

Controversial statement by EU commissioner on Ukrainian gas pipelines

During a meeting at the European Policy Centre think tank in Brussels, the EU Commissioner for Energy Günther Oettinger questioned the EU's policies towards Ukraine by saying, "There is no point in modernising the Ukrainian gas system if there is no gas in it, and gas comes from Russia." Later, the Commissioner's representative stated that the statement had been misunderstood, although it may demonstrate that continuing Ukraine's status as a transit country for Russian fuels is not a priority for the EU. If Ukraine loses this status (for example, if Russia completes the South Stream pipeline) Brussels will have no intention of giving aid to the Ukrainian gas sector.

In March 2009, Ukraine and the EU signed a declaration in Brussels according to which the Union and international financial institutions agreed to finance the modernisation of the Ukrainian gas pipeline network, and in return, Ukraine undertook to reform its gas sector in accordance with EU standards (including ensuring the separation of the functions of sales, delivery and transport of gas, the formation of tariffs, and free access to gas networks and underground gas tanks). The cost of modernisation was estimated at about US\$2.5 billion. In July 2010, Ukraine adopted a law on the gas market which formally meets the conditions of the Brussels declaration. Since that time, Ukraine has tried unsuccessfully to establish a tripartite consortium (with the participation of Russia and the EU) to manage the Ukrainian gas pipelines.

Oettinger's words show that bringing Ukraine into a common energy space is not a priority for the EU, if Brussels makes its assistance in modernising Ukrainian gas pipelines dependent on Russian guarantees. However, it is difficult to assess whether his remarks are a precursor to any real changes in EU policy. <smat>