

Gas in Russia More Costly Than in U.S.

By [The Moscow Times](#)

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Industrial users in Russia, the world's biggest natural gas producer, are paying more for the fuel than U.S. consumers as Prime Minister Vladimir Putin's government raises prices to improve Gazprom's profitability.

Russian industrial users will pay about \$2.84 per million British thermal units for gas this year, according to Bloomberg calculations based on Gazprom data. That compares with \$2.83 per million Btu for the next-day contract at Henry Hub in Louisiana, the U.S. benchmark.

Russia, which sits on the world's biggest gas reserves, is gradually increasing domestic rates to match oil-linked prices in Europe, Gazprom's biggest market by revenue. The domestic market is the producer's largest by volume. U.S. prices fell 26 percent over the past year as increased production from shale deposits boosted supply.

"It feels like the end of an era where cheap gas was a foundation of the old system," said Kingsmill Bond, an analyst for Citigroup in Moscow. "The domestic price is now arguably artificially high not artificially low, and that will surely over time put more pressure

on Gazprom to be run more effectively."

Natural gas prices for Russian industrial users will average \$107 per thousand cubic meters next year, Gazprom chief executive Alexei Miller said Nov. 25. That's about \$3 per million Btu.

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