The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Sanctions-Struck Gazprom Sees Gas Production Hit Record Low

By The Moscow Times

December 25, 2014



A Gazprom flag waving at the firms's Moscow headquarters.

Company spokesman Sergei Kupriyanov told reporters on Wednesday that the company expected to produce 444.4 billion cubic meters (bcm) of natural gas this year, an all-time low, down from 487.4 bcm last year.

In June Gazprom halted supplies to Ukraine, its second-largest market after Germany, amid a row over prices and unpaid debts and only resumed supplies this month.

More recently Gazprom has also ended the South Stream gas pipeline project aimed at avoiding Ukraine to bring in 63 bcm of Russian gas to Europe via the Black Sea.

Europe has been seeking ways to cut its reliance on Russian gas supplies while Gazprom this month ended the South Stream gas pipeline project aimed at avoiding Ukraine to bring in 63 bcm of Russian gas to Europe via the Black Sea..

Gazprom, which supplies a third of the European Union's gas consumption, estimates its exports to the EU and Turkey declined in 2014 by more than 9 percent to 147 bcm.

"It's not relevant how much we will produce in 2015, output will depend on our ability to sell," Kupriyanov said. Gazprom's earlier forecast for 2015 called for a rise in gas production of 5 percent.

Gazprom's share of the lucrative domestic market is also shrinking as other producers, such as Novatek, Rosneft and LUKoil are more flexible in setting prices and other contractual terms with customers.

According to Sberbank CIB investment bank, Gazprom's rivals have almost doubled their share of the Russian gas market to 35 percent this year from 18 percent in 2009, when Gazprom's production fell sharply to a low of 461.5 bcm.

Kupriyanov also said on Wednesday that Gazprom had just received a $1.65 billion payment from Ukraine to cover the country's gas debts.

Ukraine's state-owned energy firm Naftogaz had used up only 300 million cubic meters of Russian gas so far in December out of 1 bcm which Ukraine has already paid for, he said. The unused volumes will be shipped in January, he added.

Original url:
https://www.themoscowtimes.com/2014/12/25/sanctions-struck-gazprom-sees-gas-production-hit-record-low-a42569