

***Russian gas giant Gazprom might be unable to deliver to EU due to underinvestment – EC director***

VIENNA. APRIL 24. INTERFAX CENTRAL EUROPE - Russia's natural-gas monopolist Gazprom could find itself unable to meet demand down the line due to persistent underinvestment in exploration and extraction, European Commission Director Christian Cleutinx, the EU's point man for energy contacts with Russia, told Interfax Central Europe on the sidelines of the Europe-Russia Forum in Vienna Tuesday.

"We believe Gazprom might not be able to deliver," said Cleutinx, a director within the EC's Energy and Transport Directorate. "[Russian Economy and Trade] Minister [German] Gref has been quite open about it [that] future investment policy of Gazprom is far from clear."

Russia, which at present accounts for roughly a quarter of the EU's oil-and-gas consumption, also has significant domestic demand, thanks to its huge territory, harsh winters and inefficient industry.

Meanwhile, Gazprom, which enjoys an export monopoly, has been busy snapping up downstream assets abroad and shunning investment in new fields to replace ones that are near or past peaking.

Gazprom makes fat profits on exports, while price caps on the domestic market mean the company needs to cross-subsidize sales.

"The Russian consumer is worried that they will have to go without, while the European consumer will be supplied," Anatoly Ledovskikh said during a panel at the forum.

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