

Working paper, based on the last chapter in Going North – the new petroleum province in Norway. A chapter in the forthcoming book *Arctic Oil & Gas, sustainability at risk?* Edited by Mikkelsen and Langhelle.

## ***The Bright Future of the High North***

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Norway is among the richest countries in the world, and caused by the petroleum in the North Sea and the Norwegian Ocean. This industrial development and adventure started in 1968, and some activities are now moving north. In the Norwegian Barents Sea (hereafter Barents Sea) there have been few discoveries and little activity. The wells are emptied in other fields, the price and demand for petroleum is increasing, the global political situation is unstable, and technological development have made also minor fields cost-effective to explore and exploit. Since oil and gas in the Arctic<sup>i</sup> first appeared on the political agenda, it has been a divisive issue in Norwegian politics. This conflict cuts across the traditional left - right groups of Norwegian politics, and especially has there been and is there a strong political tension over the environmental issues of expanding petroleum activities to the “vulnerable” High North.

### ***The background situation***

The Norwegian petroleum directorate (NPD) have made scenarios for the petroleum development until 2046 (NPD 2007). They forecast four different scenarios for the development of the Norwegian petroleum activity. The scenarios go from big discoveries and activities in all sectors of the Norwegian continental shelf to ‘Sorry, we’re closed’. NPD’s basis concept is that all relevant areas, except the area of overlapping claims, Jan Mayen and Antarctica will be open for exploration and production. The four development paths go from A to D. A assume low oil and gas prices, but the whole shelf will be open and there will be made big discoveries. B has lasting high prices, the whole shelf is opened, and we will find more oil and gas. C has high prices, but the exploration result is so bad that the activity is being closed. The last one is D has high prices, but to few discoveries and in addition part of the shelf must be closed down due to environment demands

The presentation of these scenarios has heated the debate among stakeholders in the Norwegian discourses. In the news it was said that ‘Norway is exhausting the oil and gas resources and coming generations will curse the greed made by our generation’<sup>ii</sup>. And

likewise the NPD believes that without new discoveries, the production will drop by 60 per cent the next 20 years.

To maintain the income from the oil and gas activity, there has to be made new discoveries at the continental shelf. If the next years of exploration not gives good results; the Government will be forced to set aside the Integrated Management plan in 2010 and open up the temporary closed areas. But to do so the Government also need to satisfy climate targets and invest in new and improved clean technology. One way of keep production high and improve the recovering rates is to invest in new technology in existing fields. Use of new technology and changes in organisation will give the oil companies opportunities to make better, faster and more accurate decisions. This development will also mean that it is possible to remote existing and future oil and gas field, which means that it maybe not will generate a lot of local jobs, large spill over effects and benefit to the local inhabitants.

According to the International Energy Agency the global energy demand will increase with 53 per cent within 2030. Every EU country including Great Britain, is today in the situation that they are net importers of oil and gas. The EU is importing more than 50 per cent of its present energy needs, a figure that is estimated to increase to 70 per cent by 2030. And like other regions, this increase is mainly due to a steadily rising need to import oil and gas. Norway has been exporting most of its oil and almost all of its gas to Europe since the 1970ties. Decrease in production at the shelf will result in EU looking for other ways to import energy. The proponents of Arctic oil and gas will therefore argue that is it both necessary to develop a petroleum industry in the High North, and that it is possible to do so also in harmony with the environment. The High North is therefore not only a new petroleum province of Norway, but also a new petroleum province of Europe. Most likely, this includes oil and gas activities also in the areas around Lofoten.

This paper will show the major discourses concerning the petroleum development in Northern Norway. Some stakeholders are more prominent and some have more urgency than others. Urgency is connected to power, and money rules. The economic considerations are important part in the debates for regional development and the Sami's claims. The politicians in Northern Norway are working hard to defend the region from just being a raw material supplier. The petroleum activity is regarded as including risk, and therefore benefits are demanded. But still the most active stakeholder in several of the discourses is the

environmental organisation, and what they lack in urgency they got in legitimacy. At least they got support among the technical elite and in the southern part of Norway.

There is still an ongoing “political battle of the North”, but the present debate has shifted focus from whether or not to explore and exploit oil and gas to ‘where’, ‘when’ and ‘how’. The local politicians demand petroleum land facilities to create new jobs and new regional businesses. At the same time environmental organisations, fishermen and politicians are worried about potential accidents and toxic waste from the oil industry in a vulnerable area. The discussions about expansion of the oil and gas activities to the High North can be separated into four main discourses; the environmental, the regional economic, the rights and situation of the Sámi, and the international discourse. This paper will highlight the four discourses area.

### *The environmental discourse*

The Arctic region is characterised by its pristine nature and often regarded as the frontier. A common assumption is that the Barents Sea is biological vulnerable, more vulnerable but also cleaner than any other oceans. The concern for nature has been the most highlighted argument for not opening the Norwegian Barents Ocean to oil and gas exploitation. Scientists also, to different degrees, claim that the environment is too fragile in the Barents Sea for this type of economic activity. On the other side, this debate has many stakeholders and we find some politicians, people in the petroleum industry and scientists that are sceptical to the argument of vulnerability. These people argue that there is no evidence for excluding petroleum activity from the Barents Sea.

Environmental organisations are most emphatic about the vulnerability of the environment in the Barents Sea and Lofoten area. Bellona and World Wildlife Fund (WWF) Norway have chosen to emphasize the vulnerability in their fight against oil and gas activities in the Arctic. In fact, Bellona takes the position that there should not be any oil and gas activity in the Barents Sea and Lofoten at all. They argue that oil activity will represent a great threat to natural and renewable resources in this region, and an oil accident will result in very big losses for the ecosystems, as well as economic losses for the fisheries and aquaculture industry. Coldness, ice and sometimes extreme weather make both oil activity and clean-up after an accident very difficult and risky. There are no stakeholders present in Northern

Norway which are against oil and gas activities due to environmental concern. The arguments about the Barents Sea as one of the worlds most important ecological regions are taken further by WWF, and they have highlighted it as an area with extraordinary biodiversity value.

In addition to the vulnerability of the nature, the environmental organisations and some leftist parties uses the climate change as an argument against expanding Norwegian petroleum activities. The debate about the effects of oil and gas activity on climate changes is primarily a global debate.

The 30<sup>th</sup> of March 2006 the Parliament approved the Integrated Management Plan for the area Lofoten – Barents Sea. This plan which aim; ‘must have sustainable development as a central objective, and management of the ecosystems must be based on the precautionary principle and be implemented with respect for the limits that nature can tolerate.’<sup>iii</sup> As a result, the Lofoten area and the northern Barents Sea remain closed to petroleum activities, this includes the area around Bear Island, waters further north, the Tromsø Patch, and the edge of the pack ice. In addition there will be a 50 km wide zone from Troms II and east along the coast of Finnmark that would be protected. The exceptions were where activity had already started and already announced blocks in the area, which ranged from 35 to 50 km off the coast.

### *The regional hopes*

The new significance attributed to Finnmark<sup>iv</sup> has also led to a new belief in the value of the county; thus making the politicians as well as the whole northern population think that they have a good basis for negotiation. The economic effects on the axis Hammerfest – Alta during the construction period time of the Snøhvit have been far above the expected return and have caused an noticeable economic up swung. The neighbouring municipalities are aware of this fact and ask for their share. New fields to come under construction, firstly ENI’s Goliat oil field, meets local and regional demands, however the constructors and the operators show less understanding for Finnmark’s viewpoint. Besides, the former policy instruments have disappeared, which again may cause difficulties for the expected and long-desired industrial transformation of the northernmost region of Norway. This is nevertheless a ongoing political battle.

According to all past experiences, oil and gas activity in a region does generate jobs and synergy effects for other types of business. In 2005 during the Snøhvit construction period the

unemployment rate in Hammerfest has been a low, 3.2 per cent. However, more remarkable is the increased participation of local women in the work force. These are women who have fallen out of the unemployment statistics, mainly because of long-term unemployment. But it is disagreement about the potential numbers of job, the leader of the Labour Youth party said: *There must be an end to the argument that oil and gas activity shall save North Norway. People in Stavanger and foreign countries will get most of the jobs if the Barents Sea and Lofoten area are opened for full activity.*<sup>v</sup>

This is practical and technological feasible as several oil companies explains, but then also adding – but not political feasible.

Inhabitants, communities and municipalities in the northern areas support increased oil and gas activity, but at the same time they speak for the value of the fisheries. The identity, the feeling of being a northern, is strongly tied to being a fisherman, yet the numbers employed in the marine sector in Finnmark is 6%. These numbers has fallen dramatically the last twenty years, and so first their urgency and now next their legitimacy as an important stakeholder is reduced. Their tongue is not much heard, and the Fishermen's Association even tend to be positive. Clearly the cultural transformation, based on an economic transformation beforehand, is now paving the way for the petroleum industry to open and explore the High North. The inhabitants in Northern Norway are mostly positive to increased oil and gas activity and this view also criss-crosses the political parties.

### ***The Sami oppression***

The indigenous people in Northern Norway are the Sami people. They have gained increased power and legitimacy over the land the last ten years. The Snøhvit project have shown how influenced they were of petroleum development. Any kinds of increased business development are causing harm to a grassing land that already is limited. Step by step they have learned, for instance is the Canadian agreements are often mention as an example to follow.

The demands from the Sámi parliament entails, first and foremost, that regulations must be issued to ensure that the Sámi are always included and that adequate importance is attached to Sámi views. Secondly, substantive rules must be laid down that recognise and strengthen Sámi rights and access to resources. Thirdly, regulations must be adopted that guarantee Sámi self- and co-determination with a view to resource management. All in all, this 'package'

must be adopted within the parameters of indisputable international law. In practical politics this means that the Sámi Parliament should be in dialog with the government and governmental institutions operating in their land. The Sámi Parliament was, in the process of making the Integrated Management Plan, only regarded as a receiver of information, and not as a body entitled to comment. But again there are several counter forces, as the members of the Energy and Environmental Committee from the Conservative Party:

*All the natural resources in Norway must belong to the whole Norwegian population, whether we are talking about fish or oil. The oil is a non-renewable resource, and cannot belong to a single group. I cannot imagine any geographical area or group of people who should have any special right to the oil. This is the community's property<sup>vi</sup>.*

The Sámi people have so far *not* been a prominent stakeholder, but lately they have made statements about their indigenous rights. In 2006 the Finnmark Act was implemented and due to come is also a detailed statement concerning the Sea Sami's civil rights. In an international setting they have a high degree of legitimacy, but still their urgency is limited.

### ***The international dimension***

Above or under these community transformation process is it the geopolitical realities. The semantic change in how the region is referred to is mainly caused by the optimism in the petroleum industry, but it's naive to not include the geopolitical dimensions of this. The High North is being called 'a land of opportunity' and the government have started to use the High North as a synonym of the most northern part of Norway<sup>vii</sup>. Especially the Minister of Foreign Affairs Jonas Gahr Støre has marked his department's interest in the province. He has tried to form a discourse-coalition across all the discourses brought forward in the Arctic oil and gas debate. In the long term it is about safety and sovereignty in an area where the world sees renewable and non-renewable resources and opportunities. The Minister of Foreign Affairs stated this in his speak in Brussels 2006:

*Through cooperation with Russia, Norway is seeking a comprehensive and coherent development of the Barents Sea as a petroleum province. [...] It is here that modern Norway is addressing the sustainable development of living resources, including some of the world's most precious fish stock and the impact of climate change – as the polar ice melts. And it is*

*here that we are seeking to develop Europe's youngest energy region side by side and in cooperation with our Russian neighbour.*<sup>viii</sup>

## **Conclusions**

The discourses are basically about people values and the amount of fact. But facts and values cannot be split up; there are several uncertainties which include ethics. Multiple values and diversity of perceptions; landscape value, cultural value, economic value, ecological values and political legitimacy is on stake. And at the end the several discourses are about different sets of values.

The political landscape contains supporters, as well as sceptics and opponents. Primarily the more to the right a group is, the more positive to oil and gas activity they are. The social leftists and opponents against oil and gas activity are strong supported by the environmental organisations. These organisations all agree that it is not safe to open up the Lofoten area (Nordland VI/VII), and are also sceptical to further development of the Barents Sea. They are especially against oil and gas activity in the North Barents Sea. Politicians from North Norway supports further petroleum development, which they believe will lead to more employment and industrial modernisation.

The environmentalists are grounded in Oslo, and receives little support in the High North. For a region in need of new jobs and not at least new opportunities, the idea about slowing “development” down because of global climate changes gets no backing. The Sami and their claims also gets little support intra High North, but it is clear that the government in the south and not at least the oil companies are taking their stand as an important stakeholder serious.

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<sup>i</sup> Arctic includes all the sea and ocean north of the Polar Circle.

<sup>ii</sup> Said in the news 29052006

<sup>iii</sup> (Report No. 12, (2001-2002), Protecting the Riches of the Seas)

<sup>iv</sup> Because of the effects related to the Snøhvit LNG-plant construction in Hammerfest.

<sup>v</sup> Martin Henriksen, president in Norwegian Labour Youth (AUF), to Radio Nordkapp, 24012006. Forthcoming leader of the Norwegian Labour Youth.

<sup>vi</sup> Informant interview the Conservative Party 06042006

<sup>vii</sup> Chapter 2 in the Soria Moria Declaration 2005.

<sup>viii</sup> The Minister of Foreign Affairs, Jonas Gahr Støre; Speech at an EPC Policy Briefing in Brussels 10102006