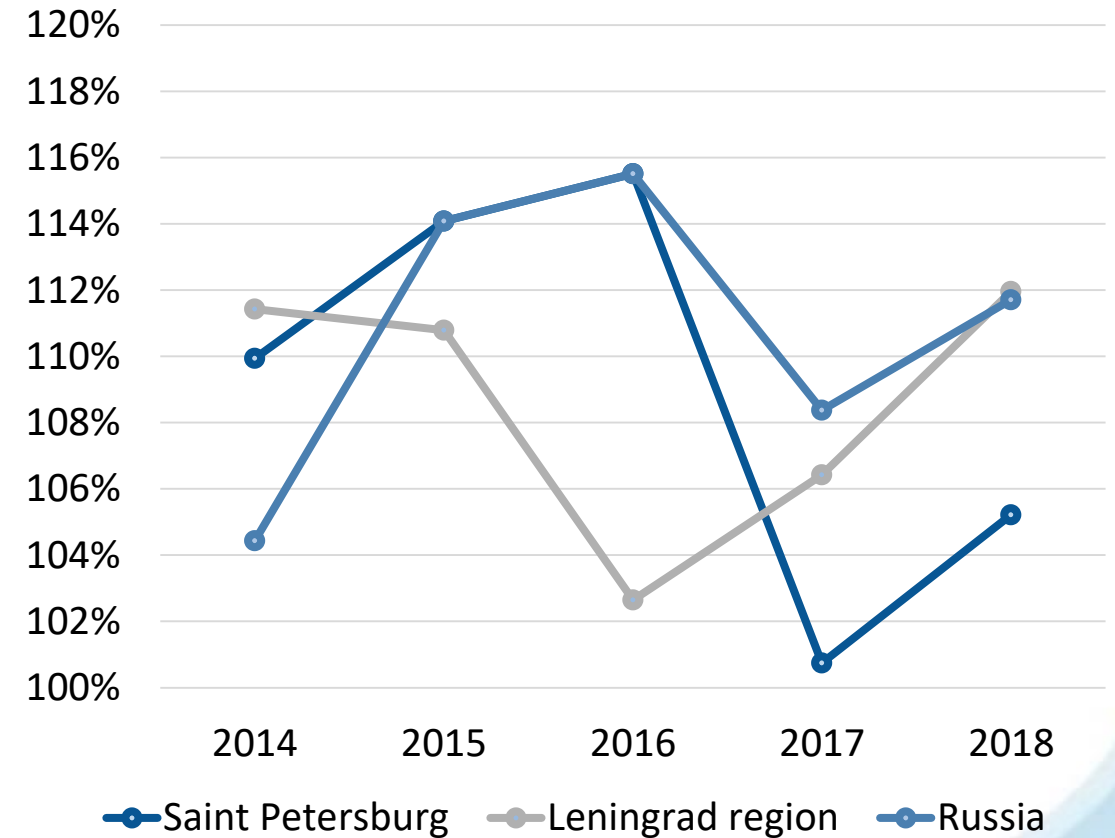
2. Regional economy

k) Development of prices* (percentage, end of the year)

Development of consumer prices



Development of prices on industrial products*



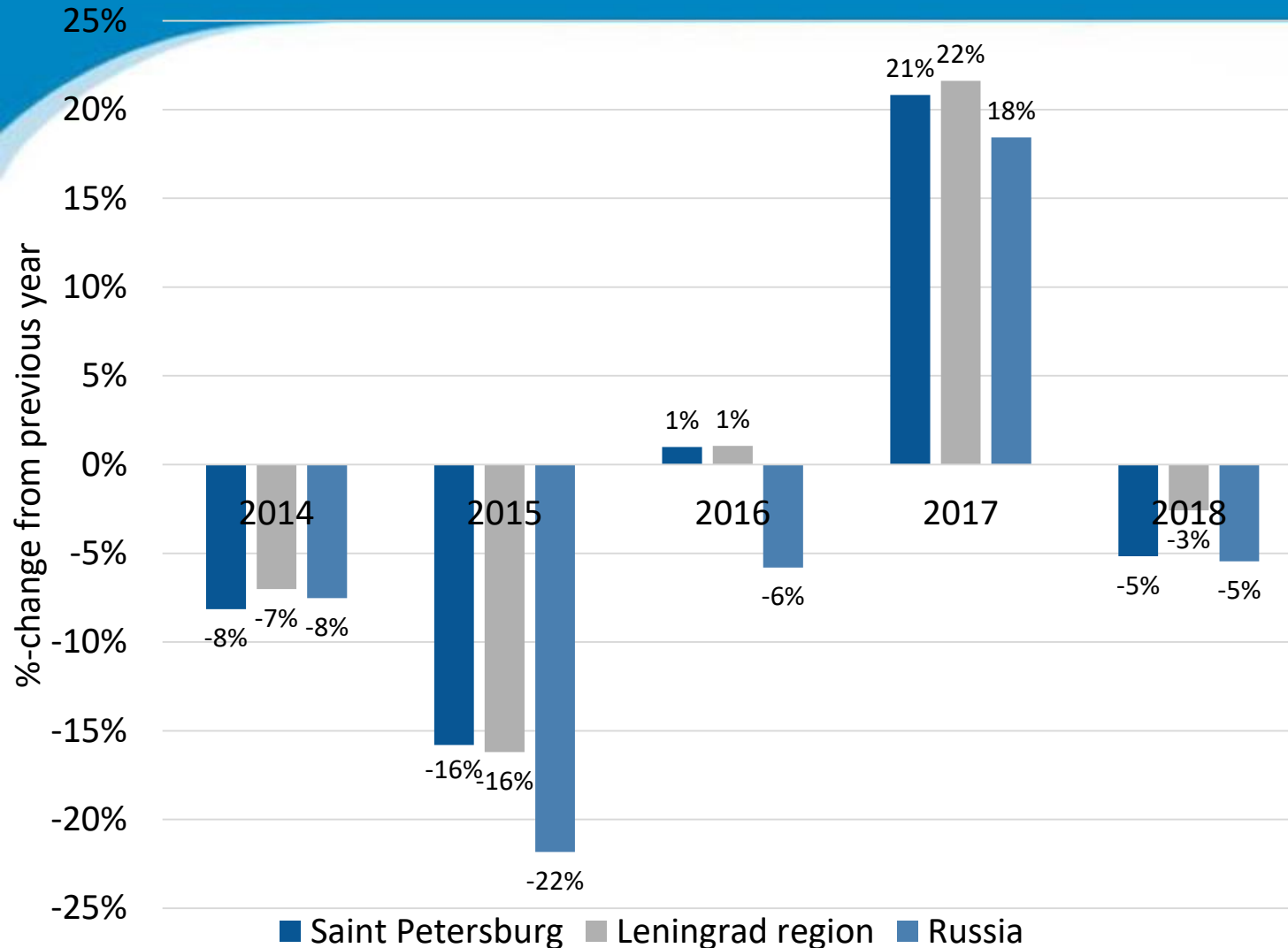
*mining, manufacturing industries, gas, electricity, steam, air conditioning, water, supply water disposal, waste collection and disposal and liquidation of pollution

*measured in RUB

Rosstat 2019, Petrostat 2019, Fedstat 2019

2. Regional economy

I) Development of retail trade



Retail sales of Saint Petersburg, Leningrad region and Russia, billion €

Year	Saint Petersburg	Leningrad region	Russia
2013	21.7	5.9	559.4
2014	20.0	5.4	517.3
2015	16.8	4.6	404.4
2016	16.6	4.6	380.9
2017	20.1	5.6	451.1
2018	19.1	5.5	426.5

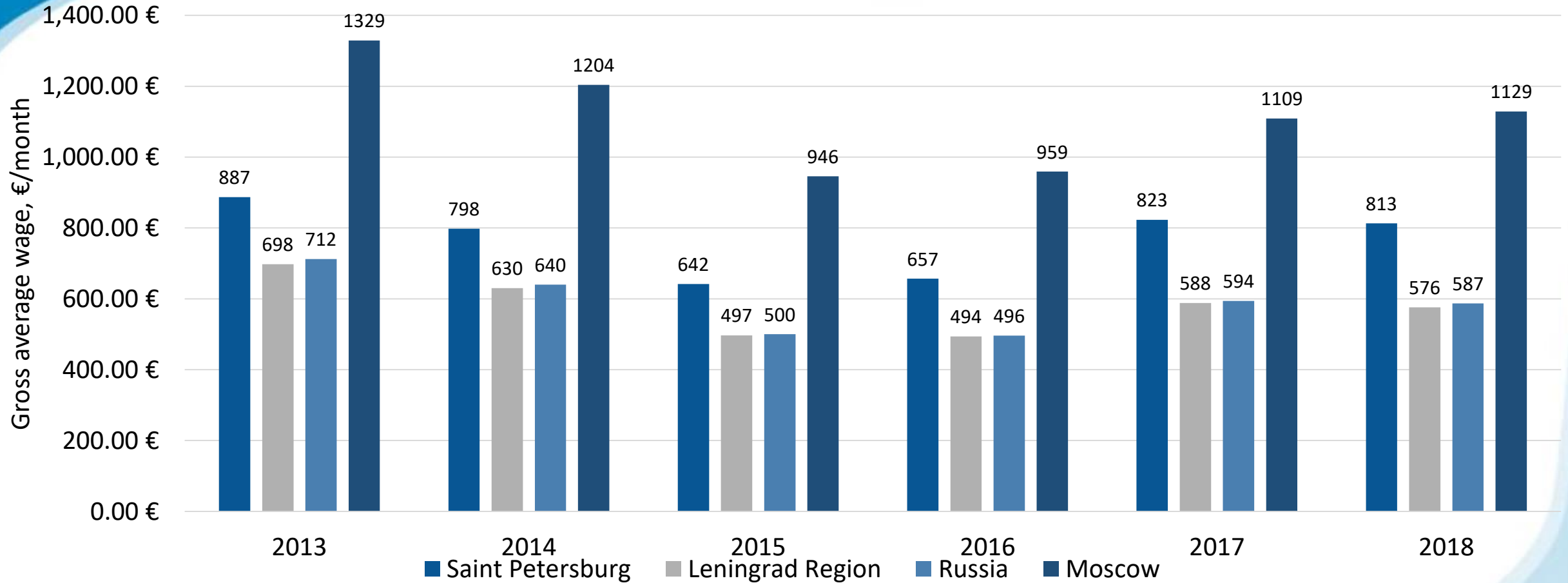
2. Regional economy

m) Distribution of enterprises and organizations by ownership (percentage of total)

	2013		2014		2015		2016		2017	
	City	Region	City	Region	City	Region	City	Region	City	Region
State- and municipal-owned	1.6	8.5	1.6	8.4	1.4	7.9	1.5	8.3	1.5	8.1
Religious and public organizations	1.4	4.2	1.4	4.3	1.4	4.1	1.4	4.2	1.4	4.1
Private	92.1	83.0	92.2	83.2	92.6	84.0	92.7	83.6	92.7	84.0
Public–private (without foreign organizations)	0.4	1.0	0.4	1.0	0.4	0.9	0.3	0.8	0.3	0.7
Foreign-owned	2.6	1.6	2.6	1.6	2.6	1.6	2.5	1.6	2.6	1.7
Jointly Russian and foreign-owned	1.7	1.3	1.6	1.2	1.5	1.2	1.5	1.1	1.4	1.1
Others	0.1	0.4	0.1	0.3	0.1	0.3	0.0	0.2	0.1	0.3
Total	354 312	38 040	357 124	37 893	374 986	38 286	355 758	37 130	345 277	36 028

3. Prosperity and consumption

a) Development of gross average wages, €/month

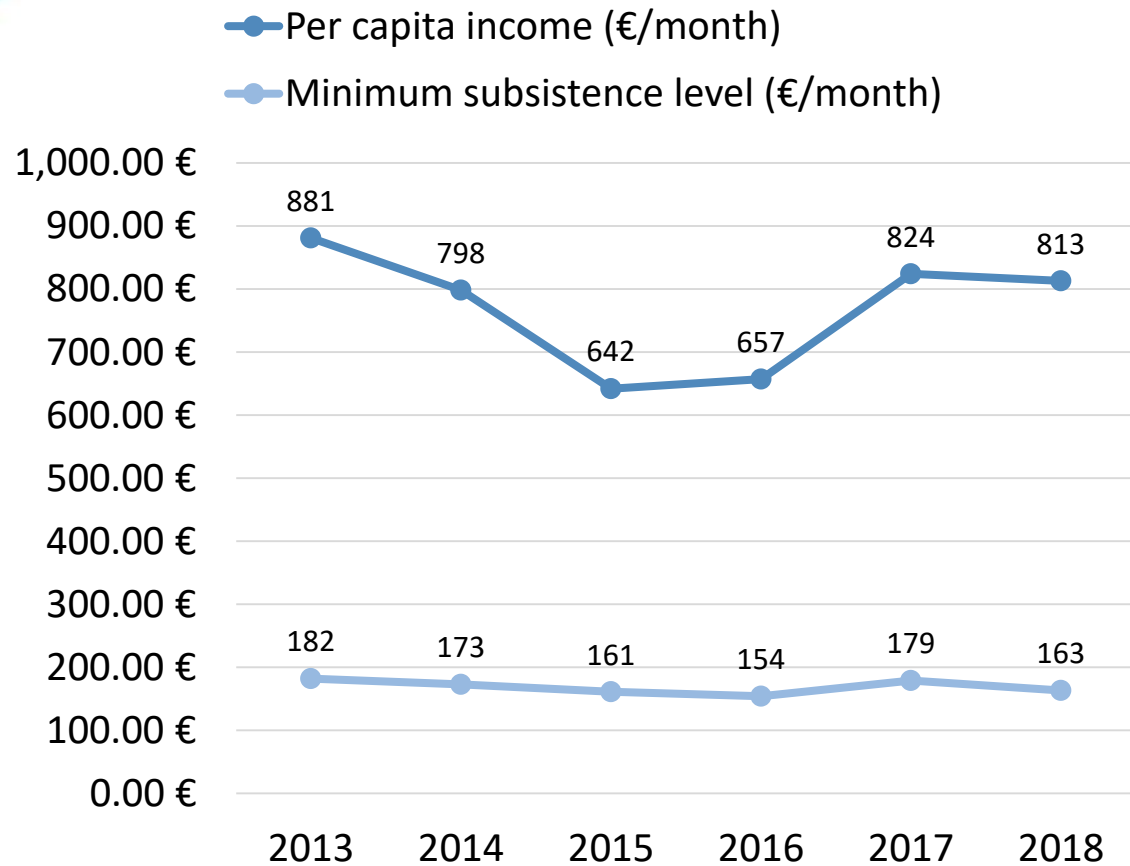


- Living standards in Moscow and St. Petersburg differ substantially from the rest of Russia

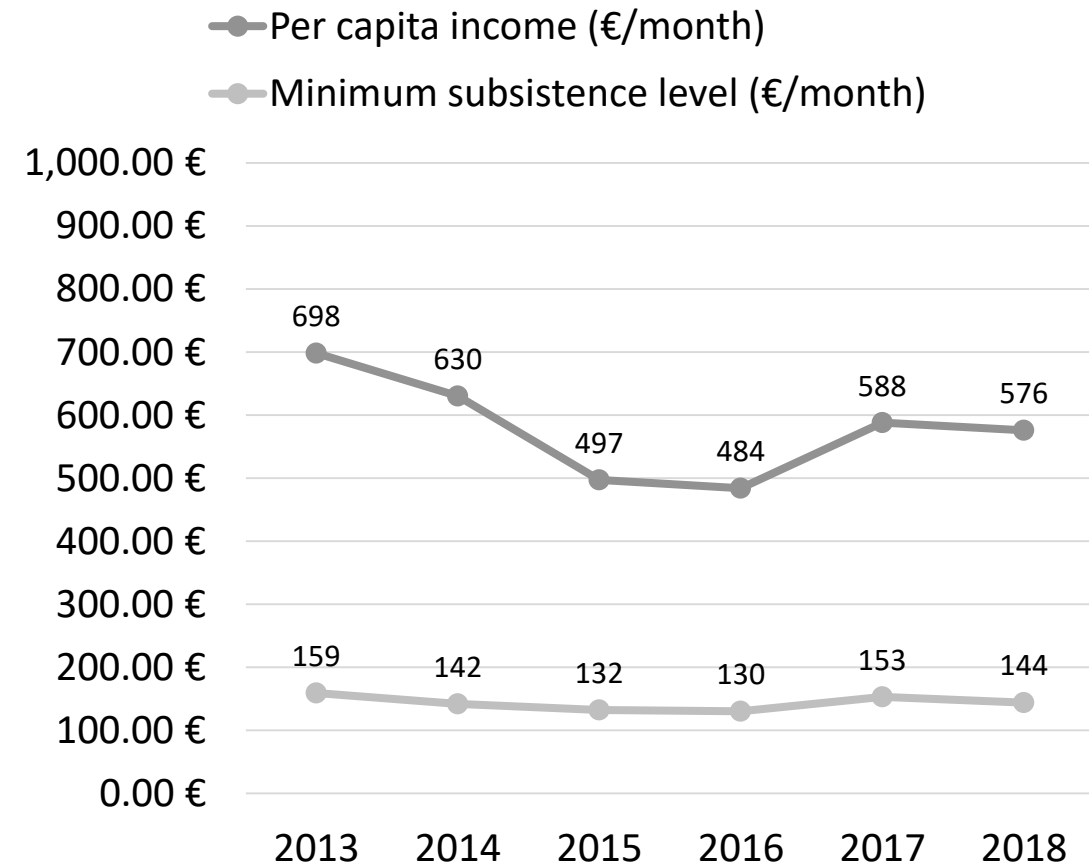
3. Prosperity and consumption

b) Main socio-economic indicators of living standards, €/month

Saint Petersburg

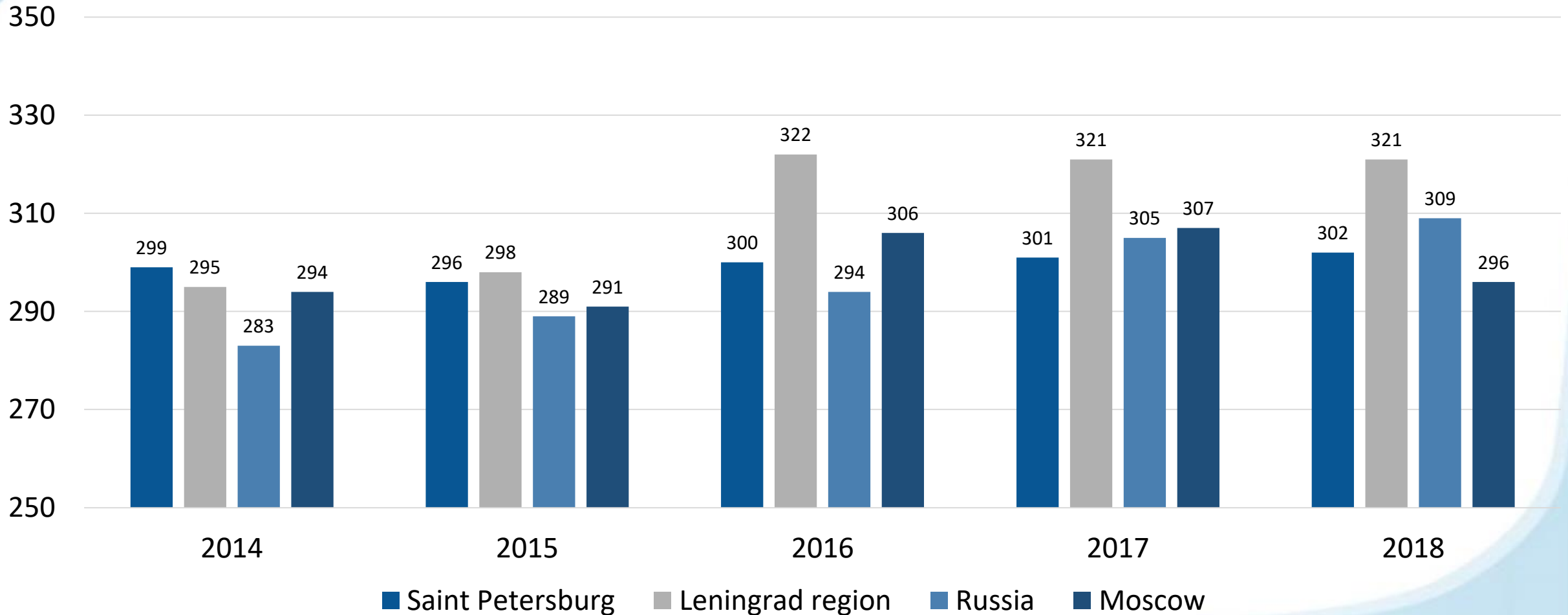


Leningrad region



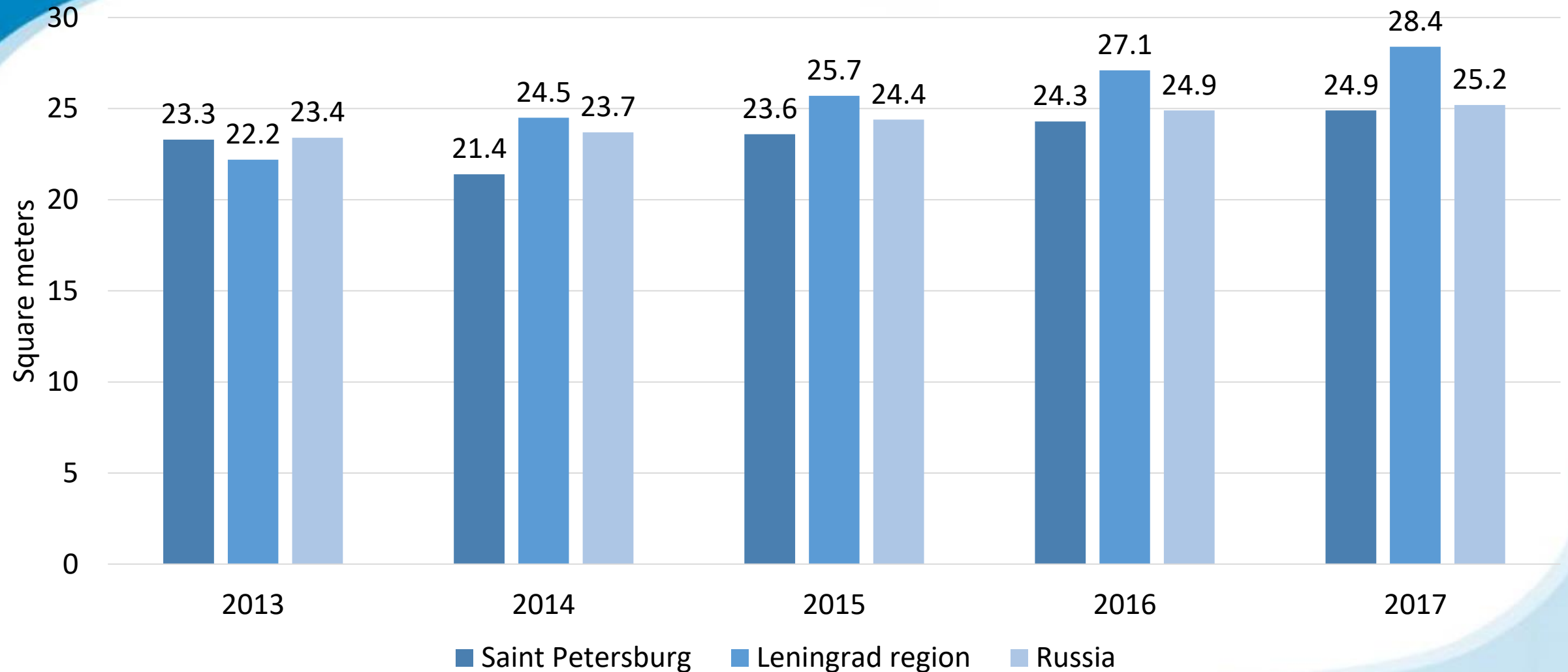
3. Prosperity and consumption

c) Number of passenger cars per 1000 persons



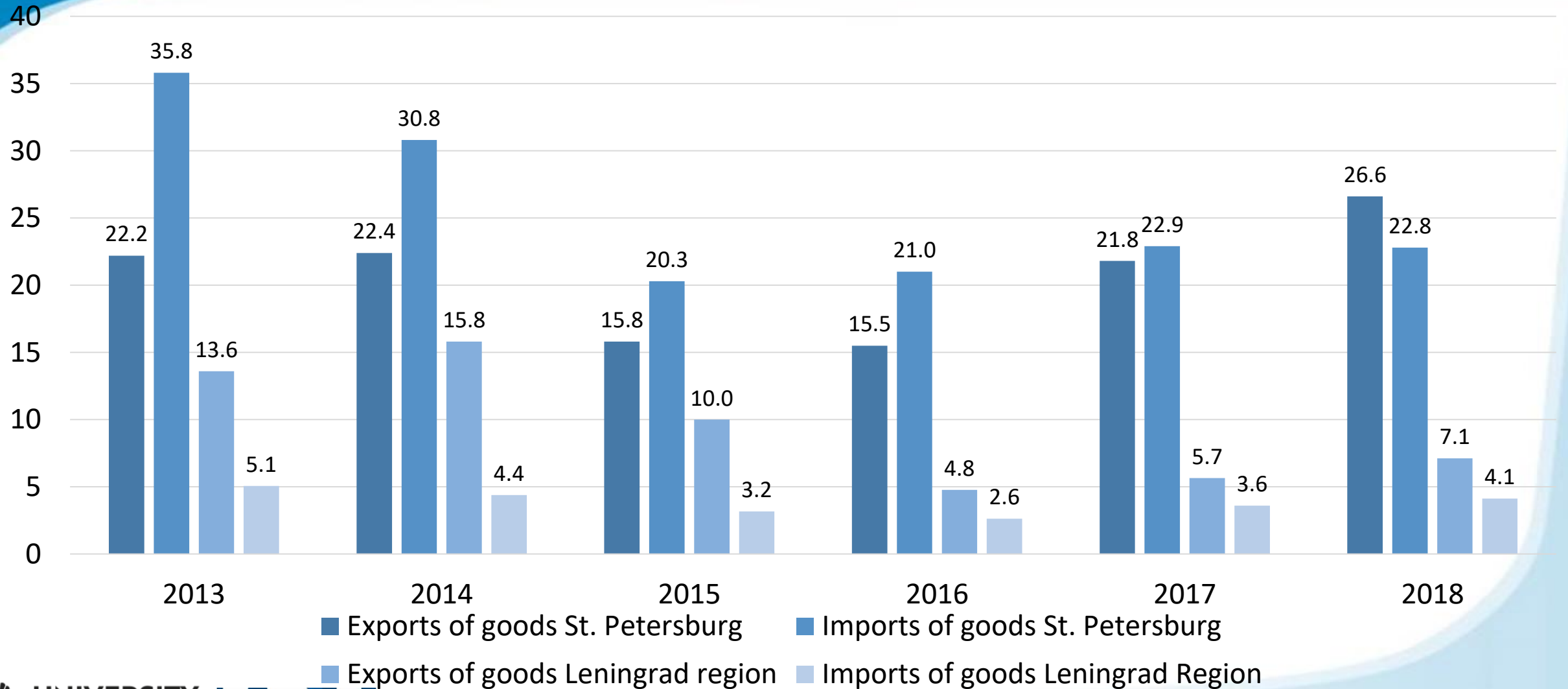
3. Prosperity and consumption

d) Average apartment size (square meters per person)



4. External economic relations

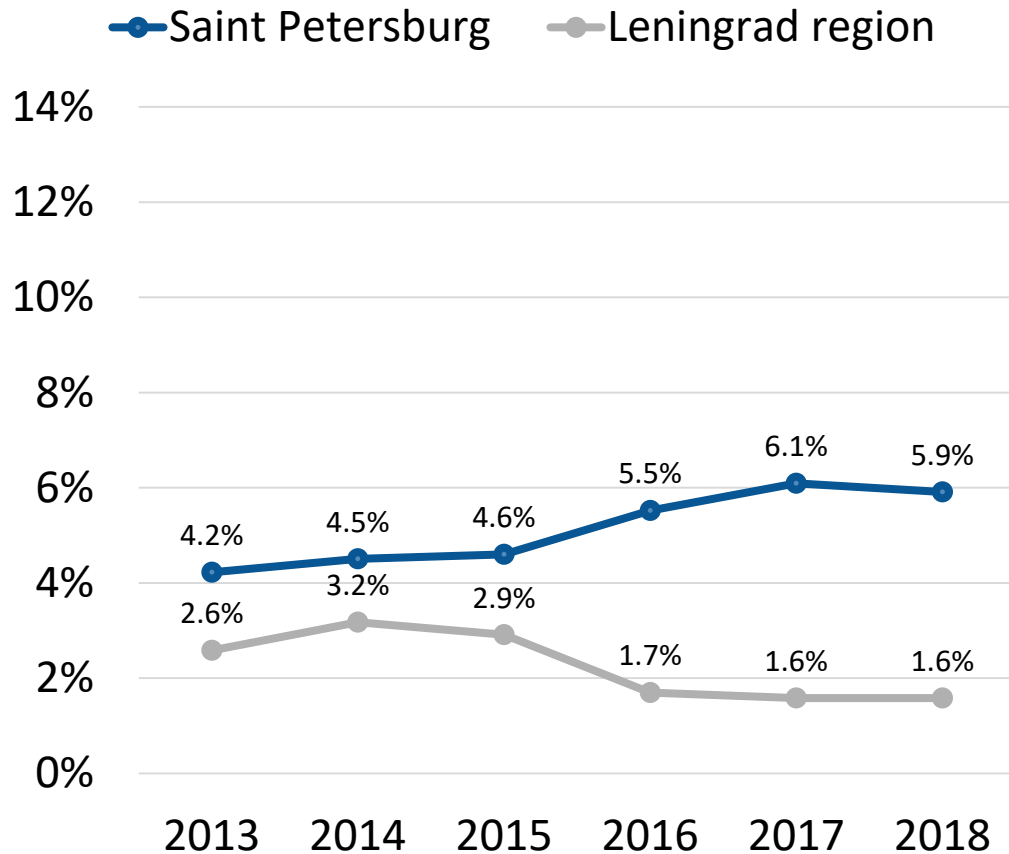
a) Exports and imports, billion \$



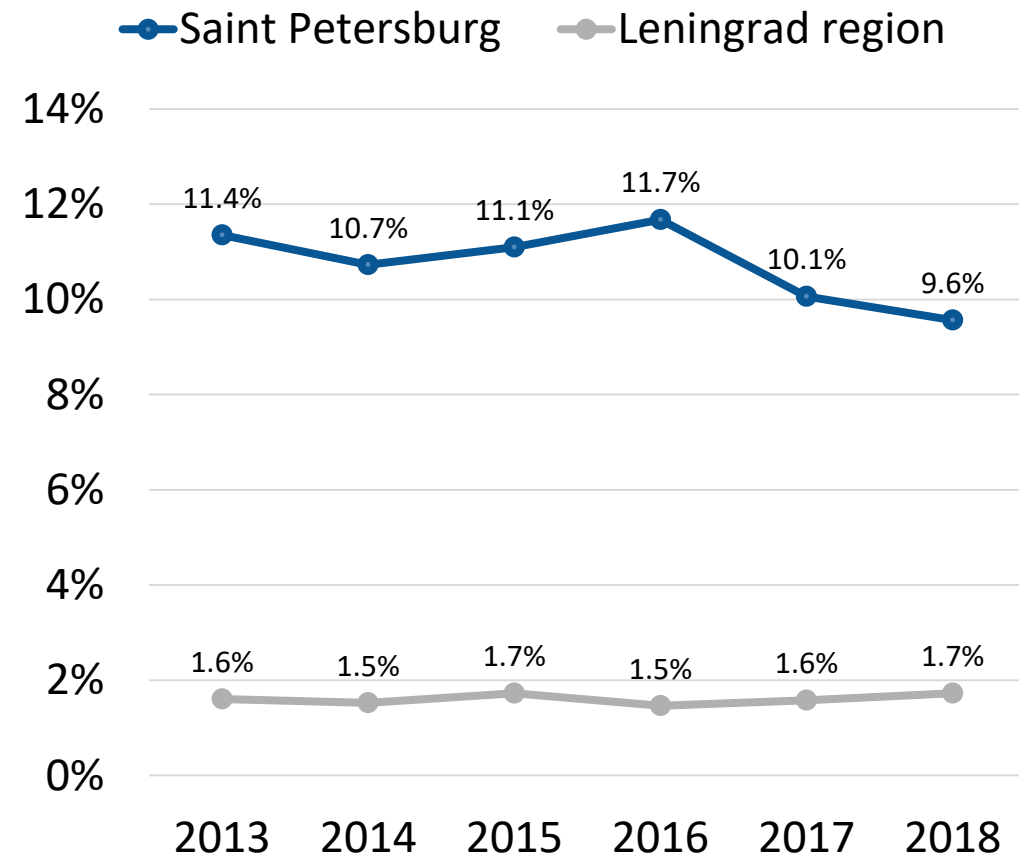
4. External economic relations

b) Share in Russia's exports and imports

Share in Russia's exports



Share in Russia's imports

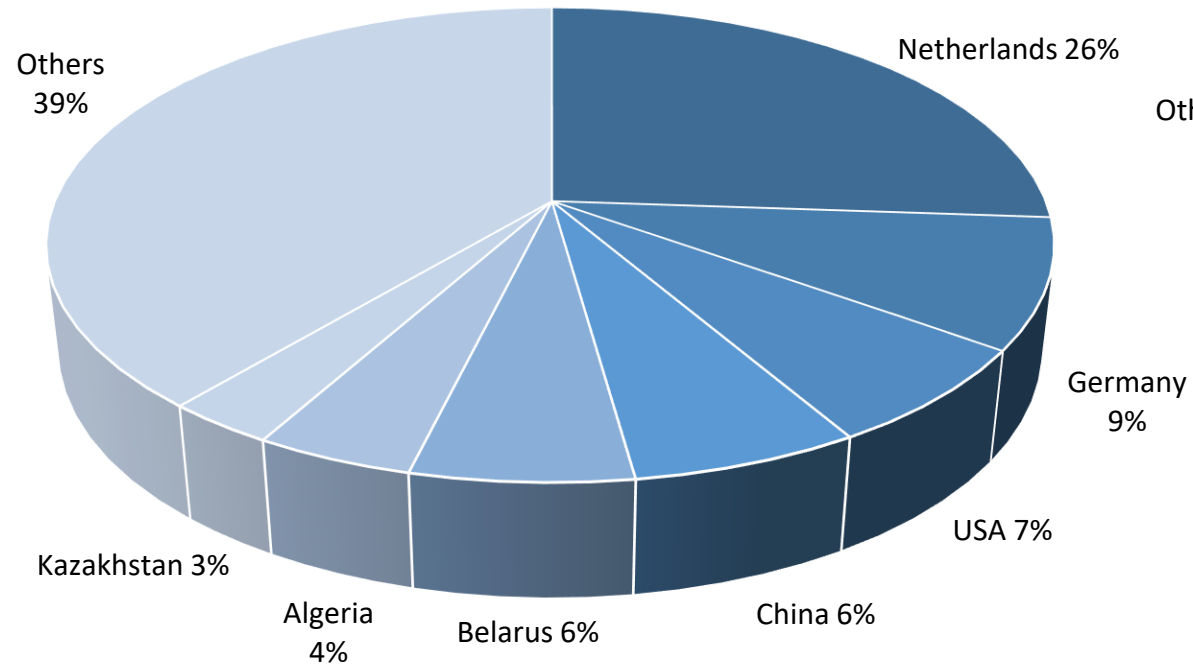


- Both, the exports and the imports, are larger in terms per capita than Russian average

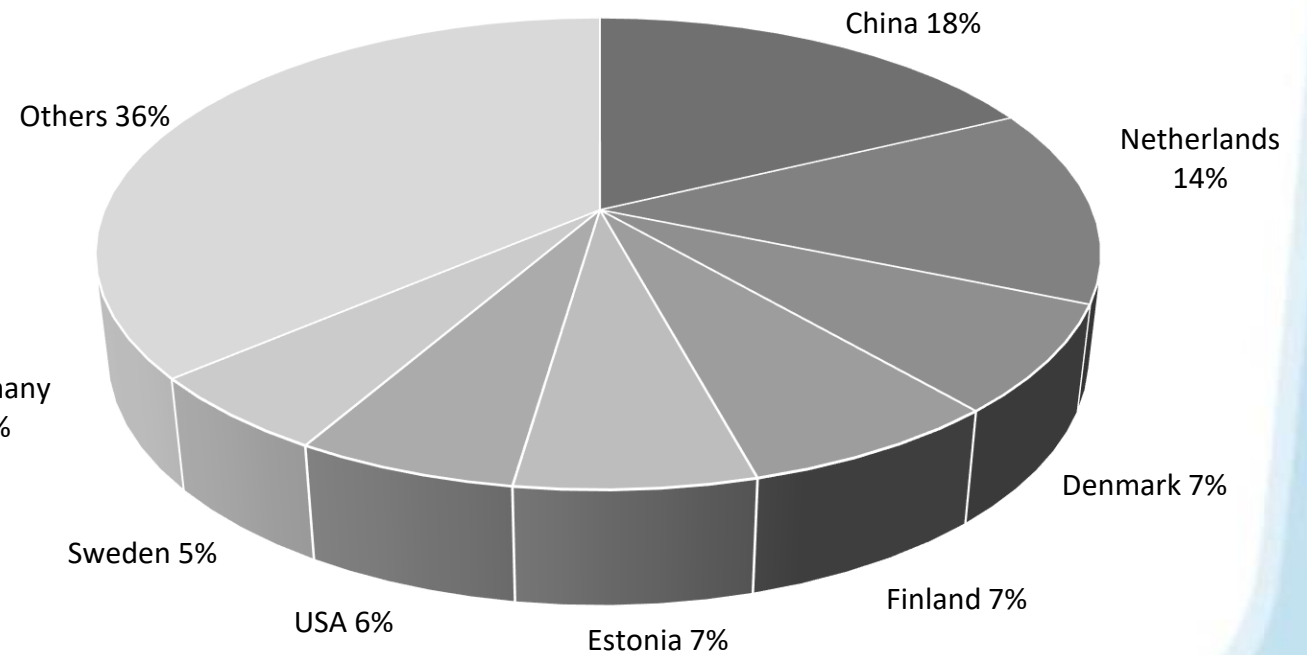
4. External economic relations

c) Exports by country in 2018

Saint Petersburg



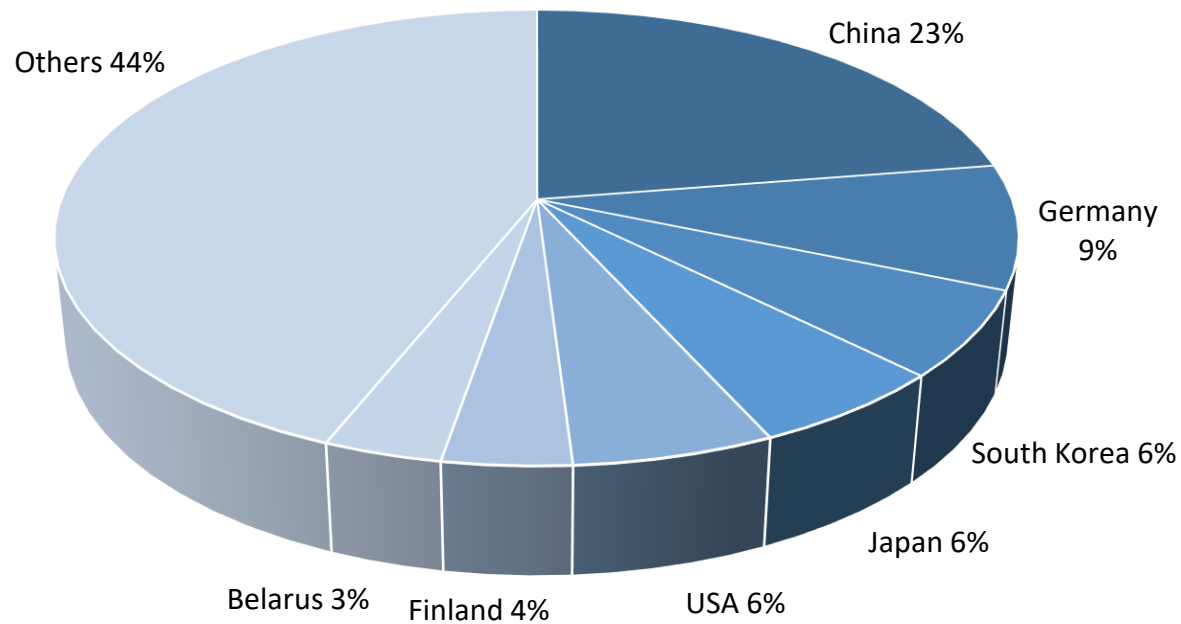
Leningrad region



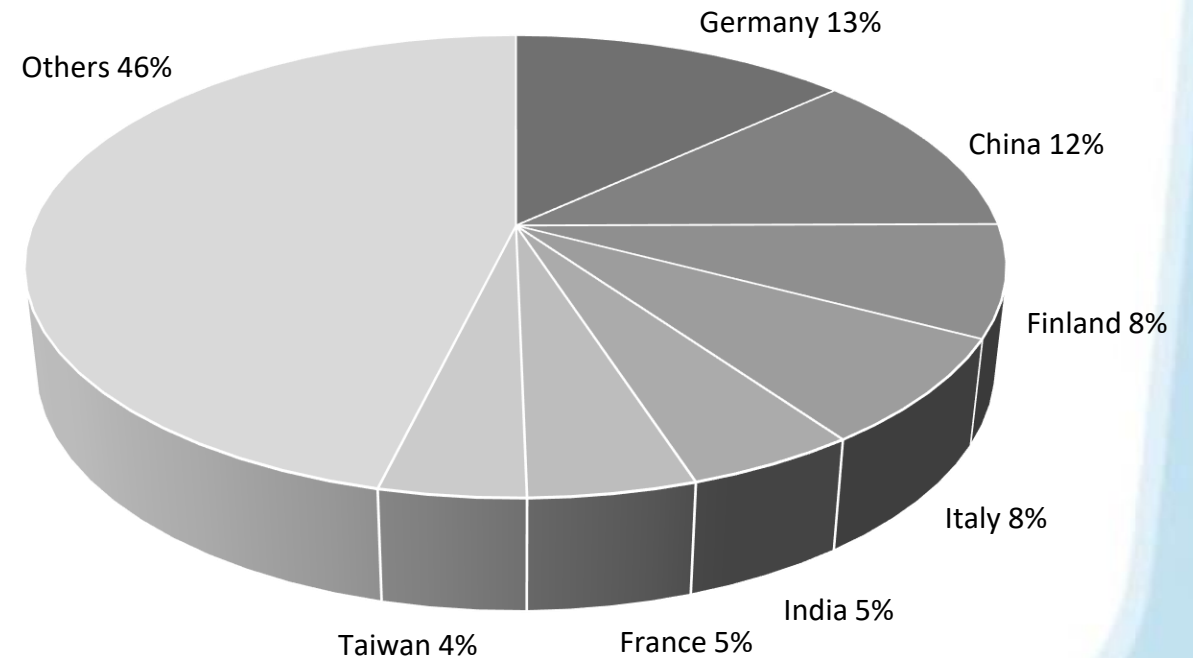
4. External economic relations

d) Imports by country in 2018

Saint Petersburg



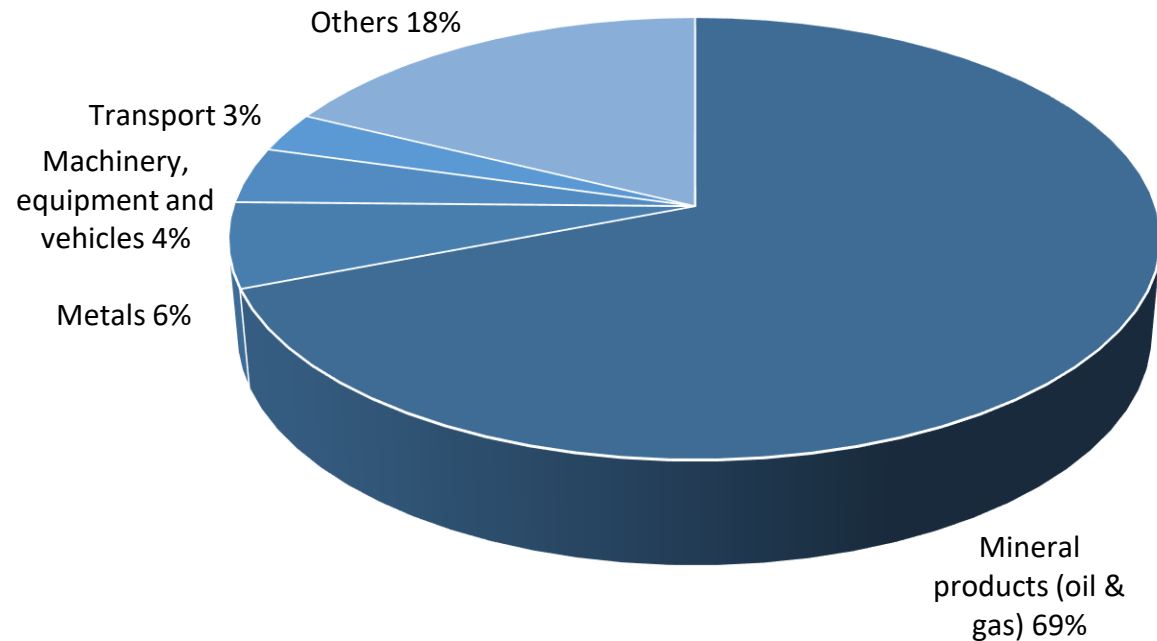
Leningrad region



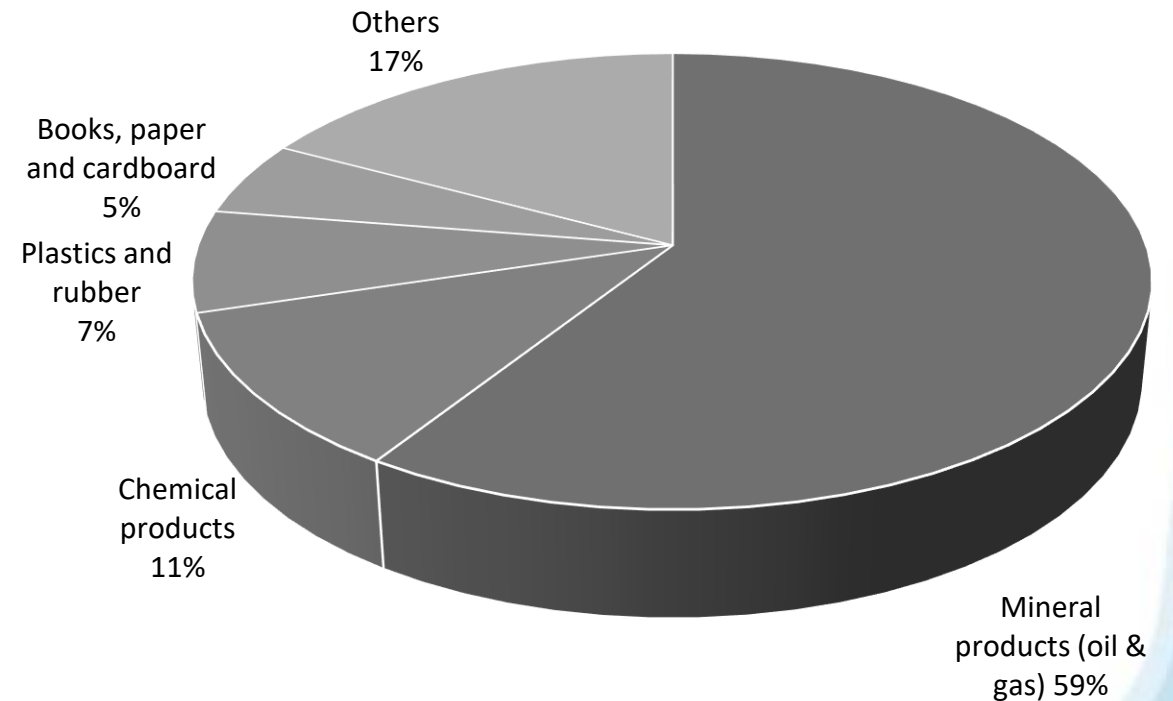
4. External economic relations

e) Export structure in 2018

Saint Petersburg



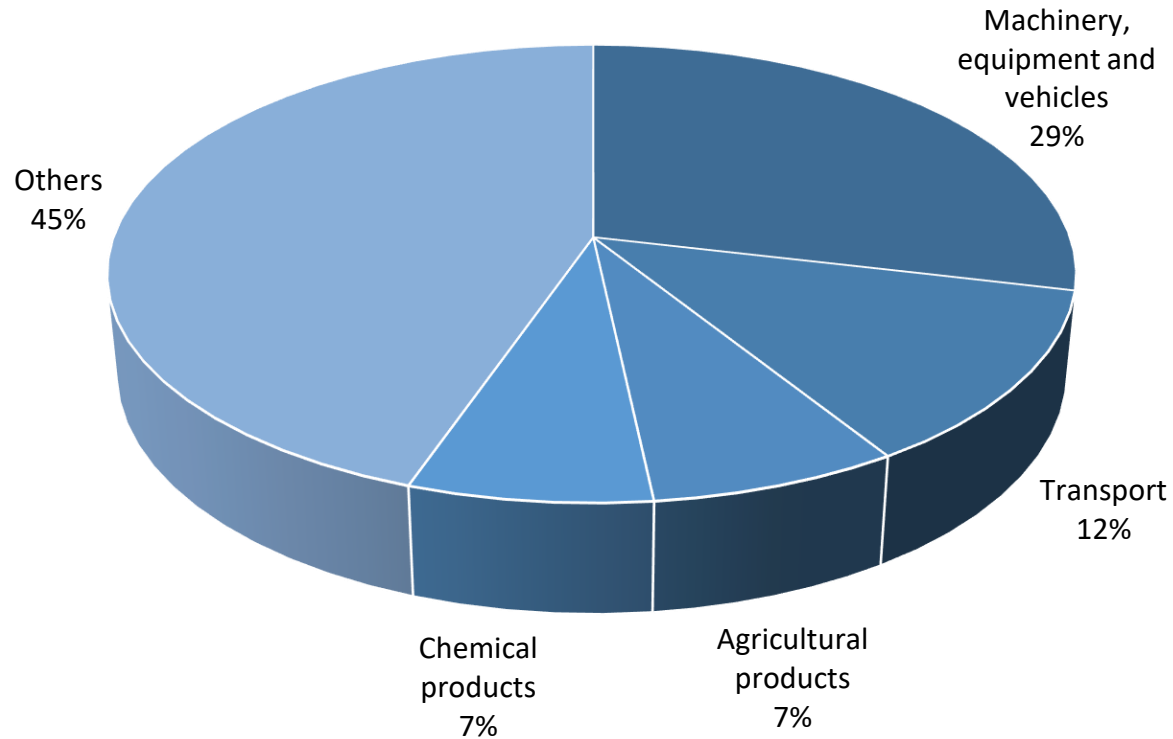
Leningrad region



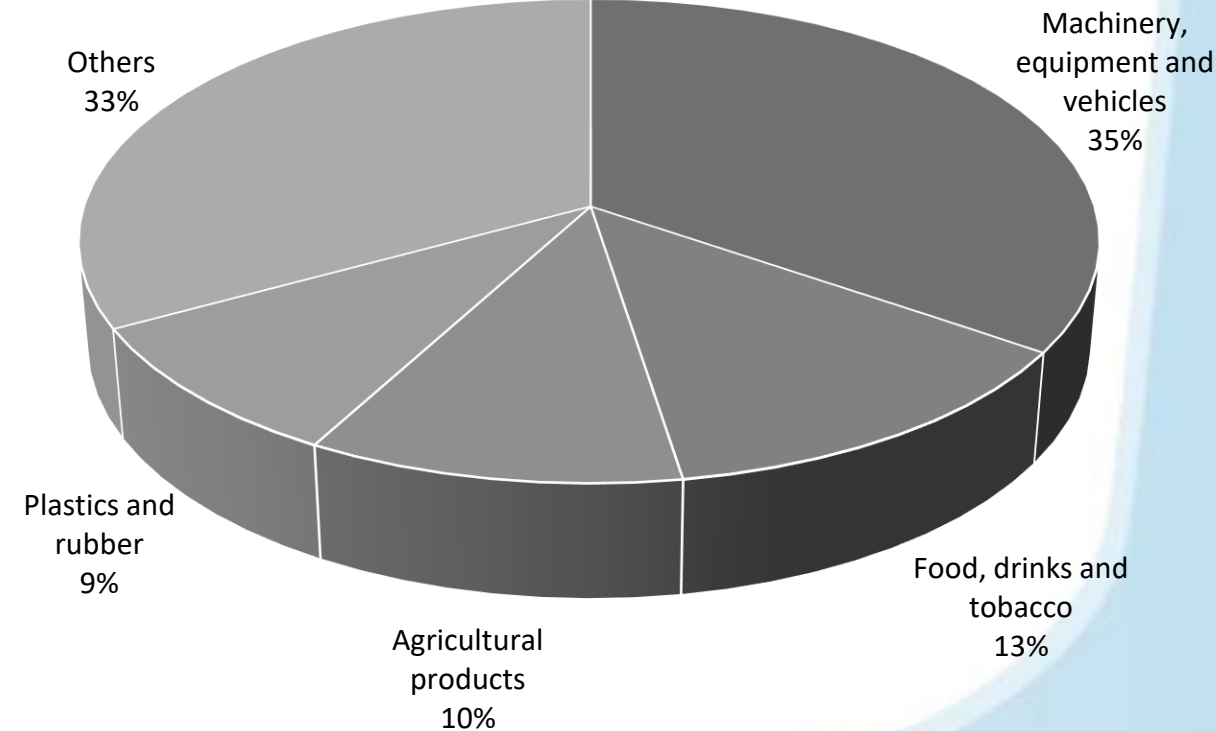
4. External economic relations

f) Import structure in 2018

Saint Petersburg



Leningrad region



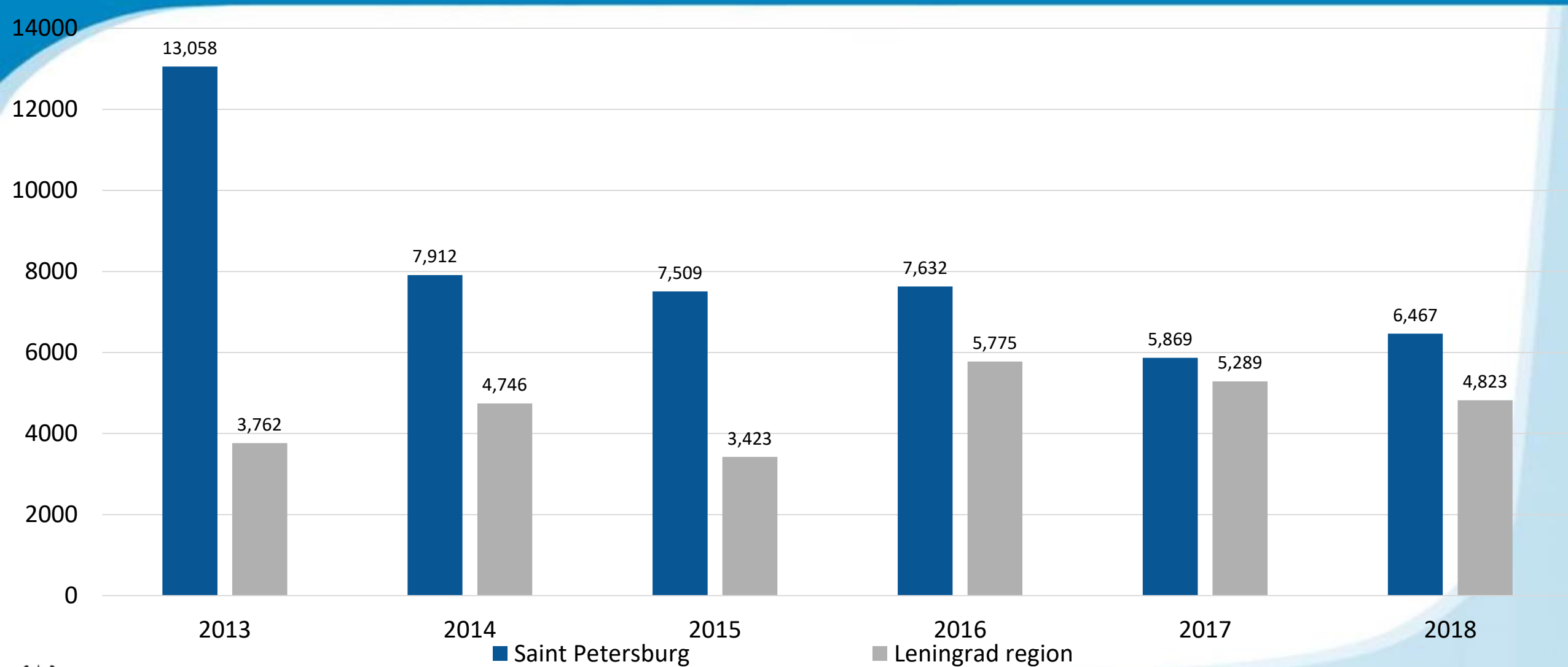
4. External economic relations

g) Structure of all investments in fixed capital, percentage

	2012		2013		2014		2015		2016		2017	
	City	Region	City	Region	City	Region	City	Region	City	Region	City	Region
Equity	44.3	16.9	47.2	22.9	42.9	35.2	50.0	36.7	64.2	41.8	57.4	30.4
Loans	13.1	20.0	14.7	27.0	15.8	19.5	7.7	14.6	5.2	10.6	6.6	12.5
Assets from state budget	29.2	16.0	27.4	14.9	23.4	18.8	26.9	22.3	16.0	16.6	21.7	15.4
Foreign assets	1.0	1.7	0.5	1.8	0.1	0.1	0.4	0.2	0.2	0.1	0.5	0.2
Others	12.4	45.4	10.2	33.4	17.8	26.4	15.0	26.2	14.4	30.9	13.8	41.5
Total (billion €)	8.8	8.3	11.2	6.0	10.3	3.3	7.1	3.3	9.2	3.6	10.0	5.1

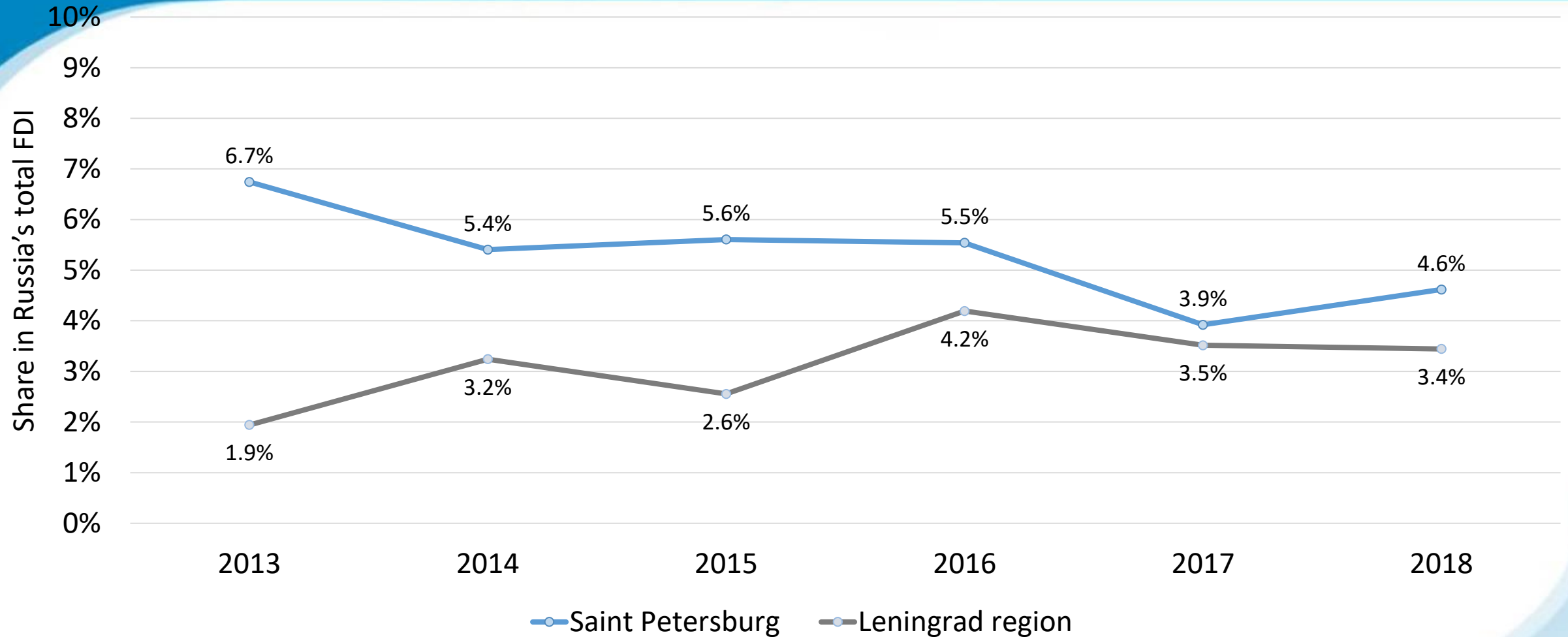
4. External economic relations

h) Development of FDI inflow, million \$



4. External economic relations

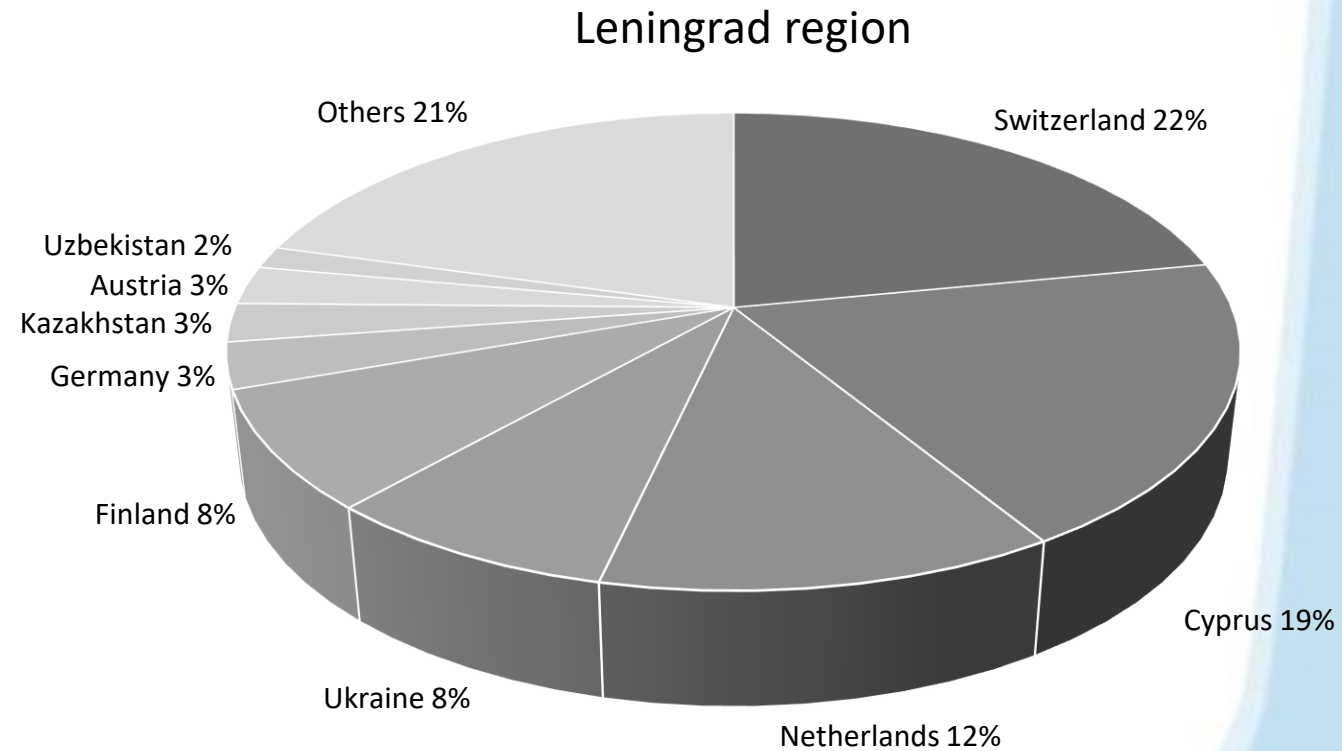
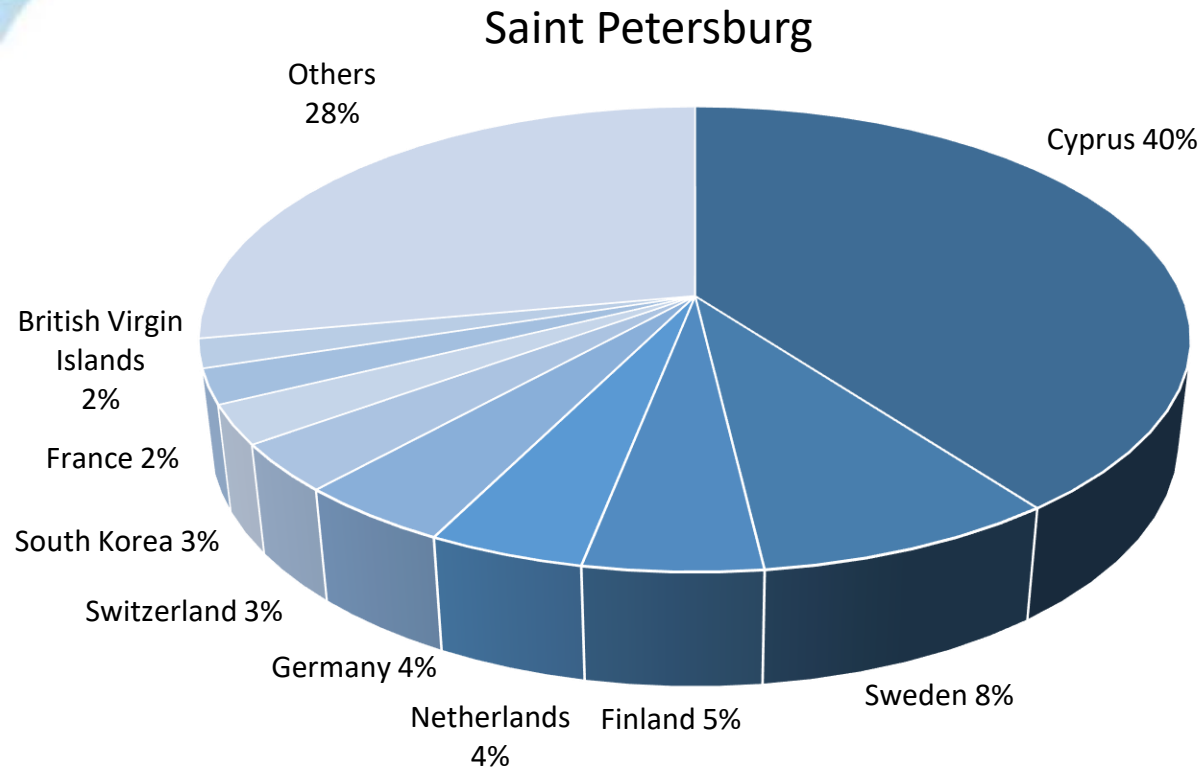
i) Share in Russia's total FDI, percentage



- Shares of both, St. Petersburg and Leningrad region, are larger in terms per capita than Russian average

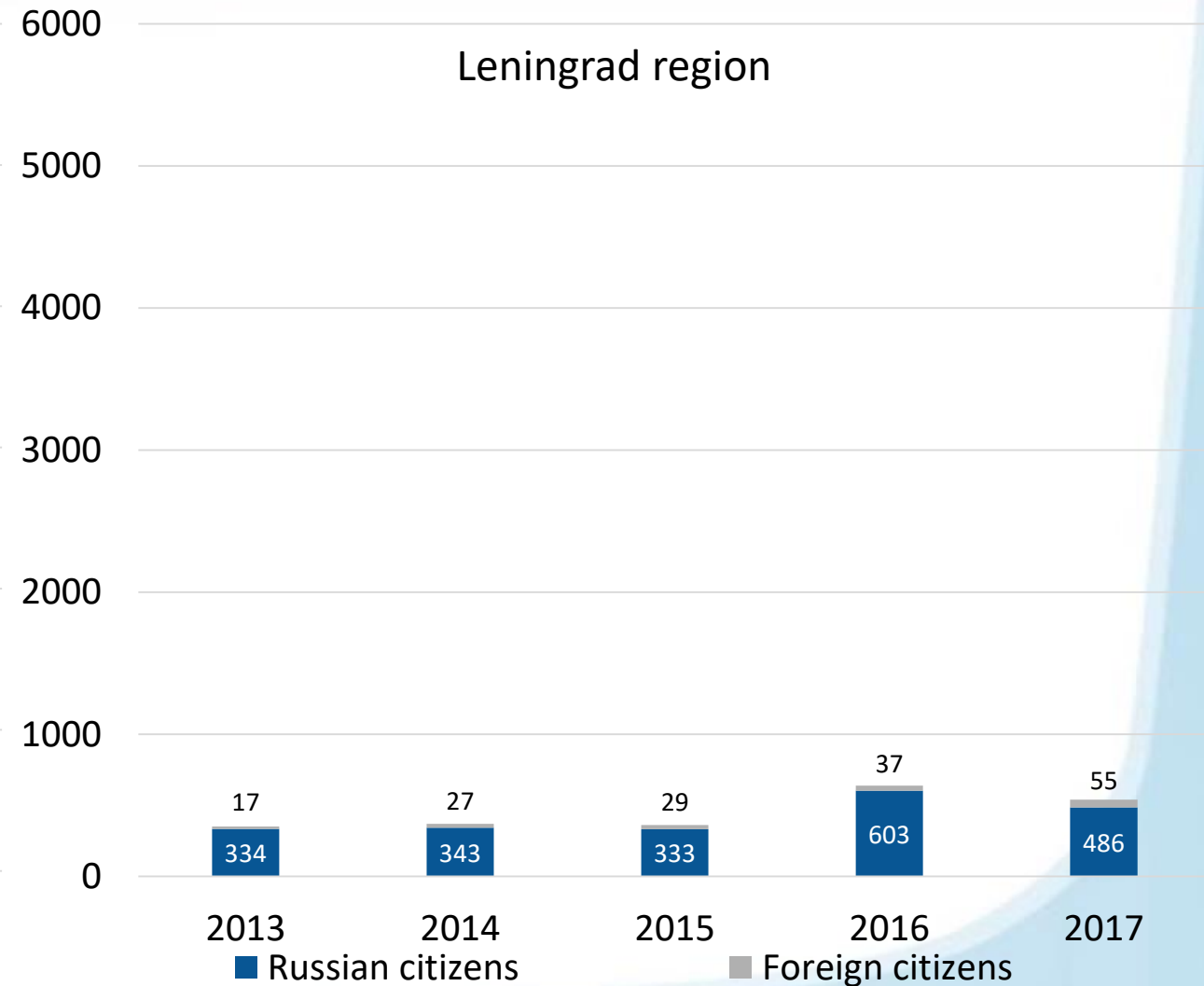
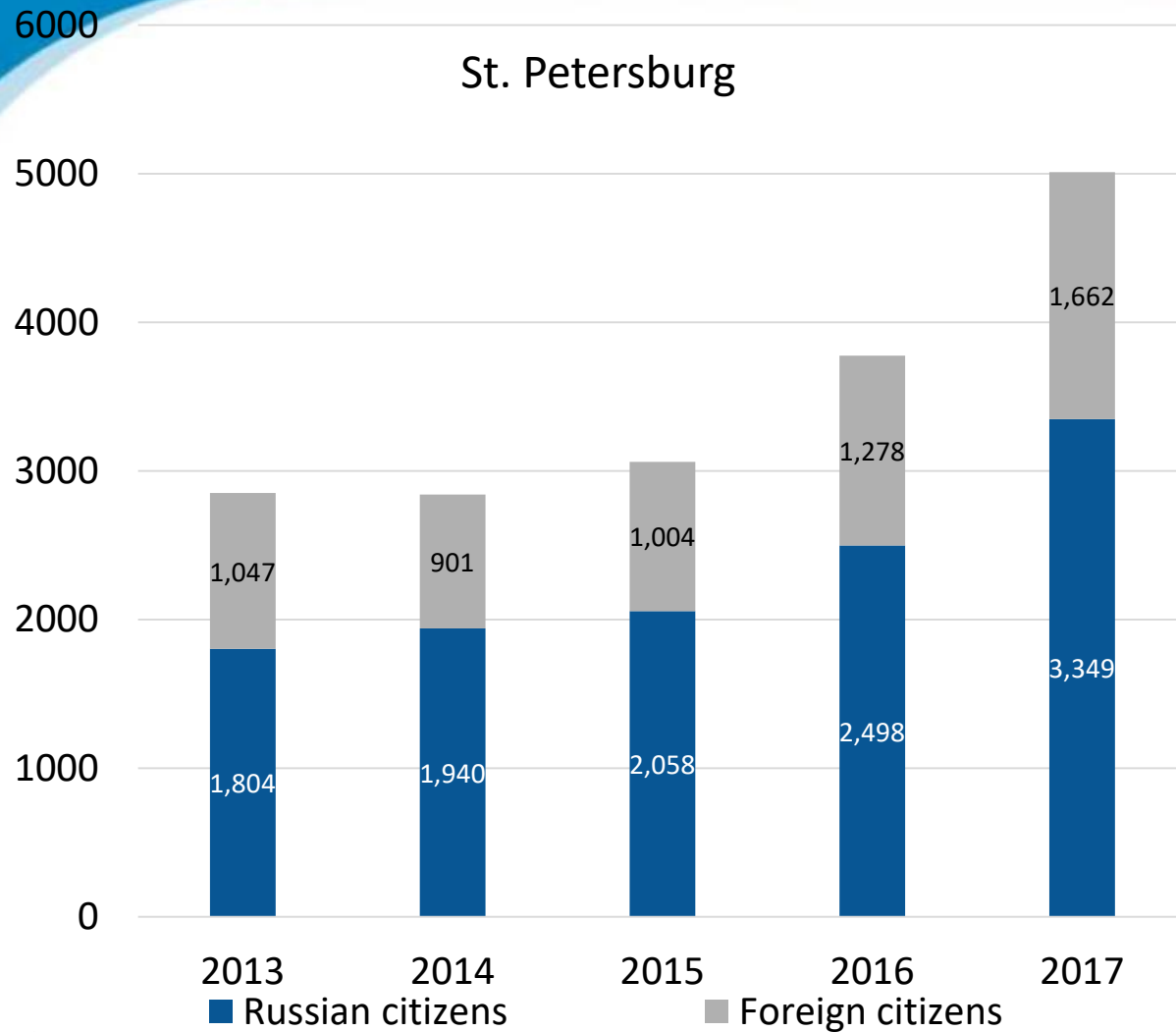
4. External economic relations

j) Foreign investment by country of origin in 2018



4. External economic relations

k) Visitors in hotels and other accommodation services (thousands visitors)



5. Business environment

a) Special economic zones in Saint Petersburg

Total area 182.3 hectares (two sites):

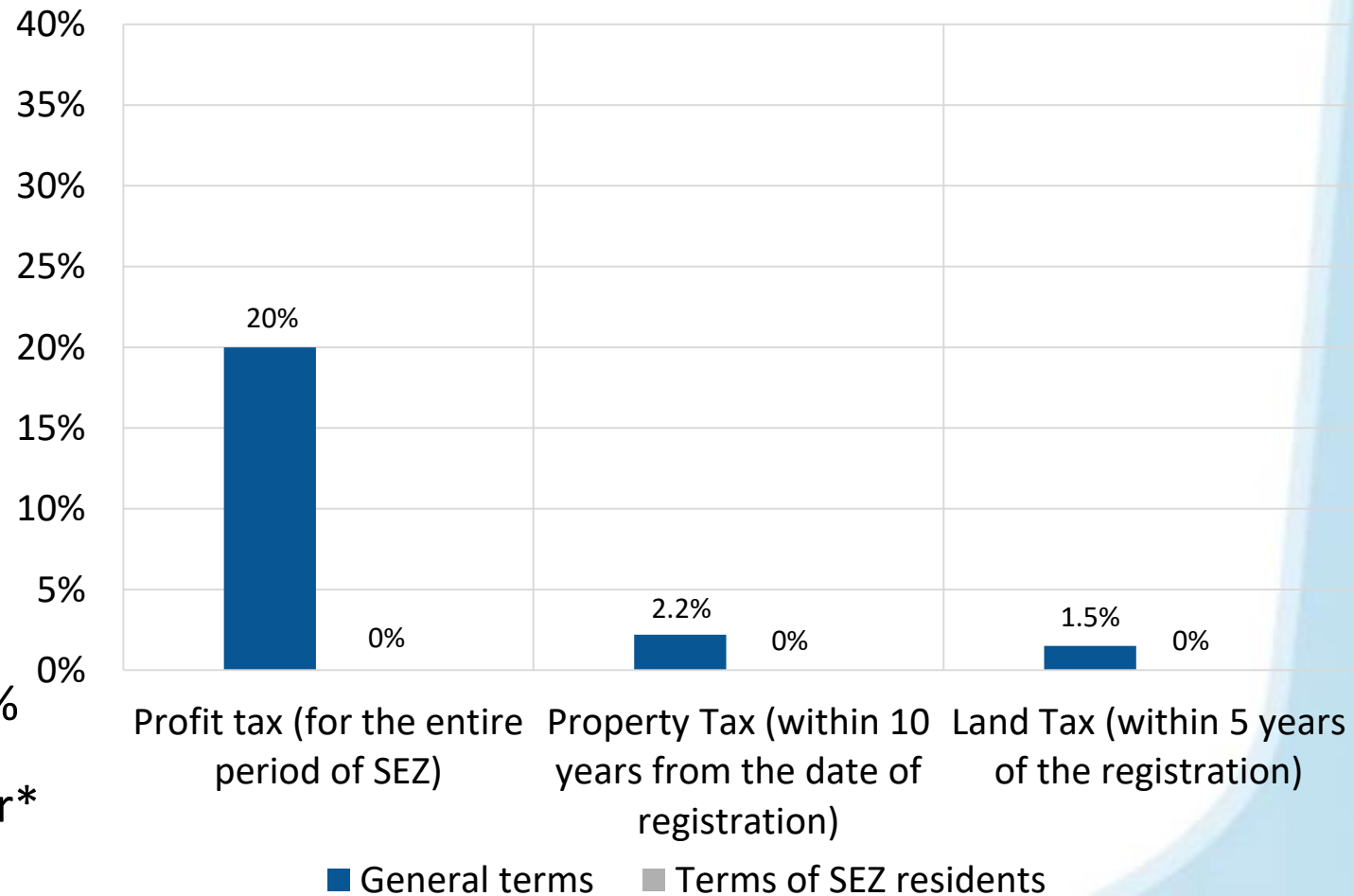
- Noydorf 19.0 hectares
- Novoorlovskaya 163.3 hectares

Focus industries:

- Microelectronics
- Pharmaceuticals and medical industries
- IT and telecom
- Energetics

Incentives for resident investors:

- Land tax exemption
- Property tax exemption
- Corporate income tax reduced to 15.5%
- Transport tax reduced from 1-200 RUB/horsepower to 0 RUB/horsepower*
- Customs free zone



*In Russia, the transport tax is determined by amount of horsepower in the car i.e. the engine's power

5. Business environment

b) Some industrial parks of Leningrad region

	Distance to St Petersburg	Specialization	Some examples of residents	Contact details
Ust-Luga	130 km	Enterprises, petroleum and petrochemical sectors	Producers of car parts, equipment and electronics, refiners of hydrocarbon	http://www.ust-luga.ru/group/ulip/
Greenstate	1.5 km	Logistics, packaging, engineering, production of car parts, building materials and foodstuffs	Gorigo (logistics complex), Siemens TGT (production of gas turbines), Viking Life-saving Equipment and Ponsse (maintenance), Pit-Product (meat processing)	https://www.yit-greenstate.com/en
M10	1 km	Multiprofile	John Deere (farm machinery), Sotrans (logistics, cargos), Tender (wholesale)	http://mcm10.ru/en/
Fedorovskoe	2 km	Enterprises	Gelios (metal goods), Stillwood (furniture), Jotun (liquid and powdered paint), Lenprobeton (concrete products)	http://fedorovskoe.pro/

5. Business environment

c) Automobile cluster in Saint Petersburg

St. Petersburg is Russia's leading center for the automotive industry:

- 5 plants, one more is being built
- 8 000 workers
- Gross investment over 1 billion \$
- More than 400 000 cars manufactured every year

Other clusters

- Pharmaceutical and medical cluster
- Power engineering cluster
- Shipbuilding cluster
- Radio electronics cluster
- Aerospace cluster
- IT Cluster

Company	Opened	Annual production volume	Value of investments	Number of workers
Toyota	2007	50 000 – 100 000	\$ 500 mn*	2 600
Nissan	2009	50 000 – 100 000	\$ 420 mn	2 200
Hyundai	2010	200 000	\$ 450 mn*	2 200
MAN	2012	1 000	\$ 110 mn	100

*converted from RUB on 2017 exchange rate 36

Expert online

5. Business environment

d) 2018 FIFA World Cup in Saint Petersburg

- Saint Petersburg is one of the Russian cities which hosted the 2018 FIFA World Cup, including a semi-final match.
- Owing to this fact, Saint Petersburg and Leningrad region received funding by FIFA, as well as federal and municipal funding for implementation of infrastructure projects.

Projects implemented:

- Zenit Arena for 69 500 people for 1 billion €
- Pulkovo's new airport terminal for 1.2 billion €
- Development of Gatchina that was the place of accommodation for one of the teams
- Development of metro and commuter transport

6. Additional information

a) Consulates general (1/2)

Country	Web page
Armenia	http://russia.mfa.am/ru/
Azerbaijan	http://azconsulate.spb.ru/
Belgium	https://russia.diplomatie.belgium.be/fr/ambassade-et-consulats
Bulgaria	https://www.mfa.bg/en/embassies/russiagc3
China	http://saint-petersburg.china-consulate.org/
Cyprus	http://www.mfa.gov.cy/mfa/consulate/consulate_spb.nsf/cgsp04_en/cgsp04_en?OpenDocument
Denmark	https://rusland.um.dk/en/about-us/contact/
Estonia	http://peterburg.estemb.ru/
Finland	https://finlandabroad.fi/web/rus/etusivu
France	https://ru.ambafrance.org/-Consulat-general-de-France-a-Saint-Petersbourg-
Germany	http://www.sankt-petersburg.diplo.de/Vertretung/stpetersburg/ru/Startseite.html
Greece	https://www.mfa.gr/russia/ru/consulate-general-st-petersburg/
Hungary	https://szentpetervar.mfa.gov.hu/rus
India	http://cgispburg.gov.in/index.php
Israel	http://embassies.gov.il/SPB/Pages/default.aspx
Italy	http://www.consanpietroburgo.esteri.it/
Japan	https://www.st-petersburg.ru.emb-japan.go.jp/itprtop_ru/index.html

6. Additional information

a) Consulates general (2/2)

Country	Web page
Kazakhstan	http://mfa.gov.kz/en/s-petersburg
Latvia	https://www.mfa.gov.lv/en/stpetersburg
Lithuania	http://consulate-stpetersburg.mfa.lt/
Norway	https://www.norway.no/ru/russia/norway-russia/consulate-general-st-petersburg/
Poland	https://sanktpetersburg.msz.gov.pl/ru/?jsessionid=7E583458EE63AD93EC09A26308B1C6B5.cmsap1p
Romania	https://moscova.mae.ro/en
Slovakia	https://www.mzv.sk/web/cgsaintpetersburg-ru
South Korea	http://rus-stpetersburg.mofa.go.kr/worldlanguage/europe/rus-stpetersburg/main/index.jsp
Spain	http://www.exteriores.gob.es/Consulados/SANPETERSBURGO/ru/consuladoenruso/Paginas/default.aspx
Sweden	https://www.swedenabroad.se/en/embassies/russia-saint-petersburg/
Switzerland	https://www.eda.admin.ch/countries/russia/ru/home/predstavitelstva/botschaft/generalconsulate.html
The Czech Republic	http://mzv.cz/
The Netherlands	https://www.netherlandsworldwide.nl/countries/russian-federation/about-us/consulate-general-in-st.-petersburg
The United Kingdom	http://ukinrussia.fco.gov.uk/ru/about-us/other-locations/st-petersburg-consulate-general/
Turkey	http://stpetersburg.cg.mfa.gov.tr/Mission
Ukraine	https://spb.mfa.gov.ua/ru

6. Additional information

b) Some authorities

The Governor of Saint Petersburg

- Address: Smloniy
- <https://www.gov.spb.ru/governor/>

Committee on External Relations of Saint Petersburg

- Address: Smloniy
- <http://kvs.spb.ru/>

The Regional Government of Leningrad region

- Address: prosp. Suvarovskiy, 67
- <http://lenobl.ru/ru/>

The Committee on Foreign Economic and Interregional Relations of Leningrad region

- Address: prosp. Suvarovskiy, 67
- <http://inter.lenobl.ru/ru/>

6. Additional information

c) Some useful links and business supporting services

- Baltic Rim Economies — <https://sites.utu.fi/bre/earlier-bre-reviews/>
- Electronic Publications of the Pan-European Institute — <https://www.utu.fi/en/university/turku-school-of-economics/pei/publications-and-reports>
- American Chamber of Commerce in Russia — <https://www.amcham.ru/eng>
- Association of European Businesses — <https://aebrus.ru/en/>
- British Chamber of Commerce in Russia — <https://www.rbcc.com>
- Chamber of Commerce — <http://spbtp.ru/>
- Foundation for Assistance to Small Business Lending — <http://credit-fond.ru/>
- Information and analytical resource on key indicators of investment attractiveness of St. Petersburg — <http://spbinvestment.ru/ru>
- Unified Entrepreneurship Center — <https://www.crpp.ru/en/aboutsenteren>
- Public Council for Small Business Development — <http://www.ossqb.ru>
- St. Petersburg International Business Association — <https://www.spiba.ru>