

Russia's Gazprom's Gas Output at All-Time Low in 2015

By [The Moscow Times](#)

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The main office of Russian gas exporter Gazprom is seen in Moscow.

Russia's Economy Ministry said on Tuesday it expected gas production at Gazprom to decline to 414 billion cubic meters (bcm) this year, an all-time low, due to sluggish demand and a decline in upstream investments.

Gazprom, Russia's and the world's biggest natural gas producer, said in its latest forecast in May that it expected its natural gas production to recover this year to 450 bcm after it declined last year to just above 444 bcm.

The economy ministry figures were published after it announced Russia's gross domestic product (GDP) shrank by 4.2 percent in June from a year earlier, when the country's growth prospects deteriorated sharply due to Western sanctions over the Ukraine conflict and a drop in the price of oil.

Gazprom, which normally accounts for around 8 percent of Russian GDP, earlier this year stopped publishing its gas output on a monthly basis via monitoring agency CDU TEK at the energy ministry.

The economy ministry said Gazprom's gas exports to the EU and Turkey declined by 6.2 percent to 66.8 bcm in the first half of the year due to lower gas consumption in Europe and increasing gas usage from storage facilities in winter.

The ministry sees total Russian gas exports at 164.6 bcm in 2015, down 5.5 percent from the last year. It also said Russia's average export price for gas stood at \$249.7 per 1,000 cubic meters in January-May, down from \$335.7 in the year-earlier period.

The ministry, citing Gazprom data, said investments into gas production in January-April fell by more than 60 percent at current prices.

Gazprom has been hit by a pricing dispute with Ukraine, which is battling pro-Moscow insurgency in its eastern regions. Ukraine stopped buying Russian gas starting from July 1 after EU-brokered talks collapsed without a deal on how much Kiev should pay for its supplies.

The Kremlin-controlled company also lost its position as western Europe's top gas supplier to Norway earlier this year.

In another setback for Gazprom, it has failed so far to agree with Turkey on an underwater gas pipeline, an alternative project to South Stream, abandoned by Moscow last year.

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