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EU's Oettinger Offers Aid to Help Fix Ukraine Gas Network

By The Moscow Times

March 02, 2014



The European Union could extend financial aid to Ukraine to overhaul its gas pipeline network, the bloc's Energy Commissioner Guenther Oettinger said.

Ukraine is an important transit pipeline route for Russian natural gas supplies to Europe and current political tensions there follow the government's decision to spurn a pact with the EU in favor of closer ties with Russia.

"We are prepared to help with the overhaul of the gas pipeline network of Ukraine," Oettinger said. "This involves a high triple-digit million euros sum."

Oettinger's comments, confirmed by the European Commission on Friday, were made in an interview with German magazine Focus.

Commission spokeswoman Sabine Berger said the executive was "acting as a facilitator

for the international financial institutions to provide the necessary loans" to help modernize Ukraine's aging infrastructure.

Ukraine stunned the EU by spurning a trade deal in November and President Viktor Yanukovych's decision to side instead with Russia triggered mass protests, which led to his ouster.

The nation's new rulers have said the country needs at least $35 billion over two years to stave off bankruptcy.

There is also uncertainty over a December deal on gas from Russian exporter Gazprom which slashed prices for Ukraine.

Scarred by pricing disputes in the past, which prompted the Russians to cut off gas to Ukraine as well as EU transit customers, both the EU and Russia have sought alternatives.

Russia has been building pipelines to bypass Ukraine and the EU has sought alternative suppliers and ways to reduce Ukraine's gas dependency on Russia.

Ukraine is part of the EU’s energy community, which includes eight nations from southeast Europe and the Black Sea region. Its aim is to create a more integrated energy market across the region.

As part of Ukraine's energy community membership, the Commission is seeking to convert Ukraine from a gas transit nation almost totally dependent on Russian gas into an energy hub producing its own fuel and developing storage.

It has also been working on reverse flow pipelines to allow gas to flow into Ukraine from the EU as well.

One of the most significant is a reverse flow link through Slovakia, which the European Commission has said is all but agreed but has yet to be signed because of current turmoil in Ukraine.

The spokeswoman said the European Commission had helped to broker a deal and was still ready to offer help if Ukraine gas transit monopoly Uktransgaz were ready to sign.

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