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Gazprom Ramps Up Investment Program Despite Russia Sanctions

By The Moscow Times

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Russia's state-owned natural gas giant Gazprom has approved an updated investment program for this year that is 22 percent — or over 1 trillion rubles ($24 billion) — more generous than the previous version, the company said in a statement Tuesday.

The new plan brings investment volumes roughly into line with Gazprom's approved expenditure last year.

Explaining the revision, the company said additional investment was needed to fund huge extension to Gazprom's pipeline network, including the Power of Siberia pipeline, which is slated to ship gas to China under a three-decade-long $400 billion deal signed in May.

Although it has not been explicitly locked out of Western capital markets by sanctions on Moscow over its actions in Ukraine, the rising political risks around Russia have complicated Gazprom's access to international funding, forcing it to look to China for cash.

Gazprom said it expects revenue this year at 5.6 trillion rubles ($136 billion) and total expenditure of 6.1 trillion rubles ($148 billion). It said it plans to attract 90 billion rubles ($2.1 billion) of external financing this year.

In February, Gazprom issued a series of Eurobonds worth 750 million euros ($950 million). In October the company said it was discussing a renminbi-denominated bond issue with Industrial and Commercial Bank of China.

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