

Russia's Gas Export Revenues Set for Third Straight Year of Decline

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Russia's federal budget is set to record a third consecutive year of declining gas export revenues as Gazprom's supplies to Europe fall to their lowest levels in more than half a century and exports to China fail to offset the lost income.

The budget collected 420 billion rubles (\$5.38 billion) in gas export duties between January and November and is expected to receive about 470 billion rubles (\$6.02 billion) by year-end, Reuters [calculated](#) based on Finance Ministry data.

That would mark a 4% decline, or about 20 billion rubles (\$256 million), from last year.

Compared with 2023, revenues are down 17%, or 96 billion rubles (\$1.23 billion).

If confirmed, this year's figure would be the lowest since the pandemic-hit year of 2020, when gas export duties totaled 439.1 billion rubles (\$5.62 billion), Finance Ministry data [show](#).

Gas export revenues peaked at a record 1.6 trillion rubles (\$20.5 billion) in 2022, when

Gazprom was still supplying large volumes to Europe and prices surged to nearly \$4,000 per 1,000 cubic meters.

Since then, proceeds from gas export duties have fallen almost fourfold and remain 30–40% below pre-war levels seen in 2018–2019.

China has become Russia's largest gas customer, with purchases via the Power of Siberia pipeline set to reach 38.6–38.7 billion cubic meters this year, a source familiar with the data told Reuters. That is slightly above the pipeline's design capacity.

However, exports to Europe have fallen by a further 45% from last year following the [halt](#) of transit through Ukraine, leaving volumes at their [lowest](#) since the early 1970s.

Total gas exports to non-CIS countries are expected to amount to 78 billion cubic meters this year, 2.6 times less than in 2018–2019, brokerage BCS [estimates](#).

“In volume terms, the Chinese direction is gradually compensating for part of the lost European market,” said Vladimir Chernov, an analyst at Freedom Finance Global. “But the financial result remains constrained by an oil-linked pricing formula and the long payback period for infrastructure.”

Russian gas sold to China is [priced](#) at a discount of nearly 40% compared with Gazprom's other customers — about \$248 per 1,000 cubic meters versus \$401 — according to the Economic Development Ministry.

The government's 2026–2028 budget plans assume a 32% discount for China, with prices of \$243.60 per 1,000 cubic meters compared with \$356.70 for Europe and Turkey.

After 2027, Russia's gas exports could gradually rise by 47% to 56 billion cubic meters per year, supported by the launch of a new Far Eastern route with annual capacity of 12 billion cubic meters and increased flows through Power of Siberia.

At the same time, Russia could lose the remaining 17–18 billion cubic meters of gas it currently supplies to Europe via Turkey, said Mark Shumilov, an analyst at Renaissance Capital.

The European Union is considering a full phase-out of Russian gas by November 2027, while Turkey has so far extended its gas contracts with Russia — totaling 22 billion cubic meters — for just one year.

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