

## ABSTRACT

The study investigates an effect of uncertainty of an input supply on production of an industrial firm. First, the theoretical model is constructed under an assumption of expected utility maximization. Comparative static analyses indicate that an industrial firm tends to reduce its production when uncertainty of an input supply is presented.

The study selects the natural gas curtailment as a case study to varify the theoretical model. The empirical study shows that the uncertainty of natural gas supply has a negative effect on production of natural gas intensive industries. Therefore, the study shows the impact of uncertainty of an input supply of industrial production especially for those use the input intensively.