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**Speech of President Barroso at
Conference on Modernisation of
Ukraine's Gas Transit System**

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

Joint EU-Ukraine International Investment Conference on The
Modernisation of Ukraine's Gas Transit System

Brussels, 23 March 2009

President Yuschenko, Prime Minister Timoshenko, Ministers, ladies and gentlemen.

Today's conference comes at a time when our relations with Ukraine are closer than they have ever been. And I am glad to say that at the EU-Ukraine Summit in Paris last year, we made a firm commitment to develop our co-operation still further. We welcomed the fact that the new agreement between the European Union and Ukraine will be an Association Agreement, including a deep and comprehensive free trade area and a strong degree of regulatory approximation.

Ukraine is a key strategic partner playing a critical regional role: we look to Ukraine as a flagship in driving forward the Eastern Partnership initiative, which is so important to us, and more generally in upholding and promoting the European values which we share.

I am also pleased that Russia is represented here today. Russia is a key energy supplier and of course partner of the European Union and Ukraine in the supply of gas and will remain so for many years to come.

The value of close relations for all of us is never more obvious than in times of difficulty. The economic and financial crisis is a reality for all of us. It is at the top of our agenda in the EU, just as it is in Ukraine. Indeed it was only last week here in Brussels that this issue was at the top of the agenda at the European Council.

I want to assure you that in this crisis we have not forgotten our neighbours: we are deeply concerned at the impact on Ukraine's economy, and above all at its impact on the lives of Ukrainian citizens.

I know that other partners of Ukraine, including the International Financial Institutions, share our concern. We want to help with all the instruments at our disposal – to find a way through the crisis and to provide a foundation for the sustained growth you need to maintain your recovery. Today's conference should certainly be seen as part of a broader package.

However, we need your help to make a difference. While sensitive to the need not to interfere in domestic politics, we ask for a united approach, from political leaders and key institutions, on the fundamental economic measures needed to address the present economic and financial crisis faced by Ukraine. That is going to be critical.

While the financial crisis and economic downturn are uppermost in the minds of most people, we should keep in mind two urgent but longer term challenges – that of energy security and climate change.

This conference today is a key element in addressing the first of these – namely the imperative of ensuring the secure and reliable flow of energy across our common European continent that is so important to our economic and social well-being.

The gas transit system across Ukraine is one of those vital energy arteries that keeps the European body functioning. It has been essential for many years and it will remain of strategic importance for the EU, Ukraine and Russia for decades to come.

It is in the common interest of everyone here today therefore that this network functions efficiently, reliably and transparently into the future. It is a system which supplies gas to 16 European countries – 12 of which are EU Member States. We cannot afford for it to become – very frankly – an unreliable conduit, as it was for a few dark weeks in January.

So although we have made some progress since my signature with Victor Yushchenko and Tony Blair of the Memorandum of Understanding on energy co-operation in December 2005 – we need to do more.

So I am very glad to say that the Commission, the Government of Ukraine and representatives of three International Financial Institutions – the EIB, the EBRD and the World Bank – will shortly sign a joint declaration to move forward together on the key tasks of reforming the Ukrainian gas sector to bring it into the EU's internal energy market and for modernising the Ukraine gas transit network.

I am particularly pleased that Ukraine stands here today united in purpose and commitment. I have spoken personally with both President Yushchenko and Prime Minister Timoshenko on this issue and both are committed to the rapid implementation of this joint declaration. I have already confirmed to both of them that the Commission and the EU stand ready to assist Ukraine. I count also on the International Financial Institutions to support this process that will ensure that the maximum transparency prevails in our gas trade and transit.

So ladies and gentlemen, in concluding, this is an auspicious and important day for Ukraine, and its gas supply industry. We now need to do as much as we can to ensure an auspicious future.