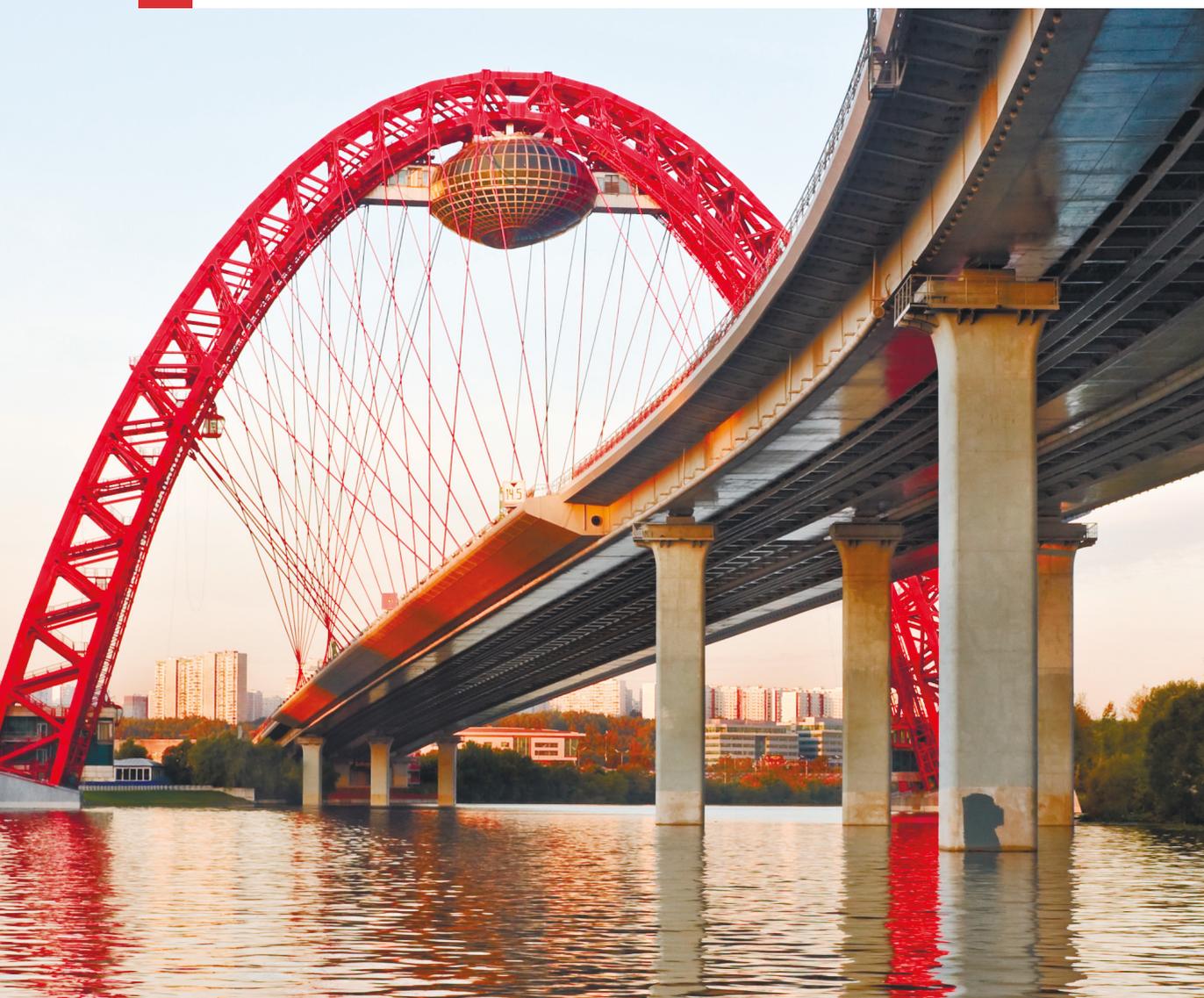


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MOSCOW SOCIAL AND ECONOMIC DEVELOPMENT IN 2013

Digest under support of Department of Economic Policy and Development of Moscow and Analytical Center of Moscow



ДЕПАРТАМЕНТ

экономической
политики
и развития

города
МОСКВЫ



Analytical Center
of Moscow

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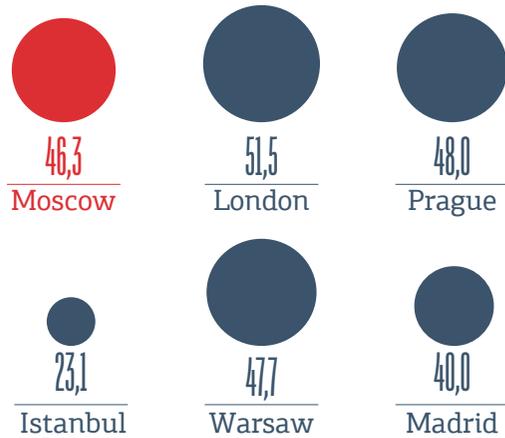
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1. RUSSIA, MOSCOW AND OTHER CITIES OF THE WORLD

Moscow is the largest city of Europe and one of the largest cities of the world.

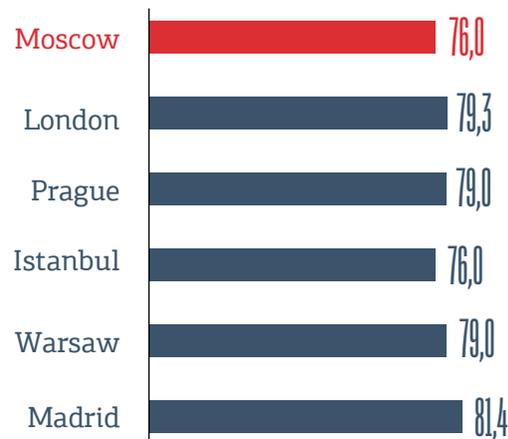
In terms of social and economic development Moscow is comparable with or ahead of other capitals of the world.

Fig. 1 GRP by purchasing power parity per capita by city, thous, USD, 2013 (estimated)



Moscow's GRP increased **2,24** times for the last 15 years in comparable prices

Fig. 2. Average life expectancy by cities, years, 2013



Average life expectancy for the last 3 years **increased for more than 2** years and reached average European level

Moscow's structure of the economy is also comparable with the world's largest metropolitan areas

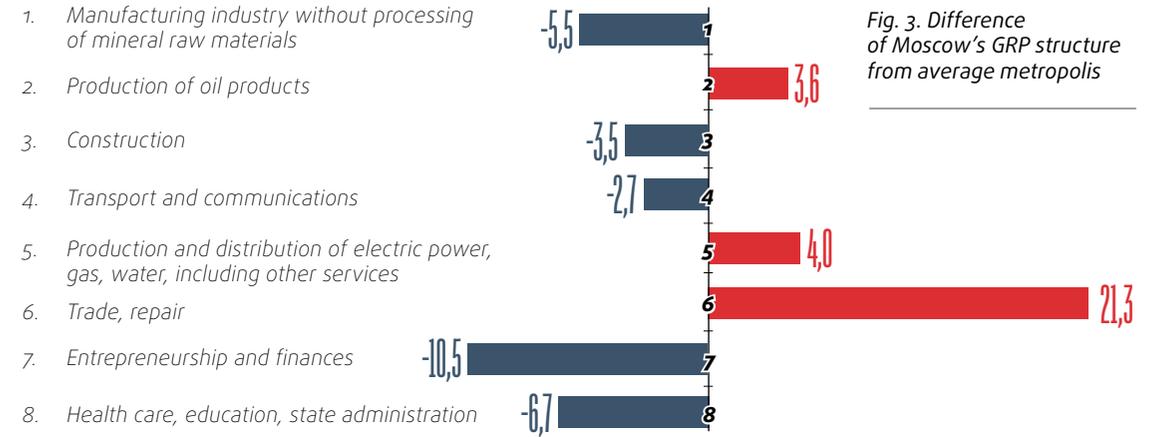
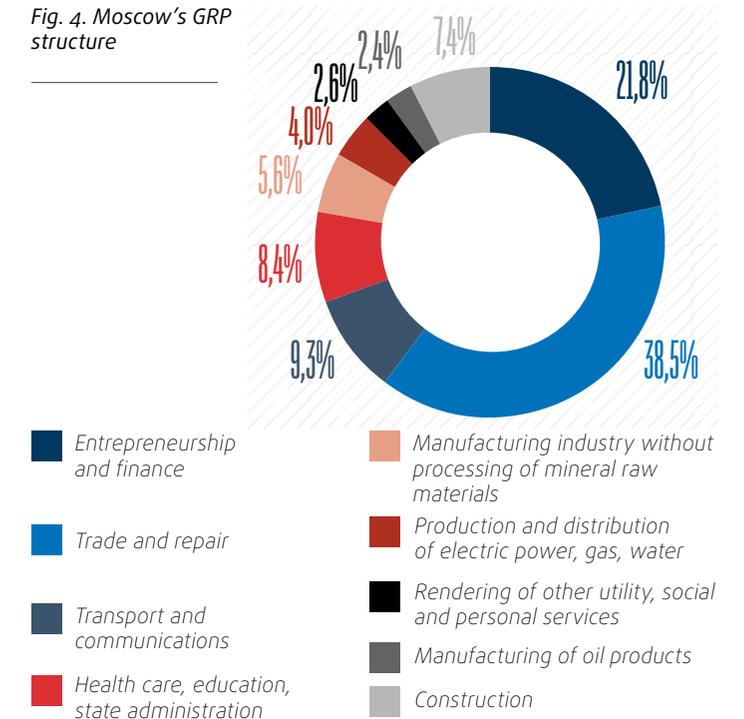


Fig. 3. Difference of Moscow's GRP structure from average metropolises

Significant deviation of share of retail and wholesale is determined by the accounting in Moscow of income from sales of oil and gas. On the other hand financial sector of the city is underestimated, as considerable share of added value in Moscow's financial sector is accounted by the Federal State Statistics Service only at the country level and not distributed between the regions.

Fig. 4. Moscow's GRP structure

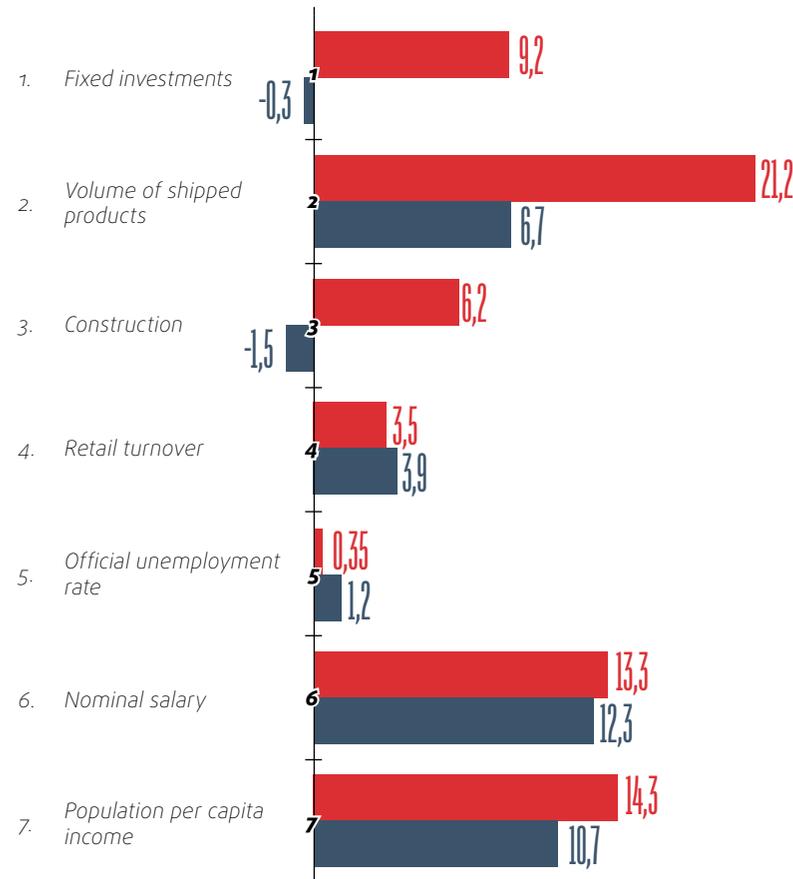


Under the unfavorable economy fluctuations, Moscow remains the city of stable social and economic development.



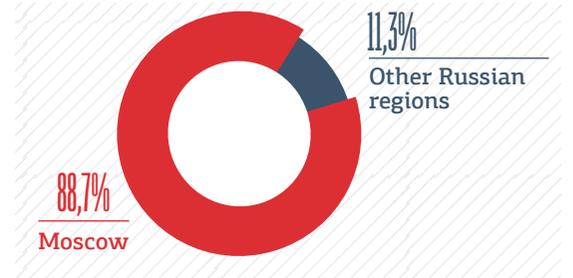
Fig.5. Comparison of Moscow with Russian Federation in terms of key social and economic indicators, 2013 as compared to 2012

Moscow
Russia



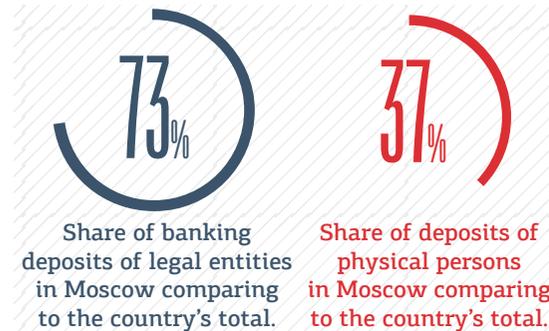
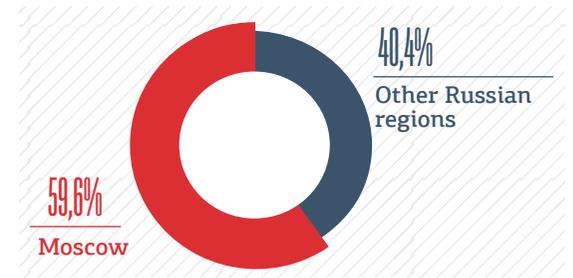
In Moscow 489 financial institutions carry out their activity, or more than a half (53%) of all financial institutions operating in Russia.

Concentration of assets of operating financial institutions, carrying out their activity in Moscow, is almost 90%.



About 60% of funds of all legal entities in Russia

is concentrated on the accounts of institutions, located in Moscow.



Such a high concentration is explained by the degree of development of Moscow's financial sector as well as by the fact that head offices of the largest Russian raw materials and logistic companies are registered in the city.

2. INDUSTRY

Official statistics data is controversial and precludes objective evaluation of the commenced processes of structural reorganization of the city's economy. For example, starting from the fourth quarter of 2012 and to the present day one may observe the mismatch in dynamics of the industrial production index and the volume of shipped products of manufacturing industry.

Fig. 9. Dynamics of indices of industrial production and volume of shipped products of manufacturing industry, 2012-2013, % (in comparable prices, for the full range of manufacturing industries)



Source: Moscow State Statistics Service

Continious growth of shipment volume despite the industrial production volume decline is explained by the fact that production facilities are located outside of Moscow yet shipments are accounted by the statistical bodies at the location of the enterprise head office. Besides, enterprises have shifted to manufacturing of products with greater added value. Statistics, unfortunately, lags behind in terms of adjusting the accounting method for industrial production index according to the new structure of products, manufactured by the city enterprises.

Volume of shipped products index, deflated by the producer price index, reflect the situation in industry more adequately.

According to statistics, **there is a reduction of production volume in oil refining by 3,7%**

3,7%

Oil processing depth totaled

72,3%

At the same time, the largest manufacturer of oil products in Moscow – **Moscow Oil Refinery - processed**

11,08

M. tons of oil in 2013, -

3,8%

more than in the previous year.

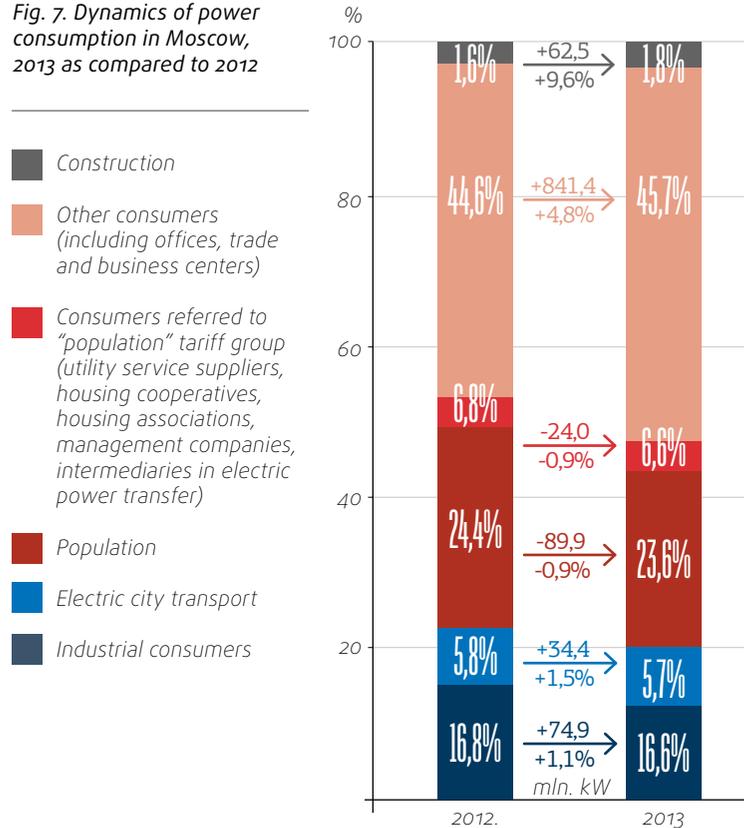


In the total volume of shipments of Moscow's manufacturing industry the share of oil processing is above 50% and fully determines the dynamics of the city's industrial production.

	2012, million tons	2013, million tons	Growth
Light oil products	5,95	6,2	+4,2%
Including:			
High-octane gasoline	2,1	2,3	+9,6%
Jet fuel	0,6	0,7	+6,5%
Bitumen	0,7	1,07	+48,1%

3. POWER CONSUMPTION

Fig. 7. Dynamics of power consumption in Moscow, 2013 as compared to 2012



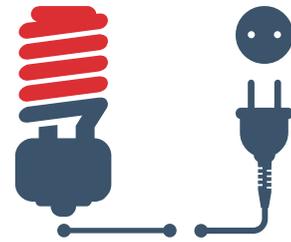
Indirect proof of the on-going structural reorganization of the economy is the dynamics of electric power consumption.

Consumption:

40,56
bln. kW/h

Consumption growth:

+0,9
bln. kW/h (+2.3%)



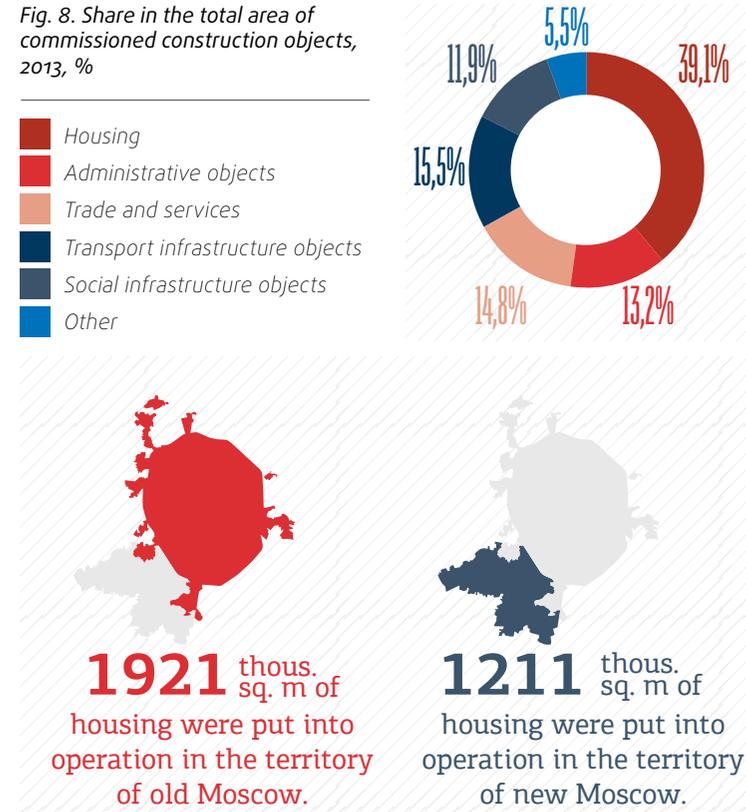
In the electric power distribution the share of industrial consumers decreased, while power consumption grew by 1.1%.

At the same time the share of consumption by offices, trade and business centers increased, with power consumption growth by 4.8%.

Electric power consumption dynamics is based on data of Mosenergosbyt (Moscow Power Service Company), which covers more than 96% of the total useful volume of electric power output within the city boundaries.

4. CONSTRUCTION

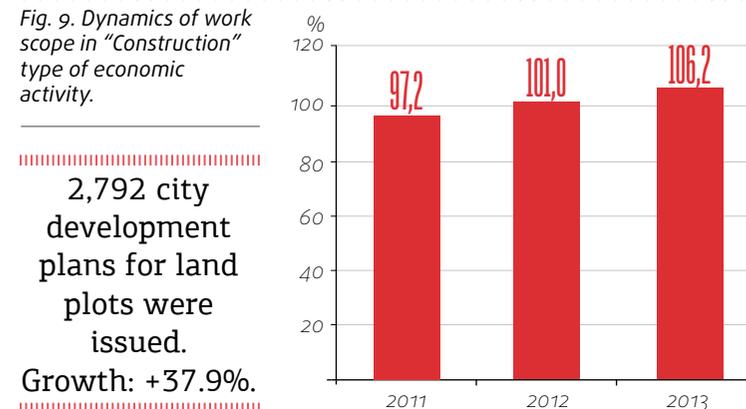
Fig. 8. Share in the total area of commissioned construction objects, 2013, %



Rapid growth is observed in construction. In 2013 about 8 mln. sq.m of the total area were put into operation by all sources of financing, including 3 mln. sq.m (3.13) of housing, which is by 2.7% more than in previous year (3.05).

The scope of construction works increased by 6.2% in comparable prices and totaled 635.9 bln. rubles.

Fig. 9. Dynamics of work scope in "Construction" type of economic activity.



2,792 city development plans for land plots were issued.
Growth: +37.9%.

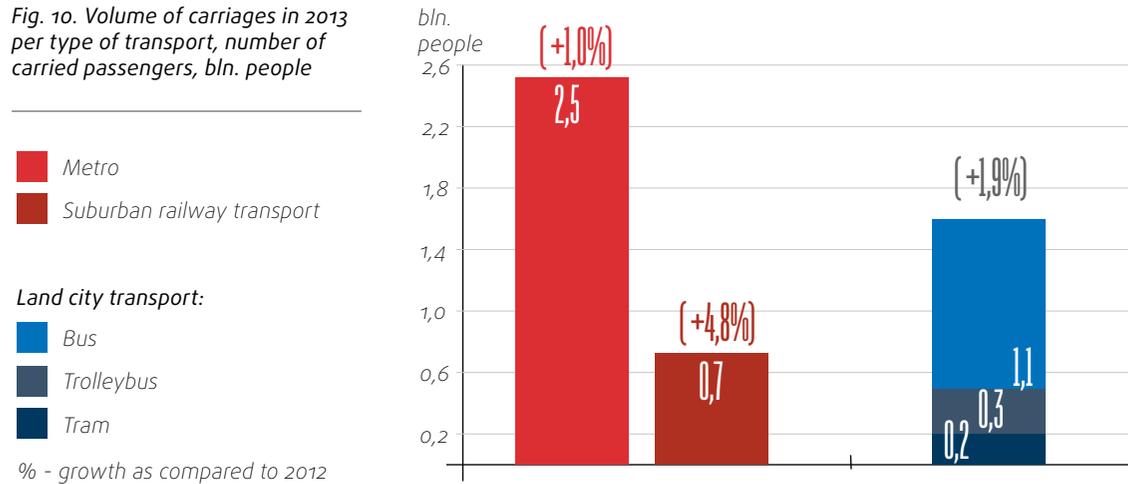
Construction share in Moscow's GRP



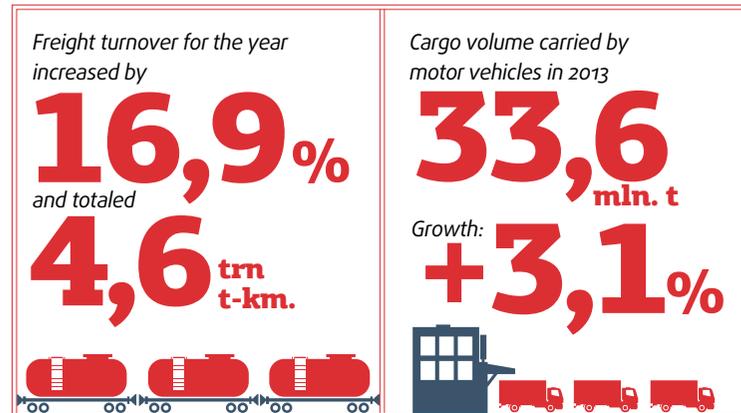
5. TRANSPORT

Passenger traffic numbers are growing for all types of transport. During the last year about 4.6 bln. people were carried. The leader is metro – 2.5 bln. people. The largest growth of passengers as compared to 2012 is registered for suburban railway - 4.8% and city public transport – 1.9%.

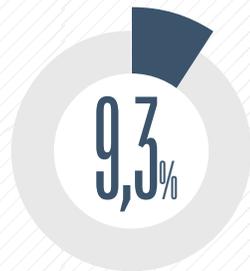
Fig. 10. Volume of carriages in 2013 per type of transport, number of carried passengers, bln. people



% - growth as compared to 2012



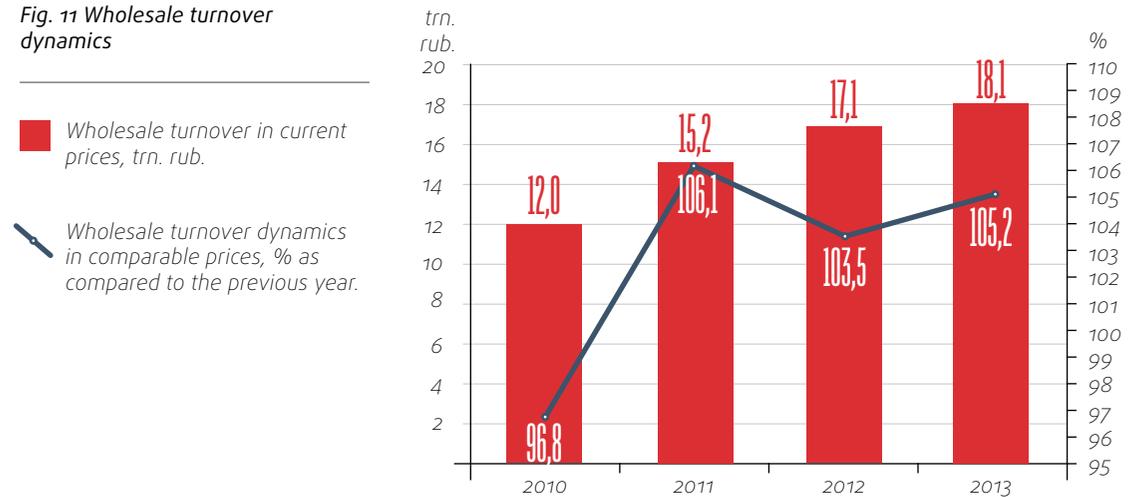
Share of transport and communications in Moscow's GRP



6. WHOLESALE

Wholesale turnover growth totaled +5.2% in 2013. Commodity turnover totaled 18.1 trn. rubles. Wholesale share in the total trade turnover is 81.0%.

Fig. 11 Wholesale turnover dynamics



The major players of the wholesale market (according to Spark-Interfax) are JSC "Gazprom" – 7.8%, JSC "Lukoil" – 3.2%, JSC "Inter RAO" – 2.1%, LLC "Metro Cash and Carry" – 1.3%, "JTI-MP" (division of Japan Tobacco Inc.) – 1.1% (in % of the total wholesale revenue). Wholesale growth is due to the registration in Moscow of the largest distributors of oil and gas processing industry.

Wholesale share in Moscow's GRP



7. RETAIL

Retail growth in 2013 totaled

103,5%

as compared to 2012
(in comparable prices).

Retail turnover totaled

4017
bln. rubles.

Organised retail is developing at higher rates (+4.5%).

Moscow's share in the total Russian retail turnover is steady and totals 17%. The retail turnover per capita reached 333 thous. rubles (9.3% growth) which is 2 times higher than the figure for the country.

Fig. 12. Retail turnover

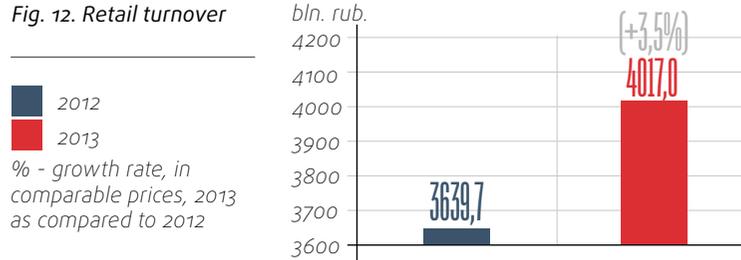


Fig. 13. Turnover of non-organised retail

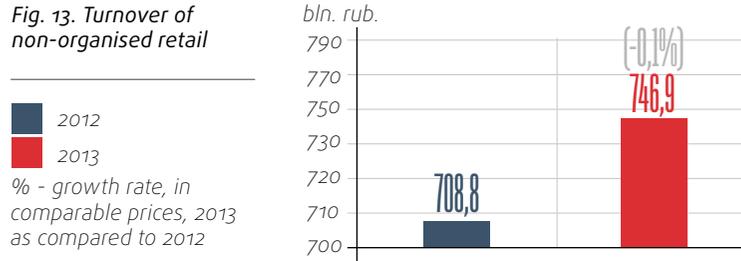
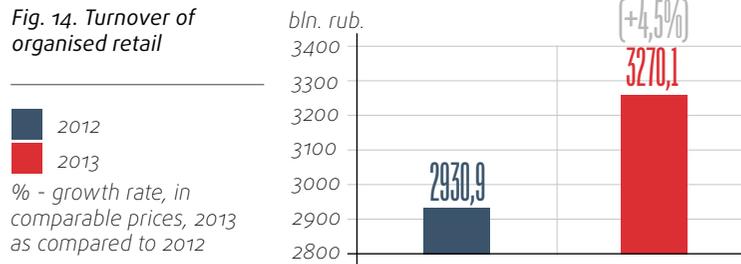


Fig. 14. Turnover of organised retail



Increased volume of retail trade is due to the income growth of Moscovites and stable consumer demand of the population.

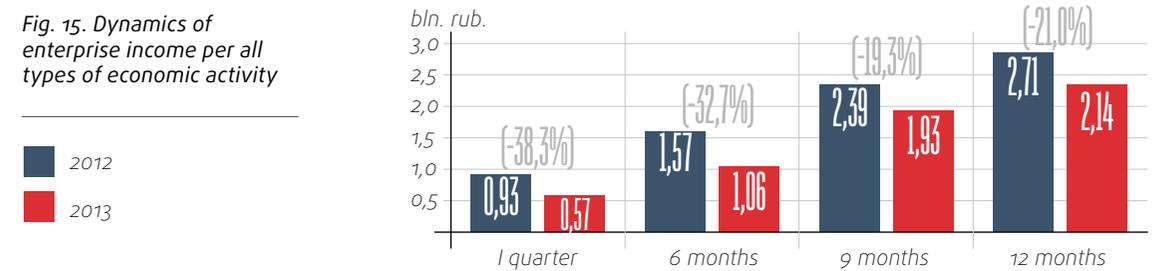
Retail share in Moscow's GRP



8. FINANCIAL RESULT OF ENTERPRISES

Reduction in growth rate of the country economy influences the city economy. In particular, it influences the financial result of city enterprises.

Fig. 15. Dynamics of enterprise income per all types of economic activity



1. Production of transport means and equipment

2. Wood processing and manufacturing of wood products

3. Production of machines and equipment

4. Chemical production

5. Metallurgy

6. Production of food products

7. Manufacturing of oil products

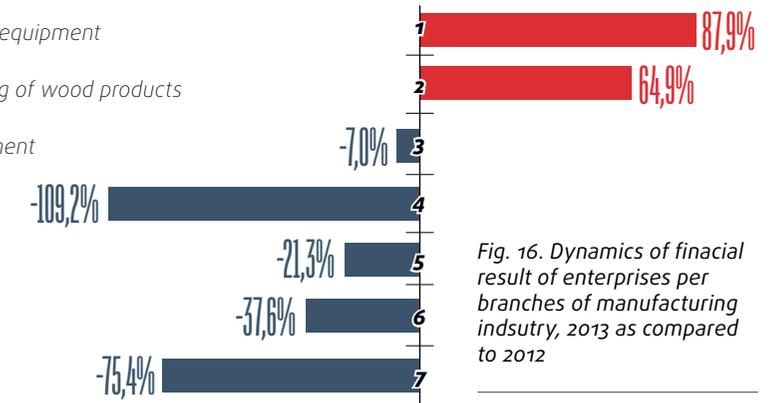


Fig. 16. Dynamics of financial result of enterprises per branches of manufacturing industry, 2013 as compared to 2012

At the same time there are industries in the city's economy which didn't impair but, on the contrary, improved their financial indicators. These are the production of transport means and equipment and manufacturing of wood products. Negative developments are concentrated around the sector of large corporations. Such corporations, by all means, influence the general climate in Moscow, but do not determine it.

9. BUSINESS LOANS

The profit reduction of enterprises takes place while their loan debt increases by 12% according to results of 2013. Total loan debt of enterprises in Russia was 22.2 trn. rubles.

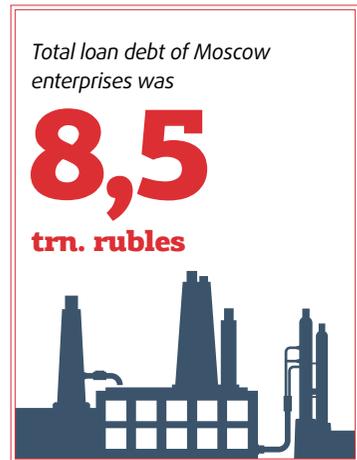


Fig. 17. Loan debt of legal entities and individual entrepreneurs

% - loan debt growth rate

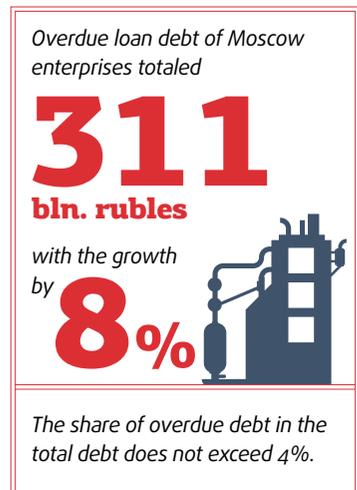
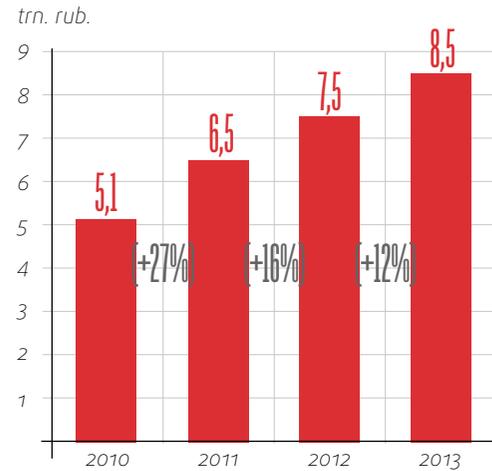


Fig. 18 Overdue loan debt of legal entities and individual entrepreneurs

% - loan debt growth rate



10. FIXED INVESTMENTS

The inflow of fixed investments keeps on increasing, despite the decline in financial results. The growth of investments in Moscow totaled 109.2% in comparable prices against the background of a decline in investments in the country as a whole (99.7%). The volume of investments totaled 1.4 trn. rubles.

Fig. 19. Volume of investments in current prices

■ Volume of investments in current prices, bln. rub.
 ▲ Dynamics in comparable prices, %

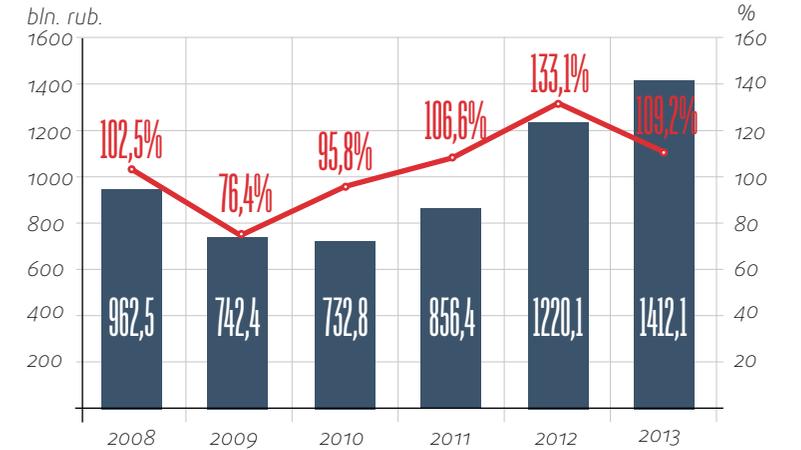
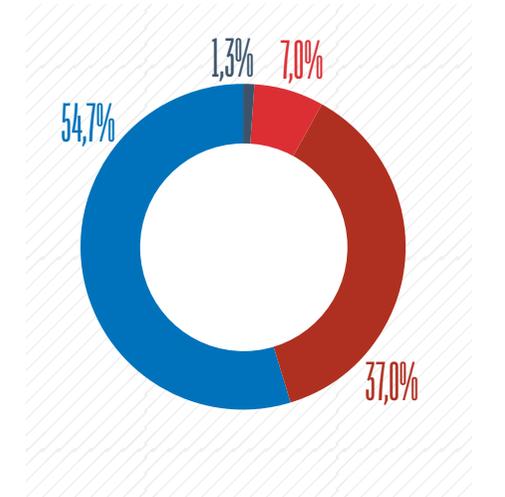


Fig. 20 Structure of fixed investments, 2013

■ Housing
 ■ Buildings (except housing) and structures
 ■ Machines, equipment, transport means
 ■ Other

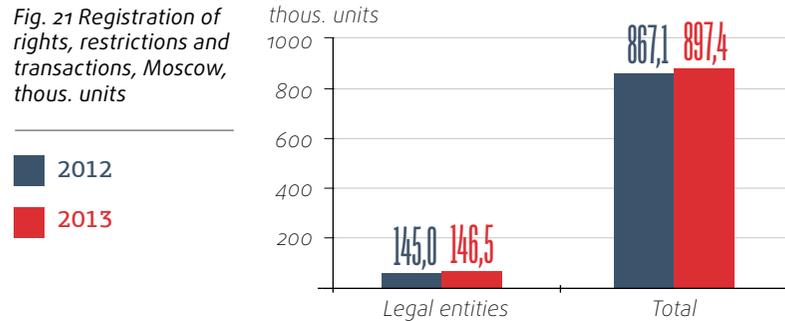


Large share of investments (54.7%) in acquisition of machines, equipment, transport means, also proves structural changes in the city's economy, connected with the application of new technologies.

11. BUSINESS ACTIVITY

In 2013 business activity in Moscow is steady and remain quite high, despite of economy growth pace slowing down.

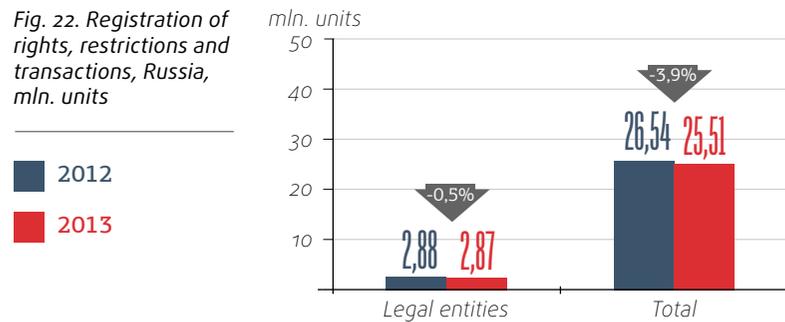
Fig. 21 Registration of rights, restrictions and transactions, Moscow, thous. units



The number of registered rights and transactions, closed in the territory of Moscow

increased by 3,5%

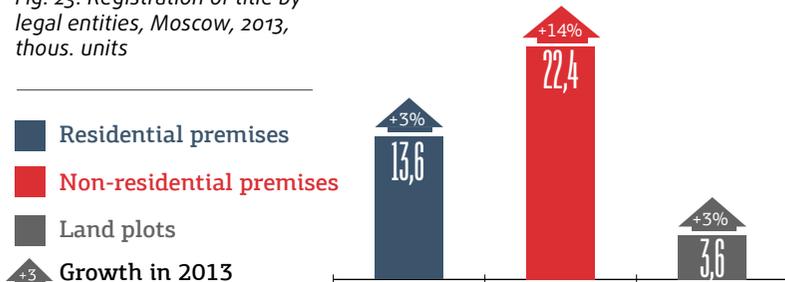
Fig. 22. Registration of rights, restrictions and transactions, Russia, mln. units



The number of registered rights and transactions, closed in the territory

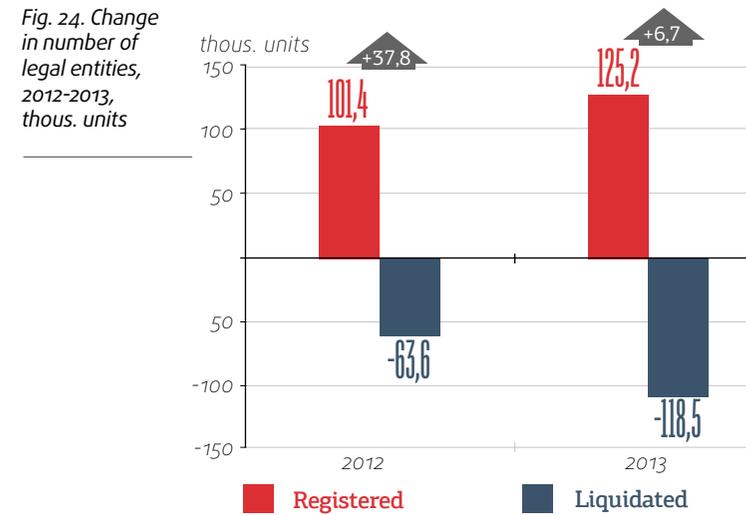
reduced by 3,9%

Fig. 23. Registration of title by legal entities, Moscow, 2013, thous. units



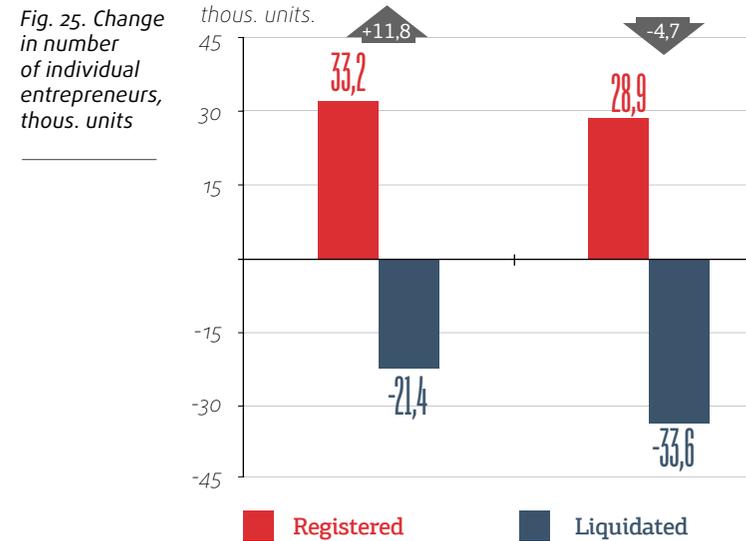
Legal entities registered about 40 thousand titles.

Fig. 24. Change in number of legal entities, 2012-2013, thous. units



Growth of registered enterprises and organizations in 2013 totaled 23.5% as compared to 2012.

Fig. 25. Change in number of individual entrepreneurs, thous. units



As of January 01, 2014
1102,5 thous. legal entities,
208,6 thous. individual entrepreneurs were registered



Demography of organizations was significantly influenced by activity of tax authorities concerning liquidation of fly-by-night companies.

12. PERSONAL SPENDING

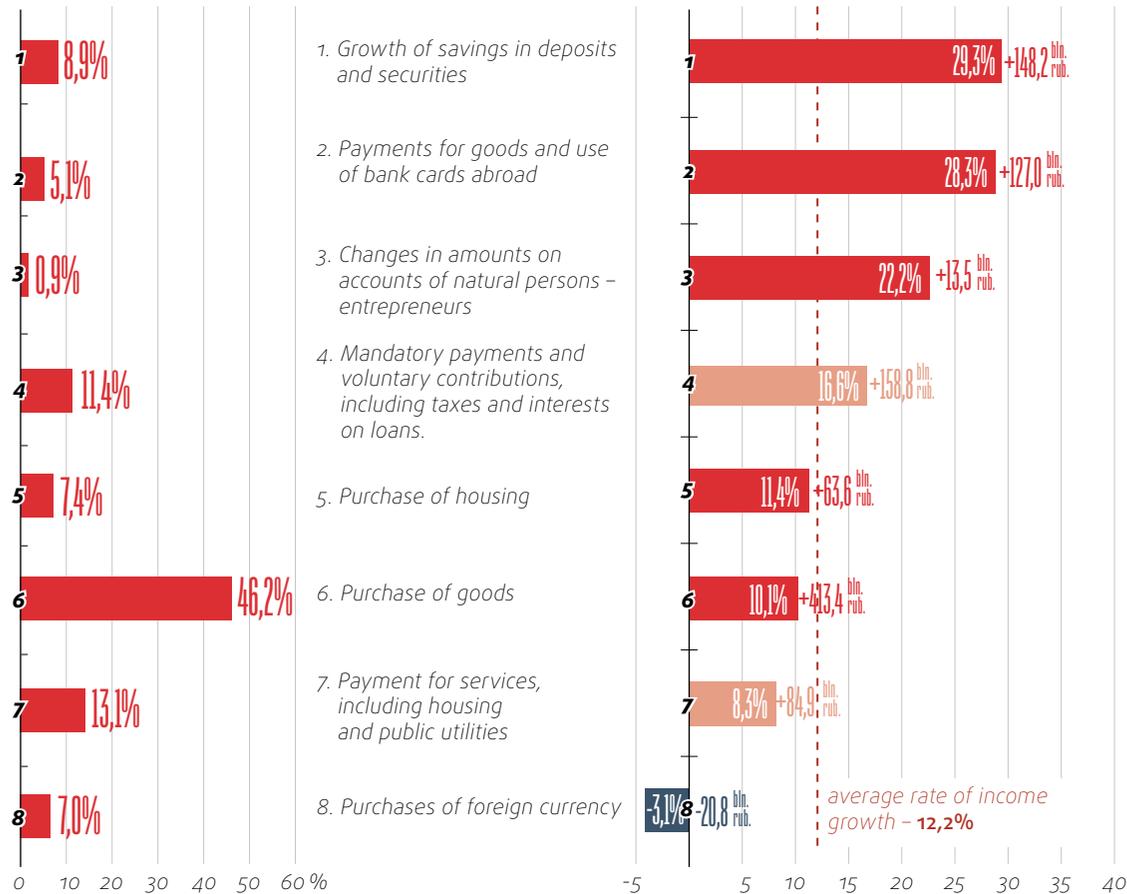
The city economic situation determines the population living standard, which is characterized by positive dynamics of spendings of Moscovites.

In 2013 the personal spending as a whole increased by 972 bln. rubles (+12.2%) and totaled 8.94 trn. rubles.

Structure of personal spending

Fig. 26 Personal spending

Dynamics of personal spending, 2013 as compared to 2012



Consumer behavior of citizens has changed – there is a clear tendency in favor of saving.

Growth of expenses on mandatory payments is not connected with personal spending on payment for housing and public utilities.

Fig. 27. Structure of personal spending on services

2012
2013

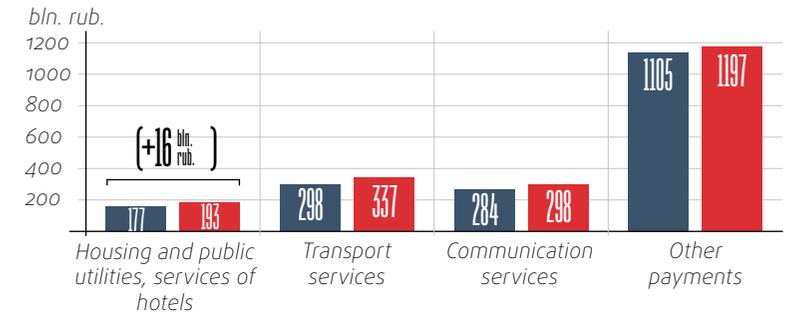


Fig. 28. Structure of personal spending on mandatory payments

2012
2013

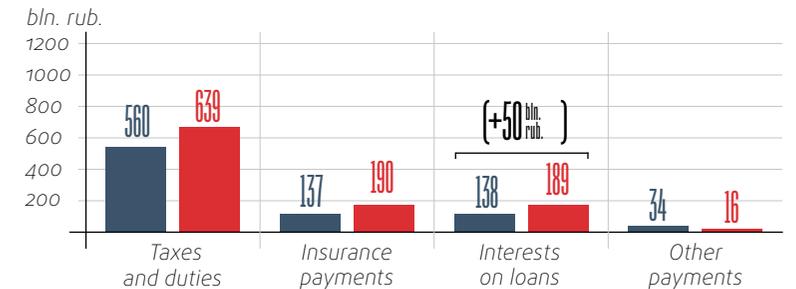
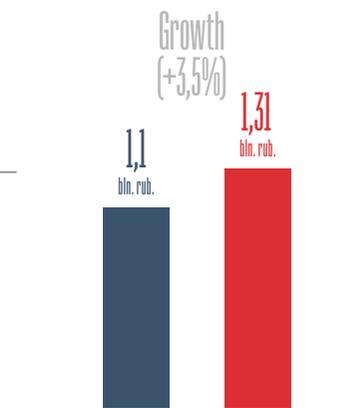


Fig. 29. Volume of loans to natural persons, including mortgage and consumer loans

2012
2013



There is a tendency to increased “debt load” of Moscovites. According to the results of 2013 the volume of loan debt increased by 19% and totaled 1.31 trn. rubles. Thus, about 96 thous. rubles of (mortgage and consumer) loans fall on each citizen, which may be the evidence of an increased confidence of Moscovites in the future.

13. PERSONAL INCOME

Based on rapid income growth of Moscovites one can see that situation in the city is stable and favorable. According to preliminary estimates, per capita personal income in 2013 reached 55.6 thous. rubles per month. Growth – by 14.3% (by 7.1% in comparable prices).

Cash income of Moscovites is more than 2 times higher than average Russian level and is comparable with income level in the cities of Eastern Europe

In the structure of income of Moscovites the share of salary (44%) and social payments (12.6%), which today are about 2/3 of the total volume of income, is increasing. The income from business activity of Moscovites totaled about 6%.

Fig. 30. Dynamics of cash income per capita

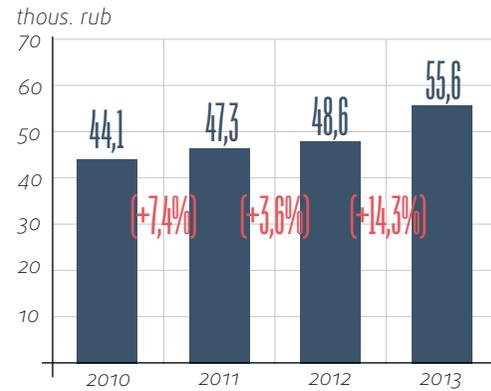
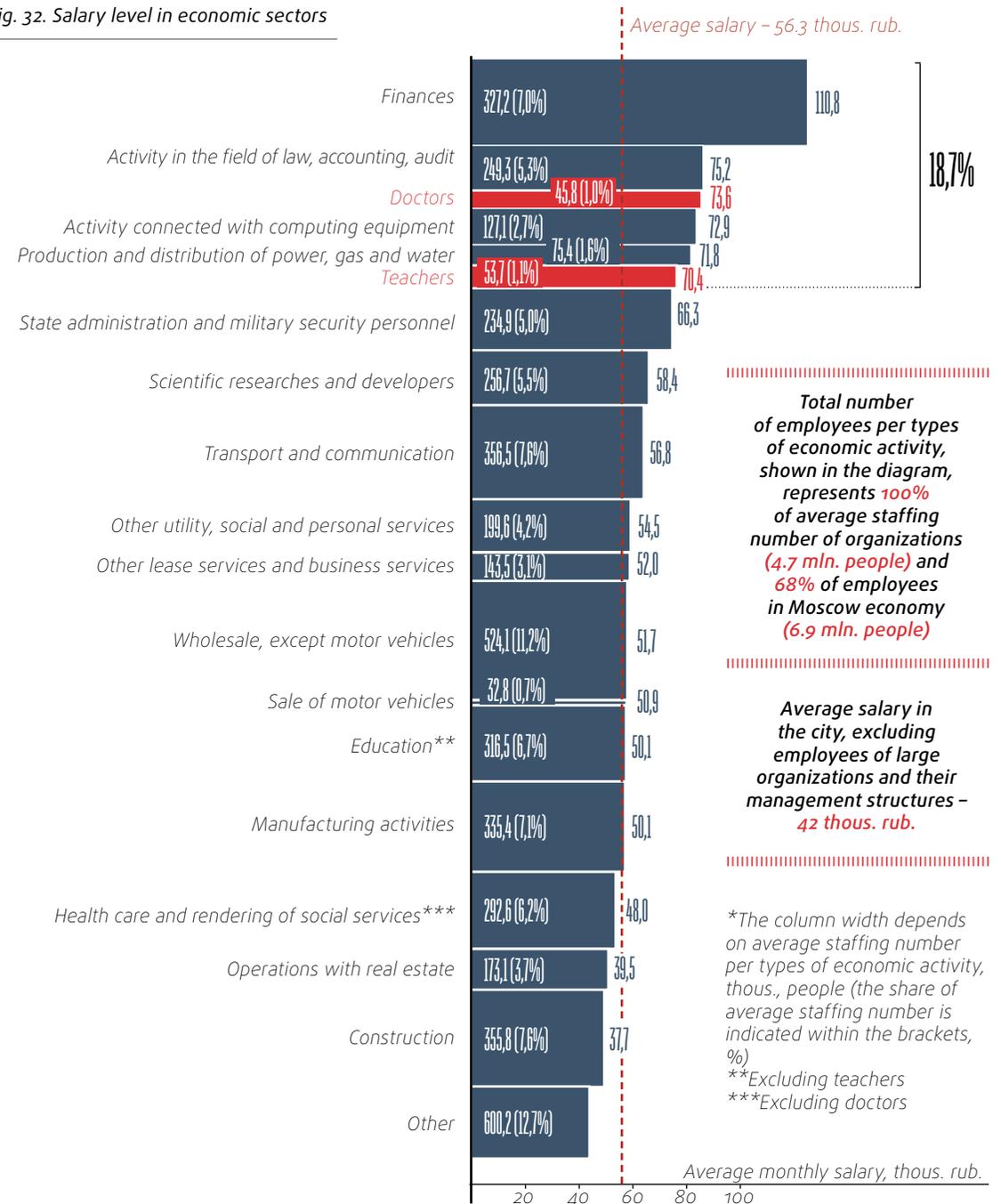


Fig. 31. Structure of personal income



Average salary is 56.3 thous. rubles. Doctors and teachers in Moscow are in the top five of the most high-paid professions

Fig. 32. Salary level in economic sectors



14. FISCAL REVENUES

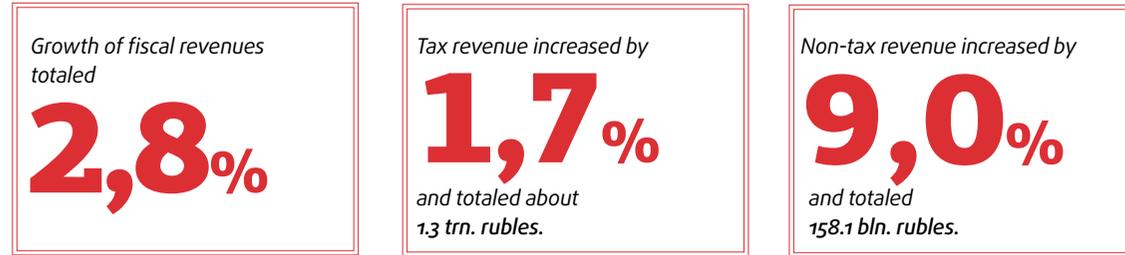
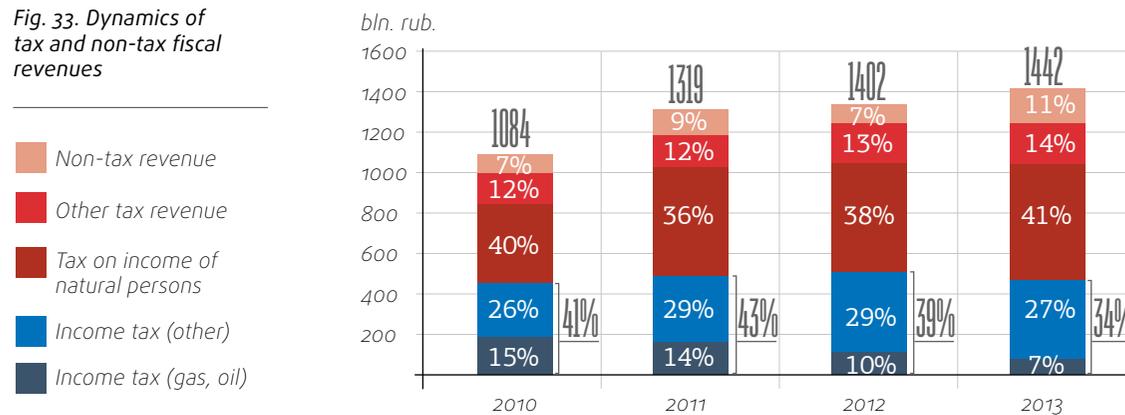


Fig. 33. Dynamics of tax and non-tax fiscal revenues



The structure of tax revenue has changed. The leader in terms of proceeds is the tax on income of natural persons, but not the tax on income of organizations. The reduction of income tax share significantly reduces the influence of market fluctuations on the city economy. Moscow budget gets the “second bearing point” and becomes more stable and adequate to the current stage of the city development.

The formation of the “third bearing point” is on-going, which is the introduction of tax on shopping and office premises according to their cadastral value. Not only will it improve the city’s budget but also create equal competitive conditions for all market participants. At the same time business conditions will be unified and become more transparent thus improving the city’s investment attractiveness.

15. FISCAL EXPENDITURES

Moscow’s budget, being of social orientation, remain the budget for development.

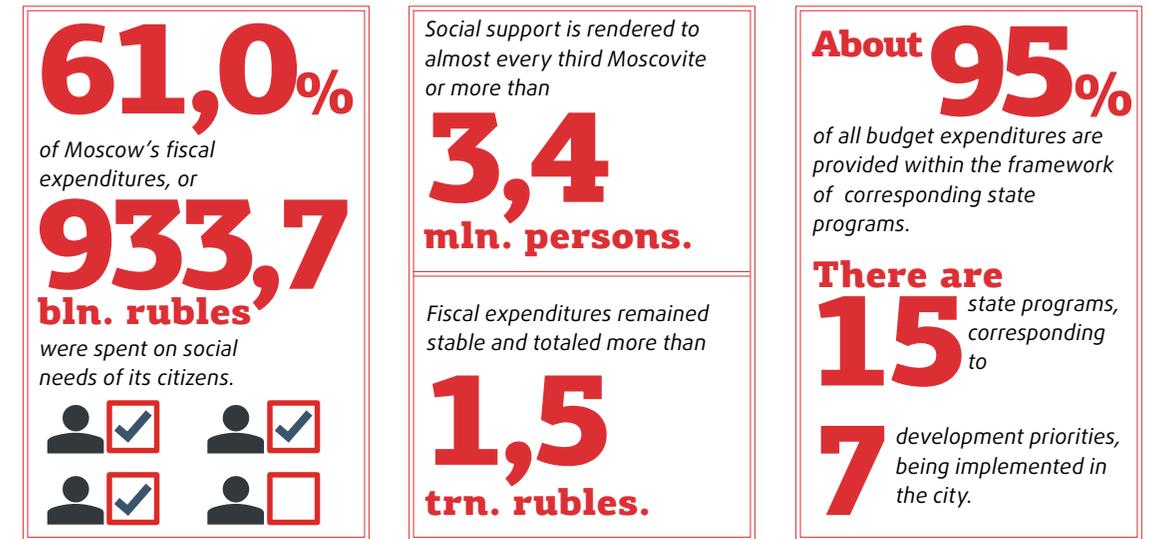
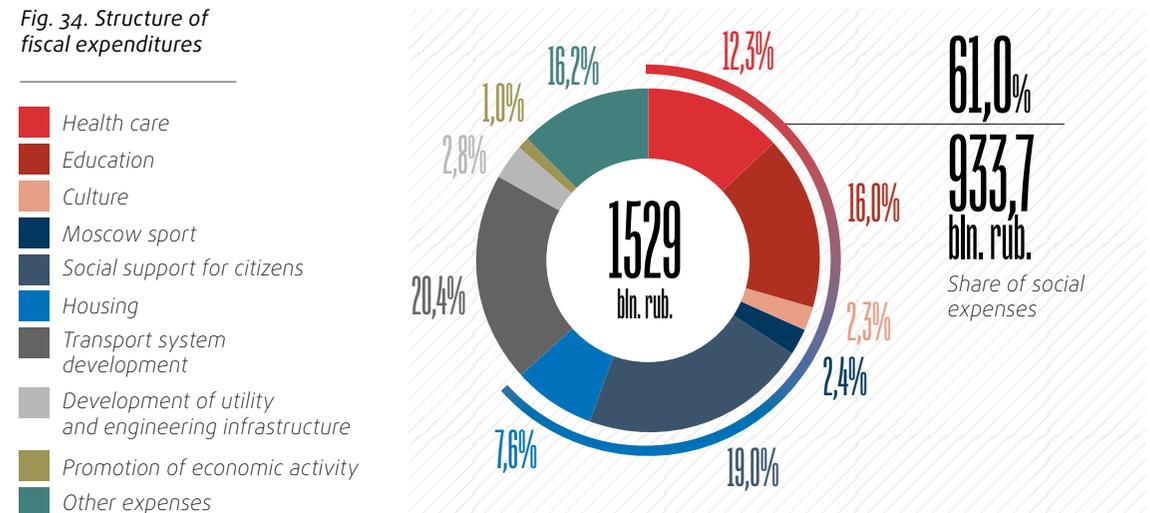


Fig. 34. Structure of fiscal expenditures



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