

Ambassador Speaks of Gazprom's Woes in WikiLeaks

By [The Moscow Times](#)

January 10, 2011

The  Moscow Times

The Kremlin's ambition of turning Gazprom into a global energy titan is undermined by Soviet-style thinking, poor management and corruption, according to leaked U.S. diplomatic cables.

Leaked diplomatic cables from U.S. Ambassador to Moscow John Beyrle portray the company as a confused and corrupt behemoth still behaving like its predecessor, the Soviet Ministry of Gas.

"Gazprom is what one would expect of a state-owned monopoly sitting atop huge wealth — inefficient, politically driven, and corrupt," Beyrle wrote in a 2009 cable published by German magazine Der Spiegel on its web site.

Gazprom spokesman Sergei Kupriyanov declined immediate comment on the documents, part of the 251,287 U.S. embassy cables released to news organizations by WikiLeaks.

The economic crisis battered Gazprom, and its market capitalization is now just over \$150 billion, less than half its peak of more than \$350 billion reached in 2008.

The U.S. cables repeat the view of many Western and Russian analysts that Gazprom's management misjudged the future by betting that soaring European demand would continue to support a seller's market.

"Gazprom was simply unprepared for the inevitable leveling off and current decline in European gas demand," the U.S. ambassador said in the cables, adding that Gazprom misjudged the impact of liquefied natural gas imports to Europe.

Gazprom is still clearly viewed as an instrument of Kremlin social policy, according to Beyrle, who cited a Gazprom executive as saying that the company's first two priorities were to provide reliable and affordable gas to the domestic population and to "fulfill its social obligations."

"A Gazprom that behaved more like a competitive global company would probably find a new path to growth more quickly," Beyrle wrote.

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