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Report No. 30 (2004–2005) to the Storting

Opportunities and Challenges in the North

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(White paper from the Bondevik II Government)*

1 Introduction

The High North has been important for Norway for hundreds of years in terms of business opportunities and resources, and interest in these areas is growing rapidly today. Technological advances have opened up many new opportunities for making use of the resources in this area, and other countries are also taking more interest in the region. Thus the High North presents great opportunities for Norway.

Norway's territorial waters cover a very large area and the country possesses very considerable natural resources in relation to the size of its population and the extent of its political influence. This gives rise to a number of very important foreign policy issues. Thus the High North also poses great challenges for Norway.

In its new, comprehensive policy on the High North, the Government aims to take advantage of the opportunities and meet the challenges through bilateral and multilateral co-operation and through closer dialogue on the High North with the relevant countries. By clarifying goals and instruments, the Government wishes to formulate a coherent and offensive High North policy that strikes a balance between different interests and sustainable development considerations.

In March 2003 the Government appointed a committee of experts on the High North to identify the new opportunities and challenges Norway is facing in the North and to evaluate from an overall perspective how Norwegian interests in this region can best be safeguarded.

The committee's report was published as NOU 2003: 32 (Official Norwegian Report), entitled *Look North! Challenges and opportunities in the northern areas*, and was circulated for comment to a wide range of institutions whose work is concerned with the High North.

The committee's report, the ensuing debate and the consultative comments, together with the report on the High North by the Executive Committee for Northern Norway, have been given considerable weight in the deliberations and priorities that are described in the present report.

In the following emphasis is given to the foreign policy aspects of the High North policy. In drawing up the policy other factors will also have an impact, such as defence issues and the framework conditions for business activities, but the Government has proceeded on the assumption that these factors will be taken up in other contexts.

1.1 Opportunities

For forty years developments in the High North were dictated by the logic of the Cold War. The large Soviet military build-up in the North was a source of concern, and although it was not primarily aimed at Norway, it dominated Norwegian security policy.

The situation was one of mutual scepticism and mistrust, and there was little contact between the people on either side of the Norwegian-Soviet border. Co-operation was confined to practical issues like the management of common fish stocks.

Today the situation in the High North has changed. Although there remain some difficult and complex challenges, the emphasis now is on the opportunities offered by the region.

Until recently the focus was on the abundant fishery resources in the area. The Barents Sea is shallow and rich in nutrients, and biological production is high. The warm waters of the North Atlantic Drift transport nutrients and juvenile fish of important species to the nurseries in the Barents Sea. These fish stocks have been harvested for thousands of years, and we will be able to continue harvesting them for many more thousands if they are managed in a sustainable way.

The new opportunities that have opened up are related to the large oil and gas resources that are thought to exist under the sea bed. The exploitation of these resources will influence developments in the region for decades to come. In fact the High North may in the long term become Europe's most important petroleum province. Northern Russia already has large-scale onshore production, and in a few years' time both Norway and Russia will begin offshore production.

The development of petroleum resources in the High North is taking place at a time when production on other parts of the Norwegian continental shelf is reaching its peak. This makes it especially important to develop production in the High North. This will help safeguard our prosperity and welfare as production further south is phased out, and ensure that Norway's technological and other expertise and experience in this field are made use of and further developed, and that existing jobs in the industry are maintained.

These factors are creating new opportunities, especially for those living in the North. The most important aspect of this development for Norway is the activity on the Norwegian continental shelf, but it will also be important to promote the use of Norwegian offshore technology and experience in the Russian part of the continental shelf. Proximity to

the oil and gas resources in northwestern Russia will give the people and business sector in North Norway an advantage.

Furthermore Russian immigration is a source of qualified labour that can contribute to private sector development in North Norway.

The development of petroleum resources in the North will also make Norway an interesting partner for other countries. This will provide new opportunities for closer co-operation in a wide range of fields, including research and the environment. Greater international political focus on the High North could enhance the importance of the Barents Council and the Arctic Council as co-operation fora.

1.2 Challenges

One of the main challenges in the North is to combine petroleum production with protection of the vulnerable marine environment. This will require that petroleum production is carried out in a way that takes account of the marine environment. There are a number of activities taking place in northern waters that affect or that could affect the marine environment and living resources. The effects of the various activities must be weighed against each other so that a coherent ecosystem-based management regime can be established that will safeguard the quality of the environment and ensure that the resources are exploited in a sustainable way.

It is important that the people of North Norway benefit from the exploitation of resources in the North. The development of these resources coincides with great changes in parts of the traditional industrial structure in this part of the country.

Another challenge is to take advantage of the new opportunities offered by the reforms and growth in the Russian economy in terms of jobs and value creation in Norway's northernmost counties. Commercial co-operation between North Norway and northwestern Russia has not increased as much as it was expected to after the new opportunities for co-operation arrangements opened up in the early 1990s. However, Norwegian investment in northwestern Russia is now on the rise and trade has grown considerably during the past two years. An effective High North policy must include measures designed to encourage this trend.

A more effective High North policy must also include measures that will enable North Norway to make better use of its position as a gateway to northwestern Russia. The close contacts that have

been established across this border could also be useful to the Norwegian petroleum industry in its efforts to develop co-operation with the Russian petroleum industry.

There are also a number of major challenges in the region in connection with the environment and nuclear safety. The Cold War left a legacy of inadequately secured nuclear facilities, decommissioned submarines and radioactive waste, which are a threat to the environment. There is also a danger that radioactive material from these facilities could fall into the wrong hands. The environment in Norway and the northern waters is becoming heavily polluted by industrial installations on the Kola Peninsula and in the area around Archangel. Long-range transport of pollutants by air and sea currents from areas further south is also creating health and environmental problems in the North.

Svalbard is the site of one of the last large untouched wilderness areas in Europe. It is very important to preserve this unique natural legacy for present and future generations and to ensure that all activities on the archipelago are carried out in accordance with the rules established by Norway under the Treaty concerning Spitsbergen.

According to the findings of the Arctic Climate Impact Assessment, anthropogenic climate change could have considerable consequences for the region and for the exploitation of resources there. This underlines the need for a reduction in greenhouse gas emissions and for strategies for adapting to climate change in the North.

The security policy situation in the High North is completely changed now that the Cold War has ended. Russia is becoming a partner in international co-operation structures such as the NATO-Russia Council and in a number of European institutions.

Today safeguarding Norwegian interests in the North is increasingly becoming a matter of the sustainable use of natural resources and monitoring the environment. Developments in the law of the sea since the early 1970s have given Norway jurisdiction over large sea areas. This imposes a considerable responsibility on Norway to manage the resources in these areas in a sound way. A sound environmental and resource policy requires resources and environmental monitoring and supervision of industrial activities to ensure compliance with the relevant legislation.

Because the marine environment knows no boundaries and because the fish stocks in these waters are fished by a number of countries, it is important for Norway to further develop the practi-

cal co-operation arrangements that have been established between Norway and Russia, and Norway and other countries.

There are also major challenges in the foreign policy field. Other countries are showing a growing interest in Norwegian and Russian petroleum resources. This is partly because these resources are located in politically stable areas, and many countries are concerned about securing their energy supplies. This makes the High North more interesting than many other areas that are rich in energy sources.

Periods when there is an insufficient supply of energy may give rise to high expectations and political pressure. It cannot be taken for granted that Norwegian interests will always coincide with those of key partners. It is therefore important to ensure that Norway's interests continue to determine developments in the Norwegian part of the High North.

The indigenous institutions in Norway have a strong position internationally, and their role therefore extends beyond Norway's borders. The indigenous dimension is thus an important part of our High North policy.

The outstanding international law issues in the High North pose a particular foreign policy challenge. Unresolved delimitation issues between states can lead to a conflict of interests, and so can disagreement on the basis for jurisdiction over sea areas.

The Government gives very high priority to the efforts to settle issues of international law. The issue of the delimitation of the continental shelf and zones in the Barents Sea can only be resolved through political agreement between Norway and Russia.

Thus there are a number of challenges that must be dealt with before a coherent High North policy can be formulated. During the Cold War Norway's High North policy was shaped by security policy considerations. This made it easier to pursue a coherent policy that incorporated the individual sectors. Since the end of the Cold War, however, the High North policy has become fragmented between the various sectors, without sufficient co-ordination.

Thus we must ensure that the working methods used in the formulation of the new High North policy will result in a coherent policy that is expressed in a consistent way. It is also important that the policy has broad political support in Norway. This will give Norway more influence internationally.

1.3 Goals

The principal goals of the High North policy are to ensure political stability and sustainable development in the North.

Political stability is essential for the development of the resource-rich High North. Because so many countries have an interest in the region, and because of the outstanding issues, Norway needs to make political stability an overriding objective.

Sustainable development in the North can be ensured by sound resource management and the conservation of biodiversity. The Government will deal with the environmental challenges by imposing stringent environmental requirements and setting high standards for the use of resources and other activities in the North.

The safeguarding of Norwegian interests is also an important policy goal. However considerable efforts are required to deal with the many challenges related to the control and management of the natural resources in these vast sea areas.

Another goal of our High North policy is to involve Norwegian businesses actively in the co-operation with Russia in the North. This will both promote development in northwestern Russia and lead to growth and new jobs in Norway. The development of the Russian part of the continental shelf is particularly important in this connection. Norwegian-Russian co-operation in this area will pave the way for the use of the advanced, environmentally friendly Norwegian offshore technology that has been developed to meet the needs of petroleum production in the harsh weather conditions of the North Sea.

A further goal is to ensure that the indigenous peoples of the region take a real part in the decision-making processes that are concerned with the protection and development of their history, culture, livelihoods and society.

Enhancing our cultural co-operation with Russia is both a means and an end in itself. Cross-border cultural co-operation makes a significant contribution to the development of people-to-people relations in the region, and provides fora where people can meet on an equal basis and form contacts and networks.

Since the beginning of the 1990s North Norway has contributed to network- and confidence-building across the divide that formerly separated Norway and Russia. The Government will encourage this positive trend by strengthening the efforts to promote knowledge about the Russian language and culture in North Norway.

1.4 Means

The Government will seek to promote understanding and knowledge of the conditions specific to the High North through bilateral dialogues with key countries that have interests in the North. The dialogues will include issues related to the marine environment and resource use. At the same time it is important that Norway safeguards its interests and gains acceptance for its views and assessments on other issues. By these means Norway will be able to present a coherent picture of High North issues at the national and international levels.

Energy issues will occupy a central place in several of these dialogues, which will provide an opportunity for these issues to be discussed in the broader context of foreign and environmental policy. These broader bilateral dialogues could be a supplement to the energy dialogue Norway already conducts with Russia, and to those that the USA, France, Germany and the EU conduct with Russia.

Norway's bilateral co-operation with Russia will continue to occupy an important place in its High North policy. This co-operation is essential for ensuring the sound and sustainable management of the fish stocks in the Barents Sea and for solving the environmental problems in the North. The Norwegian authorities and business sector will also benefit from close co-operation with Russia in connection with petroleum production in the High North and investment in onshore industries. The Government's goal is to ensure that there are strict environmental and safety requirements for petroleum activities in the whole of the Barents Sea. Close co-operation with Russia on safety at sea and an oil pollution emergency response system will also be important in the light of the increasing volume of maritime transport in the High North.

People-to-people co-operation across the Norwegian-Russian border provides a sound foundation for the development of good relations with Norway's largest neighbour, and has been very successful in the Barents Region. The North Norwegian county administrations and the Barents Secretariat have played an important role in this connection, and it is due to their efforts that the Barents Co-operation has become such a vital instrument in Norway's High North policy. The Barents Co-operation has also become an important forum for Norwegian-Russian co-operation. Norway has invested almost NOK 3 billion in co-operation with Russia in the North and this has resulted in mutual openness and trust and co-operation in a wide range of fields.

However, the Barents Co-operation can be made more effective and up to date. The Government will therefore take the initiative for an evaluation of this co-operation, including the question of whether an international secretariat should be established and whether the co-operation has been able to identify the new issues that must be resolved in the region.

The Arctic Council is another valuable instrument, and a forum for the discussion of broad circumpolar issues, including indigenous issues and environmental issues, particularly pollution and climate change.

Norway will take over the chairmanship of the Council in 2006. This will give the authorities a good opportunity to take initiatives that will enhance circumpolar co-operation and the Council's role.

The integrated management plan for the Barents Sea that is being drawn up will provide guidelines and a framework for activity in the northern waters over which Norway has jurisdiction. The plan will establish framework conditions that will make it possible to strike a balance between the commercial interests related to the petroleum industry, maritime transport and fisheries, and sustainable development.

1.5 Intensified efforts in the High North

In the present report the Government proposes a number of measures for strengthening Norway's High North policy. Some measures are specific to individual policy areas and others are related to co-ordination of issues related to the High North.

The Government wishes to strengthen project co-operation with Russia and the other CIS countries and will submit concrete proposals for allocations to the Storting at a later date. It intends to increase support for the Barents Secretariat.

The Government also intends to propose to the Storting that funds are set aside for co-operation projects that will be initiated during Norway's chairmanship of the Arctic Council in 2006–2008.

The Government will propose to the Storting that funds are set aside for national knowledge-building in the marine field, including an active presence in the High North.

The Government will facilitate closer research co-operation in the North, especially in Svalbard and with Russian scientists, and will propose to the Storting that funds are set aside for this purpose.

The Government will take the initiative for an international research fund for the High North under the auspices of the Arctic Council and will advocate that the fund's administration should be located in Tromsø. The fund should focus particularly on the impact of climate change on the environment and natural resources, and indigenous issues. The Government will urge the members of the Arctic Council to contribute to the fund and will submit a proposal concerning Norway's contribution to the Storting at a later date.

The Government wishes Norway to continue to play a leading role in the international nuclear safety co-operation with Russia within the framework of the Plan of Action for Nuclear Safety Issues. The Government will submit a specific proposal to the Storting concerning allocations for this purpose at a later date.

The Government will continue to give high priority to co-operation with Russia on environmental issues, particularly co-operation on the management of the marine environment.

In the light of the new opportunities for Norwegian-Russian co-operation in the North, especially in connection with oil and gas production in the Barents Sea, the Government will, in co-operation with Innovation Norway, seek to establish a new position for a commercial officer at the consulate general in Murmansk as a trial arrangement. In co-operation with the Norwegian Confederation of Business and Industry, the Government will create opportunities for Norwegian, especially North Norwegian, companies to present themselves in north-western Russia. The Government recognises the importance of promoting co-operation between the social partners in connection with private sector development in Norway and Russia.

In the light of the increase in the transport of goods and services across the border with Russia in Sør-Varanger, the Government will propose to the Russian authorities that the opening hours be extended and customs procedures expedited at both countries' border control stations at Storskog.

In order to enhance international co-operation in the field of reindeer husbandry, the Government has decided to establish an international reindeer husbandry centre in Kautokeino. The centre will promote the publication and exchange of information, and co-operation between reindeer herders, the authorities and research and academic communities at the national and international levels.

The Government wishes to strengthen the co-operation on contingency planning in the High North. The Barents Rescue 2005 exercise, which will be carried out in autumn 2005, is a joint alarm

and field training exercise with participants from the Nordic countries and Russia. When the exercise has been completed, the Government will consider how the co-operation on contingency planning can best be strengthened, using the lessons learned from the exercise and on the basis of the co-operation Norway already has with Russia, for example in connection with coast guard activities and contingency planning.

Norwegian-Russian co-operation was intensified in 2003 with a view to improving safety at sea and further developing the oil pollution emergency response system in the Barents Region. The Gov-

ernment will further develop this co-operation with Russia.

With a view to enhancing the effectiveness of our High North policy, the Government will assign responsibility for co-ordinating the work on issues related to the High North to a state secretary in the Ministry of Foreign Affairs. An inter-ministerial co-ordinating committee will also be established, and a liaison committee for the High North with broad representation whose mandate will be to promote closer contact between the central government administration, the regional authorities, the business community and NGOs.

2 Central features of the High North policy

2.1 From polar exploration to petroleum

The High North has occupied a central place in Norwegian policy for a long time. A hundred years ago Roald Amundsen's and Fridtjof Nansen's polar expeditions were in the limelight. At that time it was the polar areas that were the focus of attention.

After the First World War the focus shifted to territories in the North where sovereignty issues had yet to be settled. This applied to most of the islands in the area. However, within a few years the issue of sovereignty over the various islands had been settled.

In the 1970s, 200-mile zones were established on the basis of the development of the law of the sea. Within these zones the coastal states had recognised sovereign rights over the fishery resources and the resources on the seabed and the right to implement environmental controls. This gave Norway jurisdiction over an area that was six times the size of mainland Norway.

During the Cold War the High North was characterised by military tension between East and West, but the end of the Cold War resulted in a new situation, in which military considerations gradually became less important both to Norway and to Russia. This was the basis for the establishment of the Barents Co-operation in 1993.

In the first years after the dissolution of the Soviet Union, Norway and Russia continued to co-operate on fisheries and expanded their co-operation to cover the new areas that were generated by the Barents Co-operation. Since the mid-1990s, particular priority has been given to co-operation on dealing with the nuclear legacy of the Cold War.

For over 50 years Norway and Russia have co-operated closely on research concerning the management of living marine resources and the marine environment in the Barents Sea. This co-operation is a good example of the importance of a common scientific basis for advice on management issues.

Since the mid-1990s natural resource issues have become increasingly prominent. At first political attention focused on the large oil and gas



Figure 2.1 Coast Guard vessel *Svalbard* conducting a fisheries inspection

Photo: Norwegian Coast Guard

resources. However, because of the vulnerability of the area, environmental issues began to receive greater attention, as did the possibility of conflict between the use of renewable resources and non-renewable resources.

2.2 A new security policy focus

The reduced level of tension has gradually led to a reduction in the Russian military presence on the Kola Peninsula, although it is still considerable. The headquarters of the strategically important Northern Fleet is there, and there is still a large concentration of nuclear weapons in northwestern Russia. The large quantities of radioactive material in the many and often inadequately secured nuclear facilities pose a challenge to the efforts to prevent the proliferation of material that could be used in terrorist operations.

Russia's High North policy shows that the country still considers this region to be strategically significant. However, civilian activities are gradually gaining in importance, and there is every indication that Russian business interests, especially in the petroleum sector, will become increasingly influential in the years to come.

During the Cold War Norway was vulnerable because of its geographical location. Norway's strategic importance, especially that of North Norway and the northern sea areas, meant that the country's position and views were of great interest to its allies. The Soviet Union's dissolution and the end of the Cold War put an end to the greatest threat to Norway's security, and this resulted in less international interest in the country.

It is important for Norway that NATO countries continue to have a focus on the High North, and the close co-operation between NATO and Russia has a positive effect on Norway's bilateral relations with Russia. Norway wishes to strengthen its co-operation with Russia on civil crisis management and to further develop the co-operation between the Norwegian and Russian armed forces.

The Norwegian military presence has changed in response to the changes in the security policy situation. However, maintaining a military presence in the region is still important since the primary task of the defence establishment is to safeguard Norway's sovereignty and sovereign rights. The defence establishment also exercises authority on behalf of civil institutions in cases where it has been given such authority. The Coast Guard plays an important role in this work.

It is also important for Norway that the EU and individual EU countries have a focus on the High North. The development of resources in the North, the attendant environmental challenges and climate change in the region are all issues that make it necessary for Norway to have close contact with the EU. The wider scope of the EU's relations with Russia, and the significance of northwestern Russia in the context of these relations, are important in this connection. Norway's European policy is thus closely linked with its High North policy.

2.3 Oil and gas

Much of the attention focused on the High North is directed at the petroleum resources. Many of the world's undiscovered petroleum resources are thought to lie in the Arctic, and the High North is regarded by the world as a large potential petroleum province. Thus the High North may well become Europe's most important petroleum province in the long term.

The first production licence in the Barents Sea was awarded as early as 1980, but the whole of the Southern Barents Sea was formally opened for petroleum operations in 1989. So far a total of 41 production licences have been awarded and over 60 exploration wells have been drilled in this area. In comparison, well over 1000 exploration wells have been drilled in the other parts of the Norwegian continental shelf. Thus the Barents Sea is the least explored petroleum province on the Norwegian continental shelf.

Estimates of the undiscovered resources indicate that about one billion cubic metres of oil equivalents remain to be discovered in the Southern Barents Sea. This is about a third of the total undiscovered resources on the continental shelf and may be of enormous value. Since we know little about the geology of the Norwegian part of the continental shelf in the Barents Sea, these estimates are very uncertain. However, the potential is great and discoveries of petroleum in new areas will lead to a considerable upward adjustment of the potential resources in this area.

The Barents Sea is also the part of the Norwegian continental shelf where the probability of large discoveries is highest. However, the area will have to be extensively explored before it can be developed as a petroleum province.

The sea areas north of the Lofoten Islands, including the Barents Sea, also contain substantial natural resources in the form of fish, seabirds and marine mammals. They are therefore very valuable

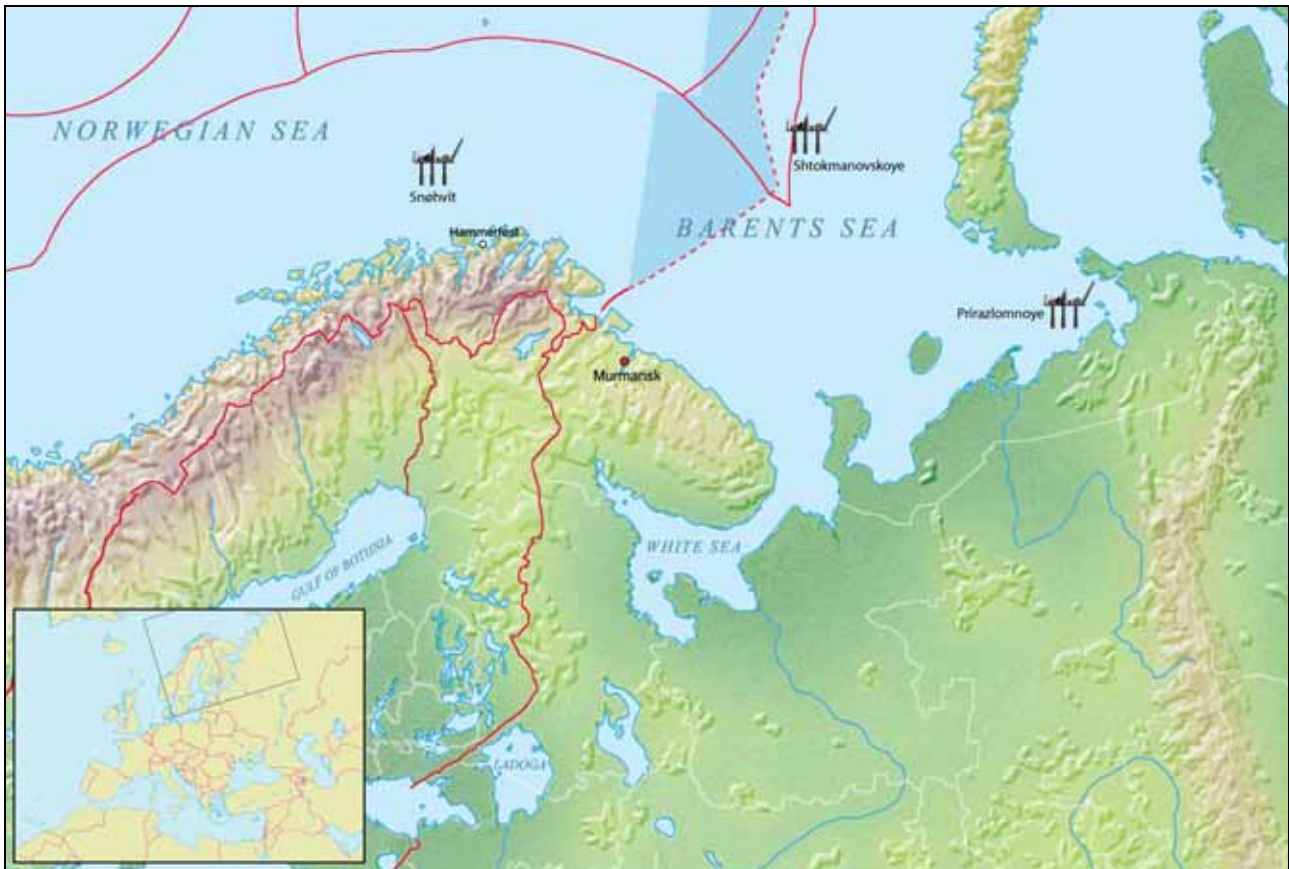


Figure 2.2 Important oil and gas discoveries in the Barents Sea

from an ecological and a fisheries point of view. For this reason the Government decided when it came into power in 2001 that the impact of year-round petroleum operations in the High North should be assessed before the area could be opened further. The results of the environmental impact assessment of the sea areas north of the Lofoten Islands to the Barents Sea were published in July 2003. In December of the same year the Government decided to open up for further petroleum activities in the southern part of the Barents Sea, apart from the areas around Bjørnøya, Tromsøflaket, the areas around the Polar Front and the ice edge, and those off the coast of Finnmark, which are particularly valuable in environmental terms.

On the basis of the assessment, the Government is giving priority to further exploration of the Barents Sea. The exploration activities have two goals: to prove additional resources in the relatively well known area around the Snøhvit field, and to ensure effective exploration of the little-known areas in the Southern Barents Sea.

In 2003 the Government carried out a comprehensive reorganisation of the licensing system for the mature parts of the shelf. A system was introduced of awarding licences in previously-defined

exploration areas which allowed the petroleum industry to apply for production licences from January to October each year. The objective of this arrangement was to ensure that the industry had access to the areas of the shelf where timing was critical. In 2004, the areas around the Snøhvit development were included in the previously defined area. This was to ensure that the industry had access to areas with resources that might be recoverable as satellites of Snøhvit. In December 2004, a production licence was awarded in this area to the licensees of Snøhvit. The previously defined area in the Barents Sea was not extended from 2004 to 2005, but as the geological knowledge of the new areas increases, whether around Snøhvit or in other areas of the Barents Sea, further extensions may be made.

The 19th licensing round will form the main basis for the further exploration of the little-known areas of the shelf. In October 2004, the Government invited the petroleum industry to nominate areas for inclusion in this round. The companies were given the opportunity to nominate blocks in the Norwegian Sea and the Barents Sea to be opened up for petroleum activities, with the exception of environmentally significant areas and areas

of particular value to the fisheries. In February 2005, the Ministry of Petroleum and Energy received nominations for the 19th licensing round from a total of 19 companies. The interest shown in the Barents Sea through these nominations was very high.

The available areas to be announced in the 19th licensing round before the summer in 2005 will be based on these nominations together with the authorities' own assessments. The Government intends that the announcement of these areas will ensure a sound basis for efficient exploration of central parts of the undisputed Norwegian part of the Southern Barents Sea. According to plan, the licences will be awarded in the first quarter of 2006.

So far, a number of small and medium-sized discoveries have been proven in the Barents Sea, most of which are gas. The gas field Snøhvit, which is the first field to have been approved for development, is now being developed with a LNG processing plant on Melkøya, off Hammerfest. This development has had considerable ripple effects both in the Hammerfest region and in Northern Norway as a whole.

The prospects of new discoveries in the Barents Sea are good. A number of large structures have been charted, and it is hoped that they will be explored in the next few years. New discoveries may lead to further developments off Troms and/or Finnmark. It will probably be possible for discoveries of gas around Snøhvit, including discoveries outside the current area defined for the award of licences, to be phased into the Snøhvit processing plant on Melkøya. Gas discoveries further east or west could, however, result in independent developments, with their own processing plants onshore. Building transportation pipelines to Haltbanken is also a possibility.

The future prospects for petroleum activities in the Barents Sea are good, and discoveries could have considerable ripple effects on land. It should, however, be noted that extensive exploration is still needed before the petroleum potential in the area has been fully charted. Due to the distance to the markets and the lack of infrastructure, developments in the Barents Sea will require major investment. Large petroleum resources will have to be proven to justify this investment. As more infrastructure is established, however, it will be possible to develop smaller discoveries as in the North Sea.

Another factor that makes the Barents Sea an interesting Norwegian petroleum province is the fact that major deposits of oil and gas have been proven in the Kara Sea and on the Russian side of

the Barents Sea. For example, the world's largest offshore gas field, Shtokman, is situated there. So far, only the oil field Prirazlomnoye is under development. Russia has recently announced plans for systematic exploration activities in the undisputed Russian part of the Barents Sea.

Russia has so far concentrated on developing discoveries on land, and has not, therefore, developed any extensive offshore expertise. Russian companies have shown considerable interest in developing oil and gas fields offshore. There is, however, still some uncertainty as to what priority will be given to the development of offshore oil and gas fields in the North.

Norwegian companies have developed considerable expertise in connection with advanced development projects both on the Norwegian continental shelf and in international projects, and this gives them a competitive advantage as regards participation in operations on the Russian shelf. This would provide new activities for Norwegian oil companies, the contractor industry and local businesses in North Norway.

The activities we are now starting up on the Norwegian side are subject to stringent environmental requirements. The experience we gain from these activities will help to set the standard for petroleum operations in the northern sea areas. Increased petroleum activity in the High North will also lead to a higher level of oil spill preparedness, which could also be used in the event of acute pollution from shipping.

It is believed that there may be interesting deposits of petroleum resources in what is currently an area of overlapping claims in the Barents Sea. Future petroleum co-operation in this area will provide commercial opportunities for both countries. However, co-operation will only be possible if there is agreement on a delimitation line that clearly and unambiguously defines the respective areas of jurisdiction.

2.4 Fisheries

The fisheries and aquaculture industry is important for Norway and the High North, and is one of our most important export industries. From 2003 to 2004, export earnings from this industry increased by NOK 1.9 billion, to a total of NOK 28.1 billion. The industry thus has considerable potential for value creation.

The authorities attach importance to establishing internationally competitive framework conditions that will release the potential for value cre-

ation and promote the development of a more robust industry. Profitable companies create secure, long-term jobs and viable coastal communities.

This applies to the whole coast, but especially that of the three northernmost counties. Of the approximately 15 600 fishermen registered in 2004, some 7 650 lived in Nordland, Troms and Finnmark counties, and 60 per cent of the approximately 2 000 year-round fishing vessels were registered in these counties.

Over 30 per cent of the approximately 12 000 persons employed in processing plants along the coast live in the three northernmost counties. About 20 000 persons are employed in the aquaculture industry and in companies supplying the industry with goods and services in the country as a whole. Of these, 4 000 persons are employed in aquaculture, and one third of these live in the three northernmost counties.

These figures show the importance of the fisheries and aquaculture industry for employment, value creation and settlement in North Norway.

Fisheries resources must be managed in such a way that they continue to secure jobs and income for future generations. Thus Norway's policy in

this area is based on the principle of sustainable management and harvesting.

It is essential that decisions concerning resource management are based on sound scientific knowledge. Norway is a pioneer in using marine research as the basis for its fisheries management. As part of its up-to-date ecosystem-oriented approach to marine resources management, Norway also gives priority to promoting understanding and support for the management of marine mammals (whales and seals) based on scientific principles.

Within its areas of jurisdiction Norway has a special responsibility for the sound management of marine resources and for ensuring that all actors operating in Norwegian waters comply with the management, conservation and enforcement measures that are adopted. Norway will actively seek through international co-operation to ensure that the necessary regulation of fisheries enjoys legitimacy and support, and to promote greater acceptance of the necessary enforcement and control measures.

It is important to continue the close co-operation with Russia in the fisheries sector in order to ensure sustainable management of harvestable resources in the Barents Sea. Fisheries are among the most important areas of co-operation between the two countries. Such management is based on research that is the result of longstanding co-operation in the International Council for the Exploration of the Sea (ICES).

The fisheries co-operation between Norway and Russia was formalised by the Agreement of 11 April 1975 on co-operation in the fisheries sector and the Agreement of 15 October 1976 on bilateral relations in the fisheries sector. The Joint Norwegian-Russian Fisheries Commission was established in accordance with the first of these agreements. At the annual meetings of the commission the parties determine the total allowable catches of common fish stocks and divide them between Norway, Russia and third countries. They also determine reciprocal fishing rights in each other's zones and other management measures for the Barents Sea. Norway and Russia base their total allowable catches on the recommended harvesting levels determined by the ICES.

The co-operation between Norway and Russia on fisheries management in the Barents Sea faces certain challenges. A difference of views on the principles on which the establishment of the Fisheries Protection Zone around Svalbard is based has in certain cases led to protests concerning Norwegian regulatory and enforcement measures. The



Figure 2.3 Norway and Russia are engaged in consultations on the delimitation of an area of overlapping claims, whereas fishing activities in the «grey zone» are governed by a provisional agreement.

lack of access to the Russian Economic Zone for fisheries research vessels and Russia's difficulties in carrying out reliable resource monitoring have also created problems.

2.5 Environmental protection

Generally, the state of the environment in the High North is satisfactory, and human activity has had less impact on the environment there than further south. The region also contains some of the last large areas of untouched nature in our part of the world. However, the environment in the High North is also vulnerable to pollution, over-exploitation and development, and is under pressure as a result of the growing utilisation of natural resources and external factors such as long-range pollution and climate change. Moreover, in certain parts of the Russian High North, a major challenge is to deal with pollution from industrial and military activity during the Soviet era.

The Government considers it important that the framework for all activities in the High North,

including resource utilisation, transport, tourism and research, is such that biodiversity is maintained and that there is no serious impact or pressure on untouched areas of natural environment or the cultural heritage.

The Arctic areas are particularly vulnerable to climate change. There is a good deal of evidence that climate change in the Arctic may be more rapid and unpredictable than previously thought. The results of the Arctic Climate Impact Assessment (ACIA), which were presented to the Arctic Council in autumn 2004, show that climate change is already taking place in the Arctic. Winter temperatures in parts of the Arctic have risen by 3–4 degrees Celsius in the last 50 years, and the mean temperature in the region has risen considerably more than the global mean temperature in the same period. The extent of the sea ice in summer has decreased markedly in the last few decades, and this trend is expected to accelerate. The impacts of climate change on the environment, living resources and human health may be substantial. Thawing of the permafrost may cause damage to buildings, roads and other infrastructure.



Figure 2.4 The nickel works in Nikel

Photo: Morten Günther/Svanhovd Environmental Centre

Norway has viewed the ACIA process as the beginning of a long-term national and international effort to improve our knowledge of climate processes and of climate change and its impacts in the Arctic. The ACIA has documented large gaps in our knowledge, and has proposed a series of measures relating to infrastructure co-operation and knowledge production to close these gaps. It has been decided to continue the ACIA process, among other things by means of a national follow-up programme that will provide the government administration with a better basis for political decisions. Efforts to follow up the ACIA will also be linked to research and data collection in connection with the International Polar Year 2007–2008 and work under the Intergovernmental Panel on Climate Change (IPCC) and the Arctic Council.

The alarming pace of climate change in the High North also underlines the need for considerably larger cuts in global greenhouse gas emissions after the first commitment period under the Kyoto Protocol ends in 2012. The Government will take active steps to ensure that future climate agreements are as ambitious and global in scope as possible.

The High North acts as a sink for a number of persistent organic pollutants (POPs) that are transported with air and ocean currents from more southerly latitudes to the Arctic, where they accumulate in organisms at the top of food chains, such as marine mammals and seabirds. The markets for fish and seafood are also very sensitive to this type of pollution. Norway is giving high priority to efforts to limit inputs of such substances, and this is an important issue for all the member states of the Arctic Council. In addition, there is a great need to further develop existing global and regional UN agreements designed to regulate the use and emissions of hazardous substances.

In recent years, environmental protection has become an increasingly important part of Norwegian Svalbard policy, and it has become a high-priority goal to protect the unique wilderness character of the archipelago. To this end, a new Svalbard Environmental Protection Act has been adopted, and the protected areas in Svalbard have been expanded. Norway has a responsibility to ensure that all actors operating in the area abide by the decisions that have been made concerning environmental protection measures.

Oil and gas production in the vulnerable High North will require very high environmental standards. The Government has laid down zero discharges to the sea under normal operating conditions as a condition for continued activity in the

Barents Sea. The oil companies on the Norwegian continental shelf are required to monitor environmental conditions both on the seabed and in the water column. The Russian authorities have indicated that they share the Norwegian position on environmental standards. Thus, there should be a basis for closer co-operation with the Russian authorities on the development of environmental standards for petroleum projects in the northern sea areas.

The prospect of extensive offshore petroleum activities underscores how important it is for the Norwegian and Russian authorities to co-operate on the environmental criteria for exploiting and managing the petroleum and fisheries resources and for ensuring that the environment in the northern sea areas is adequately protected.

In this connection, the Government considers it to be very important for Russia to ratify the multilateral environmental agreements that provide the most important international framework for environmental protection and resource management. It was a very positive step that Russia ratified the Kyoto Protocol in 2004, so that it could enter into force in February 2005.

In the Government's view, it is still important to assist Russia in its efforts to deal with the serious environmental problems the country is facing in the High North, and that both directly and indirectly also affect important Norwegian interests. This is why Norway is providing substantial funding towards the modernisation of the nickel works at Nikel on the Kola Peninsula, and one of the main motives behind Norway's efforts in the field of nuclear safety.

Norway will continue to give high priority to environmental co-operation with Russia. The highest priority area will be co-operation related to the marine environment, based on the ecosystem approach. Priority will also be given to projects that are relevant to multilateral agreements such as the Kyoto Protocol, and to projects within the framework of the Barents Co-operation and the Arctic Council.

Co-operation between the authorities at central and regional level, the development of expertise in Russian industry and co-operation on the conservation of biodiversity in the High North are other important priority areas.

2.6 Transport

In the High North, most people and industrial activity are concentrated in a few central areas, with



Figure 2.5 The floating oil storage facility *Belokamenka*

Photo: Thomas Nilsen/Barents Secretariat

long distances between them and often a poorly developed communications infrastructure. The transport infrastructure has been developed to meet purely national needs and was not designed for transport across national borders. It is both a challenge and a goal to develop an infrastructure across the borders that will allow greater mobility and lower transport costs, while at the same time limiting the impact on the natural environment.

In the last few years there has been a considerable increase in oil transport from northwestern Russia along the North Norwegian coast. A future development of the large offshore oil and gas fields will contribute to a further increase in maritime transport in these areas.

Maritime transport is in principle a safe, environmentally sound means of transport, but ships are a potential source of discharges into the sea. Thus in its efforts to facilitate effective, up-to-date, environmentally sound shipping, the Government is giving priority to safety at sea and the oil pollution emergency response system. The Norwegian authorities have already taken a number of measures for dealing with the challenges posed by the increasing coastal traffic. In Report No. 14 (2004–2005) to the Storting on safety at sea and the oil pol-

lution emergency response system, further measures have been proposed based on an environmental risk analysis of a future increase in coastal traffic.

Close co-operation with Russia in this field is essential, and in 2003 the two countries agreed to intensify co-operation on measures to improve safety at sea and further develop the oil pollution emergency response system in the Barents Region. In the field of safety at sea the focus is on developing a joint notification and information system. The work on the emergency response system is partly a continuation of the efforts under a Norwegian-Russian co-operation agreement of 1994 on combating oil pollution in the Barents Sea and partly co-operation on new measures.

Growth in the Russian economy is likely to result in increased transport of goods in the High North, which will put greater strain on the Norwegian transport system. On the other hand, this increase in transport, especially maritime transport, will open up new opportunities for the Norwegian shipping and transport industries.

An international transport corridor across northern Finland, Norway and Sweden (the region known as Nordkalotten) is being considered that

will include the port of Narvik and a railway running east from Narvik. There is increasing interest in this east-west link owing to the increased international focus on safety and the growing pressure on international transport facilities. The corridor could also contribute to regional development.

Kirkenes could be a bridgehead for maritime transport to and from Murmansk and the rest of northwestern Russia. The port is close to the heavy industry on the Kola Peninsula and would be able to take a lot of the pressure off Murmansk, with its limited port facilities. The port of Kirkenes is important for the Russian fishing fleet and this, together with the road connections leading eastwards, has potential for the export of Norwegian fish products to the rapidly expanding Russian market. The building of a railway from Kirkenes to Nikel is unrealistic unless industrial interests are directly involved.

2.7 Integrated management of the marine environment

A number of human activities and long-range transport of pollution with air and water currents have an impact on marine ecosystems. In order to ensure that the overall pressure on the environment is not too great and that environmental quality and the resource base are maintained, the management of human activity must be co-ordinated. The Government will therefore promote an integrated ecosystem-based management regime for the marine environment and coastal areas in order to achieve sustainable use of natural resources and goods while at the same time maintaining the structure, functioning and productivity of ecosystems.

The establishment of an integrated management regime for the marine environment was the subject of Report No. 12 (2001–2002) to the Storting: *Protecting the Riches of the Seas*. The white paper also announced that an integrated management plan for the Barents Sea would be drawn up that would take account of the various considerations relating to the environment, fisheries, petroleum activities and maritime transport.

The purpose of the management plan is to establish a framework that enables a balance to be struck between the commercial interests of fisheries, maritime transport and petroleum activities on the one hand and sustainable development on the other. This will make it easier to see where reductions in the overall pressure on the environment

are needed and evaluate measures that can be implemented across sectors.

The management plan will include measures for avoiding undesirable impacts of activities in the area and recommendations for cost-effective measures that will apply to all sectors where needed. This will help to maintain the quality of the environment and stable framework conditions for commercial actors in the area.

The management plan will serve as a tool for facilitating value creation and maintaining the quality of the environment in sea areas. The plan is now being finalised with a view to submitting it to the Storting in 2006.

2.8 Business co-operation

The Russian economy has expanded in recent years, and this positive trend is also apparent in the North. The framework conditions for business activities in Russia have improved. This also creates new opportunities for business co-operation between Norway and northwestern Russia.

Trade between Norway and Russia accounts for only 1.5 per cent of Norway's total trade. However, the volume of trade between the two countries has increased by 67 per cent since 2002 and its value now totals NOK 10.8 billion a year. Fish and fish products are the fastest growing Norwegian exports, and account for over 70 per cent of total Norwegian exports to Russia.

The Russian market is also the fastest growing market for exports of Norwegian fish and fish products. In the course of only a few years, Russia has become one of Norway's most important markets, particularly for salmon, trout and herring. Trade figures for commodities in other areas are also showing a positive trend.

Norwegian investments in Russia, including northwestern Russia, are increasing significantly. Investments in the North cover a wide range of industries, from fisheries to electronics production and explosives for use in the oil industry. Mining and forestry are also potential growth industries for Norwegian interests in northwestern Russia.

Russia is becoming an increasingly important market for many North Norwegian companies, and a considerable share of the fish landed by Russian fishing vessels in Norway is sold by North Norwegian companies.

The authorities have various tools for encouraging economic co-operation. Innovation Norway manages an investment fund for northwestern Russia and one for the country as a whole. The Indus-

trial Development Corporation of Norway, SIVA, operates an industrial park in Murmansk. Small-scale actors will continue to be dependent on support from the authorities through such channels for a long time to come.

Active business co-operation across the northern borders must be developed by the business sector itself. Experience so far indicates, however, that the authorities have to open doors and pave the way. It must also be underlined that good, stable framework conditions for business activities in Russia are essential if there is to be any significant increase in Norwegian investment in the country.

Many of the opportunities for growth in the High North are connected to natural resources, the sea areas and the contact between Norway and Russia. In addition to the direct effect of fisheries and petroleum operations, development in the region should create opportunities for growth in industries such as knowledge-based activities, services, transport, shipping and tourism. The number of Russian tourists in Norway is increasing, and this trend should be encouraged. The travel and tourism section in Innovation Norway is therefore running a project on Russia from 2004 to 2005.

The business sector in Finnmark suffers from time to time from a shortage of both skilled and unskilled labour, partly due to the large-scale movement of labour to the rest of the country. To help the fishing industry, a provision has been set out in the Immigration Act that makes it possible to grant a work permit for up to two years to unskilled job seekers from the Russian part of the Barents region who want to work in the fishing industry in Finnmark and Troms. In addition the general quota system for skilled workers gives qualified applicants from Russia access to the Norwegian labour market in all industries.

2.9 Knowledge base

Norway has direct administrative responsibility for large areas of the Arctic, and research and monitoring activities in the High North are important for Norway from a political and administrative point of view, and in relation to building up expertise.

A thorough knowledge base will be vital for the protection and sustainable management of our land, coast and sea areas in the North. Therefore, research efforts must be intensified in order to identify the specific knowledge that needs to be acquired for the management of these areas. Another equally important activity in this connection is environmental monitoring.

It is essential to have an efficient monitoring system that enables us to follow and document changes in the state of the environment and natural resources, detect new problems at an early stage, rank measures in order of priority, disseminate information that is needed to raise awareness about resources and the environment, and follow up our obligations under international agreements satisfactorily. National measures such as the management plan for the Barents Sea will also require follow-up systems to ensure that information on the environment and natural resources is always available. A solid knowledge base is also essential for gaining acceptance for our views in international negotiations on new agreements and legislation.

With growing international attention currently being directed to the High North, research will be used by a number of countries as a means to safeguard national interests and achieve foreign policy aims in the polar areas. Maintaining Norway's presence and activities in the polar areas must, therefore, be seen in close connection with the enforcement of national sovereignty and jurisdiction over Norwegian territory.

In the last ten years, Norway has made substantial investments in research infrastructure in Svalbard. This has formed the basis for the development of the international research community in Svalbard today. This infrastructure is also an important factor in the Norwegian involvement in the international research community.

Norwegian participation in international research co-operation in the polar regions is very important for Norway's role as a polar nation. In recent years, Norway has given high priority to the development of research and educational co-operation with Russia. The Government wants this co-operation to be further developed. In particular, the Government wants to intensify research co-operation between Norway and Russia in Svalbard.

It is important that Norway takes advantage of the opportunities offered by more extensive research co-operation on the High North with the US and Canada. It is also important that we participate actively in drawing up EU research programmes and in EU research projects.

In order to manage our valuable environment and resources in the North soundly, we have to be at the forefront in knowledge production. The International Polar Year 2007–2008 is currently at the planning stage. This will give an impetus to international polar research. Taking part in the International Polar Year will bolster Norwegian research and the Norwegian presence in the polar

regions while Norway will also take on a share of the international community's obligations with regard to building up the expertise that will, for example, form the basis for sustainable development.

The Government attaches importance to developing the knowledge base needed to ensure sustainable, ecosystem-based management of our coast and sea areas in the North. The livelihoods that the sea provides are vital for a coastal nation like Norway. Nevertheless, we do not know enough about the seabed off Norway and the ecosystems it is home to and the resources it provides. The environment in the coastal and sea areas of the North is particularly vulnerable and is affected by climate change, hazardous substances, shipping, fishing and petroleum activities. We do not know enough about how ecosystems work or about the combined effects of various forms of human encroachment on the environment.

The Government will promote greater Sami involvement in research in connection with its efforts in the High North.

2.10 Indigenous peoples

Issues relating to indigenous peoples have come to play an increasingly important part in international co-operation. Norway is actively involved in efforts to promote the rights of indigenous peoples internationally. The central government authorities, the Sámediggi (the Sami parliament), and NGOs with ties to indigenous communities in Norway, such as the Association of World Reindeer Herders, all play a part in this work.

The Norwegian Government is giving high priority to the adoption of a UN declaration on the rights of indigenous peoples. However, the negotiations on the declaration have proceeded very slowly because of various procedural and substantive problems. The Government wishes to continue these efforts with a view to achieving the broadest possible consensus on the substance of the declaration, and will continue its close co-operation with the other Nordic countries and other like-minded countries in this process.

In April 2001, the UN Commission on Human Rights appointed a Special Rapporteur on the situation of the human rights and fundamental freedoms of indigenous people. The Government is seeking to contribute to this work by providing political support and submitting reports on the situation of the Sami in Norway. Furthermore, the Government will continue to give priority to efforts

to promote the rights of indigenous peoples during the annual sessions of the UN General Assembly and the UN Commission on Human Rights.

The University of Tromsø, Bodø University College and the Saami University College in Kautokeino all play a key role in different ways in developing expertise on the Sami people and offering educational programmes for the Sami population. Measures should be taken to promote higher education among the indigenous peoples. It is also important to promote student and staff mobility between educational institutions in the North that work with indigenous issues. The exchange programme "north2north" facilitates student and teacher mobility between indigenous peoples in the North.

Priority is also being given to research in relevant fields as a means of developing expertise on the indigenous peoples in the North. The Government will therefore ensure that the Indigenous People Research Network is continued and will provide it with basic funding from 2005 onwards.

In 2002, the Resource Centre for the Rights of Indigenous Peoples was established in Kautokeino. The Centre's tasks are to collect, analyse, and disseminate information on the rights of indigenous peoples in Norway and internationally.

Reindeer husbandry is of great importance for the preservation and development of indigenous communities in the North. Many of the challenges facing this sector are common to all the countries in the High North, for example how to make use of traditional knowledge as a basis for progress. Closer co-operation between reindeer herders in the High North would therefore have a positive effect.

The dissemination and exchange of experience and information will be key elements of this co-operation. The Government has therefore decided that an international reindeer husbandry centre for Arctic reindeer herders is to be established in Kautokeino in close co-operation with the Association of World Reindeer Herders. In addition to the tasks mentioned above, the centre will provide support for the Association's secretariat and its international activities. The centre will open in autumn 2005.

Climate change in the Arctic and the High North will probably have an impact on many of the indigenous groups who make a living from hunting polar bears, walruses, seabirds, seals, whales and wild reindeer. Changes in biodiversity and the availability of game may have an impact on many population groups in future. Growing volumes of transport and growing pressure from the commer-

cial use of natural resources may cause conflicts with indigenous groups.

2.11 Svalbard

The 1920 Treaty concerning Spitsbergen grants Norway the full and absolute sovereignty over the archipelago in accordance with the conditions laid down in the treaty. In accordance with this, the 1925 Norwegian Act relating to Svalbard laid down that Svalbard is part of the Kingdom of Norway.

Norwegian administration of Svalbard is based on the principle that Norway not only has a right to exercise authority within the framework set by the treaty, but also a duty to enforce its sovereignty in a proper and credible manner. This means among other things that Norway must implement an effective environmental and natural resource management regime for the archipelago in accordance with the non-discrimination provisions of the treaty.

The overriding goals of Norway's Svalbard policy have been the same for many years, and were most recently confirmed in connection with the debate on Report No. 9 (1999–2000) to the Storting on Svalbard, in which they are set out as follows: "The Government's overriding objectives in respect of the policy towards Svalbard comprise consistent and firm enforcement of sovereignty, proper observance of the Treaty concerning Spitsbergen and control to ensure compliance with the treaty, maintenance of peace and stability in the area, preservation of the area's distinctive natural wilderness and maintenance of Norwegian communities on the archipelago."

The debate on this white paper in the Storting showed that there was broad support for these goals, and the Government considers it important to maintain this national consensus on Norway's Svalbard policy. The Government also advocates further developing contacts and co-operation with commercial and research actors from other countries in Svalbard.

Svalbard's geographical location means that it is of strategic importance for the management of our resources in the North. Research activities in Svalbard give us new knowledge about global climate processes and about the state of the environment and pollution in the High North. Controlled and varied industrial and commercial activities and tourism make it possible to protect the unique environmental qualities of the archipelago. This clear environmental priority was emphasised as early as in the Treaty concerning Spitsbergen of 1920.

The Interministerial Committee on the Polar Regions was established to co-ordinate the administration of Svalbard. It is chaired by the Ministry of Justice and considers all matters relating to Svalbard, Jan Mayen and the Antarctic. The committee advises the Government in such matters, and meets about ten times a year. However, the fact that polar affairs are discussed by the committee does not alter the authority of line ministries to make decisions.

In Svalbard, Norway is responsible for managing one of Europe's last large undisturbed wilderness areas. The protection of Svalbard's distinctive wilderness character has been one of the overriding goals of Norway's Svalbard policy for many years, and environmental protection has become an increasingly important part of Norway's administration of the archipelago in the last 30 years. The Storting and the Government have made it clear that their objective is for Svalbard to be one of the world's best-managed wilderness areas, and that in the event of a conflict between environmental objectives and other interests, environmental considerations are to prevail within the limits dictated by treaty obligations and sovereignty considerations.

The comprehensive protection regime and the stringent environmental regulations that apply in Svalbard are not intended to prevent commercial, industrial and other activities in the archipelago. They provide a framework for such activities that is in accordance with the goal of protecting the wilderness areas. All activity outside the settlements and the established mining areas must be organised in such a way as to minimise undesirable disturbance of the environment and permanent traces of human activity.

Svalbard has a number of natural advantages over other parts of the Arctic as an area for activities such as research, education and ecotourism. A working group under the Nordic Council of Ministers is currently developing a Nordic strategy for Arctic tourism. Research, education and tourism are activities that in most cases can be adapted to a strict environmental framework.

In recent years, the number of cruise ships and other vessels calling at Svalbard has increased. Because of the special conditions in Svalbard's waters, this poses particular challenges related to safety and the environment. Shipping is important, and locally-based cruise traffic, for example, is a product that helps to maintain tourism in Svalbard and thus to achieve the objective of maintaining the Norwegian settlements on the archipelago. Efforts to improve conditions therefore have high priority.

The University Centre in Svalbard (UNIS) is an important institution for international co-operation in the fields of research and education, and as such facilitates Norwegian policy implementation. About half of the students and staff at UNIS come from abroad. The Centre's international profile should be further developed. The new Svalbard Science Centre in Longyearbyen should be used to make fuller use of the potential for co-operation between the research communities in Longyearbyen and Ny-Ålesund.

Researchers from about 20 countries are now involved in research in Svalbard. Ny-Ålesund now has all-year research stations run by Germany, the UK, France, Italy, Japan, China and South Korea. In addition, there is a Russian research station in Barentsburg and a Polish research station in Hornsund. In Longyearbyen there are research groups from several countries that are associated with the EISCAT (European Incoherent Scatter) facility and with the Auroral Station in Adventdalen.

More countries are expected to establish research activities in Ny-Ålesund when the marine research centre is completed in summer 2005. The Government intends to develop Ny-Ålesund further as an international Arctic research centre within the constraints imposed by infrastructure and capacity. The Government is also drafting legislation that will ensure that research in Ny-Ålesund is provided with the necessary framework conditions in the years ahead. This will include a proposal to close part of the Kongsfjorden to fisheries.

The Government considers that Norwegian-Russian research co-operation in Svalbard should be strengthened, and will put forward proposals for how this can be done. Activities in Longyearbyen, Barentsburg and Ny-Ålesund should all be included in the co-operation.

Svalbard's geographical location, combined with its relative accessibility and a climate that is not particularly inhospitable by Arctic standards, gives Norway an advantage as regards the estab-

lishment of new space-related ground infrastructure for research and commercial purposes. Svalbard is the only reasonably accessible part of the world where it is possible to communicate with satellites in polar orbit during all orbits. Svalbard Satellite Station (SvalSat) therefore helps to ensure that Norway is an important actor in the field of space-related ground infrastructure. The number of polar satellites in low orbit is rising rapidly, which means that the need for both operational services and data processing is also growing. A special licence is required to download data from satellites.

For many years, employment in coal mining and related activities has played an important role in maintaining stable, year-round Norwegian activity and settlements in Svalbard. The state retains its ownership in Store Norske Spitsbergen Kulkompani AS and its subsidiary, Store Norske Spitsbergen Grubekompani, as a means of ensuring that the community in Longyearbyen develops in a way that satisfies the overriding goals of Norway's Svalbard policy. In addition, the state wishes to ensure an acceptable rate of return on the capital it has invested in the two companies.

When the Storting considered the Svea Nord project in December 2001, it was made clear that the coal mine must be run according to business principles, independently of government support. It was also emphasised that environmental and safety standards must be fully met.

The Government also gives priority to maritime safety in Svalbard. Navigation in many of the waters around Svalbard is often difficult. This is due to ice, wind, light and depth conditions, all of which make both accident prevention and contingency planning particularly challenging in these waters.

In response to developments such as the rising volume of cruise traffic around Svalbard, measures to improve maritime safety in the area are being considered, such as making the Harbour Act applicable to Svalbard.

3 Issues of international law

3.1 Delimitation of the continental shelf and the 200-mile zones in the Barents Sea

During President Putin's visit to Oslo in November 2002, Prime Minister Bondevik and the Russian President confirmed that both Norway and Russia give high priority to the timely conclusion of an agreement on a delimitation line for the continental shelf and the 200-mile zones in the Barents Sea. Considerable progress has been made in the consultations, which started in 1970 with regard to the continental shelf and since 1984 have also included the zones. The two parties agree to continue the discussions on the basis of a comprehensive approach that takes account of all relevant ele-



Figure 3.1 Norwegian 200-mile zones, established in accordance with the existing law of the sea

ments, including fisheries, petroleum activities and defence interests.

Such a boundary line will not affect the freedoms of the high seas, which are essential, for example, to ensure the freedom of navigation for naval operations. The line will, however, make it clear which state's legislation and jurisdiction may apply in the maritime areas concerned for certain specific purposes, in particular in relation to exploring or exploiting resources. This is essential for ensuring sufficiently predictable conditions under which commercial and other actors can operate.

Agreement on a delimitation line will release an unprecedented potential for co-operation relating to the area of overlapping claims, which covers 176 000 square kilometres. This is particularly relevant for the petroleum sector. The Norwegian and Russian authorities have agreed that no petroleum-related activities are to begin in the area of overlapping claims until a delimitation agreement has been concluded. The moratorium applies to both exploration and exploitation activities. However, there is agreement in the delimitation consultations to continue work on possible modalities for co-operation in the petroleum sector in this area. Such co-operation may start as soon as the delimitation agreement is in place.

Norway's position in the consultations is based on the rules for maritime delimitation set out in the international law of the sea. Recent case law established by the International Court of Justice in The Hague has confirmed that a median line provisionally drawn shall be employed as a starting point and may thereafter possibly be adjusted or shifted in light of relevant geographical factors. In addition to discussing delimitation issues, the parties are also seeking to agree on co-operation arrangements for energy and fisheries issues.

3.2 The outer limits of the continental shelf beyond 200 miles

Extensive work has already been carried out in connection with the surveying of the extent of the Norwegian continental shelf beyond the 200-mile zone. Since Norway ratified the Convention on the

Law of the Sea in 1996, it has been required to meet a time limit for submitting information on the outer limits of the continental shelf to the Commission on the Limits of the Continental Shelf. Under the provisions of Article 76 and Annex II of the Convention, it is necessary in certain cases to submit documentation concerning the thickness of sedimentary rocks and other physical features of the continental margin where it meets the international seabed area, which is common heritage of mankind. Norway will submit such information after 2005 and no later than 2009.

The Russian Federation was the first state to submit documentation to the commission, in 2001. The Norwegian side is co-operating with, among others, the Russian authorities on the collection of geological data, including in the areas north of Svalbard. Norway and the Russian Federation have jointly submitted a precise definition of the area of overlapping claims in the Barents Sea to the commission. This will enable the commission to make a recommendation on the question of the physical extent of the continental shelf and thus on its outer limit towards the international seabed area in the Polar Sea, without prejudice to the outcome of the on-going delimitation consultations between Norway and the Russian Federation. The commission has already concluded that the seabed of the “Loop Hole”, i.e. the area beyond the respective Norwegian and Russian 200-mile zones in the Barents Sea, is continuous continental shelf that must be the subject of a delimitation agreement between Norway and the Russian Federation.

The above survey has yielded a substantial amount of data, which can also be put to scientific use in other contexts. Considerable expertise has also been developed in this connection, and this must be further developed and used to obtain further scientific knowledge of the High North.

A broad, systematic review is being carried out in the relevant ministries as regards research on the High North, including surveys of the sea areas. This will also cover the organisation of research cruises for collecting more data.

3.3 The Fisheries Protection Zone around Svalbard

The Fisheries Protection Zone is a 200 nautical mile zone of fisheries jurisdiction around the Svalbard archipelago. It was established on 3 June 1977 pursuant to the Act of 17 December 1976 relating to the Economic Zone of Norway.

Norway exercises full and absolute sovereignty over Svalbard, in conformity with the provisions set out in the Treaty concerning Spitsbergen of 9 February 1920. Norway's sovereignty over Svalbard has moreover been recognised by the whole international community. As a coastal state Norway has the right under the modern law of the sea to establish a 200-mile economic zone around the archipelago and to exercise fisheries jurisdiction in the zone. All Norwegian legislation and regulatory and other measures in the Fisheries Protection Zone around Svalbard are fully in accordance with the rights and obligations that Norway, as a coastal state, has under international law.

In accordance with the existing law of the sea, vessels and nationals of other states that are fishing in the Fisheries Protection Zone must comply with the management measures and conditions set out in the legislation and regulatory measures of the coastal state and must comply with that state's enforcement measures. Under the UN Convention on the Law of the Sea of 10 December 1982, Norway, as a coastal state, must ensure that the living resources in the Fisheries Protection Zone are not overharvested. Under the Convention the authority to implement measures in this respect rests solely with the coastal state.

There are different views on the geographical scope of the Treaty concerning Spitsbergen. Norway has always based itself on the position that the treaty, in accordance with its wording, only applies to the archipelago and the territorial waters. However, in relation to potential economic interests, other states have claimed that the treaty also applies to maritime areas beyond the territorial waters. It is *inter alia* against this background that Norway chose in 1977 until further notice to establish a fisheries protection zone rather than a full economic zone. One of the purposes of the zone was to ensure the protection and sound management of the living resources, since this is one of the most important nursery areas for important fish stocks.

The rules governing the Fisheries Protection Zone are formulated in such a way that they would not be in conflict with those of the Treaty concerning Spitsbergen even if the latter had applied to the Fisheries Protection Zone. The regulatory measures for fisheries are based on objective protection and management needs and take into account any previous foreign fishing patterns in the area. Thus even though Norway maintains a legal right to reserve fishing in the zone exclusively for Norwegian fishermen, its management practices are non-discriminatory.

The Norwegian management measures in the Fisheries Protection Zone have generally been complied with in practice. However, there is not an international consensus on Norway's right to regulate fishing and exercise jurisdiction over the continental shelf in this area. For example, Iceland and Russia have disputed such a right on grounds of principle, referring to the provisions of the Treaty concerning Spitsbergen. It is maintained that the treaty and its provisions concerning the equal rights of ships and nationals of all the contracting parties to engage in fishing also apply beyond the territorial waters of the archipelago, and that Norway may not impose restrictions or take necessary enforcement measures. This view is not in keeping with the rules of the international law of the sea, the Treaty concerning Spitsbergen or fundamental principles for responsible resource management.

A credible and predictable exercise of Norwegian jurisdiction in the maritime areas around Svalbard in keeping with the rules of international law is necessary to promote stability and, in the longer term, to promote common understanding with all states concerned. As a coastal state, Norway has a special responsibility for the management of the living resources in these areas. The Norwegian authorities take this responsibility seriously, and will continue to practise sound resource management in accordance with Norway's obligations and rights under international law through appropriate regulations, as well as necessary control and enforcement measures. This is also in keeping with Norway's declared aim to combat illegal and unreported fishing, which is one of the most serious threats to sound resource management and is highly detrimental to efforts to ensure conservation and management of living marine resources.

The Norwegian authorities are actively seeking to promote international co-operation on responsible resource management within the framework of the international law of the sea, primarily together with relevant coastal states with a view to adopting and implementing international regulatory measures for fish stocks in their entire area of distribu-

tion. The co-operation with Russia is particularly comprehensive in this regard.

3.4 Protection of the marine environment in the High North

The Government has instituted efforts to establish a national network of protected marine areas. The network will comprise areas that are protected under the Nature Conservation Act or other legislation. A more detailed account of the plans is to be found in Report No. 12 (2001–2002) to the Storting: *Protecting the Riches of the Sea*. In the report of the Biodiversity Commission, NOU 2004: 28 (Official Norwegian Report), it is recommended that the authority for cross-sectoral marine conservation should be extended to include the Economic Zone of Norway out to 200 nautical miles from the base line.

In connection with the increase in shipping off North Norway, the question has been raised whether the Norwegian authorities should, through the International Maritime Organisation (IMO), establish parts of the sea areas in the vicinity of the coasts of North Norway as a Particularly Sensitive Sea Area (PSSA). This proposal is currently being considered by the relevant ministries, also in connection with the development of a coherent management plan for the Barents Sea. The Government's primary aim is to establish as soon as possible concrete measures that reduce the likelihood of accidents in the area. One important measure could be the establishment of sea lanes in the Economic Zone of Norway beyond the outer limit of the territorial sea. The establishment of such sea lanes is subject to the approval of the IMO. Such approval may be obtained by submitting a separate application for a routing system, or in combination with a PSSA application. The Government intends to submit a proposal to the IMO for establishing sea lanes outside the territorial waters between Vardø and Røst, and will consider which of the application procedures is most expedient.

4 Co-operation on nuclear safety

Levels of anthropogenic radioactive pollution of the environment in the High North are low, except in specific geographical areas. The most important sources of radioactive pollution in the North are fallout from atmospheric nuclear tests in the 1950s and 1960s, fallout from the Chernobyl accident in 1986, and discharges to the marine environment from Western European reprocessing facilities.

There have not been any significant emissions of radioactive substances to the air since the Chernobyl accident, and emissions from reprocessing facilities have also been reduced during recent years. The levels of radioactive pollution in the High North are therefore decreasing.

However, the concentration of nuclear facilities and the accumulation of radioactive waste and nuclear material in northwestern Russia constitute a potential risk of radioactive pollution that could affect Norwegian interests.

The establishment of the Northern Dimension Environmental Partnership Support Fund (the NDEP Fund), the signing of the Multilateral Nuclear Environment Programme in the Russian Federation (the MNEPR agreement) and the launching of the G8's Global Partnership against the Spread of Weapons and Materials of Mass

Destruction have provided new tools for resolving the nuclear challenges in Russia.

Russia itself is dedicating significant resources to nuclear safety efforts. This applies not least to the dismantling of decommissioned submarines. The Russian authorities are also using substantial resources on facilitating projects that are being financed by Norway and other Western countries.

Many nuclear safety measures are being implemented in facilities where there are strict restrictions on access for foreigners. This has at times hampered the implementation of projects. During recent years the Russian authorities have, however, gradually shown more openness and willingness to facilitate the increasing activity we are currently witnessing on the part of Western donor countries.

The scope of the nuclear safety co-operation with Russian has been increasing during the past few years, and large, complex projects have been initiated. This has necessitated a review of the distribution of roles between the Ministry of Foreign Affairs, the Norwegian Radiation Protection Authority and project managers. The Norwegian Radiation Protection Authority is now the directorate responsible for implementing this co-operation with Russia on behalf of the Ministry of Foreign Affairs.



Figure 4.1 Nuclear facilities on the Kola Peninsula

4.1 Norway's aims and priorities

Since 1995 Norway has allocated more than NOK 1 billion to nuclear safety projects in Russia and former Soviet republics. Most of the measures have been implemented in northwestern Russia. About two thirds of the funds have been used on measures to reduce the risk of accidents at Russian nuclear power plants in areas adjacent to Norway and on safe handling and storage of radioactive material and spent nuclear fuel.

- The Norwegian efforts have two main goals:
- to safeguard health, the environment and economic activity from radioactive pollution
 - to prevent radioactive and fissile material from falling into the wrong hands and being used for terrorist purposes.

During the past few years the Norwegian efforts have had four main priorities:

- the dismantling of decommissioned nuclear submarines from the Northern Fleet
- the securing of highly radioactive strontium batteries from lighthouse lanterns along the coast of northwestern Russia
- infrastructure measures at the closed Northern Fleet service base at Andreyev Bay on the Kola Peninsula, which in 2005 will be expanded to include physical protection
- intensified co-operation between Norwegian and Russian inspection and administrative authorities.

These Norwegian priorities have been established in consultation with Russian authorities and in accordance with priorities on which there is agreement in international nuclear safety co-operation. In all Norwegian priority areas, close co-operation has been established with other donor countries, especially the UK.

In the years to come, we will see considerably greater international involvement in the area of nuclear safety in northwestern Russia. The number of projects will increase, and many of the projects will be large and involve a certain level of risk. This will call for more stringent requirements as regards planning and priorities.

In 2004 the Russian authorities were commissioned by the European Bank for Reconstruction and Development (EBRD) to develop an overall, coherent plan for the efforts to resolve the environmental and security problems in northwestern Russia. The plan has led to a better understanding of the problems that need to be dealt with, identifies the critical spots and indicates where resources should be applied. It thus provides a basis for a co-ordinated and targeted effort.

The main responsibility for setting priorities and co-ordinating international efforts must rest with Russia. At the same time it is important that donor countries co-ordinate their efforts with other countries' activities in order to ensure synergy and the efficient use of resources, and to prevent bottlenecks. In 2003 Norway advocated consultations on how the co-ordination of the work could be improved. As a result of the consultations, the Contact Expert Group (CEG) for international nuclear safety projects has in practice been generally accepted as the most important forum for project co-ordination.

There are risks involved in implementing measures that require handling of radioactive waste or spent nuclear fuel. In order to reduce the probab-

ility of accidents and negative effects on health, the environment and safety, the Government therefore considers it to be important that the measures are subject to prior impact assessments.

The Government also considers it important that the approach of Western donor countries and international financial institutions should be as similar as possible as regards the criteria for and methodology used in the impact assessments. In the autumn of 2003, Norway therefore proposed international consultations on this topic. The Norwegian initiative has led to broad agreement among donor countries about where responsibility for impact assessments should lie, and what criteria the assessments should be subject to.

Generally speaking, Russian legislation in the fields of radiation protection, nuclear safety and environmental protection follows the same standards and norms that apply to the equivalent legislation in Norway and other Western countries. The administrative responsibility is, however, divided between more bodies, and the complexity of the legislation makes it difficult to get a proper overview of how the measures are implemented in practice.

The co-operation with Russia has shown that compliance with the legislation can be improved. For this reason Norway attaches great importance to developing close co-operation between the Norwegian Radiation Protection Authority and Russian inspection and administrative authorities, and to ensuring that this co-operation is closely linked to the practical implementation of nuclear safety efforts.

4.2 The main challenges

The nuclear safety challenges in northwestern Russia are numerous and complex. Often the choice lies between solutions that are not optimal, but where postponing measures may prove to be the worst solution. In other cases an assessment may indicate that the best solution is to leave the waste where it is.

The treatment of spent reactor fuel, particularly from nuclear-powered vessels, is the most important, but perhaps also the most difficult, issue in the nuclear safety co-operation with Russia. A number of measures financed by Norway and other Western countries deal with the handling of such fuel, which is currently being sent to the Mayak facilities in the Urals for further processing.

The Russian authorities recognise the problems at the Mayak reprocessing plant, and that



Figure 4.2 Decommissioned Victor III submarine to be dismantled at the Nerpa Shipyard outside Murmansk

Photo: Nerpa Shipyard

there is still a need for substantial investments to avoid environmental damage. As part of the Norwegian-Russian environmental co-operation, Norwegian experts, together with Russian nuclear authorities, conducted extensive investigations at the facilities in the 1990s. The investigations revealed that the emissions during the first years of operation and the accidents in the 1950s and 1960s are the primary causes of the extensive pollution of land areas and river systems.

Greater international involvement in resolving the nuclear safety problems in Russia could put more pressure on the Mayak plant. For this reason there is currently a need for more knowledge about the possible impact of operations at the plant. The Ministry of Foreign Affairs has therefore requested the Norwegian Radiation Protection Authority to resume its co-operation with the Russian authorities with a view to further investigations with particular emphasis on the impact of normal operation on the environment and security, and on the possible impact of accidents at the technical facilities.

There is also a need for further consultations to explore whether intermediate storage could be an alternative to reprocessing. At present Russia has insufficient capacity for intermediate storage, and we must therefore be prepared for proposals to build such storage facilities in areas adjacent to Norway. In the Government's view, the crucial point is that such facilities must fulfil strict safety requirements, not their location. We must also bear in mind that the process of assessing location alternatives and technical solutions, and the actual building of the facilities, will take many years.

The choice does not always lie between reprocessing and direct storage. Certain types of nuclear fuel can be put directly into intermediate storage, while others have to be treated before the residual products can be stored as waste. There is no updated expert assessment of all relevant aspects of future treatment and storage of spent fuel in Russia. There is therefore no basis for claiming that intermediate storage pending the upgrading of Mayak is better or worse than reprocessing at the existing facilities.

The reprocessing of spent nuclear fuel generates emissions of radioactive substances to the surroundings. This will be part of the basis for Norway's position on further operations at facilities such as the Mayak plant. In northwestern Russia the situation at certain nuclear facilities is, however, so critical that it is considered inadvisable to postpone measures until alternatives to reprocessing at Mayak are available.

Russia possesses a total of 30 nuclear reactors at 11 nuclear power plants. The oldest reactors have passed the 30-year limit, which is their design lifetime. However, the principle of a design lifetime of 30 years is based partly on the fact that this is the pay-back period for the initial investment, rather than on the technical lifetime of the systems and components. The demand for power and the production capacity in the region have a decisive influence on decisions regarding the service lifetime of a nuclear power plant.

Operating nuclear reactors beyond the 30-year limit is by no means a purely Russian phenomenon. Reactors in Sweden have also been granted licences extending their operating lives, and reactors in the USA have been granted extensions of their operating lives to 60 years.

This does not change the Government's position on the continued operation of Russian nuclear power plants. An accident at one of these power plants could have a far greater impact, on Norwegian interests as well, than an accident at other types of nuclear facilities in areas adjacent to Norway. Consequently our desire to see them closed remains unchanged. This has repeatedly been taken up with the Russian authorities. In our practical approach to the issue we have, however, had to take into account Russia's desire to extend their operation. Our short-term goal has therefore been to help to improve safety standards at these facilities until they are closed down.

Safety analyses and statistics document that Norwegian and other Western assistance with safety measures at Russian nuclear power plants has helped to resolve the most pressing safety problems. The contributions are therefore currently being reduced. It will, however, continue to be advisable in the years ahead to provide a certain amount of assistance in order to maintain the safety measures that have already been implemented, if necessary by adapting them to changes in the facilities themselves. This will also ensure that Norwegian inspection authorities and experts are able to remain in close contact with the power plants in question. This is important from the point of view of emergency preparedness, and because

contact between Russian nuclear power plants and Western expertise will encourage the continued development of the safety culture at the plants.

4.3 A framework for co-operation with Russia

The Norwegian-Russian co-operation on nuclear safety is governed by the Multilateral Nuclear Environment Programme in the Russian Federation (the MNEPR agreement) and by a bilateral implementation agreement. A Norwegian-Russian commission meets yearly to review the project work and current issues. A bilateral agreement on emergency preparedness and early notification in case of a nuclear accident was concluded in 1993. A protocol on the lowering of the threshold for notification was signed in 2003.

Since 1992 the efforts of the Joint Norwegian-Russian Environmental Commission have focused on the threats posed by radioactive pollution of the outdoor environment. Priority will continue to be given to further developing the co-operation between the authorities in the years to come.

The nuclear safety co-operation with Russia also has a strong international component. The first formalised multilateral co-operation Norway entered into in this field was the Arctic Military Environmental Co-operation (AMEC), which was established between Norway, the USA and Russia in 1996. The UK joined in 2003.

Norway also participates in a number of international nuclear safety funds administered by the EBRD. The most important of these is the Northern Dimension Environmental Partnership (the NDEP fund), to which Norway is contributing a total of EUR 10 million. Over 40 per cent of the contribution was paid in 2002, and the rest will be paid in equal instalments during the period 2003–2006. At the beginning of 2005 the NDEP fund had at its disposal EUR 148 million earmarked for nuclear safety measures in northwestern Russia.

In 2002 the G8 established the Global Partnership against the Spread of Weapons and Materials of Mass Destruction. The partnership aims to raise USD 20 billion for measures over a ten-year period related to non-proliferation, disarmament, antiterrorism and nuclear safety, particularly in Russia. The dismantling of nuclear submarines and securing of nuclear material are among the priority areas. The USA alone will contribute USD 10 billion.

In 2003 Norway became the first country outside the G8 to be invited to join the co-operation.

Norway has indicated that it will contribute EUR 100 million over a ten-year period, subject to the approval of the Storting. These funds are allocated to the Action Plan for Nuclear Safety Issues, which is generally used to finance bilateral Norwegian-Russian projects in northwestern Russia.

The close co-operation with Russia on environmental issues and nuclear safety through many years has given Norway a key position in the international arena as regards these matters. This enables us to play a role in setting the agenda in international consultations on future priorities and measures.

5 Regional co-operation in the North

During the 1990s a number of regional councils and co-operation arrangements for Northern Europe and the Arctic emerged. There is a certain amount of overlapping between them, both in terms of participants and of priorities. However, the various councils and arrangements play different roles and have different strengths. Therefore, it would not be expedient to merge them or formally establish a division of labour between them. Nonetheless, the Government attaches great importance to further developing routines for co-ordinating their efforts.

Norway's priorities and practical efforts in the High North are focused particularly on the Barents Co-operation, but the Arctic Council is also an important forum.

5.1 The Barents Co-operation

The Barents Co-operation was established in 1993 in response to a Norwegian initiative. It includes both a government level (the Barents Council) and a regional level (the Regional Council). The Barents Co-operation has contributed considerably to the close ties that have developed between the Nordic countries and Russia in the North. This is not least due to the efforts that are being undertaken at the regional level, on the Norwegian side by our three northernmost counties, and by the Barents Secretariat.

The Barents Co-operation provides a framework both for political contact and for co-operation on concrete measures. Particular emphasis is placed on measures in the areas of trade and industry, transport, energy, environmental protection,



Figure 5.1 The Barents Region

resource management, health, education and culture. Co-operation is also being developed in areas such as emergency and rescue services and efforts to combat crime.

Norway is chairing the Barents Council in the period 2003–2005. Our main priorities are business and the economy, education, the police and justice sector, emergency and rescue services co-operation and health.

So far Norway has provided approximately NOK 3 billion for various co-operative measures in the Barents Region. This includes annual allocations to the Barents Secretariat in Kirkenes, which is owned by the three northernmost counties of Norway. The Secretariat has considerable expertise on northwestern Russia and an extensive network of contacts. It provides secretarial services to the three county administrations and to some of the working groups in the regional Barents Co-operation.

Since 1993 approximately 2000 Norwegian-Russian projects in the High North have received support from the funds the Government has allocated through the Barents Secretariat. In addition the Secretariat assists the Regional Council by providing analyses, documents and overviews. It also performs tasks for others in the Barents Region. The Barents Secretariat runs information offices in Murmansk, Archangel and Naryan-Mar.

The Barents Secretariat has recently been working on issues related to future petroleum activities in the Barents Sea and the effects they may have on the Barents Region. The Secretariat has also proposed that a Barents Institute be established in Kirkenes, which would primarily explore issues related to energy production and regional co-operation. In the Government's view, this is an interesting proposal that should be followed up. An increase in the support for the Barents Secretariat would make this possible.

Environmental protection and sustainable development are important priority areas in the Barents Co-operation. The question of closer co-operation on environmental protection and sustainable development in the region is linked to the impact that increased resource exploitation and activities related to energy and transport may have on the environment, and to the need for framework conditions and mitigating measures that will ensure that environmental concerns are addressed appropriately.

In the economic area the focus is on how small and medium-sized enterprises can co-operate on cross-border trade and investments. In this context arrangements to facilitate border crossing and cus-

toms clearance are vital. The Barents Co-operation has actively contributed to this, for example by raising awareness of how the authorities can stimulate a good business climate, both at the regional and at the local level.

The Barents Co-operation also covers areas such as health and education. In the area of health special priority is given to the fight against tuberculosis and HIV/AIDS, to measures to combat various lifestyle diseases and to better integration of primary health care services with social services.

In the field of education and research, strong academic and institutional bonds have been forged between institutions of higher learning in the Barents Region. This has also had a positive effect on developments in the business sector and society in general. During the past few years the Barents Co-operation has focused on the goals set out in the pan-European Bologna Process, particularly stressing the importance of student and teacher mobility.

In recent years other countries have shown increasing interest in the experience we have gained from people-to-people co-operation in the Barents Region.

5.2 The Arctic Council

The Arctic Council is the only regional co-operation body in which all the eight Arctic countries are full members. These are Norway, Denmark (the Faeroe Islands and Greenland), Sweden, Finland, Iceland, the USA, Canada and Russia.

In connection with the Arctic Council, separate co-operation between Arctic parliamentarians has been established in the form of the Standing Committee of Parliamentarians of the Arctic Region, which plays a significant role in promoting and consolidating circumpolar co-operation. From the beginning in 1993, the Arctic parliamentarians have taken several concrete initiatives to increase co-operation, and these are now being followed up in the Arctic Council.

However, the Arctic Council has failed to agree on the establishment of a permanent secretariat and assessed contributions from the member states. Norway has advocated the establishment of such a secretariat. In spite of these weaknesses, the Arctic Council has taken on a role that is growing in importance. Currently, the Council is discussing important regional issues related to the environment and sustainable development. The various co-operation measures are financed through voluntary contributions.



Figure 5.2 Member states of the Arctic Council

In the Government's view, the Arctic Council should continuously update the scientific knowledge base related to climate change in the Arctic, for example in the form of special surveys as a continuation of the ACIA process. The ACIA efforts could be an important regional contribution to the Intergovernmental Panel on Climate Change (IPCC). The Arctic Council and its member states have an important role to play in describing, assessing and imparting knowledge about the impact of climate change on the Arctic, and the consequences this may have for the global environment. In this way the Arctic Council can help to ensure that new knowledge about climate change in the Arctic reaches the right fora, including the IPCC.

One of the most important results of the co-operation in the Arctic Council has been the documentation of the transboundary pollution that is carried northwards by air and ocean currents and rivers. The Arctic Monitoring and Assessment Programme (AMAP) has produced thorough documentation of the environmental status, and has provided opportunities to present it to major emission countries (especially Russia) and to develop a common approach in order to achieve real reductions in emissions.

The Arctic Council is seeking to maintain biodiversity in the Arctic by supporting the establish-

ment of an international network of conservation areas and more effective legislation and conservation practices. There is also extensive co-operation on the recording and management of important seabird populations. The ministerial meeting in 2004 adopted the Arctic Marine Strategic Plan, in which the ecosystem approach is a key principle.

An important aspect of the co-operation in the Arctic Council is the indigenous peoples' status as permanent participants. Their participation fosters broader understanding of the complexity of the environmental problems and of the communities in the North. Many environmental problems affect indigenous groups more severely than other groups, and in other ways.

The University of the Arctic was established by the Arctic Council to promote co-operation in the field of higher education in the Arctic. The University is a network of institutions of higher learning in the High North. The University Centre on Svalbard and Finnmark University College both play an active role in the University of the Arctic.

Norway will assume the chairmanship of the Arctic Council in the autumn of 2006. The chairmanship will coincide with the International Polar Year 2007–2008. This means that there will be considerable focus on polar issues during the Norwegian chairmanship, which Norway should take advantage of to promote co-operation in the Arctic Council.

5.3 Other co-operation arrangements

The EU Northern Dimension was adopted by the European Council in December 1997, and has since become an integral part of the EU's regional co-operation. The Northern Dimension is a framework designed to promote political dialogue and co-operation in the northern part of Europe. Two action plans have been adopted and two partnerships established, one for environmental protection and one for public health and social well-being.

For Norway it is important that the EU is actively involved in Northern Europe and the High North. Norway has therefore attached great importance to developing the Northern Dimension into an important instrument for the EU. Norway participated actively in drawing up the current action plan, not least in order to ensure that the Arctic region was included in the plan as an area with special needs.

The EU Interreg initiative is designed to promote social and economic cohesion in Europe through cross-border, transnational and interre-

gional co-operation. The Government attaches great importance to participating actively in the programmes that concern Norway and northwestern Russia. Furthermore, the Government considers it important to ensure Norway's participation in the EU's new neighbourhood and partnership instrument, which is intended to promote co-operation across the EU's external borders, and which will affect the Barents Region and the Interreg programmes that Norway participates in. The Northern Maritime Corridor (NMC) is an example of an important multilateral project aimed at ensuring sustainable resource use through safer sea transport and co-operation on regional economic development.

The Nordic Council of Ministers' neighbour programme covers northwestern Russia and the Baltic states. It focuses particularly on democracy and welfare, the promotion of culture, sustainable development and scholarships.

In the time to come, the Nordic Council of Ministers will give more priority to co-operation with northwestern Russia, and from 2006 it will have a specific programme for Russia. It also has a specific Arctic programme, which in 2005 has a budget of DKK 7 million. The programme focuses especially on welfare and quality of life, indigenous peoples, sustainable development, natural resources, pollution and biological diversity.

In 1990 the Nordic Council of Ministers established the Nordic Environment Finance Corporation (NEFCO), which is an important instrument in the efforts to reduce pollution from northwestern Russia that affects the environment in the High North. NEFCO is fulfilling both its financial and its environmental targets effectively, and the co-ordination between environmental projects under NEFCO, Norwegian bilateral projects, Barents Council projects and Arctic Council projects is good. It has been decided to continue the Nordic funding of NEFCO until the end of 2007.

The ministers of education and science of the Nordic countries and their counterparts from the Arctic Council member states met in Reykjavik in 2004, in response to an initiative taken by the chairmanship of the Nordic Council of Ministers. They adopted a declaration on future co-operation between the two bodies in the areas of education and research. The matter is being followed up by the Danish chairmanship of the Nordic Council of Ministers in 2005. In 2006, Norway will chair both the Nordic Council of Ministers and the Arctic Council. This places a particular responsibility on Norway for following up the co-operation between the two bodies in the areas of education and research in 2006.

6 A coherent Norwegian High North policy

The Government is basing its efforts to strengthen its High North policy on two pillars:

- establishment of dialogues on High North with like-minded Western countries, and
- further development of the bilateral co-operation with Russia.

One of the major challenges in the practical implementation of the High North policy will be to combine the various dialogues on the High North with the further development of co-operation with Russia.

The Government regards the Barents Co-operation as an especially important instrument in its new High North policy, and will therefore evaluate and intensify this co-operation and make it more effective.

The Government plans to implement an integrated ecosystem-based management regime in the sea and coastal areas under Norway's jurisdiction in the North.

In order to make the policy more coherent, the Government will strengthen the co-ordination between the various policy areas in the Ministry of Foreign Affairs, between the other competent ministries and between the central government administration and other actors.

The Government will give priority to measures and solutions that will mobilise broad political support for its High North policy in Norway. This will give the policy greater influence abroad.

6.1 Dialogues on the High North

An important part of the new policy is the establishment of dialogues on the High North with key Western countries.

To begin with the Government will initiate dialogues with the USA, Canada, Germany, the UK, France and the EU, all of which have or will have interests in the High North in the fields of energy and other resources, climate change, environmental issues and sustainable development.

The starting point for the dialogues is that many countries are now showing increasing interest in the development of this region, especially

given its future role as an energy supplier. This means that a number of new actors with different interest in these areas will be arriving on the scene.

The dialogues on the High North will give the Government a better understanding of the various actors' interests and priorities and will serve as an arena for promoting Norwegian views and priorities. This applies for example to the importance of striking a balance between petroleum production on the one hand and environmental considerations and the need to conserve fish stocks on the other. The overall objective is to ensure that the use of resources in the North is based on the principle of sustainable development.

The dialogues will also help to foster greater understanding of Norwegian views and priorities in the North, and could serve as a basis for co-operation with the country concerned on issues that are relevant to the High North.

The Government will seek to include representatives of the business sector and various other fields in the dialogues.

The dialogue with Germany was begun at the political level in 2004, and took as its starting point Germany's status as the largest buyer of Norwegian gas. Germany co-operates closely with Russia in a number of areas, and this will provide a basis for considering concrete new co-operation projects in the North, including in the Russian part of the Barents Sea.

Norway has also begun a dialogue with the USA, mainly on the country's interest in future oil and gas supplies from the Barents Sea. However, the Government would underline that this dialogue is also concerned with topics in a broad range of fields, including environmental issues.

Preparations are under way for dialogues with Canada, France and the UK.

6.2 Bilateral co-operation with Russia

Bilateral co-operation with Russia is the other main pillar of the High North policy.

The increasingly closer co-operation Norway enjoys with Russia has helped to break down scepticism and suspicion on both sides, not least as

regards the military field. In 2006 a military exercise on Russian soil with Norwegian participation will be carried out for the first time. The Government is giving priority to further developing the contact and dialogue with Russia at the military level.

Norway and Russia jointly manage living marine resources in the Barents Sea, and share the responsibility for maintaining satisfactory environmental status in the area. The Government will therefore intensify co-operation with Russia with a view to ensuring the sustainable use of resources and environmental protection in the North. This includes a reliable system for control of resource utilisation.

The development of petroleum resources in the High North will provide new opportunities for economic co-operation between Norwegian and Russian companies. The Government will make active efforts to promote Norwegian participation on a commercial basis in the development of Russian oil and gas fields in the North. This will also increase the competitiveness of the Norwegian petroleum industry at the international level, especially as regards offshore development and production methods that maintain high environmental and safety standards.

The Government will therefore actively support the dialogue Norwegian companies are conducting with their Russian partners and other actors on co-operation on oil and gas production in the Norwegian and Russian sectors.

The positive economic development in northwestern Russia is providing new opportunities for closer commercial co-operation across the border. Since Russia continues to be a demanding market, especially for small and medium-sized enterprises, the Government considers it important to support Norwegian companies' efforts to establish themselves in the Russian market.

In co-operation with Innovation Norway, the Government will support the posting of an Innovation Norway employee to the consulate general in Murmansk as a trial arrangement.

In the light of the increase in the transport of goods and services across the Norwegian-Russian border in Sør-Varanger, the Government will also propose to the Russian authorities that the opening hours be extended and customs procedures expedited at both countries' border control stations at Storskog.

The Government will continue to work through the established co-operation arrangements for more stable framework conditions for business

activities, particularly in the light of increased Norwegian investment in northwestern Russia.

The Government wishes to strengthen project co-operation with Russia and the other CIS countries and will submit concrete proposals for allocations in connection with the annual budget proposals. This will contribute to further expansion of co-operation, both at the bilateral level and in the Barents Region. Support for the Barents Secretariat in Kirkenes will also be increased.

The state of the environment in the Barents Sea and the Barents Region is strongly influenced by Russian environmental management and the environmental standards imposed on activities on the Russian side of the border. Whether or not the Russian authorities succeed in preventing discharges into the sea from the increased oil and gas activities, maritime transport and previous military and industrial activities in northwestern Russia will have considerable consequences for Norway. The Government will therefore give high priority to environmental co-operation with Russia, especially in areas that affect the marine environment in the North.

The many nuclear facilities in northwestern Russia are a threat to the environment and pose a risk in the sense that radioactive material from the facilities could fall into the wrong hands. It is in Norway's interest as a neighbouring country to participate in the international co-operation on remedying the situation. The Government will therefore intensify its nuclear safety co-operation with Russia and will present a proposal for allocations for this purpose to the Storting at a later date.

The Government will intensify co-operation with Russia on safety at sea and the oil pollution emergency response system.

Close research co-operation with Russia will be important for dealing with the many common tasks related to resource management, climate change and environmental protection. Current research co-operation should now be expanded to cover activities in Svalbard, and the Government will set aside funds for strengthening polar research.

Cultural and educational exchanges and co-operation are an important part of the broad people-to-people co-operation in the northern parts of Finland, Norway and Sweden (known as Nordkalotten) and Russia. A large number of activities in these fields take place every year, and there are a considerable number of Russian students at North Norwegian educational institutions. These students make an important contribution to competence-building and co-operation in many areas. Cultural co-operation with Russia is also a fruitful

source of contact and co-operation in the Barents Region as a whole.

Increasing the allocations to project co-operation with Russia, including projects under the Barents Co-operation, will enhance cultural and educational co-operation in the whole region. The Government is also giving priority to the further development of co-operation with Russia in the fields of health and social welfare.

The foreign service missions in the region must have the necessary resources and competence as regards visas if the important people-to-people co-operation is to be enhanced. Visa issues are regularly discussed between the Norwegian and Russian authorities, and the Government has therefore established a new position for a visa officer at the consulate general in Murmansk. The Government's aim is that the visa requirements between Russia and the Schengen countries should eventually be dropped.

The Government gives high priority to the demanding task of reaching a mutually satisfactory agreement with Russia on a delimitation line in the Barents Sea. This is essential if the two countries are to fully realise the potential for co-operation in the area of overlapping claims.

6.3 The Barents Co-operation and the Arctic Council

The Barents Co-operation has become an important instrument for the development of Norway's High North policy. The many co-operation measures represent a long-term investment in the building of confidence and networks across the former East-West divide, and thus in the development of closer commercial co-operation between Norway and Russia in the North.

The success of the Barents Co-operation lies partly in the fact that the three North Norwegian counties have managed to develop co-operation with Russia at the regional level. The Barents Secretariat in Kirkenes has played a significant role in these efforts.

The Government wishes to strengthen project co-operation with Russia and the other CIS countries and will submit concrete proposals for allocations to the Storting at a later date. This will contribute to further expansion of the Barents Co-operation. Support for the Barents Secretariat will also be increased, as a means of strengthening its role as a co-operation instrument for the three North Norwegian counties.

Increased support will make it possible for the secretariat to move ahead on its proposal for a Barents Institute affiliated with the secretariat. The institute would focus particularly on issues related to resource use and regional co-operation, and would be expected to co-operate closely with established research and educational institutions.

Greater support for project co-operation would also make it easier for indigenous peoples and civil society to participate in the Barents Co-operation.

People-to-people co-operation in the Barents Region is steadily increasing. However, it has become necessary to review the formal structures of the Barents Co-operation in order to make them more effective. The Government will therefore propose to the other member states that an evaluation of the Barents Co-operation should be carried out, which could explore whether the co-operation would be strengthened by establishing an international Barents Secretariat. Norway considers that such a secretariat should be established in Kirkenes. Relations between the current Norwegian secretariat and a new international secretariat will also have to be discussed.

The successful people-to-people co-operation in the North has attracted attention and interest in other parts of Europe where ethnic groups have for a long time been separated by closed borders. The Government will take steps to enable the experience gained in the Barents Region to be shared with other interested parties.

The Arctic Council is the most important co-operation forum for the Arctic part of the High North. It focuses mainly on environmental protection, climate change issues and sustainable development in the Arctic. Norway will take over the chairmanship in autumn 2006, which means that the chairmanship period will coincide with the International Polar Year 2007–2008.

During the Norwegian chairmanship the Government wishes to encourage Norwegian-led projects related to the environment and sustainable development. The Government will present proposals for allocations to the Storting during the chairmanship.

The Arctic Council is funded through voluntary contributions. The Government will consult the other member states on introducing more binding arrangements for financing joint measures. The establishment of a project fund in co-operation with the Nordic Environment Finance Corporation (NEFCO) was the first step, and in 2004 Norway informed the other member states that it intended to contribute to the fund and urged them to do the same.

The Government considers that the Arctic Council should have a permanent secretariat that could follow up matters between ministerial meetings, and will raise the matter with the other member states. The Government will seek to ensure that such a secretariat is established in Tromsø.

The Government considers that the Arctic Council's sphere of responsibility should be expanded to include political and project-related co-operation. This would involve initiating studies on issues of interest to the Arctic as a whole. The Council should also be able to contribute to shaping the framework for national and international measures. The Arctic Climate Impact Assessment shows what good results the Council can achieve through co-operation with a wide range of scientific institutions.

The Government believes in the role the Arctic Council can play as a forum for strengthening the position of indigenous peoples. These peoples and their interests are directly affected by most of the Council's decisions. Furthermore, since these peoples have valuable experience and knowledge, involving their representatives in all aspects of the co-operation would be of great benefit. Thus in the further work of the Council the Government will give priority to matters relating to the living conditions and traditional livelihoods of the indigenous peoples in the region.

The major challenges we are facing in the Arctic can only be met if we have a thorough knowledge of the causes. The Government will work to strengthen international research co-operation within the framework of the Arctic Council.

The Government will propose to the Council that an international research fund for the High North is established under its auspices. This fund would finance research activities and small projects in specific areas, with a focus on climate change issues, biodiversity and indigenous issues. The Government will urge the members of the Council to contribute to the fund and will present proposals for allocations to the Storting at a later date. The Government will seek to have the fund located in Tromsø, which will strengthen Tromsø's position as a centre for polar research.

In order to enhance international co-operation in the field of reindeer husbandry, the Government has decided to establish an international reindeer husbandry centre in Kautokeino. The centre will promote the publication and exchange of information, and technical co-operation and will be targeted at the reindeer husbandry industry, the authorities, research and academic communities,

and international organisations and co-operation bodies. The intention is that the centre should open in autumn 2005.

6.4 Knowledge base

Norway is a coastal state, and many people are dependent on the sea for their livelihoods. In spite of this we know too little about the seabed off Norway and its ecosystems and resources. We do know that the coastal and marine environment in the North is particularly vulnerable and that it is being affected by climate change, environmentally hazardous substances, shipping, fisheries and petroleum activities. However, there are gaps in our knowledge of how the ecosystems function and how the various anthropogenic influences affect the environment. Thus we need a sound knowledge base for sustainable, ecosystem-based management of the coastal and sea areas.

Since Norway ratified the Convention on the Law of the Sea, the country has been required to meet a time limit for submitting scientific information on the outer limits of the continental shelf to the Commission on the Limits of the Continental Shelf, which is in New York. Extensive work has already been done on surveying the extent of the Norwegian continental shelf beyond 200 nautical miles, but the work must be speeded up if Norway is to submit adequate information to the commission before the time limit expires in 2009.

The Government intends to set aside funds for increasing knowledge through more extensive marine surveys, research and environmental monitoring, with a focus on the High North. The Government will present proposals for allocations for this purpose to the Storting at a later date. These efforts will also strengthen the Norwegian presence in the region.

The Government will make active efforts to further develop Svalbard as an international research platform. In order to follow up the large investments in infrastructure and research in Svalbard in recent years, the Government wishes to increase the allocations for Norwegian polar research. The Government will propose to the Storting that funds are set aside for improving co-ordination of research in Svalbard, increase operational allocations for Norwegian research in Svalbard, strengthen Norwegian-Russian co-operation on polar research and improve co-ordination of international research co-operation.

6.5 Improved co-ordination

The Norwegian authorities' work on High North issues covers a wide range of areas. Many of the issues concern vital Norwegian interests, and most of them are dealt with in co-operation with other countries and institutions. The High North policy must be well co-ordinated in order to take into account the many complex tasks and problems in the North. There is therefore a need for close contact between the various parts of the central government administration and between the central government administration, the regional authorities and the various business and other interests.

The Government will work to enhance co-ordination of Norway's High North policy, and will assign responsibility for the day-to-day co-ordination of the work on High North issues to a state secretary in the Ministry of Foreign Affairs. The state secretary will chair an interministerial High North committee where all the relevant ministries will be represented. The new committee will supplement the Interministerial Committee on the Polar Regions, which will continue to be the co-ordinating body for matters relating to Svalbard, Jan Mayen and Antarctica for the government as a whole. The mandate for the new committee must be formulated with this in mind.

The state secretary will also chair a broad-based contact forum for High North issues, where current matters can be discussed by representatives of the central government administration, the

regional authorities, the business community, expert institutions and NGOs.

The complex challenges and opportunities in this region make it necessary to promote more national and international interest in and awareness of developments in the North. The Government will seek to create appropriate meeting places and fora for debate and exchange of information on these issues.

The Government aims to stimulate more dialogue on High North issues, among other things through an annual seminar to be called Forum North, which will be open to participants from Norway and the other Nordic countries, EU countries, the USA, Canada and Russia. In order to promote close contact with political and other circles in North Norway, the seminar will usually be held in that part of the country.

An integrated management plan for the Barents Sea is currently being developed. It will be the Government's most important tool for implementing an ecosystem-based management regime for the sea areas in the North. The purpose of the plan is to establish framework conditions that will make it possible to strike a balance between the commercial interests related to the petroleum industry, maritime transport and fisheries on the one hand, and sustainable development on the other. The Government's aim is to present the new management plan to the Storting in 2006. The plan will cover the period up to 2020.

7 Economic and administrative consequences

The Government's aim is to continue to pursue an active High North policy. This white paper gives an account of developments in the region and the Government's goals and priorities and the measures it intends to implement. The annual financial allocations for following up the white paper will depend on the development of the economy and the budget situation. The Government will submit concrete proposals for allocations in the annual budget proposals.

The white paper contains proposals that will strengthen project co-operation with Russia and the other CIS countries, as well as the nuclear safety co-operation with Russia. It proposes that additional allocations should be granted for various co-operation measures during the forthcoming Norwegian chairmanship of the Arctic Council and for knowledge development and an increased presence in the High North, and points out the advantages of intensifying international research co-operation in the North, especially with Russia.

The white paper also discusses the establishment of an international research fund for the High North that focuses mainly on climate change, biodiversity and indigenous issues. The Government will advocate that the fund is located in Tromsø. The Government will present a proposal to the Storting concerning the size of Norway's contribution to such a fund at a later date.

The costs of running an international reindeer husbandry centre in Kautokeino will be covered within the existing budgetary limits of the ministries concerned.

The annual international High North seminar, Forum North, is not expected to require extra funds, nor are the dialogues on this subject with like-minded countries.

The proposal to establish a position for a representative of Innovation Norway at the consulate general in Murmansk and to extend the opening hours of the border control station at Storskog in Sør-Varanger will have to be examined in more detail before the costs can be established.

Annex 1

Abbreviations

ACIA	Arctic Climate Impact Assessment
AMAP	Arctic Monitoring and Assessment Programme
AMEC	Arctic Military Environmental Cooperation
CEG	(IAEA) Contact Expert Group
EBRD	European Bank for Reconstruction and Development
EISCAT	European Incoherent Scatter
G8	Group of 8 (industrialised countries)
IMO	International Maritime Organisation
ICES	International Council for the Exploration of the Sea
MNEPR	Multilateral Nuclear Environment Programme in the Russian Federation
ND	(EU) Northern Dimension
NDEP	Northern Dimension Environmental Partnership
NEFCO	Nordic Environment Finance Corporation
PSSA	Particularly Sensitive Sea Area
UNIS	University Centre on Svalbard

