

Gazprom Lowers Investment Plan

By [The Moscow Times](#)

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Gazprom has lowered its investment program for next year by 9.8 percent as demand for the fuel may remain low in the oversupplied European market.

The gas producer's board approved investments of 816.4 billion rubles (\$26 billion) in 2011, Gazprom said in a statement. That compares with a total 905.2 billion rubles in 2010.

Next year's program allocates 729.9 billion rubles for capital expenditures, compared with 751.8 billion rubles this year, according to the statement released late Monday.

"The investment program should respond to gas demand," Gazprom deputy chief Valery Golubev told reporters last week. "If today we are witnessing some decline, why increase output, transportation capacity, without having contracts for the gas."

The "gas glut" will exceed 200 billion cubic meters next year from 130 bcm this year, according to the International Energy Agency. The market should return to a balance of supply and demand by 2015, Gazprom deputy CEO Alexander Medvedev told reporters

Monday.

Budget revenue is expected to increase 6.9 percent to 3.89 billion rubles next year, Gazprom said. Financial borrowing will remain at 90 billion rubles.

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