NORWEGIAN MINISTRY
OF FOREIGN AFFAIRS

Report No. 15 (2008–2009) to the Storting

Interests, Responsibilities and Opportunities

The main features of Norwegian foreign policy

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Recommendation from the Ministry of Foreign Affairs, dated 13 March 2009, approved by the Council of State on the same date. (Stoltenberg II Government)

Introduction

Almost 20 years have passed since the last time a white paper on the main features of Norwegian foreign policy was submitted to the Storting. Early in the current parliamentary term, the Government announced its intention to present a white paper on how globalisation and geopolitical change are posing challenges to Norway's interests in the world and the main features of our foreign policy. This white paper ushers in the last stage of a series of studies, publications and meetings throughout Norway under the auspices of the project "Refleks – globalisation and national interests" (the Refleks project). The white paper draws on analyses and conclusions set out in the report prepared by the project, *National Interest. Foreign policy for a globalised world – the case of Norway*, which was published in September 2008.

There is great interest in foreign policy in Norway. There is an ongoing broad, lively debate on foreign policy issues between the media, research institutions, private individuals and various political groups. Every year the Ministry of Foreign Affairs arranges and supports more than 100 meetings in which a large number of actors from many sectors of Norwegian society take part. Funds are allocated to a wide range of organisations that engage the population in debate on foreign and development policy. The Storting debates two general foreign policy addresses every year, as well as European issues when required, budget proposals and other reports, propositions and specific matters in various connections.

The aim of the Refleks project has been to encourage public debate and analysis of Norwegian foreign policy. The need for an open debate on the international challenges facing Norwegian society and foreign policy dilemmas, and the desire to involve and engage new groups in this debate, have been at the core of the project.

Since 1990, globalisation and geopolitical change have posed new, difficult challenges to Norwegian interests and the implementation of Norwegian foreign policy. The main purpose of this white paper is to examine these challenges. The white paper is also an indication of the value the Government attaches to openness, analysis and debate on foreign policy issues. The greater the global complexity and the magnitude of global change, the greater the need to secure support for and legitimise foreign policy in the public domain. This applies not least to cases where dilemmas and conflicts between different interests and between interests and values call into question Norway's approach in important foreign policy issues.

In this respect, the white paper is a contribution to the Government's overall analysis and discussion of the challenges globalisation and geopolitical change pose to Norwegian society. Many of the

policy areas are dealt with in more detail in other documents and policy instruments. The aim of this white paper is to encourage a focus and reflection on central foreign policy trends. The white paper constitutes the general foreign policy component of what might be termed the Government's globalisation project.

The Ministry of Foreign Affairs has recently presented three other white papers: Report No. 13 (2008–2009) to the Storting, *Climate, Conflict and Capital. Norwegian development policy adapting to change*; Report No. 10 (2008–2009) to the Storting, *Corporate Social Responsibility in a Global Economy*; and Report No. 9 (2007–2008) to the Storting, *Norwegian Policy on the Prevention of Humanitarian Crises*. In addition, the following white papers and propositions submitted by various other ministries are all important elements in the Government's effort to meet the challenges of globalisation: Report No. 9 (2007–2008) to the Storting, *Long-term Perspectives for the Norwegian Economy* (Ministry of Finance); Proposition No. 48 (2007–2008) to the Storting, *A Defence for the Protection of Norway's Security, Interests and Values* (Ministry of Defence); Report No. 18 (2007–2008) to the Storting, *Labour Migration* (Ministry of Labour and Social Inclusion); Report No. 7 (2008–2009) to the Storting, *An Innovative and Sustainable Norway* (Ministry of Trade and Industry); Report No. 34 (2006–2007) to the Storting, *Norwegian Climate Policy* (Ministry of the Environment); and Report No. 14 (2008–2009) to the Storting, *The Internationalisation of Education* (Ministry of Education and Research).

This white paper has a long-term, strategic perspective. It draws on the above-mentioned documents and other sources of knowledge on the challenges facing Norway in the future. Both the above-mentioned ministries and a number of other ministries have participated actively in the preparation of the white paper.

Norwegian interests and globalisation

The white paper underscores the importance of a clearer focus on safeguarding Norwegian interests in an increasingly more intricate and unpredictable world. Although foreign policy interests are complex and have been the subject of a great deal of academic and political debate, the foundation on which they are based remains more or less unchanged. There is broad-based political consensus on our fundamental interests, which do not change much over time. They are safeguarded through a policy that seeks to promote the welfare and security of Norwegian society and the political values on which it is based.

In the course of the past 20 years, there have been major changes in the challenges facing Norwegian interests and how our interests can best be safeguarded through foreign policy. These changes also concern the foreign policy tools that can be used to safeguard Norwegian interests. The most important reason for this, and in itself also the greatest change, is the broad, far-reaching processes of globalisation and the new, more shifting global geopolitical and geoeconomic landscape. A clearer grasp of the concept of interests is therefore essential to enable us to formulate clear objectives for our foreign policy.

The most important changes that have taken place since 1990 can be summarised as follows:

- Extensive globalisation, where sovereign states are challenged by supranational and transnational processes and players. These processes are driven by a combination of conscious political choices and structural trends. They include revolutionary technological changes, economic liberalisation and increasing cultural and ideological diversity.
- A geopolitical and security policy landscape that in the space of 20 years has changed from superpower rivalry between the US and the Soviet Union, via a unipolar order dominated by the US, to what is currently an increasingly multipolar order where old and new major powers compete for economic and political power and influence.
- Although the state is still the main player in world politics, the number of players in the international arena has increased considerably. The ways in which the various types of player relate to each other is becoming increasingly complex. This calls for a political review of strategies, alliances and specific foreign policy tools.
- Climate change is threatening the basis for sustainable development and is gaining an increasingly prominent place on the international political agenda.

All of these changes require a new understanding of how Norwegian interests and trends in Norwegian society are linked to international trends. It is easy enough to define "Norwegian interests", and there is a long tradition in Norway of seeking political consensus on them. But determining the priority to be given to the various interests, the challenges they face, and the implementation of foreign

policy to safeguard Norway's interests are nonetheless issues that are, and should be, subject to constant political debate and substantive scrutiny.

The structure of the white paper

The white paper is divided into three main parts, each of which is devoted to one of the three general questions discussed in the report:

1. How do global changes and trends challenge Norwegian interests?
2. How can our foreign policy best safeguard Norwegian interests in a world characterised by globalisation and geopolitical change?
3. What will the present and future global landscape require of Norway in the way of new foreign policy tools and new ways of pursuing our foreign policy?

Part 1 of the white paper is made up of 10 chapters, each of which deals with how key trends pose challenges and creates opportunities and room for manoeuvre for Norwegian interests in various thematic areas.

Part 2 provides an overview of how Norwegian foreign policy is responding to these challenges and making use of the opportunities described in Part 1. This overview comprises six areas covering the following key interests: security, engagement, the economy and welfare, energy, the environment and climate, and a global order.

Part 3 discusses how the challenges posed by globalisation and foreign policy priorities should be dealt with at the administrative level. The main conclusion is that globalisation calls for a more coherent approach to foreign policy, closer coordination between the various ministries, and a more open dialogue between the public administration and society at large.

Summary

Global challenges

The primary objective of Norwegian foreign policy is to safeguard Norway's interests. In the Government's view an interest-based foreign policy is one that is designed to systematically advance the welfare and security of Norwegian society and promote our fundamental political values. In order to pursue a targeted and predictable foreign policy over time, it is important that we know and are aware of these interests, and this is an essential point of reference for Norway's dealings with other countries. Maintaining a focus on interests is also crucial in enhancing our ability to set priorities between various needs, strategies and choices of action in our foreign policy.

The world is experiencing a period characterised by sweeping processes of globalisation and geopolitical change. This poses challenges to the interests of Norwegian society and places new demands on our foreign policy. These developments also make it even more necessary to set priorities. In response to increasing global complexity, the Government has opted for a principle of "dual priorities". This means taking a systematic approach to two key considerations: first, it is necessary to determine the importance of the interests that are affected by a given development or situation; second, it is necessary to assess how relevant Norway is as an actor and to what extent Norway can make a difference in any given case. More specifically, this means placing greater emphasis on foreign policy areas that are important for Norway and where we at the same time have an international role to play, such as energy, maritime industries, the High North and Russia, our policy of engagement and our contributions to a global order.

As the world becomes increasingly woven together into one global society, Norway's foreign policy interests can no longer be reduced to narrow self-interest. One of the consequences of globalisation is that Norway's national interests and our political values are closely intertwined. Our foreign policy must therefore be based on the principle of "extended self-interest". There are a number of examples of this: security policy is intended to ensure the physical integrity of the individual citizen and protect against threats and attacks by foreign powers, but at the same time it must also be designed to safeguard the principles of a liberal society, such as the rule of law and human rights, which play an essential role in maintaining peace between countries and preventing radicalism and conflicts in many parts of the world. The fight against poverty and our contributions to promoting social and economic development in Africa and the Middle East spring out of a sense of international solidarity, but they are also necessary to secure the global social fabric that Norway is entirely dependent on. Other examples, such as the climate challenge, global health threats and the consequences of the financial crisis, similarly illustrate the need to take a broad approach to our understanding of Norway's interests.

Our world is still characterised by injustice and huge inequalities in terms of power and influence – both between countries and between groups within a country. Globalisation is creating tensions and is having an impact on the competition to secure interests and gain power. Experience from the past decade indicates that globalisation can give rise to religious and national counterforces and to increased competition between advantaged and disadvantaged groups and countries. Similarly, an increasing degree of economic globalisation is creating tensions between employees and business interests, both in Norway and in the world as a whole. As a country that has largely benefited from globalisation, Norway has a responsibility to make use of foreign policy tools and resources to reduce this kind of tension and power rivalry, to safeguard both its own interests and fundamental political values.

The "Norwegian model" has become a reservoir of resources and a tool for Norwegian foreign policy when it comes to reducing the tensions and counterforces resulting from globalisation, providing expertise on international and national structures and resource management. It represents collective political values related to the rule of law, gender equality and non-discrimination. The global social trends stress the importance of using the Norwegian model as a foreign policy resource in

keeping with the aim of contributing in areas where Norway is relevant in relation to other countries' interests and needs.

Current global trends and the combination of Norway's interests related to security policy and resources and its maritime economic interests highlight that Norway has a fundamental interest in ensuring a well-functioning regional and global legal order, in which right prevails over might, and where relations between states are governed by a constantly closer web of binding standards, conventions and laws. In the Government's view, Norway has a vital, cross-cutting interest in preventing erosion of the international legal order and multilateral governance systems and regimes.

The UN system continues to play a key role in upholding a world order based on international law. From the point of view of Norway's interests, however, it is important to acknowledge that there is an increasing gap between global governance challenges and the UN system's capacity and ability to resolve problems. Increased efforts to promote regional development in the EU and other parts of the world, closer cooperation between the various international and regional levels, and the involvement of non-governmental actors will therefore be used as measures to consolidate the international legal order. The financial crisis in likely to increase the speed with which global governance bodies are changing. This will help to adjust the world order more quickly to the present reality, for example by according China and India increasing power in the global arena.

The High North and Norway's relations with Russia are key elements and will gain importance in Norway's foreign policy in the time ahead. Energy security issues and climate challenges are adding to the visibility and importance of the High North. The Georgia crisis and its aftermath have revealed Russia's potential to use force and its vulnerability, as well as the uncertainty surrounding Russia's future, for example in the light of the financial crisis. These developments underscore the importance of combining a close neighbourhood policy vis-à-vis Russia with a firm basis in Euro-Atlantic cooperation.

As a champion of an improved global legal order, the EU is important for Norwegian foreign policy. The EEA Agreement and other agreements between Norway and the EU provide a framework for broad Norwegian interests and shape the everyday life of Norwegian authorities and civil society actors. At the same time Norway will seek to understand and make use of the opportunities and room for manoeuvre it has outside the EU, for example in its policy of engagement and its policy on marine resources. The question of Norway's form of association with the EU is not dealt with in this white paper. The Government takes Norway's current form of association as a basis for its efforts to gain acceptance for its views in the EU and for its efforts to safeguard Norwegian interests globally.

Norwegian interests

Security

Norway's security interests are being challenged by far-reaching changes, both in the field of geopolitics and in connection with the new uncertainty caused by globalisation. In combination, this leads to an increasing degree of unpredictability and a more complex threat picture. NATO continues to be the cornerstone of Norway's security. From an overall perspective, Norway's security is best ensured through a web of complementary security arrangements. In its efforts to safeguard Norway's security interests the Government gives priority to promoting security in the north and contributing to aspects of global security that are closely related to Norwegian security. An international legal order is a mainstay of Norwegian security policy.

Engagement

Through its policy of engagement, the Government is pursuing its aim of actively taking advantage of the positive aspects of globalisation and minimising its negative aspects. This policy covers aid and the fight against poverty, efforts to promote human rights, peace and reconciliation efforts, and humanitarian policy and assistance. The policy is motivated by our values and is based on an altruistic desire to promote the common interests of mankind. At the same time globalisation implies that we must abandon a narrow interpretation of Norwegian interests and realpolitik. Global developments mean that peacebuilding and efforts to promote an international order and human rights are increasingly becoming realpolitik.

The economy

One of the main purposes of our foreign policy has always been to promote Norwegian economic interests. As a result of globalisation, this task is being both extended and challenged in parallel with the increasing impact international economic developments are having on Norway and with the globalisation of Norwegian business interests. Promoting innovation and value creation as Norwegian busi-

ness is confronted with the complex globalised economy is therefore an important foreign policy task. The financial crisis and other negative aspects of globalisation show the need for management and regulation of the international economy and politics, and highlight the Nordic model as a policy resource. Key foreign policy tasks include promoting framework conditions that are conducive to international trade through the WTO system, ensuring more effective management of the economy in general by strengthening multilateral cooperation and institutions such as the UN, the World Bank and the IMF, and further developing governance systems in cooperation with regional non-governmental and private actors.

Energy

Norway is known in the world as a major energy nation. It is the world's second largest gas exporter, the fifth largest oil exporter and the sixth largest producer of hydropower. The complex climate and energy security crises the world is facing are challenging Norway's role as a global energy supplier, generating increased interest in Norway as an energy nation, and increasing the importance of Norway's energy resources in foreign policy. Norway's most important contribution to energy security is to provide stable supplies of oil and gas to the world market and prevent natural resources becoming subject to political and geopolitical jockeying for power and competition. In the Government's view, Norway can play an important role in systematically promoting transparency in the energy markets, facilitating dialogue between producers and consumers, and providing support to improve the management of energy resources in developing countries.

Climate and the environment

The climate crisis and the threats to the global ecosystem are a challenge to Norwegian interests and make it increasingly important to pursue an active international environmental policy. The climate problems, the threats to biological diversity, the spread of environmentally hazardous substances/chemicals, the dangers associated with nuclear facilities close to the Norwegian border, the risk of oil spills and pollution along our coast, and our responsibility for ensuring sustainable management of the Arctic all involve important foreign policy tasks for Norway. Norway has a strong interest in a robust global environmental governance regime, and is actively advocating the development and reform of regional and global institutions. The EU is a key partner in the efforts to find global environmental and climate-related solutions.

An international order

The processes of globalisation and geopolitical change are posing challenges to global governance institutions and underscore the strong interest Norway has in a robust international legal order. It is therefore in Norway's interest to work actively together with other countries and actors to reform and strengthen the UN and other regional and global institutions. In some cases there may be a lack of correspondence between the legitimacy and the effectiveness of international institutions, and this may be expected to increase in a world that is becoming more and more multipolar, with new actors demanding their legitimate place in global governance bodies. The financial crisis is likely to accelerate the global shift of power we are witnessing in favour of countries like China and India. The Government considers it important that Norway should be a loyal and constructive, but at the same time critical and reform-oriented, supporter of the UN in its role as a mainstay of the global governance system. At the same time, the increasing diversity of actors in international politics makes it necessary for Norway to seek new alliances at various levels in a variety of institutional settings – both governmental and non-governmental and formal and informal.

Strategic and operative challenges

Globalisation is blurring the boundaries between foreign and domestic policy. The Ministry of Foreign Affairs is becoming more involved in domestic policy issues, while other ministries are becoming more involved in the implementation of Norway's foreign policy. This means that other ministries and directorates are playing a more important international role and are providing resources and expanding our room for manoeuvre in the field of foreign policy. At the same time there is a growing need for expertise, close coordination and consistency in our foreign policy. This both challenges and underscores the importance of the role played by the Ministry of Foreign Affairs in coordinating a coherent foreign policy.

The current global changes underscore the importance of maintaining a constant focus on how the Ministry of Foreign Affairs and other parts of the government administration are geared to dealing with the international challenges of the future.

Future reform and changes in our foreign service administration should be based on an overall, cross-sectoral approach.

Expertise, relevance, flexibility and a network approach will be decisive in determining the ability of the foreign service to respond to an increasingly complex and unpredictable world. This will require openness on the part of our foreign service vis-à-vis Norwegian society and ongoing debate on our foreign policy, and, not least, a willingness to change and to foster openness within the various branches of the foreign service. Expertise and relevance will also require a stronger focus on gender equality and on increasing the involvement of Norwegians of immigrant background in the implementation of Norway's foreign policy. A competent and representative Norwegian foreign service for the future must mirror Norwegian society.

Part I
Challenges to Norwegian interests

1 Globalisation is broadening Norwegian interests

For around 40 years, from 1948 to 1989, the premises of Norwegian foreign policy were defined by the ideological and territorial rivalry between the US and the Soviet Union during the Cold War. Today, the central premises and challenges of Norwegian foreign policy continue to be defined by geography and resources, particularly in the High North, but also, and increasingly rapidly, by globalisation and geopolitical change. The process of globalisation presents Norway with a number of new questions, and challenges our way of thinking about foreign policy. Traditionally, foreign policy has been concerned with managing national interests in relation to the rest of the world. However, in this respect we find that it is becoming increasingly difficult to define the economic, social, cultural and technological boundaries between Norway's interests and those of other countries.

There are many ways of defining and explaining globalisation. Globalisation is a complex historical process that involves the deregulation of international financial markets and currency transactions, the introduction of satellites, fibre-optic cables and the internet, the internationalisation of consumer habits and diet, the development of a global knowledge and news industry, the negotiation of international agreements and regimes, and the universalisation of human rights. For many, the ideological aspects of the process, such as liberalisation and Westernisation, are the most important, while others emphasise internationalisation, universalisation and deterritorialisation. In this white paper, globalisation is understood to refer to processes and actors that are transnational and that therefore challenge the role of the sovereign state. Globalisation is treated in this report as a lasting, complex process that is taking place, not in a straight line, but in many different sectors of society at the same time.

Globalisation brings with it concrete changes that we all experience at close hand in our daily lives. The wide range of goods available in our supermarkets, the price of DVD players manufactured in China, the country of origin of the clothes we wear, the number of channels available on television and the most frequently used links on our PCs are all reminders of the way globalisation has changed our lives. In area after area, territorial borders between countries have lost their role as a foreign policy tool, or at least this role has become less important.

But the process of globalisation has a long history. Foreign policy has long been conducted within the framework of an international community in the sense that economies, cultures, communications and politics have long since transcended the formal borders of the nation state. Even the international system of sovereign states that we take for granted is actually the result of a long process of globalisation. The same applies to the revolution in information technology that enables us to witness events and crises anywhere in the world with a delay of less than three seconds. Far from being a sudden event, this is the product of a long process of internationalisation that has progressed in technological fits and starts, from the first telegraph in 1843, via telephone cables, wireless radio signals and satellites, to the first fibre-optic cable that was laid across the Atlantic Ocean in 1988.

Thus internationalisation is not a new phenomenon, and much of what we now call globalisation consists of processes that have been taking place over a very long space of time. In the last few decades in Europe, the EU (and the EEA) has been responsible for much of the integration between different countries. This "Europeanisation" is a unique phenomenon in a global perspective, and globalisation in European countries must largely be understood within this specifically European framework.

However, globalisation is a broader and deeper concept than internationalisation. It should not be equated with the growing economic interdependence between countries that took place in previous eras. Interdependence refers to a process whereby the ties between countries gradually become closer and more numerous. In globalisation, on the other hand, the ties have become so close and so numerous that in a number of sectors social systems have in practice already merged, national borders in important sectors of society have become almost invisible and it is therefore no longer meaningful to regard societies as economically, socially or culturally distinct and independent

entities. In an increasing number of areas, political decisions that only apply in one country are no longer adequate to steer social development. Globalisation is internationalisation to the power of infinity. It reaches deeper than politics. It transforms our entire society.

1.1 Globalisation and the state

Globalisation changes many things, but we should not exaggerate its novelty or overemphasise the difference between the current globalisation process and similar processes in previous eras. The point is that globalisation transforms and breaks down barriers around and within societies, that this is happening at a greater speed and in many more areas of society than ever before, and that the impacts on people's everyday lives are much greater than ever before.

The fact that globalisation is erasing the borders between countries and societies does not mean the end of the nation state, or that national symbols, perspectives and interests or local identities are disappearing. Most of the fundamental characteristics of the nation state persist. Formal sovereignty, national legislation, border controls and distinctive national, regional and local characteristics and cultures continue to exist; membership of international organisations is voluntary and so is adherence to international agreements and treaties. The majority of the almost 200 member states of the UN are able to and have the right to break off relations with other countries. And many countries still make use in various ways of national borders as foreign policy tools. Extreme examples of this are North Korea and the military junta in Burma, which have severed internet connection with the outside world several times in recent years.

There is no evidence for the popular idea that globalisation weakens the nation state. In many cases the opposite is true. Viewed from a historical perspective, globalisation is largely the result of active, persistent efforts by countries to liberalise national and international markets. Many of the countries most deeply involved in this process are also among those where the position of the state has been most strengthened in recent decades. This can be seen in the annual Globalisation Index compiled by A.T. Kearney and the Carnegie Endowment for International Peace. All the fifteen countries with the highest degree of globalisation in economic, social, technological and political terms score high on well-functioning state sectors and strong constitutional state power. (Norway ranked 17th on the Globalisation Index for 2007.)

Among most experts and politicians, it has become generally accepted that the state plays a vital role in economic globalisation. A well-functioning state has proved to be a precondition for creating and maintaining a well-functioning market. In many sectors, development of an integrated global economy requires the state to play a major role, as shown most recently by the efforts undertaken by government authorities in many countries to minimise the global financial crisis. The key role of the state within the global community is also clearly recognised in development policy, where increasing importance is being assigned to measures aimed at strengthening and developing the central government administration in developing countries and preventing the weakening or dissolution of states.

A number of developments in recent years have emphasised the importance and relevance of the state and state actors in foreign policy. While the low oil prices of the 1990s allowed major international oil companies (and their host countries) to dictate prices and investment conditions, the rise in oil prices up to autumn 2008 gave a number of energy-rich countries considerably greater power and independence vis-à-vis the oil companies. Russia, Venezuela, Algeria and Bolivia are all examples of countries where resource nationalism now occupies a strong position. Similarly, the financial crisis has had an impact on private financial institutions, which until recently had considerable influence on the international economy. While it has also challenged the state as an institution, the financial crisis has unquestionably strengthened its legitimacy as host country and regulator of both national and international financial institutions.

1.2 Globalisation is a challenge to Norway

Globalisation means that Norwegian society is closely interwoven with the rest of the world. As a result, developments in a range of areas of Norwegian society are closely linked with developments in many other countries. We take some aspects of this for granted. For example, we realise that it is meaningless to talk about "Norwegian society" as a distinct entity in the face of global environmental challenges, the potential for nuclear accidents, wars between major powers and the risk of outbreaks of pandemics. However, our common fate involves far more than joint efforts to deal with

transnational threats and global crises. Social institutions and social development throughout the world are contingent on one another for their very existence. The following are some examples.

Norwegian security

The situation in Afghanistan shows how close the links can be today between Norway and another country, and how geographically distant events can have enormous consequences over time. The ISAF operation in Afghanistan, which has a mandate from the UN Security Council, is the most important operation in which NATO is engaged, and NATO is the anchor point of Norway's territorial security. This means that now in 2009 Afghanistan is one of the most important arenas for Norwegian security policy. Developments in Afghanistan have implications for Norway, both *directly*, in terms of their significance for the future development of NATO and their impact on opium production, soldiers and their families, and Norwegian party politics and opinion polls, and *indirectly*, through the growth of radical Islamist groups and potential terrorist activity. Not many years ago, few people would have predicted that Afghanistan would assume such importance for Norway and for the entire world.

Norway and climate change

It is difficult to imagine an area where global interrelationships are clearer and national borders less relevant than that of climate. The industrialised countries have to a large extent created the problem of climate change but do not on their own have the resources or the power to solve it. It is the developing countries, particularly China and India, that will dominate future emissions scenarios. The imbalance between the historical responsibility for climate change and the current ability to solve the problems is a huge challenge to the decision-making ability of the international community. Norway's credibility and success in the area of climate policy depend on the efficiency of the global cooperation mechanisms. Although Norway's petroleum interests will both challenge and be challenged by future climate regimes, it is very much in our interest to strengthen the global machinery for negotiating on climate issues.

Norway and challenges to global health

It is becoming increasingly clear that a worldwide epidemic, in other words a pandemic, is ultimately a threat to Norwegian security and welfare, and consequently to vital Norwegian interests. The immediacy of globalisation makes us exceptionally vulnerable to the spread of communicable diseases, such as multi-resistant tuberculosis or an influenza pandemic, against which we have inadequate protection. Viruses and bacteria are no respecters of national borders, and communicable diseases can now spread around the world in a few hours. A system of disease preparedness and prevention and the development of vaccines are therefore more important than ever. Such efforts, which are in everyone's interest, touch on many fundamental values such as rights, social justice and economic development. For example, Norway has supported the quality assurance of medical laboratories in Indonesia under the Biological Weapons Convention, because in addition to the broader usefulness of this measure, well-functioning and reliable disease preparedness is an important factor in addressing such threats.

Norway's strategic position and the Middle East

Another example of the close links between geographically distant countries is the Middle East. Political, social and economic development in the Middle East in the years ahead will have a direct impact on Norwegian society in a number of different areas. Some of these are fairly obvious, since stability and development in the Middle East affect oil prices, recruitment to terrorist organisations and the escalation of religious conflicts. But the links are also more complex than this. For example, the future of the Middle East could affect Norway's strategic position and make us more vulnerable, because a prolonged high level of uncertainty, unrest in other oil-producing countries and the spread of the conflict in Iraq could lead to keener global competition for scarce energy resources and lead to greater interest in exploiting resources in the High North. Similarly, there is a link between religious and political conditions in the Middle East and the religious and cultural climate in Norwegian society. The Mohammed cartoon controversy of 2006 is an example of this, and so were the January 2009 riots in Oslo about the situation in Gaza. The feeling of exclusion experienced by young European Muslims and their recruitment to radical political groups since 11 September 2001 is yet another example.

Norwegian prosperity

Another social sector that is affected by global factors is the Norwegian housing market. A large percentage of the population own their own homes and finance the purchase by a mortgage. The low interest rate in the last few years has made mortgages cheap, but also resulted in a considerable rise in the demand for housing, with a correspondingly steep rise in prices. The sharp rise in the interest rate in 2008 led to stagnation in the housing market and the fall in prices continued into 2009. Interest rates are directly influenced by the price of imported goods since monetary policy in Norway is based on inflation-targeting. This link has been particularly important in recent years as the rapidly growing volume of cheap goods from China has kept inflation low, and thus also interest rates. China is able to manufacture goods cheaply because it has plentiful access to cheap labour from the countryside. This means that without cheap Chinese labour, inflation and consequently interest rates would have been higher in Norway, which would in turn have curbed the rise in house prices. The question of exactly who benefits from this particular effect of the growth in imports of Chinese goods does not have a clear-cut answer, but it does show that house prices in Norway are related to the flow of workers from the countryside to industrialised areas in China. Correspondingly, other changes, imbalances or responses, even minor ones, in social developments in China could have major consequences.

Do Norwegian business interests conflict with Norway's policy of engagement?

In 2008 over 50% of Norwegian export earnings came from oil and gas production on the Norwegian continental shelf, and Norway's dependence on petroleum resources is likely to continue. However, the political picture will change because a gradually increasing proportion of these earnings will be based on the extraction of petroleum resources in Asian and African countries that have opened their continental shelves to the international oil and gas industry; for example, there is already considerable petroleum activity in Azerbaijan, Iran, Libya, Algeria, Nigeria and Angola. This development poses many new and complex challenges for Norway. Regional development trends in Africa, the side-effects of globalisation, local environmental issues, human rights and gender equality, anti-corruption and democratisation efforts, and developments in national and international law in many countries and many different sectors are directly relevant to Norway in a number of ways. Broad issues related to local and global developments and international structures and governance will extend far beyond the current political framework for Norwegian development policy. And new dilemmas and conflicts will arise in areas that have previously been mainly of peripheral and theoretical interest to us.

1.3 Norway is becoming more closely involved in the global economy

Globalisation is making the rest of the world even more important to Norway's economy and to the efforts to ensure prosperity for Norwegian citizens. Norway is one of the main winners in the globalisation process; our prosperity has substantially increased as a result. Thanks to globalisation Norwegian businesses have a larger export market and Norwegian consumers have a greater choice of goods and services. It has also provided greater opportunities for concentrating production in areas where Norway has a competitive advantage, which in turn increases prosperity through greater wealth creation. This means that in spite of Norway's relatively high labour costs, our plentiful access to capital and raw materials enables us to import labour-intensive goods more cheaply than before and to sell capital-intensive and raw-material-intensive products at a better price.

China's rise to prominence as a key global actor illustrates how this situation works in Norway's favour. The country's rapid growth means that important Norwegian export commodities like oil and gas fetch high prices, and China is becoming an increasingly important market for a number of Norwegian products and services. The import of cheap, labour-intensive consumer goods such as clothes, shoes, toys and consumer electronics from China also helps to keep inflation and interest rates low for Norwegian households. In addition, Norwegian businesses experience little competition from China since the restructuring of the Norwegian economy that has taken place since the 1980s has meant that the manufacture of many goods that would have been affected by Chinese competition has been moved out of the country.

But how does globalisation affect the Norwegian welfare state and the Nordic model of interaction between wealth creation, distribution and social security for the individual? There are those who fear that economic globalisation will reduce the role of trade unions, make it difficult to

maintain a high income tax level and consequently the policy of equitable distribution, lower labour standards, lead to social dumping and an underclass of low-status workers, and increase the income gap between rich and poor in Norway.

However, recent socioeconomic research shows that, although these challenges are important and legitimate aspects of globalisation, the process has not had consequences of this kind for Norwegian society (Halvorsen and Stjernø: *Work, Oil and Welfare*, Universitetsforlaget, 2008). The welfare state is alive and well, and enjoys strong support. The reasons for this are numerous and complex. Norway has always had an open economy, and has managed to combine oil and gas production and high wage levels with a competitive business sector and low unemployment. The main reasons for this are high labour force participation, including a high proportion of women, a flexible labour market combined with incentives for retaining employees, strong but cooperative trade unions and a positive climate for entrepreneurship. This shows that the Nordic model is in a strong position in spite of the turbulence in the global economy, which is causing problems for countries with other, less solidarity-based welfare models.

Thus Norway and the other Nordic countries have derived great benefits from participating in the international economic system. Extensive international trade has provided a sound basis for specialisation and for exploiting our competitive advantages. From this point of view the growing international integration primarily represents an opportunity to gain more profit from our investments rather than a threat to employment and standards of living. However, in order to profit from the opportunities available, we need an adaptable and proactive business sector. This can be achieved by high labour market participation and a high level of investment and creativity, for which we need a sound educational system at all levels and an inclusive labour market.

However, the picture is not entirely rosy. Globalisation does challenge Norwegian economic interests, wealth creation and welfare. Participation in the international economic system can also have negative consequences such as losses to investors, companies that are out-competed or lose business, and higher prices of consumer goods for households. The losses experienced by Norwegian municipalities in the US financial market have resulted in the closing down of municipal cultural and childcare facilities, which is an example of how Norwegian welfare can be affected by developments in markets outside the country. The current global economic downturn is having a significant impact on Norwegian economic developments in the year ahead. In spite of these negative consequences, there is no doubt that overall Norway has gained considerably from participating in the international division of labour, and that such participation will continue to be vital in the future.

As in most other Western countries, the aging of the population will pose a considerable challenge in the years up to 2050. If labour immigration continues, Norway will become a very different and more multicultural society. The term "Norwegian" will increasingly come to mean a person with close links to several different countries and cultures. The scope of Norwegian foreign policy is expanding with the growing number of immigrants, partly as a function of the extensive contact between immigrants and their countries of origin. This can be seen in the increasingly close cooperation between the Ministry of Foreign Affairs, the Ministry of Labour and Social Inclusion, the Ministry of Justice and the embassies on immigration matters. An important area of cooperation is the recruitment of health personnel from developing countries, which has a bearing on the sustainability of these countries' health systems. The Government's policy is that Norway should refrain from active, systematic recruitment of health personnel from developing countries.

Generally speaking, the increase in labour immigration from the new EU countries over the last few years has benefited the Norwegian economy. The immigration of groups with high labour market participation has in the short term relieved economic bottlenecks. It has improved the balance between the economically active and the economically inactive groups of the population, and thus improved government finances. However, in the long term, labour immigration is unlikely to solve the problems that the aging of the population will pose for public finances, since the immigrant workers will themselves become older and our petroleum wealth will have to be distributed between a larger number of people. The consequences of this trend for support for the Norwegian welfare state are a matter of debate.

We must dare to ask difficult questions and allow them to influence our thinking and our strategy for promoting our economic interests and welfare:

- What will we live on as oil and gas become a declining source of revenue?
- What balance should we aim for between labour immigration and a coherent Norwegian immigration and social inclusion policy?

- How can we ensure the desired room for manoeuvre in our welfare policy and at the same time work for stronger and more efficient regional and global governance, with greater normative authority?
- How can we maintain and further develop our position in the European market as long as we are outside the main decision-making institutions of the EU?
- How can we contribute to economic development in poor countries and at the same time protect Norwegian sectors that are exposed to foreign competition?

Knowledge

A broadly-oriented foreign policy that safeguards Norwegian interests must be based on up-to-date, relevant knowledge in a wide range of areas. It is essential to keep abreast of the new knowledge that is continually being developed in areas affecting Norwegian interests. Focused, targeted efforts must be made to develop the knowledge base in relation to foreign policy goals, content and tools. We need to keep a foreign policy focus on education and research in order to ensure that Norway's need for knowledge is met, and such a focus is an important tool for achieving lasting change in other foreign policy priority areas. Statistics Norway has calculated that human capital accounts for 77% of Norway's national wealth, as against 12% for our oil and gas reserves (2004). Relevant knowledge and expertise are therefore not only important inputs and success factors in Norway's economy and in Norwegian society today; they will also be crucial to future wealth creation, which will require that we are able to successfully address new concerns in fields such as energy, climate and the environment, and sustainable development. Thus the Norwegian research and higher education sector is of great value in a number of foreign policy areas.

1.4 Norway's broader interests

In the close network of relationships resulting from globalisation, the development of Norwegian society is dependent on that of other societies in a number of sectors and at a number of different levels. Areas of Norwegian foreign policy that are often regarded as purely altruistic or value-based, such as economic development and development cooperation, facilitating the UN's ability to resolve humanitarian crises, peace and reconciliation, democracy-building, strengthening the international legal order and institution-building, are therefore becoming more relevant and significant in terms of realpolitik. Direct contact and relations between Norway and a particular society or country are not necessarily very important. As long as development in one country has economic, social or political effects that are not merely local, Norway will not necessarily have significantly fewer interests in a geographically distant country with which it has few direct relations than it has in a geographically closer country with which it is linked through close economic ties and personal networks. Globalisation minimises the significance of geographical distance for social and economic relations and for security. Thus geographical proximity is losing much of its former pre-eminence as a factor in national interest-based policies.

In the media, in public administration and in public political debate, discussions on foreign policy frequently take little account of what are referred to in this report as Norway's broader interests. To put it simply, the debate is usually based on an assumption that there are two opposing positions in foreign policy: on the one hand the fundamental considerations of realpolitik, which are linked with economic, security and business interests, and on the other, the soft, ethical policies based on idealpolitik, which are often considered to be altruistic and which are concerned with development cooperation, human rights, peace-building and commitment to international solidarity.

What globalisation does is to make this simple division less clear. Globalisation extends Norway's interests in the direction of traditional idealpolitik, which thus assumes greater importance. Those areas of foreign policy that are normally associated with idealpolitik are providing necessary tools and expertise for promoting Norwegian interests. To put it more clearly, expertise acquired through development policy and international institution-building are becoming useful tools in realpolitik, while military measures may also be an important dimension of idealpolitik.

The main goal of Norwegian foreign policy is to promote Norwegian society's welfare and security interests in a globalised world. Globalisation makes it necessary to extend the scope of what are traditionally understood as foreign policy interests. The concept of "interests" must be expanded to include both new geographical areas and new areas of foreign policy. A considerable number of foreign policy areas that have until now been regarded as soft, or altruistic, must be upgraded to priority areas in order to safeguard Norwegian

interests. We must recognise that expertise in peace-building, society-building and international structures is now an important resource for promoting our interests. Today our national borders are only of limited use for safeguarding Norway's main interests. Safeguarding these interests will depend on the ability of the Norwegian Government to uphold global framework conditions and to adapt Norwegian society accordingly.

2 The downsides and counterforces of globalisation

2.1 Globalisation includes and excludes

Globalisation has brought with it considerable benefits for societies in many parts of the world, and Norway is one of the winners in this process. Globalisation is increasing the demand for Norwegian goods and services, especially from the fast-growing economies in Asia, and is providing us with cheap Chinese goods, which over the last few years has kept inflation and interest rates low. We are largely able to avoid competing with cheap imports from Asia because several internationally exposed sectors that were hard hit by competition in the 1970s and 80s have since been scaled back. Labour immigration is supplying sorely needed labour and promoting flexibility in the labour market. Globalisation is also having a number of other positive effects. The selection of foods in shops and restaurants has exploded in recent decades, our young people have become prodigious consumers of global culture and the globalised media provide us with information and stimulate our motivation to help victims of poverty, war and conflict all over the world. Globalisation has the power to make us all global citizens with global consciences.

However, globalisation also contains inherent contradictions. It gives rise to national, religious and political counterforces and tensions. Greenhouse gas emissions are increasing in spite of the continual development of environmental technology. For many groups, the negative aspects of globalisation far outweigh the positive ones, for example for the unemployed workers in the French manufacturing industry or the Mexican companies being outcompeted by China. The current financial crisis is partly due to the fact that the liberalisation of financial markets resulting from globalisation has been insufficiently regulated. A further negative effect is that globalisation is triggering forces that pull in the opposite direction. It is for example not at all evident that globalisation leads to less nationalism. In a historical perspective, the erosion of economic and social borders between countries has tended to generate strong political, cultural and religious counterforces, many of them rooted in cultural differences and the nation state.

The sociologist Karl Polanyi has studied the counterforces to globalisation from a historical perspective. Towards the end of the Second World War in 1944, he sought to understand why the long process of internationalisation that had characterised European history from about the middle of the 19th century had been halted after 1900, to be replaced by increasing protectionism and less openness, culminating in the outbreak of the First World War in 1914. His explanation was that the rapid internationalisation of European societies had given rise to strong emotional, religious and nationalistic counterforces that opened the way for political parties that played on people's fear of change and social disorder.

In recent years, everything from xenophobia to radical Islamist movements to the widespread increase in interest in religion to nationally-oriented political parties has been explained in terms of the social change and sense of insecurity resulting from globalisation. Some claim that globalisation is aggravating religious and cultural differences and thereby creating global fronts. This polarisation between "us" and "them", particularly when extended to "Islam" and "the West" as in the idea of a "clash of civilisations", is problematic, and risks becoming self-fulfilling. It is difficult to moderate the strongly polarised global conflicts of identity and values that are making it difficult for us to live together in heterogeneous local and global societies, and to combat the politics and ways of thinking that are aggravating these conflicts. On the other hand, globalisation is leading to a greater diversity of cultures and identities both in Norway and internationally, which is in itself of great value and benefits large numbers of people. Cultural diversity is also an important precondition for future Norwegian welfare.

In addition to these cultural, religious and identity-based counterforces, globalisation has also provoked political anti-globalisation movements. One of the most prominent is the World Social Forum, which was established in 2001 as a counterweight to the World Economic Forum. The World Social Forum is an anti-globalisation movement that works against neo-liberalism and for what its members believe will be a more just world. Its main

purpose is to combat the forces excluding large numbers of people from the benefits of globalisation, the democratic deficit resulting from the power of the market, and the undermining of well-functioning welfare states and governments' ability to provide necessary services to their citizens. The effects of the financial crisis, which revealed the inadequate regulation of the international economic and financial systems, are fuelling criticism of globalisation.

Although globalisation leads to an interweaving of societies, and from this point of view is a social, cultural and economic inclusion process that is experienced as positive by large numbers of people, it is also clear that it does not include everyone. And although there is evidence that economic globalisation benefits most people, not everyone is able to profit from it, and it is possible that the gap between the richest and the poorest will become larger, both internally in many countries and between countries. Thus concern about the adverse effects of globalisation and some of its side-effects is fully justified. However, halting or reversing the process, even if it were possible, would not be a realistic strategy. It would undermine future development and future possibilities for hundreds of millions of people. Thus what is needed, especially in the context of the current financial crisis, is to improve political control of the process and promote sustainable development and social and democratic standards.

Norway has not escaped some of the negative consequences of globalisation. Jobs are being moved abroad. The financial crisis is resulting in uncertainty, the disappearance of jobs and fear of the future. The importance of a good social safety net, like that in the Nordic countries, is becoming increasingly evident. It seems likely that the financial crisis, and especially the global decline in the real economy, will focus even more attention on the downsides of globalisation, especially the lack of a social safety net in societies that are well on their way to participating in the global economy. However, it is important to remember that increasing protectionism could have substantial negative effects.

Like a number of other countries, Norway has gained much from globalisation. The country therefore has a considerable interest in participating in the efforts to manage and steer global development in such a way that the process does not undermine itself. Globalisation can be undermined if large groups of people are not able to benefit from the increases in welfare, if new conflicts arise over access to and distribution of resources such as food and other goods, or if globalisation increases nationalism and isolationism because it is perceived as a threat to the integrity and distinctive features of a society and to the individual's sense of security.

These downsides and counterforces of globalisation are an important background for Norway's policy of engagement, which includes poverty reduction, human rights and gender equality, environmental and climate policy and the work for a better-organised world. It is in Norway's interest to ensure that the benefits of globalisation reach a larger number of people and that the international community develops more effective strategies to ensure that the globalisation process is inclusive and sustainable. Both development policy and Norway's international engagement for human rights and democracy are important tools in the efforts to combat globalisation's negative effects. An example of this is Norway's initiative to ensure that the decent work agendas of the World Trade Organization and the International Labour Organization are more closely coordinated, both locally and globally, with a view to providing decent working conditions for the employees of today and tomorrow. Another example is Norway's international engagement for gender equality and equal worth, which draws on the Norwegian/Nordic model, and in which development policy is an important tool.

Environmental and climate challenges

Globalisation, climate challenges and the threats to the Earth's ecosystems in the form of loss of biodiversity and the spread of environmentally hazardous substances make it increasingly relevant to talk about Norway's environmental and resource interests. Humanity's survival and welfare depend on environmental resources that cannot be replaced. We are dependent on ecosystem services, but are ourselves also part of the Earth's ecosystems. This is the principle behind the ecosystem-based approach advocated in the Convention on Biological Diversity. Economic growth often puts increasing pressure on the global environment and ecosystems. The natural environment and natural resources are vital for Norwegian value creation and welfare, and we are dependent on well-functioning international cooperation to ensure sustainable management of the Earth's resources and to solve the environmental problems caused by human activity.

Global climate change is and will continue to be one of the greatest challenges facing the world, and this issue has moved rapidly up the international

agenda in the last few years. Unless new measures are taken, the damage to the natural environment and the economy caused by global warming will be enormous. If climate change is not slowed down by political action on a large scale, all countries risk suffering massive socioeconomic losses. There is growing awareness that if the problem of climate change is to be solved, it must not be narrowly defined as an environmental issue. Climate change not only threatens the environment, it also threatens international peace, security, welfare and development. Thus in many countries there is a growing emphasis on climate in a number of key foreign policy dimensions, such as diplomacy and international relations, energy policy and energy security, international trade, international peace and security/crisis prevention, and development cooperation. The Arctic is particularly vulnerable to climate change and is therefore an increasingly important part of Norway's High North policy.

2.2 The new uncertainty of globalisation – new security policy challenges

Although the threat of a major war has been considerably reduced since the Cold War ended, globalisation is posing new risks. Two of today's most serious threats and challenges, the spread of weapons of mass destruction and international terrorism, are direct results of globalisation. Another negative effect is that national governments have less control over the development of their own societies. Less developed countries are less able to take advantage of the benefits of globalisation than well-organised countries. When combined with destructive factors such as ethnic, religious and other politicised internal conflicts, globalisation may lead to economic, social and political instability and even the collapse of states. Human suffering tends to be more serious in failed states and, like Afghanistan under the Taliban and Somalia, they can easily become a haven for international terrorist groups. The new threats and problems of today are often transnational; they can arise suddenly and have consequences far beyond the original site of the conflict. The problems are often difficult to define, and the transition from peace to crisis to war is blurred. This type of challenge also includes global environmental and climate challenges and increased competition over strategic raw materials such as oil, gas, fertile soil and drinking water.

Box 2.1 The security paradox

Globalisation confronts Norway with a new and complex security paradox: the very same global forces and interrelationships that are currently making societies rich, free and secure can also undermine the process and harm the societies involved, while at the same time weakening the overall governance capacity of the state. Examples include the steep rise in food prices in the spring and summer of 2008, the financial crisis and the deregulation of international capital markets, and the increased ability of epidemics, like the one caused by the SARS virus a few years ago, to spread rapidly and widely.

Thus globalisation poses a new type of security challenge to Norway: threats caused by external instability. This does not mean that all crises and disasters everywhere in the world threaten Norway's security. On the contrary, one of the features of the current globalisation process is that a number of areas and events in the rest of the world have no or only limited relevance for Norwegian security and developments in Norwegian society. However, in this highly globalised world there is always a possibility that far-away events that initially appear marginal can have ever-widening ripple effects that directly touch on Norwegian security. Globalisation reduces the significance of geographical distance and means that a number of new, often unpredictable, factors and relationships become relevant to security policy.

Afghanistan is a good illustration of the new type of security challenge. The situation in the country began with small, locally oriented religious groups recruiting young Afghans to fight a civil war in the 1980s and 1990s (admittedly with support from the West), and developed into a global political arena after 2001. Another illustration is the potential relationship between local health policies in for example parts of Asia, and the development of a local epidemic into a pandemic. Similarly, the political situation and social developments in certain key countries like the US, Russia and China and in groups of countries like the Middle East may have consequences far beyond their borders.

These new threats and challenges to global security, together with those that directly affect Norway (see Chapter 3), make the threat picture far more complex than before.

2.3 Threats to Norway from global instability

In the years ahead, Norway will face a number of different forms of global instability and uncertainty that could pose serious, though not existential, threats to its security. Preventing or weakening their ripple effects will be an important aim of Norwegian security policy.

Weapons of mass destruction and long-range missiles

One of the most worrying threats in today's global landscape is the spread of weapons of mass destruction and ballistic weapons technology (long-range missiles) to new states or non-state actors. The possibility of non-state actors obtaining such weapons systems cannot be excluded and is particularly worrying. Developments in this field are putting considerable pressure on the non-proliferation regime. If this regime should break down, it could have serious consequences for regional and global stability. There are no easy answers in the efforts to combat proliferation, and a broad approach is needed. One course of action would be to continue the non-proliferation and disarmament efforts, and another would be to raise awareness that diplomatic measures may not be sufficient on their own. For this reason greater attention is being paid to missile defence both in NATO and in a number of capitals. The US plans for a missile defence shield are problematic from the perspective of non-proliferation, disarmament and the need to reduce tension between Russia and the Western countries. President Obama's indication that the plans for a missile defence shield will be reconsidered is therefore a positive step.

The first years after the end of the Cold War were characterised by widespread nuclear disarmament. However, towards the end of the 1990s a number of factors arose that reversed this trend. There was a higher risk that new countries and terrorist groups would gain access to weapons of mass destruction and ballistic missiles. India and Pakistan conducted nuclear tests. The US Senate declined to ratify the Comprehensive Nuclear-Test-Ban Treaty. Problems arose between the US and Russia in the cooperation on arms control and disarmament. The terrorist acts of 11 September 2001, the war in Iraq and other acts of terrorism have further reduced interest in disarmament. The level of tension between the US and Russia has risen. Both conventional and nuclear arms control agreements have come under pressure. In important areas, cooperation has been replaced by growing mistrust and a tendency to go it alone.

A number of new challenges have arisen in connection with nuclear technology and nuclear weapons:

- The nuclear disarmament process has stagnated as a result of the increased tension between some of the nuclear powers and the belief that the terrorist threat does not allow for further disarmament.
- New countries and terrorist groups are trying to acquire access to nuclear weapons.
- Energy shortages and global warming appear to have boosted the development of civil nuclear power. This is a major challenge to the non-proliferation regime, since nuclear power technology can also be used to produce nuclear weapons.

Terrorism

International terrorism respects no borders and chooses its victims and instruments without compunction. The intensity and extent of today's terrorism indicates that this is a lasting threat. Neither Norway nor any other country has any guarantee that it will not be the object of serious terrorist acts. It is therefore imperative that national intelligence services are of a high standard, and the importance of the effective international exchange of information and experience cannot be overemphasised. However, for all countries, including Norway, anti-terrorism efforts involve serious choices and potential dilemmas such as where to draw the line between legitimate surveillance needs and the protection of civil liberties.

Civil war, failed states and regional instability

Civil war and conflicts in a number of areas may have significant global ripple effects. Lasting unrest or conflicts in Russia or China, or between countries in South Asia (India and Pakistan) or in the Middle East, or internally in these countries, could have a direct impact on Norway's strategic position and on fundamental global security issues related to terrorism and the proliferation of weapons of mass destruction. The challenges in the coming years include preventing the failure of states, the spread of zones of anarchy in, for example, Somalia, and conflicts between countries and religious groups in Pakistan and Iraq. The piracy off Somalia is an example of a situation where a failed state not only behaves like a black hole in the international legal order, but also poses a direct security

challenge. In this case the threat is to Norwegian and other shipowners, which requires the Norwegian armed forces to provide security.

The consequences of climate change

Climate change and environmental degradation threaten the foundations of sustainable development. Some of the consequences of climate change, such as migrations of climate refugees and whole populations, and conflicts over scarce resources, can directly threaten security. The worst-case scenarios involve melting of the permafrost and droughts in the South that will alter the global geopolitical centre of gravity, and lead to rapid rises in the ocean level, huge waves of migration and dramatic shortages of water and food all over the world. In less serious scenarios climate change could result in permanent melting of the ice in the North, making the Northwest Passage the most important waterway between Europe and Asia and consequently increasing Norway's strategic position. It is also likely that floods, drought, crop failures and increased competition over scarce resources will lead to conflicts and crises that could affect the regional and global order. The consequences of climate change will depend largely on the speed and degree of change, and according to current assessments the more moderate security policy scenarios are more likely than the extreme ones.

Resource and energy security

At the beginning of the 21st century we are witnessing increasing global shortages of strategic resources such as drinking water, fish, cereals, metals, fossil energy sources and accessible renewable energy sources. Competition is becoming harder and is resulting in rising raw material prices, in spite of the large fluctuations in the price of oil, and a more intensive exploitation of remaining resources both on land and at sea. Overfishing has caused fish stocks to collapse, and attention is being diverted to the remaining rich fishing areas, including our northern waters. Demographic changes and increasing prosperity are exacerbating the global imbalance between supply and demand for a number of strategic raw materials. This is likely to have security consequences in the form of increased rivalry between countries and the exploitation of access to raw materials for political purposes.

The harder competition over strategic raw materials is especially evident in the case of fossil energy. For example, the EU countries depend on supplies from outside the EU area to cover 50% of their consumption today, and this figure is expected to rise to 70% by 2030. Russia, Norway and Algeria are the main energy suppliers to this area. The situation is aggravated by the tendency of certain producer countries to exploit their control of fossil fuel supplies for political purposes. As a result, energy security has been rapidly moved up the security policy agenda in the EU countries, the US and China. Larger Western countries are seeking to secure their supplies without becoming too dependent on a single supplier. This will have consequences for Norway, since the US and key EU countries to an increasing degree regard Norway as a strategic energy supplier.

Threats to global health

There are a number of health-related issues that in certain hypothetical situations could have enormous consequences both for society as a whole and for the individual citizen. The most obvious threat is that of a pandemic such as bird flu. A pandemic is the result of a disease caused by an infectious agent (such as a virus) to which few people are immune, that is easily communicable and that spreads rapidly and widely. Another threat is the spread of mutated, antibiotic-resistant bacteria strains. In the view of the World Health Organisation we can expect new pandemics to occur.

Geoeconomic and strategic uncertainty

Continued economic growth and development in population-rich countries like India and China will move the global geoeconomic and geopolitical centre of gravity towards Asia. This will change Norway's international dependence and increase its vulnerability to military, economic and other forms of instability in Asian countries. Continued economic growth in Asia could further increase the strategic importance of Norwegian oil and gas resources. A greater degree of bloc formation, new strategic alliances and ideological tensions in international politics, such as new forms of cooperation between Russia and China or a narrowing of the power gap between the US and China, will also alter Norway's security policy position. As a major actor in terms of natural resources (protein and fossil fuel), Norway could find itself in a political and strategic squeeze between our allies with mutually competitive interests or between Russia and Europe in the High North.

International organised crime and human trafficking

International organised crime has increased as a result of globalisation and the emergence of a global market. This form of crime is usually operated by large international criminal networks and includes corruption, human trafficking and trafficking in narcotics and weapons.

Human trafficking has become an industry worth billions and is estimated to affect several million people every year. Children and young women are particularly vulnerable. Human trafficking depends on a market that treats human beings as consumer goods to be used for prostitution, forced labour or suppliers of organs. Poverty and increasing global inequality provide the basis for the growth in human trafficking. However, poverty in itself is not necessarily a primary factor in this type of crime. War and conflict, unemployment, gender inequality, discrimination, ethnic and religious differences and strict immigration regulations, combined with the increasing resource gap between rich and poor countries, urbanisation and minority issues, all contribute to the growing volume of human trafficking.

The UN and other international organisations have taken steps to raise awareness of this problem, and in Europe the EU, the OSCE, the Stability Pact for Central and Eastern Europe, and the Council of Europe are making considerable efforts, which Norway actively supports, to combat it. Human trafficking is often part of other serious organised crime such as the international trade in narcotics and weapons. This form of organised crime affects Norwegian domestic policy in areas such as immigration legislation, labour standards, prostitution and sex-based violence, and the extent of national substance abuse. The example illustrates the security challenges to Norway caused by external instability and shows how globalisation is blurring the borderline between domestic and foreign policy.

Box 2.2 Megadisasters

Scenarios have been developed for existential megadisasters that could turn the world as we know it upside down. With one exception, they all involve accidents or unintentional effects of human activity. Three scenarios have been developed of megadisasters that could immediately or rapidly threaten the existence of all or large sectors of Norwegian society and erase some of its fundamental features, although there is only a small probability that they will occur. These are as follows:

- rapidly escalating impacts of climate change,
- unpredictable/unavoidable natural disasters,
- nuclear accidents with widespread regional and global impacts and terrorist attacks in Norway or Norway's neighbouring areas involving nuclear weapons or other weapons of mass destruction.

3 The geopolitical balance of power and the consequences for security policy

3.1 Towards a multipolar world

The state is still by far the most dominant actor in international politics. States, and especially the major powers, are fundamental in determining the international balance of power and patterns of influence. However geopolitics, or territorial realpolitik, is no longer the same as it was. There are three main reasons for this.

The first reason is that states are, as described in Chapter 1, becoming increasingly interwoven through economic, political and social globalisation processes.

The second reason is that states are having to share the stage with a multitude of international actors, on the one hand regional organisations, which entail regional integration and cooperation, common rules, principles and agreements, and on the other non-state actors that are in a position to set agendas and exert influence. This situation has resulted in a growing number of transnational challenges that may rapidly escalate and have widespread consequences.

Thirdly, in the current historical period we are witnessing the development from a bipolar via a unipolar to a multipolar world with a number of different centres of power and influence. This development is a challenge to international order and established multilateral institutions, and results in the spreading of power. However, this multipolar world also means that new opportunities for cooperation are emerging.

Two major powers in particular are challenging the global position of the US, namely China and India. The global centre of gravity is moving eastwards, a trend that is being reinforced by the global financial crisis. Other major powers such as Russia, Brazil and South Africa are also gaining relative power and influence. A special case in this connection is the EU, which has developed into a regional and global actor to be reckoned with, due partly to its importance in economic terms and as a trading partner, and its common policies and institutions, and partly to the influence of its largest member states.

The above-mentioned actors form a substantial power base whose influence can be channelled through global and regional organisations such as the UN and NATO. Developments in the views of influential states on international issues and the power relations between the major powers define the framework for Norwegian interests in the same way as globalisation does. The challenges facing us today are far more complex than they were during the Cold War, with its two opposing blocs. This new complexity must be reflected in Norway's security arrangements.

The following is a review of the development of relations between key state actors, their consequences for Norwegian interests and the direct security challenges they pose to Norway.

US global dominance continues, but will be challenged

Together with the Soviet Union, the US has been the dominant global power in the economic, military, political, technological and cultural sectors ever since the Second World War. The US made a decisive contribution to establishing binding international cooperation after the war, and has for most of the post-war period considered that its best interests are served by active participation in international institutions and regimes. Although its dominance is declining, the country will continue to be the strongest single nation for the next 10 years at least, and will continue to play a significant international role. It will not on its own be able to set the international agenda or shape solutions to the same extent as before, but US leadership and engagement will continue to be essential to the efforts to solve international problems and promote stable international order. The emphasis placed by the new US president, Barack Obama, on international cooperation, and the fact that the US is "ready to lead once more", but now with an outstretched hand and by setting a good example, will make a difference. However, the US will continue to safeguard its own interests in the same way as other countries do.

Close economic and financial interdependence has grown up between the US and China in the course of a few decades, and the US is also in the process of establishing closer strategic cooperation with India. However Europe, led by the EU, will continue to be the US's closest international partner. On the other hand, the importance for the US of Europe and transatlantic cooperation will decline as regional conflicts and global challenges outside the Euro-Atlantic area begin to dominate the agenda, and non-European actors will become more important in the efforts to address these challenges.

Russia does not have the superpower status as the Soviet Union used to have, nor the same privileged relations with the US. Today the US considers Russia a regional power that has substantial energy reserves and energy exports, an important regional role, a seat on the UN Security Council and a large number of nuclear weapons. The challenge for the US, and for Russia, is to achieve relations of trust and cooperation based on the new situation and the new realities both countries are facing, in which Russia has a role as a constructive and responsible contributor to the resolution of regional conflicts and global challenges.

The question of the broader Middle East has dominated Washington's agenda for the last few decades. Conflict and instability, war, terrorism, the region's position as an energy supplier and its strategic importance will keep it high on the US agenda. Since his inauguration, President Obama has shown that he gives priority to Middle East policy. The US will probably take steps to reduce its dependence on oil from the Middle East and to promote stability and strengthen regional cooperation that will make it possible to safeguard US interests and maintain its role in the region with a reduced military presence. The issue of energy supplies and the regional conflicts that are creating instability and problems in and outside Africa have caused Washington to pay more attention to this continent, and the trend seems likely to continue. Latin America's traditionally strong dependence on the US is declining due to intensified regional cooperation and increased integration in the world economy. Economic and social development in the countries south of Rio Grande have consequences for the US, especially in the areas of immigration, the narcotics trade and other forms of international crime.

Consequences for Norway

The gradual reduction in the power and influence of the US and the corresponding emergence of new geopolitical centres and actors will also have consequences for Norway, whose core interests have always been linked to the Euro-Atlantic platform and its alliances and partnerships. The US attitude to and use of NATO, and its relations with the EU and the European security and defence policy, have decisive importance for Norway's foreign and security policy.

The development of relations between the US and China, whether in the form of tension or in terms of cooperation, will also have major importance for Norwegian foreign and security policy. This applies as well to US–Russian relations, which affect both the relations between NATO and Russia and the overall relationship between Russia and Western countries. The ability and willingness of the US to agree with the new major powers on the further development of international institutions and the international legal order also have great importance for Norway. The Middle East policy of the US towards the Israeli–Palestinian conflict, Iraq, Iran and the broader Middle East, including Pakistan and Afghanistan, and its policies towards other countries and conflicts are of great importance for Norway and its interests.

To summarise, current and future US foreign policy is clearly of great significance for Norway due to the primacy of this country as a global actor and to its close transatlantic security policy ties with Norway, and to the fact that Norway is not a member of the EU. All in all, Norway's room for manoeuvre in security policy continues to lie within a geopolitical triangle consisting of the US, Europe and Russia. This needs to be clearly reflected in Norwegian foreign policy.

Russia will play a role as regional major power

One of the main goals of Russian foreign policy since Yeltsin has been to restore the country's international position. The country has succeeded in putting itself back on the map, and it plays a more important international role now than it did in the 1990s, a role marked by greater economic freedom of action and international ambitions. Russia is playing a global role in a number of isolated issues such as Iran's nuclear policy, the Middle East conflict and the question of North Korea, and overall in disarmament policy.

At the national level there is considerable political and economic centralisation, for example in the energy sector, where under Putin the state has again assumed total control. Political developments, especially in relation to democracy, freedom of the press and respect for human rights,

are a matter for concern, particularly as regards the situation in the North Caucasus. Conditions for NGOs and opponents of the government have also become more difficult. Russia was hit hard by the financial crisis and the country appears to be in a vulnerable position, but it is too early to predict the eventual economic and political consequences.

Russia's relations with Western countries have become increasingly tense over the last few years. The tension has come to the surface in a number of issues, such as the question of Kosovo's status, missile defence, the Georgia conflict and NATO enlargement. The crisis in Georgia has created uncertainty about Russia's further course of action and has adversely affected its reputation. Russia's economy, whose negative aspects have been intensified by the financial crisis and negative demographic developments, makes it primarily a regional major power compared with the US and China. However, due to the size of its territory, its importance as a petroleum exporter and its military capability, Russia is likely to play a significant role in matters relating to the Caucasus, Central Asia and Europe, including the Nordic countries.

Russian–US relations are more strained than they were in the 1990s. The US plans for a missile defence shield, Russia's temporary suspension of the Conventional Forces in Europe Treaty and lack of agreement on certain international issues such as Iran and Kosovo have all contributed to this situation. The active US support for the aspirations to NATO membership of Georgia and Ukraine has been interpreted by Russia as a threat to its interests, and Russian engagement in US-sceptical countries in Latin America is probably a response to this. Time will show how these relations develop under President Obama and the new administration in Washington.

Russia's relations with Europe are marked by energy interdependence and by the fact that Russia has different bilateral relations with individual European countries that are also to some extent influenced by energy issues. Russia has a pragmatic cooperation with the EU, but its relations with NATO are more tense and influenced by its sceptical attitude to NATO enlargement.

A multipolar world is an explicit goal of Russian foreign policy, especially since this is expected to weaken the superpower status of the US. Russia is therefore giving priority to its relations with countries like China and India. The country has good relations with India, marked by extensive economic ties, close cooperation on civil nuclear power and certain common interests related to disarmament issues. Russia's relations with China are partly based on Russian exports of arms and, increasingly, of oil and gas. Another Russian aim is to reduce the country's dependence on the European gas markets over the long term. It is also important for Russia to maintain a high profile in East Asia, given China's increasingly strong regional and global position. However, China's geopolitical ambitions are regarded with some unease in Russia, and this, combined with the fact that relations are also somewhat tense and that both Russia's and China's best interests lie in cultivating their relations with Western countries, makes it unlikely that these two countries will form a long-term alliance.

Consequences for Norway

Norway is best served by pragmatic, close cooperation with Russia on addressing common challenges in the High North, for example natural resource management and the environment. Our bilateral relations are good, and in some areas, such as oil and gas extraction, our cooperation is becoming particularly close. On the other hand, Russia's new great-power policy is also manifested in the High North and includes increased exercise activity, which means that cooperation on certain specific issues can be challenging.

Russia is an Arctic state and has considerable expertise in Arctic matters, high ambitions, substantial resources and major interests to safeguard in the Arctic region.

Norway's NATO membership is an important guarantee in what would otherwise be an asymmetric relationship. This means that NATO–Russian relations have a significant influence on the development of Norwegian–Russian relations. The same applies to the EU, even though Norway is not a member. Constructive EU–Russian relations are in Norway's interest, partly because Norway and Russia are not competitors but have certain common interests with regard to the development in EU countries of infrastructure for importing gas.

The trend towards greater discord or new dividing lines, whether real or apparent, in Russia's relations with NATO and the EU is against Norway's interests. Developments in Russia, Russian foreign policy and Russia's relations with key countries and organisations such as the US, China, European countries, NATO, the EU and the West as a whole have considerable security policy and foreign policy implications for Norway as Russia's neighbour. Norway's best interests lie in good relations between Russia and the West, and in Russian involvement in cooperation on addressing regional

and global challenges. It is therefore natural for Norway to promote the integration of Russia in international cooperation, such as in the WTO and the OECD, and to work for close cooperation with Russia in regional forums and in NATO. It is also important for Norway to follow the political, social and economic consequences for Russia of the financial crisis. Thus Russia continues to be a key factor in Norwegian foreign and security policy.

The EU is the main actor in Europe and has acquired a more prominent global role

Cooperation in the EU has led to stabilisation and conflict resolution in Europe and its neighbours. This is particularly evident with respect to the former East-bloc countries, where EU membership has played an instrumental role in the stable establishment of democracy and a market economy. Through several rounds of enlargement and an active neighbourhood policy, for example in the Balkans, the EU has promoted security and development in a broad geographical region.

The EU's role as a global actor is largely concerned with the development and strengthening of the UN and the other multilateral organisations. The EU has demonstrated a capacity for action in cases where the UN's capacity has been limited, for example in Kosovo, Sudan, Burma and Iran. An issue that will affect the development of the EU internally within the Union and at the regional and global levels for the next 10 years is the question of admitting Turkey as a member.

The EU plays a key role in many international issues such as climate change, the conflict in Georgia, the Balkans, Iran and nuclear power, Somalia and the Middle East. It also plays an important security policy role in matters relating to the international legal order.

One of the challenges the EU will face if it is to continue expanding its role as a global actor is that the member states must agree on a common approach to specific issues under the common foreign and security policy (CFSP). If ratified by all the member states, the Lisbon Treaty will improve foreign policy coordination and increase its influence. However, there will always be some conflicting interests and priorities within the EU, and this will limit the Union's voice in certain important international issues. The large number of new members has resulted in a larger number of competing interests, which complicates decision processes. Furthermore the major EU member states appear to experience a continual need to assert themselves.

The civil and military EU-led operations within the framework of the European security and defence policy (ESDP) are the EU's most concrete contribution to international stability and development. So far the EU has carried out 16 such operations on three continents. However, compared with NATO, the Union still has a limited number of tools at its disposal. On the other hand its combination of civil and military tools makes it an important security policy actor.

The EU has strategic partnerships and frequent summits with the US, China, Russia, Brazil, India and South Africa, at which international issues are discussed. EU cooperation with the US is broad and comprehensive, and reflects the strong historical, cultural and democratic ties between the countries. Previous transatlantic controversies over the development of the EU's security and defence policy no longer occupy a prominent place in these relations. A security policy challenge for the EU member states in relation to the US will probably be the US expectation that member states should make more substantial military contributions to international operations. Although the political role of the EU is becoming more prominent, the Union's military capability is considerably more limited than that of the US, especially with regard to its global force projection, i.e. its capacity to conduct operations on other continents using its own forces.

The EU member states import around 35% of their gas from Russia, and in some of the Eastern member states dependence on Russian energy is almost 100%. Russia, for its part, is dependent on revenues from the European gas market. Although the member states are seeking to diversify their energy supply, there is considerable interest in new gas projects in northern Russia. The conflict in Georgia in 2008 had a cooling effect on the climate of cooperation with Russia, but the EU was able to play a role in this conflict that was not possible for either NATO or any other actors.

The EU's relations with China and India cover a broad range of fields, due partly to the EU's recognition that these two countries will play an even more central role in the future, both in Asia and at the global level. In multilateral organisations and negotiations there is an increasing amount of direct contact between the EU and third world actors such as the G-77–NAM. The EU's largest member states are discovering increasingly often that they are better served by channelling their interests through the EU than by playing a national card, both in international organisations and in other contexts. However, in critical issues these

states tend to give priority to national interests at the expense of the Community's, for example in energy policy issues in relation to Russia.

Consequences for Norway

EU membership is not on the political agenda and will therefore not be dealt with in this report. As set out in a white paper on the implementation of Norway's European policy (Report No. 23 (2005–2006) to the Storting), the Government engages in well-functioning cooperation with the EU through the existing forms of association in most areas of importance for Norway's interests. Good relations have been shown to be in the interests of the EU as well. At the same time, Norway has to make active efforts to safeguard its interests vis-à-vis the EU, which naturally gives priority to the concerns of its member states, and safeguards its interests in the same way as all international actors do. It is in our interest that the EU should be strong and effective in regional and global affairs as long as it supports the international legal order and promotes global peace, security and development. Norway is not bound by the EU's foreign or security policies, which is an important factor with regard to our Middle East and peace and reconciliation policies. For example since Norway has not automatically aligned itself with the EU terrorist list, it has been able to play the role of facilitator in Sri Lanka and to recognise the Palestinian unity government.

The climate threat and the WTO negotiations are perhaps the most important issues in which the EU can make a difference in relation to the US, China, Brazil and India. Developments in the EU's relations with Russia have a strong influence on Norwegian economic and security policy interests.

Norway's approach to India, Brazil and China is similar to that of the EU: the focus is on trade and investment, climate and the environment, clean technology, human rights, research, cultural cooperation and public diplomacy. As an EEA country, it is in Norway's interest that the EU further develops its broad engagement in matters relating to India and China, and gives priority to its human rights dialogues, climate and environmental issues, and anti-terror measures.

Norway's interests are best served by establishing predictable, long-term relations, both bilateral and multilateral, with other countries. Regional and global integration is thus in Norway's interest, and generally speaking the development of stronger and broader strategic partnerships between the EU, the US, China, Russia and other major powers provides better framework conditions for

Figure 3.1 China

Sources: UN, SIPRI, FAO, REN21, IEA, FT Global 500, internetworldstats.com, IEA Key World Energy Statistics

Norwegian foreign policy, as long as Norway is not left outside the channels of communication.

Norway could run into difficulties both in cases where aspects of EU–NATO relations are unclarified and in the event of closer co-operation between these two organisations. The same applies if the EU member states choose to conduct security policy discussions that are relevant to Norway within an EU framework instead of in NATO, for example in the EU dialogue with third countries such as the US and Russia.

The emergence of Asia is the most important geopolitical development today

The most important development in the international geopolitical picture is the emergence of China and India as major powers. Since the beginning of this century, the general view has been that the BRICS economies (Brazil, Russia, India, China and South Africa) would dominate the world economy in a few years' time. However, these countries form a very heterogeneous group, as illustrated by the fact that China's current gross domestic product, measured both in dollars and in purchasing power, is almost as large as that of all the other BRICS countries together.

Since the start of its reform process in 1978, China has experienced economic development that is unprecedented in the history of the world. China alone has been responsible for 75% of world poverty reduction during this period. Today it is the world's third largest economy and at its current speed of development could become the leading economy in the next few decades. Thanks to its economic importance, the country has the potential to be a global actor at the same level as the US. Global problems like the financial crisis, climate change, energy supply and disarmament can no longer be solved without Chinese cooperation. China's growing need for energy has had an impact on the global energy market and global greenhouse gas emissions, and it has increased Norway's oil revenues.

One of the main considerations in China's foreign policy is the question of access to resources. It is pursuing a policy of caution and predictability, but at the same time its objective is to increase its global influence. In military terms, China is a regional power and it will be many years before it has the same global force projection capability as the US. However, due to the size of its economy, China's outlook is becoming increasingly global, and this is having both economic and political consequences. Beijing exercises a strong influence on a range of matters, from global economic fluctuations and environmental issues to international military engagement in Africa and the international efforts to prevent the spread of weapons of mass destruction to countries like North Korea and Iran.

In the next few years the international community should aim to strengthen and support China's role as a responsible international actor, and seek to ensure that China assumes an international responsibility commensurate with its economic power. Traditionally, China has given priority to its bilateral relations rather than working multilaterally, and its foreign policy has been based on the principles of regional stability and non-interference in the internal affairs of other states. China's rapidly increasing engagement in Africa is a key element of its foreign policy expansion. The country aspires to be a responsible major power, and this intention could come into conflict with the non-interference principle of its foreign policy.

India's landing of a lunar probe in November 2008 to obtain three-dimensional images of the moon was a high point in its space programme, and confirmed its position in the global arena and its ambitions for the time ahead. Over the last few years the world's largest democracy has experienced economic growth accompanied by gradually increasing political awareness and a willingness to use its influence in steadily broadening geographic circles. India is seeking a permanent seat on the Security Council and is one of the largest contributors to UN peacekeeping operations. The Government in New Delhi is aware that global problems such as climate change, international security challenges and poverty reduction cannot be solved without India's active participation and is maintaining a high profile, indicating that the country is able and willing to become involved in developing tomorrow's political agenda.

India is strengthening its political, technological and economic cooperation with other Asian major powers such as Japan and China, which is giving added impetus to the eastward movement of the global centre of gravity. The country is also conducting a more formalised dialogue, based on common interests, with Brazil and South Africa. Its ties with the US have been strengthened, as indicated for example by the recently concluded India–US Civil Nuclear Cooperation Agreement. At the same time India is continuing its close cooperation with Russia on development of defence materiel, and is intensifying its political dialogue and trade relations with the EU.

Although China is expected to move up to the position of the world's second largest economy,

Japan will continue to be an important economic actor and global driving force for research and innovation. Cooperation between Japan and the US is close, and their bilateral security alliance is, next to NATO, one of the main elements of US security and defence policy. The threat of North Korea's nuclear and missile programmes has brought the US and Japan together to cooperate on establishing a missile shield over the Japanese islands, and there is growing debate in Japan on the necessity for strengthening its defence in view of the broader regional trend of increasing armament.

Indonesia has the world's fourth largest population and is the third largest democracy. The country's international importance is likely to grow, and in recent years it has gradually increased its engagement in foreign policy issues. With its geostrategic position, its emphasis on dialogue and democracy, a constitution based on diversity and freedom of religion, and the largest Muslim population in the world, Indonesia is an interesting and strategically important cooperation partner. The country plays an active role in global affairs such as disarmament, non-proliferation and trade, and aims to act as bridge-builder between Islam and the West. This aim must also, however, be viewed in the context of Indonesia's domestic political situation and its sceptical attitude to the US and Israel. The global problems relating to climate change cannot be solved without Indonesia's active participation.

Tomorrow's geopolitical pattern will to a large extent be influenced by developments in Asia. There is great potential for instability in this region and there are a number of unresolved conflicts, such as the question of Taiwan and the Korea issue. The tension is reinforced by the lack of effective regional security mechanisms. So far the US has been the dominating power in the Asia–Pacific region. China's relations with countries like Japan and India will be a decisive factor in regional stability. China will be a major driving force in the event of increased rivalry and competition, both regionally in Asia and at the global level, especially in relation to the US. However, China and the US have a high degree of interdependence, and solutions to many of the main problems we face today depend on cooperation between these two countries.

Consequences for Norway

The increasing importance of the Asian region is an opportunity and a challenge for Norway. This applies particularly to the growth of China and India as major economic powers and new geopolitical centres of gravity. Today China is the only actor that can challenge the economic and military hegemony of the US. Thus relations between these two countries will be a determining factor in future global power constellations, and allies and partners will probably shift their geopolitical and security policy focus away from Europe and towards Asia.

The relations between the US and China will also have consequences for the Western security system and therefore also for Norwegian security. Global security is best served by closer cooperation between the US and China, even though this could increase the challenges to the transatlantic cooperation. In the opposite case, a higher level of tension between the US and China would initially draw the Western countries together, although it is possible that the EU's views on such a challenge might differ from those of the US.

From Norway's perspective, China's growing prominence must also be seen in the context of the development of our own relations with the US, the direction of the processes shaping Euro-Atlantic security, the future of NATO, our relations with the EU as the Union plays an ever stronger role in the security policy arena, and the development of multilateral institutions and the international legal order. Given China's vital importance as a factor that increasingly affects almost all foreign and security policy areas in which Norway is engaged, the country must be given greater weight, and Norway must promote the country's integration into the international community as a responsible actor.

Because India has become a factor to be reckoned with, it is in Norway's interest to strengthen and further develop its already broad cooperation with this country, especially on security policy, trade and climate issues. Norway has concluded bilateral research and technology agreements with both China and India.

Indonesia's increasing importance in geopolitical terms and as a bridge-builder makes the country an interesting cooperation partner for Norway. In the last few years cooperation has been developed on a media dialogue, including international conferences on Bali and in Oslo as a follow-up to the Mohammed cartoons controversy in 2006, on the UN Millennium Development Goals, on international health issues and on climate issues.

The broader Middle East is characterised by instability

The high oil prices since the US invasion of Iraq in 2003 have resulted in enormous transfers of resources from Western and Asian consumer coun-

tries to energy producers in the region, a development that has strengthened the position of the Arab Gulf countries in particular as actors in international financial markets. However, the increasing economic importance of these Arab countries does not seem to have been matched by a corresponding growth in political influence, due to political fragmentation and internal discord. In other words, there are few prospects of an independent Arab pole on a level with the other emerging centres of power that are creating a multipolar world.

On the contrary, the Middle East will primarily remain an arena for geopolitical rivalry between external powers. China has now also entered the arena owing to its increasing energy needs. Russia is reviving its former position as an important arms exporter to the lucrative market in the region. Thus the US's overriding dominance in the Middle East since the end of the Cold War is being challenged in the areas of both energy and security policy. At the same time the US, Israel and the pro-US Arab regimes are meeting stronger opposition from their own peoples and from regional powers and non-state actors, first of all from Iran in alliance with Syria and Lebanese Hezbollah, including the Palestinian Hamas.

However, the US will continue to be the most important actor in the Middle East. Through its special relationship with and potential influence over Israel, it plays a key role in the efforts to achieve a solution to the Palestine question and a broader Arab–Israeli peace. Thus the international community needs to persuade the US to place the Israeli–Palestinian conflict high on its list of priorities. Nor will it be possible without direct US engagement in the Iran issue to ascertain Iran's interests and role in the Middle East in a way that promotes regional stability. Correspondingly, in the absence of a grand bargain between the US and Iran it will be difficult to ensure the peaceful withdrawal of the US military presence in Iraq. Last but not least, without a US–Iranian agreement it will be almost impossible to prevent Iran from developing a nuclear weapons capability and from arming, which in the worst-case scenario would trigger a nuclear arms race throughout the region.

Consequences for Norway

Due to the progress of globalisation and the growing interdependence between countries, there is an increasing focus on the situation in the Middle East in Norwegian foreign policy. Constant unrest or conflict in the Middle East and adjacent regions affects both Norway's strategic position and fundamental global security issues relating to terrorism and the spread of weapons of mass destruction. Political, social and economic development in the Middle East will directly affect Norway in a number of areas, and the conflicts in the region have political and economic consequences for almost every country in the world. Lasting unrest in the region could increase global competition over scarce energy resources, intensifying the need to exploit resources in the High North and thereby having significant consequences for Norway.

In view of the above consequences, and the relations between the US and Israel, a key task for Norway is to seek to ensure active, balanced US engagement in the Israeli–Palestinian negotiations with a view to finding a comprehensive solution to the conflict.

Africa's global and geopolitical importance is growing

Although there are still a large number of major challenges on the African continent, there are also grounds for optimism. Never have there been so few wars, so many peaceful transfers of power or such persistently high economic growth in the countries of Africa. Social and economic development, a new generation of heads of government and improved governance in most of the countries have made Africa an increasingly important global actor. This can be seen in the growing influence of regional and subregional actors, with the development of the African Union (AU) showing the way. One of the main reasons for Africa's increasing importance is the presence of rich natural resources and other international actors' interest in seeking cooperation in order to benefit from these resources. Africa is an increasingly important supplier of oil to countries like the US, China and India, and given the increasing focus on liquefied natural gas, interest in the energy resources in for example Angola, Nigeria, Algeria and Libya is becoming even greater. The Congo Basin is the world's second largest rainforest, and protection of the rainforest is a vital part of the efforts to halt global warming. The food crisis in 2008 is creating problems for a number of African countries, but it also illustrates the great potential that lies in African agricultural and private-sector development.

However, Africa's resources and potential are also a cause of the continent's serious problems. War, conflict and poor economic and political development are often related to competition over natural resources and the enrichment of the elite at the expense of the population as a whole and its

access to economic assets. The international community has a strong interest in supporting the positive forces that are working to reduce the poverty and deep-seated conflicts that are still prevalent in many African countries. Economic and political progress in Africa's oil-producing countries will be increasingly necessary if they are to make important contributions to global energy security. Climate change is having a strong impact on Africa, but African countries also have great potential for helping to solve the climate problem. War and anarchy in many parts of Africa are resulting in large flows of refugees and increasing the global level of conflict.

South Africa's foreign policy rests on the country's strong economic position in the region – it accounts for 40% of the total gross domestic product for sub-Saharan Africa – and its ambition is to expand its position in Africa and in the world has a whole. The EU is the country's most important trading partner, and South Africa gives priority to developing its political and economic relations with the Union. South Africa has strong economic ties with both the US and China, and gives priority to cooperation between countries in the South, for example through its strategic cooperation with Brazil and India. The country is a driving force in the efforts to develop the African Union into a more efficient body for regional economic and political development and integration, and is deeply engaged in a number of peace operations on the continent, especially in the Democratic Republic of Congo and in Burundi. However, many African countries have reservations about South Africa's strong economic and political position, and the country will only be able to achieve its objective of becoming Africa's international voice if it follows a political line that is broadly in keeping with the political mainstream in the rest of Africa. The challenge here is that the assessments underlying these mainstream policies often differ from those of Western countries. South Africa is a strong advocate of multilateral cooperation, and UN reform is high on its agenda. The country loyally supports the views of the African Union and G-77 with respect to UN reform, which is partly linked with its ambition to occupy a permanent seat on the Security Council in the event of the Council's enlargement.

Consequences for Norway

Norway's interests coincide with those of South Africa in key multilateral issues, especially in humanitarian issues and those relating to peace and security. This provides opportunities for Norway to further develop its cooperation with South Africa on strengthening Africa's own capacity for peace operations with an emphasis on civilian components. Norway plays an active role in many international contributions to conflict resolution and peace-building in African countries such as Sudan and Burundi, on the Horn of Africa and in the Congo Basin. Norway's contribution is based on expertise and long experience of these conflict areas, gained for example through development cooperation, broad experience of working with these issues through the UN and other multilateral institutions, and its access to economic resources based on broad support among the Norwegian population for its policy of engagement (see Chapter 13). Climate and the environment is another potential area for cooperation.

Norway also has important commercial interests in connection with development in African countries, and in 2007 the Norwegian business sector had investments worth more than NOK 40 billion in Africa. More investment and trade between Norway and Africa is in the interests of both parties and would increase sales of both Norwegian and African products. Africa is an important market for the Norwegian oil and supplier industries, a market that is becoming even more interesting as new discoveries are made in countries such as Ghana, Uganda, Tanzania and Madagascar. Norway's economic interests and profits from its cooperation in the petroleum field entail obligations, especially in the light of the conflicts and poor development following from petroleum activities in African countries. This is one of the reasons for the Government's Oil for Development programme, under which Norway cooperates with several African countries on strengthening general petroleum management. For the same reason Norway supports African countries' engagement in the Extractive Industries Transparency Initiative and a number of other development cooperation policy initiatives to promote better governance in African countries.

Latin America, with Brazil in front, is gaining self-confidence

While the US under President Bush focused on other parts of the world, great changes were occurring in Latin America. After a period of higher raw material prices, economic growth and democratically elected centre-/left-oriented presidents, the countries in the region seem to be gaining in self-confidence and independence.

Other countries have taken advantage of the vacuum in the region left by the US. This applies particularly to Russia, but also to China. The EU, on the other hand, has not increased its influence to any appreciable extent.

Latin America's integration efforts have been more successful in recent years. The establishment of the Union of South American Nations and of a new development bank, Banco del Sur, are signs that Latin America intends to become an independent region, with a greater focus on democratic and social development and without being influenced too heavily by the US. Although President Chavez of Venezuela has received a good deal of attention in this context, the pragmatic driving force in the region is President Lula of Brazil, who has demonstrated his ability to moderate emerging political crises. Owing to its size and importance as a leader in the organisation of developing countries, G-77, Brazil plays a key role in the negotiations on a new WTO agreement and has a strong influence in issues such as climate change, poverty reduction and social inequality. Brazil has also succeeded in attracting a large amount of foreign direct investment and is the country outside the EU and the US where Norwegian investment is greatest.

Consequences for Norway

From a Norwegian perspective, a peaceful, responsible and self-assertive Latin America will make a positive contribution to the international legal order and Norwegian business interests, especially in the petroleum sector. Since Norway's interests generally coincide with those of many Latin American countries, policy coherence between these countries is an advantage, for example because it paves the way for cooperation with the other G-77 countries. In cases where the Latin American countries decide to address challenges through the medium of regional organisations, Norway will need to find opportunities for conducting a dialogue with the relevant organisations.

Brazil's emergence as a more equal partner on a par with other traditionally influential countries makes it an important partner for Norway in climate cooperation, in the efforts to negotiate a new WTO agreement, and in the International Monetary Fund and the World Bank. Norway and Brazil are engaged in strategic cooperation on preventing deforestation of the Amazon rainforest, under which Norway has given substantial support to the Amazon Fund.

3.2 Challenges and direct threats to Norwegian security interests

During the first 10 years after the end of the Cold War, the main security policy challenges were linked with violations of human rights, regional instability and conflicts within rather than between states. In addition 11 September 2001 has made asymmetric threats in the form of international terrorism even more serious. All these challenges are still with us, and were discussed in Chapter 2. Throughout this period, however, the Western countries, led by the US, were the undisputed global centre of gravity. As mentioned in Chapter 2, this picture is changing with the emergence of new major powers like China and India and the growing regional strength of former major powers like Russia. These geopolitical developments, whose effects we are already feeling, will lead to changes in the global balance of power and will have consequences for Norwegian security.

No direct existential threats to Norway

Norway is not currently facing any existential threats, even though the spread of weapons of mass destruction and long-range missiles means that Norwegian territory could, in the worst case, once again be very seriously threatened. However, this does not mean that all classical territorial security threats and challenges other than those posed by such weapons have disappeared, or that traditional defence policy measures have become irrelevant. Among the most serious potential threats are future global resource shortages, a possible increase in the strategic importance of the High North and Norway's asymmetric relations with Russia. In addition, an isolated terrorist attack could occur in Norway and Norwegian lives or interests abroad could be threatened. Although Norway's security interests are no more vulner-

Box 3.1 Asymmetric threats

An asymmetric threat is a threat from a relatively small, weak state or a non-state actor directed at a larger, more powerful one. In such cases unexpected, non-conventional means are frequently used. For example, instead of trying to take on the US with high-technology weapons, the terrorists of 11 September used cheap, low-technology instruments.

able than before, these possibilities, taken together and added to the global and indirect threats and challenges outlined in Chapter 2, make the threat picture Norway is facing more complex than ever before.

As regards potential existential threats against Norway from other states or organised groups, there are obviously a number of dramatic scenarios. Furthermore the past century of European history is a reminder that it would be over-confident to dismiss the possibility of rapid changes taking place. Every country needs to have an emergency response system for territorial threats that cannot be excluded even though they are highly improbable. However, there are no obvious scenarios of direct threats to Norwegian national security in existential terms.

Weapons of mass destruction, especially nuclear weapons, will continue to be a serious long-term international challenge. In some regions, especially the Middle East, there is a real danger of the further spread of nuclear technology and a regional arms race. Nuclear terrorism or an accident at a civilian nuclear power facility are continual threats, but the risk of an imminent nuclear threat against Norway by another state is small.

The same claim can be made for *terrorism*. As long as Norway takes an active part in the International Stabilisation Force in Afghanistan or in other conflicts with high symbolic value for a terrorist group, the country cannot be excluded from the group of countries that require an emergency response system against the threat of terror. However, the probability that Norway will be the site of a spectacular large-scale terrorist attack is small, and terrorism does not qualify as an existential threat against Norwegian security.

The only direct, international security threat that in the next few decades could have existential implications and substantially change the security policy framework is the spread of weapons of mass destruction and long-range ballistic missiles. In the course of the next few decades there is no guarantee that Norway, or other European countries, will not be faced with threats from long-range missiles or other ballistic weapons of attack from a hostile state.

It should be emphasised that we are speaking here of *existential* threats. The next level down in the hierarchy of threats, non-existential threats, includes an attempt by another state to obtain advantages in the High North at Norway's expense. These threats require carefully planned emergency response systems.

Direct, serious but not existential threats against Norway

There are four direct, serious but not existential threats that will be relevant for Norway in the time ahead.

– A weakening of Norway's position in important sea areas

Norway is responsible for large sea areas where the country has special rights. To a considerable degree Norway's renewable living resources, energy supply, revenues, business activity, research, settlement and general social development are directly linked with Norway's position in these sea areas. This gives rise to many opportunities, but it also involves certain challenges. In a long-term perspective, any weakening of respect for the law of the sea regime could be a source of isolated threats and would probably constitute the major challenge to fundamental Norwegian interests and Norwegian security. The increasing shortage of living and non-living resources, and the increasingly clear need for responsible coastal state management that respects the freedoms of other states under the law of the sea will give rise to further challenges for Norway and other states. Lack of respect for international law accompanied by a higher level of tension between the major powers would undermine the clarity and predictability on which a number of state and non-state actors are completely dependent, and eventually this would threaten Norwegian security. At the Ilulissat Conference in Greenland in May 2008, the five coastal states bordering on the Arctic Ocean stressed the importance of respecting the provisions of the law of the sea in this matter in the Ilulissat Declaration. Given the vulnerability of the international community and international institutions, disregard for the existing legal regime would represent a potential fundamental, long-term source of insecurity (see Box 3.2).

– Disputes related to resources and the increased strategic importance of the High North

Norway could be faced with new episodes and perhaps also new situations that could escalate and become security policy crises.[1] These could be related to Norway's rights and responsibilities in sea areas and to specific issues related to fisheries

[1] See Official Norwegian Report 2007:15 on the strengthening of the Norwegian Defence

Box 3.2 The international community is Norway's first line of defence

"Today, Norway lives on activities in sea areas over which we have jurisdiction because we have been good at taking advantage of international law and have been a driving force in its development. The Norwegian Mare Nostrum is not based on military power, but on international law. If it had been possible and desirable to recover oil and gas from the sea in 1910, 1920 or 1930, Norway would not have been able to do so. The greatest maritime power of the day, the Royal Navy, would have ensured British control. … The international community is interlinked. We cannot count on the survival of parts of it if large and important institutions break down. Thus it is in Norway's interest, in the sense of pragmatic realpolitik, that the international community is maintained and further developed. The international community is Norway's first line of defence."[1]

[1] Ståle Ulriksen, Norwegian Institute of International Affairs

and oil and gas extraction. Factors that could increase Norway's security challenges in the High North include the following:

Climate change and ice melting that opens up new sea routes in the Arctic Ocean, increased commercial traffic and the presence of military vessels, which would increase the strategic importance of the area.

Given the asymmetric relations between Norway and Russia, the development of an (even) less democratic and more nationally oriented political regime in Russia.

Increased competition over scarce energy resources, serious, long-term gaps in the supply of oil and gas to international markets, for example owing to war in the Middle East, which would increase the strategic importance of the High North.

–Isolated terrorist attacks in Norway

There is no reason to believe that Norway is a specific target for large-scale, repeated terrorist attacks, but an isolated terrorist attack in Norway or against Norwegian interests abroad cannot be excluded. There are at least two reasons for this. Firstly, Norway plays an active political and military role in the international arena in efforts to combat terrorist groups, and could thus be regarded by some as a party to certain conflicts. Norway's involvement in peace, mediation and reconciliation processes could also make it a target for attack by isolated terrorist groups. Secondly, a terrorist attack could be launched against targets in Norway that are associated with international actors or other states. Logically, to avoid attracting terrorist activity Norway will have to match other countries as regards security measures around potential terrorist targets. Bearing in mind what has happened in other European countries, Norway cannot exclude the risk of Norwegian citizens being recruited to ideological, religious or politically motivated terrorist activity.

It is important to remember, however, that the actual threat to Norway and the impact of terrorism on Norwegian society will be determined by the way the country responds to and deals with a terrorist attack. Terrorism is not in itself primarily a threat to security. The most important measures for combating terrorism in Norway are not military or security policy tools; broad involvement and dialogue are more important. Aspects of Norway's policy of engagement could have positive ripple effects, including a general preventive effect on terrorism, although many would argue that this policy should not be linked too directly with the efforts to combat terrorism.

– Threats to Norwegian lives and interests abroad

In the winter of 2006, the Norwegian embassy in Syria was burned down in connection with the controversy over the Mohammed cartoons. Later Telenor's offices in Pakistan were also attacked in connection with the controversy, and Norwegian oil workers were kidnapped in Nigeria. This underlines a serious challenge to and a new feature of security policy in a highly globalised society: some of Norway's security interests are being exported and privatised. This means that Norwegian interests, lives and property must be safeguarded outside Norwegian territory as well. There is no guarantee that Norwegian interests and a Norwegian presence outside Norway will be safe from attack.

In many places around the world, most people do not distinguish between Norway as a state and Norwegian companies and business interests. There is therefore a two-way relationship between official and civil Norway abroad. Since 2001 Norway has been an actor in military confrontations with global militant jihad groups in Iraq and Afghanistan, and in UN efforts to combat terrorism. These groups and movements operate, and attack

targets, in large areas of the Middle East and parts of Africa and Asia. The developments in Iraq and Afghanistan are a reminder that terrorism eliminates the distinctions between civil and military, and between private and public/state interests. Norwegian nationals and Norwegian companies are potential terrorist targets, both because of their own activities and because they are symbols of Norway.

In the foreign policy context, private Norway and official Norway are held accountable for each other's conduct. The actions and decisions of the Norwegian state have consequences for the security of individual Norwegians and private interests, and the actions of private companies have consequences for the Norwegian state. There is therefore a need to coordinate the "public" and "private" areas of Norwegian foreign policy engagement in order to safeguard the overall security of Norwegian society.

Norway should be extremely alert to these challenges. Because of its important economic and political role in connection with the oil and gas industry, Norway is strongly represented in regions where the terrorist threats are greatest, particularly the Middle East and North Africa. In these regions, private and public Norway have the same security interests, and it is important that the two have an overall view of how Norway's political, economic and security interests are related.

Piracy in the Gulf of Aden off the coast of Somalia, including the kidnapping of entire ships and crews off the coast of Nigeria and in parts of South East Asia, is another threat to Norwegian lives and values, and forms part of this picture.

4 The vulnerability of the UN and global organisations, and Norway's dependence on an international legal order

4.1 Globalisation and geopolitical change are a challenge

The increased pace and complexity of globalisation means that efforts to ensure a well-organised world are now more important, and more difficult. The world is facing more global challenges than ever before: climate change, terrorism, nuclear proliferation, epidemics and poverty, the food crisis and the financial crisis. These challenges require global solutions.

An international architecture and international order are much more fragile and vulnerable than domestic political institutions. We must, therefore, be cautious about taking the existing international order for granted. In the years ahead, foreign policy will be largely concerned with maintaining and developing the international order between states that, despite everything, actually characterises the world today, and avoiding a return to the periods of chaos that have dominated large parts of the preceding centuries. International political stability and order are a fundamental precondition if we are to have any chance of dealing with the global challenges that lie ahead.

The current trend towards greater multipolarity and complexity is putting pressure on multilateral institutions. Differences in interests and values will make it more difficult to agree on common binding decisions. Russia's and China's vetoing of sanctions against Zimbabwe and Burma, China's and Russia's opposition to operations in the Balkans, the US vetoing of a number of UN resolutions relating to the Middle East, both in the past decade and previously, and disagreement about Iran's nuclear programme are all examples of how geopolitical differences make international agreement more difficult to achieve. The SARS epidemic also demonstrated the importance of mutual trust and cooperation between countries in effectively managing such crises, and how little it takes for suspicion and conflicts to derail necessary initiatives.

This has now gone so far that influential voices in Europe and the US are advocating the establishment of an alliance of democracies as an alternative to the UN. The idea behind such an organisation is to make it easier for democratic countries to reach agreement and take action without such agreement constantly being watered down to a meaningless "common denominator" by non-democracies. If, for the sake of discussion, we agree that that it would be easier for democracies to reach agreement among themselves than for democracies and non-democracies to do so, we must ask ourselves the following question: what is best – to consolidate agreement between like-minded countries or to attempt to build a fragile agreement that cuts across existing differences? An alliance of democracies would not be seen as legitimate by countries that are not allowed to join such an alliance. This highlights another dilemma: who defines which countries are sufficiently democratic? Replacing the UN with an arena for like-minded democracies would be tantamount to giving up global dialogue.

4.2 The response of the multilateral system

Norway has strong interests in the future of the multilateral system. How will the multilateral institutions, spearheaded by WTO, the IMF, and World Bank and UN agencies, tackle the major economic and technological changes at the global level and shifts in the world's political centre of gravity? Will there be increasing regionalisation in the form of more tightly organised groups of states on the model of the EU?

The degree of organisation and institutionalisation in the world is increasing rapidly. New and more tightly organised networks are being formed to solve the challenges the world is facing. But a high degree of institutionalisation also entails the dispersal and fragmentation of power and international governance instruments and increases problems of coordination.

In 1980, there were approximately 12 000 intergovernmental organisations and international NGOs in the world. In 2006, there were more than 31 000. A great deal of the increase is due to the

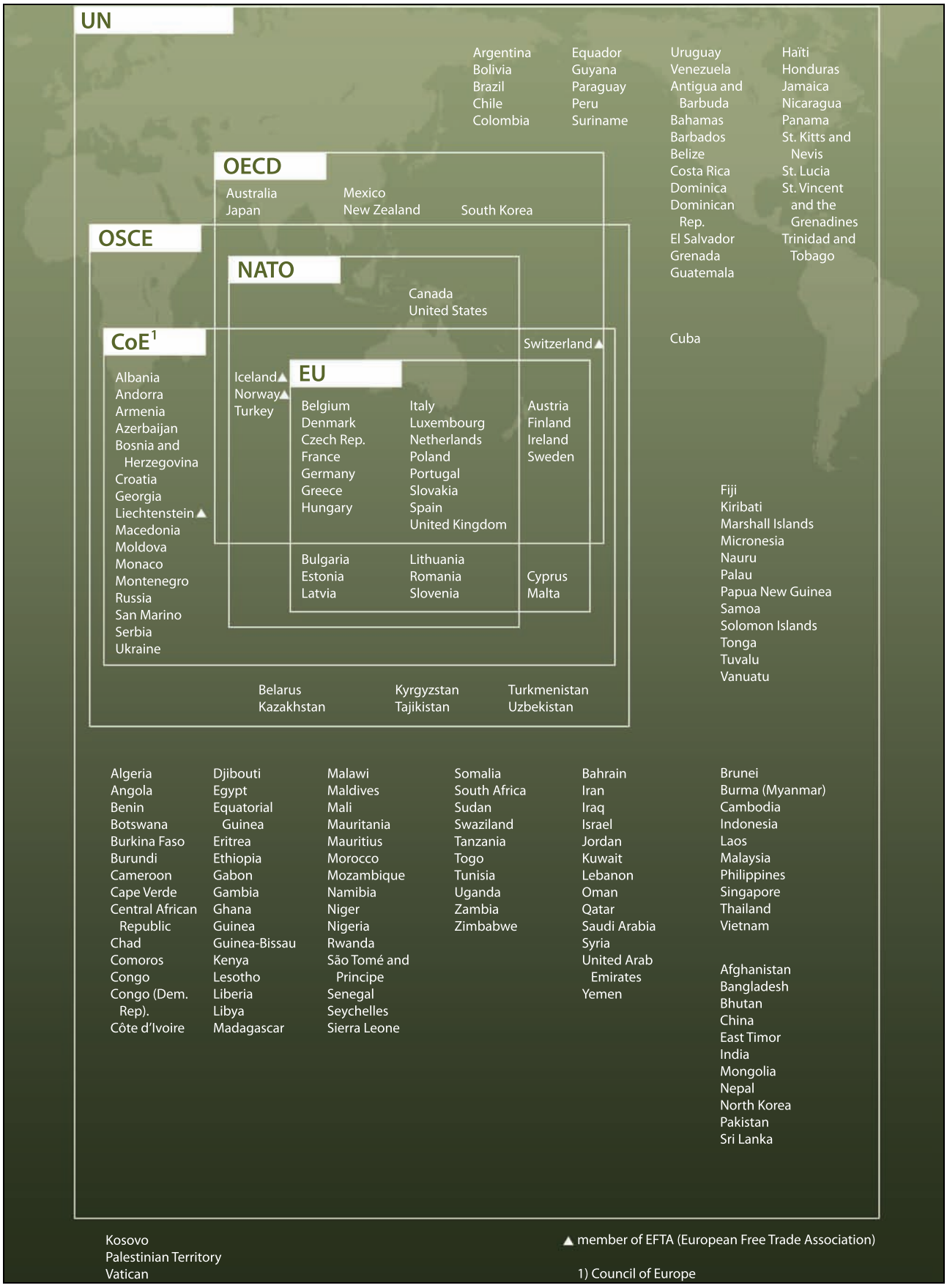


Figure 4.1 International organisations and their member states

The extent of the EEA area is not shown directly in the figure, but it encompasses all the EU member states plus Norway, Iceland and Lichtenstein.

growth in the number of NGOs. This poses major challenges to the formal multilateral organisations. Many political processes and decisions are being shifted to new arenas and actors such as the G8, the G20 and informal summit meetings in Davos and elsewhere. There are often very many different actors involved in the various international processes, and they are pulling in different directions. When the WTO multilateral trading system fails to deliver, many countries become impatient and seek bilateral agreements outside the framework of the WTO. And, perhaps most importantly, today's global trends highlight many new challenges for which there is no established effective framework for addressing.

Some argue that the main problem facing the UN today is whether or not the major powers choose to use the organisation and its principles, as in connection with the Iraq war in 2003. This is too simplistic, however. The UN's problem is not just a matter of the US's willingness to involve itself in the multilateral system and to use what is termed the "UN track". All countries have a collective responsibility for getting the UN to work. Both Western countries and developing countries have failed to demonstrate genuine willingness to achieve multilateral cooperation and reform. However, the UN's problem is also more internal to the UN: the UN, as an intergovernmental organisation, has demonstrated considerable problems in terms of effectiveness. It needs to be reformed in order to reflect changes in the global distribution of power and important new challenges. As an organisation, the UN was designed to meet the challenges facing the world in the years before and after World War II. The distribution of power in the UN Security Council, with its five permanent members, also reflects this. Repeated attempts to implement necessary UN reforms, for example the work of the High Panel on UN Reform in 2004 and 2005, have resulted in improvements, but much remains to be done.

The challenges we are facing are important to the future of international cooperation. If the countries of the world fail to adapt the UN system to the global changes, or are unable to deal effectively with what appear to be the most important collective tasks, individual countries and groups of countries will either be forced, or will choose, to seek solutions outside the formal collective organisations. This is probably a relevant scenario for emerging major powers such as India, China and Brazil in particular. Those who will suffer most as a result of such a development will be small countries with limited power.

A large part of the challenge relating to the future world order lies in making international organisations relevant to globally important countries. It is important to ensure that organisations that were established in a world dominated by Western countries and the Soviet Union reflect the changes in global power structures, including the eastward shift of power that has taken place, and that they are able to safeguard the interests of new emerging major powers without being used as instruments against them. There are clear challenges involved here, given that one of the most important tasks for many multilateral organisations is to promote values and social systems that, from an Asiatic or Islamic point of view, are often perceived as individualistic and Western.

4.3 Finding the right balance between legitimacy and effectiveness

The current multilateral system is being challenged by two main aspects of international politics. One is the unequal distribution of influence between countries and regions. Western major powers play a dominant role, both formally, as in the Security Council, and more informally, in organisations such as the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank. From the point of view of the Global South, existing international organisations often serve as a mechanism for maintaining and strengthening the influence of the major powers of 1945. The emergence of the BRICS countries and Asia's growing dominance at the expense of the US and major European powers are beginning to have an effect, but there is still a large gap between the formal arrangements and the new reality.

The other important challenge concerns the fact that global problems and challenges have assumed different and more demanding forms than was the case when many of today's international organisations were founded. The question is increasingly being raised of whether the challenges of climate change, the ongoing Doha round of trade negotiations and the global financial crisis can be successfully dealt with in the formal multilateral arenas.

In other words, we face a double challenge in relation to reforming the global organisations. There is a need for an internal redistribution of power and for greater representativeness, while at the same time enhancing the international community's ability to control and regulate new, more complex, and probably also more pressing, global

problems. Can the current generation of multilateral organisations succeed in dealing with these challenges given the apparent contradiction between growing demands for legitimacy and democracy, on the one hand, and expectations of greater global effectiveness and problem-solving, on the other?

There is no easy answer to this dilemma, but Norway and other countries have a strong interest in intensifying their efforts along both these tracks. It will also be important to invest a great deal of political energy and wisdom in handling the conflict between these two tracks – for example when 200 countries demand to sit around the same table to negotiate texts about complex global issues. This could, for example, be seen as an argument in favour of taking a fundamentally positive, but not uncritical, attitude to the emergence of more informal regional and global initiatives outside the formal multilateral structures. The process leading up to the Convention on Cluster Munitions is a good example of a positive initiative where an attempt was made to negotiate agreement under UN auspices, but where progress proved to be much easier to achieve outside this framework.

While better representation, and thereby better democratic global governance, is an important goal, it is important not to exaggerate, and not to perpetuate, the differences between rich countries in the North and developing countries. In the WTO context in particular, interests and conflicts increasingly cut across the old dividing lines between North and South. Individual countries define their interests in the light of their own economic and social structures and the country-specific balance between export industries and actors who need various forms of protection. In one respect, these new lines of cooperation and conflict, which run for example between different developing countries with conflicting interests, make negotiations even more complex as they involve many new and relatively fluid ad hoc alliances. At the same time, however, the weakening of established ideological dividing lines means new room for manoeuvre and new opportunities for bridge building that can lead to common solutions to global problems.

4.4 The international community's norms and rules

Globalisation and global change make it increasingly important for Norway not to focus only on the structure and function of global institutions, but also on the political agendas they promote. It is not a given that organisations that have been perceived until now as promoting interests in line with Norwegian positions will always continue to do so. New major powers bring new ambitions and new political goals to international forums. A key question in this context is what authority the UN and related institutions should have in relation to states that violate human rights and/or where the security and integrity of individuals is threatened. Who or what should take precedence in such matters? Should it be the state and its security? Or should the individual, and the principle of universal rights, take precedence over the state? In other words, what should we be most concerned about: that the state is sovereign and has borders, or how people are actually faring within those borders?

Historically, international politics has always put the state and national security first and the individual second. An important change took place in the 1990s, and it originated in many different places. It came from the war in the Balkans, from Rwanda, from the Rushdie affair, from the US and from Nelson Mandela. But the challenge came primarily from the very core of the UN system, which opened for intervening in states' territory to protect individuals from government abuse or abuse by non-state militia or other groups in countries torn by civil war or where the apparatus of the state has broken down. This happened for the first time in connection with a humanitarian operation aimed at protecting Iraqi Kurds during the weeks following the first Gulf War in 1991, and it has subsequently been repeated in connection with several so-called humanitarian interventions. The Rwanda tragedy in 1994 shook the world and spurred the development of what has been called the principle of "responsibility to protect". According to this principle, if national borders are to be respected, the state must safeguard the fundamental needs of all its citizens.

This principle was referred to in the final document from the UN summit in 2005. For Norway, it has been important that the principle is not construed as amending the provisions of Chapter VII of the UN Charter on the Security Council's monopoly on power. According to Chapter VII, the use of armed force by states for purposes other than self-defence must be authorised by the Security Council. This constraint on the use of armed force was possible under the particular political conditions that prevailed when the UN was established after World War II, and it is a core element of the international legal order that it is in Norway's interests to maintain. While Norway supports the view that

the legitimate exercise of power depends on the safeguarding of citizens' fundamental needs and, conversely, that various forms of preventive international intervention may be justified in the case of states that fail to meet these needs over time, it adheres to the principle that the use of armed force requires a mandate from the UN Security Council.

This is, and will remain, a major bone of contention in international politics. The question has been somewhat overshadowed by the war on international terrorism, but it will re-emerge. And it will be complicated, because there is fundamental disagreement between the major powers about these key ethical and human rights issues, and between China, Russia, the US and the EU in particular.

Moreover, these questions are just a small part of another, more comprehensive question related to values in international politics. There is considerable disagreement between different parts of the world about fundamental social values, and the level of conflict is growing. It should also be underlined that the values on which Norwegian society is based may be less universally valid than we tend to think, and that there is considerable global variation when it comes to religious and individualistic values. This means that we must expect tension and conflict about value-related issues in future, and we must live with uncertainty about which way the pendulum will swing – towards transnational and universally valid human rights or back to the nation state's absolute and sovereign position in international politics.

4.5 Norway's great dependence on an international legal order

Norway is a small country in terms of land area. However, if we include Norway's 200-mile zones and the continental shelf in the High North, Norway is actually a large country, the thirteenth largest in the world. Oil and gas alone account for a quarter of Norway's value creation. As much as three quarters of Norway's total export revenues in recent years have come from marine economic activities and marine resources – oil, gas and fish products.

These resources are often taken for granted. Today, most people in Norway grow up with a strong sense that Norway is a major manager of petroleum and fisheries resources. While this is true, it is also important to remember what this wealth is founded on. A great deal of Norway's wealth is a direct result of the existence of an international legal order and international norms to which the vast majority of countries adhere. The UN Convention on the Law of the Sea of 1982 is of crucial importance to Norway. Modern law of the sea, which was largely developed through multilateral negotiations in the 1970s, establishes Norway's right as a coastal state to establish 200-mile zones, and its exclusive right to explore and exploit living and non-living resources on the continental shelf.

However, an international legal order is not something that can be taken for granted, neither historically nor within the framework of international politics. What we now call the international community is rooted in important principles relating to the sovereignty of the state and the UN Charter, and it was the result in particular of the realisation by major powers and small states after World War II that their interests would be best served by having a predictable international arena governed by the rule of law. The US in particular played a key role and was a driving force behind the new international institutions and rules that were developed. The strength and robustness of the international community have always been a matter of contention. What appears to be indisputable is that an international legal order is to a certain extent contingent on the power and interests of the major powers, and that it is more fragile than what we generally associate with the national legal order. It would therefore be unwise and ahistorical to take the international legal order for granted or to assume it to be static and forget to focus on the continual maintenance and improvements that are necessary in order to preserve and develop these institutions and arrangements in an effective manner. There are good reasons why Norway should constantly remind itself that its *Mare Nostrum* is not based on Norwegian military power, but on international law, and that, if it had been possible "to recover the oil from the sea in 1910, 1920 or 1930, Norway would not have had any of it." (Ulriksen, see Box 3.2)

If we look at the figures for the part of the Norwegian economy that is related to marine petroleum and protein resources, the importance of international law is self-evident. In the Norwegian public debate and political discourse, Norway's need to safeguard and further develop the international legal order is often portrayed as the result of its internationalist outlook and generosity. In reality, it is a key objective of Norway's interest-based policy and is linked to fundamental aspects of Norwegian society and to how important it is to Norway that international politics allow as little room as possible for the use of force and the erosion of

international law. Norway is, far more than we generally realise, in a unique position internationally in terms of its dependence on a robust international legal order. And we need this legal order if we are to address many of the major challenges of our time, such as climate change, disarmament and regulation of tax havens.

All of the 15 to 20 countries in the world that have comparable social systems to Norway are deeply dependent on global parameters. Multilateral agreements, international law, rules and regulatory frameworks are all crucial to meeting society's needs and pursuing its goals. However, Norway is completely dependent on, and thus has an enduring, pragmatic interest in, a well-functioning, well-regulated international community. This is because of Norway's specific territorial, resource-related and economic features. As a small and open economy that is dependent on extensive trade with the rest of the world, Norway also benefits greatly from the existence of a framework for international economic cooperation in the form of international agreements and organisations such as the WTO, the IMF and the OECD, as well as the EEA Agreement. Preventing the erosion of the international legal order and multilateral systems of governance and regimes should therefore be defined as Norway's primary and highest priority foreign policy interest.

5 The High North will continue to be of special importance to Norway

5.1 Major changes in the High North since the end of the Cold War

The challenges facing Norway in its neighbouring areas are also increasingly influenced by international developments. We see this clearly in relation to the increasing global shortage of strategic resources such as oil, gas and fish, which is intensified in the High North by conflicts of interest relating to jurisdiction issues that have yet to be clarified. Global climate change is especially evident in the Arctic, and this will make the extraction and transport of energy an even more important issue in future. Climate change could also lead to changes in the migration patterns of fish stocks, which may come under even greater pressure.

The end of the Cold War and the division of East and West into two opposing blocs heralded a fundamental change in the geopolitical situation in the High North and the Arctic. During the Cold War, the High North was of great military and strategic importance, particularly in connection with strategic weapons systems. Since then, the political importance of this dimension has greatly diminished. The marked increase in Russian military activity in recent years following a period of relative passivity does not recreate the Cold War situation.

The most important change since the turn of the millennium is the new, more concrete interest in business activity and research we can observe in all the Arctic states, as well as among other actors. This interest is also reflected in a more conscious exercise of sovereignty on the part of the coastal states. In the long term, we can expect this trend to intensify. The main reasons for this are the global shortage of energy resources combined with assumptions about large deposits of oil and gas in the High North, as well as increased demand for renewable living resources (fish in particular) and other resources. In terms of research, the Arctic is becoming increasingly important in connection with climate change and environmental issues. The importance of the area in relation to intercontinental transport infrastructure is expected to increase, as illustrated, for example, by the plans to utilise the Northeast Passage, which is in the interest of China and other Asian countries, and other potential sea routes through the Arctic Ocean (see Fig. 5.1). An increase in the transport of oil and gas as a result of expected oil and gas development will increase the risk of accidents and acute pollution in areas with vulnerable fish stocks and biological diversity.

In many cases the shortest route from producer to market runs through the Arctic Ocean basin. Increased accessibility as a result of there being less ice is a factor that influences the general level of activity in the region, at the same time as this is also part of the global challenge of climate change. The sea areas around Greenland and Svalbard will be challenging for the shipping industry because of extensive drift ice and pack ice. New and increasing activity in the Arctic Ocean could lead to a greater need for search and rescue and pollution response systems in the area. Together with other commercial activity in the Arctic Ocean, an increase in shipping, for example in the form of cruise traffic and fisheries, could increase the importance of search and rescue preparedness in Svalbard. Greater activity in the Arctic Ocean could put more pressure on the natural environment in Svalbard in the long term.[1]

All the Arctic states are facing major challenges in relation to the development of their High North areas, challenges that are largely the same for all these countries. The entire region is sparsely populated and characterised by vast distances, and the infrastructure – railways, roads, air routes, etc. – is not adapted to the needs of tomorrow. The sparse population also means that qualified labour could be in short supply. The development of the subsea oil and gas deposits requires enormous investments, and new advanced technology will have to be developed. At the same time, it will be necessary to define the relationship between economic development, on the one hand, and considerations of sustainable development and protection of the environment, on the other. Necessary standards will also have to be established for health, safety,

[1] The Government will present a white paper on Svalbard in spring 2009.

Figure 5.1 Ice melting in the High North and transport routes

the environment and emergency preparedness. Even though we see a marked new dynamism in the High North, the progress we envisage will take time.

All of these challenges can best be solved through close international cooperation, and there is a great need for such cooperation in the High North. The Russian interest in foreign financial and technological participation in the development of the gigantic Shtokman gas field in the Barents Sea is based on a genuine need, and the same will apply to the development of the entire the region. The industries we envisage as being important in future are all fully internationalised. This also applies to Norway's extensive sea areas. It is in our interest to encourage, not discourage, the incipient international interest in the High North. It is not correct to describe the growing interest in the High North as a race. It is through international cooperation that we can achieve the best results in the High North.

The five coastal states in the Arctic Ocean – Canada, Denmark, Norway. Russia and the US – agree that the current instruments of international law (i.e. conventions and other legislation) govern the conduct of states in and around the Arctic Ocean. The melting of the ice in the Arctic Ocean does not affect this. This was confirmed in the ministerial declaration issued at the Ilulissat conference on 28 May 2008. The basic principles set out in the UN Convention on the Law of the Sea are universally recognised, even though the US has not acceded to the convention, and the convention's mechanisms for determining the outer limit of the continental shelf are faithfully used by all the states concerned. However, the increased activity necessitates further development of policy and legislation, and underlines how important it is that all five coastal states around the Arctic Ocean undertake to be bound by existing conventions and agreements. This will be a key foreign policy challenge for Norway in the time ahead. There are also other agreements and recognised rules and principles in the fields of shipping, environmental protection and resource management that clarify important issues related to the Arctic Ocean. The main challenge is to ensure adherence to existing international rules and principles and ensure their effective implementation. At the same time, however, the extensive changes that are currently taking place make it necessary to continuously assess the need for further measures, cooperation arrangements and rules within the framework of the law of the sea.

Changes in Norway's relations with Russia in the High North

The emergence of new opportunities for cooperation with Russia as a result of the end of the East-West divide represented a historic change in the High North.

Norway enjoys good relations with Russia, and we are partners in several areas. For instance, Norway and Russia have cooperated constructively for more than 30 years on the management of common fish stocks. At the same time, however, Russia's renewed status as a major power is also being felt in the High North, particularly through the country's assertion of its national interests in resource and sovereignty issues. Seeking to solve the many challenges in the High North by military means is not an expedient strategy. Broad-based civil cooperation is required. However, we cannot exclude the possibility that conflicts of interest in these areas could have consequences for security and defence policy. Moreover, the High North is still of great military and strategic importance as the home base for Russia's nuclear fleet. It is becoming increasingly important as an area for military exercises. Russia has resumed its military presence off our coastline and this presence is increasing. For example, there were more Russian flights off the Norwegian coast in 2007 than during the entire period from 1991 to 2006. This military presence does not constitute a direct military threat to Norway, but it underlines the military and strategic importance of the area and means that Russia remains an important factor in Norway's security policy.

5.2 The High North will continue to be a major security policy challenge

The High North will continue to be a main challenge, or rather set of challenges and opportunities, in Norway's security policy. The most probable direct challenges to Norway's security, sovereign rights, exercise of sovereignty and interests in the years ahead will come from minor violations of Norway's territorial integrity, individual incidents and attempts to limit our political freedom of action. These challenges differ qualitatively from those Norway faced during the Cold War, although they are not necessarily less demanding. A wide range of instruments within national, allied and other regional frameworks will be required to deal with them.

5.3 A greater role for the EU and the Northern Dimension

There is a growing interest in the High North in the EU. This is also in Norway's interests as part of its efforts to secure a firm regional and international foundation for its High North policy. The increased interest from EU institutions and the EU's member states is accompanied by new opportunities and new challenges.

The EU's interest in the region is related to research and environmental policy, but also to fisheries and fisheries resources, energy, maritime transport, climate change and industrial development. One of the main reasons for this increased interest is climate change, which has had especially visible effects in the vulnerable High North while at the same time giving rise to expectations of increased access to resources, more transport options and a growth in business activity in the region. These interests were summarised in a report on Arctic questions issued by the European Commission in November 2008. Norway provided input to the Commission during its work on the report, which forms a good basis for closer contact with the EU on the High North. At the same time, the Commission's report reflects the fact that the member states' interests in the High North vary

Box 5.1 Security policy aspects of Norway's energy interests in the High North

Oil and gas extraction on the Norwegian continental shelf has moved gradually northwards. This poses particular challenges in terms of Norway's need to develop systems for the monitoring and control of various maritime activities in these areas in cooperation with neighbouring countries. Efforts will also be made to safeguard the substantial Norwegian investments and interests through close cooperation with Russia, which is the world's largest exporter of gas and one of the largest exporters of oil. As an energy supplier, Russia is in a stronger position globally than during the Soviet era. An increase in Russian interests and level of activity in the High North is only to be expected. This must be seen in conjunction with the increased interest in the energy resources in the High North and our asymmetrical relations with Russia.

Russia is Norway's neighbour and we cooperate in a number of areas, while at the same time being competitors in the oil and gas context. Norway and Russia may have divergent views and practices as regards the division of roles between private enterprises and the authorities in the High North. In the security policy context, it will be important to define which tasks should be handled by the private and public sectors, nationally, in cooperation with NATO allies, within a Nordic framework, or by relevant EU bodies and, not least, in which areas steps should be taken to facilitate close cooperation with Russia.

Predictability and a long-term perspective are important elements in the Government's High North policy. At the same time, we must be prepared to deal with international conflicts of interest relating to the exploitation of the petroleum resources in future. The best guarantee that any conflicts of interest will be dealt with in a responsible manner is to pursue a consistent and clear policy based on international law, including the law of the sea, which has clarified important aspects of the division of responsibility at sea in important areas. From a security policy perspective, it will be important to emphasise transparency and sound control processes on the part of the authorities, on the one hand, and the international legal order, on the other.

Climate change and ice melting may open new sea routes in the Arctic Ocean and increase options for the transport of oil and gas (LNG) between east and west, involving many different commercial actors. Such a scenario would mean that both old and new markets could be reached more quickly and more cheaply. While this would improve energy supply security, it could also increase the risk of accidents and environmentally harmful discharges.

A combination of a growing global demand for fossil fuel and a higher level of activity in the High North as a result of new discoveries and a more advanced offshore industry will result in more countries taking a greater interest in unresolved sovereignty issues in the region. At the same time, it will take time for countries that do not have direct participatory interests in the High North to realise and accept the security challenges involved. This in itself poses a general security policy challenge from an allied and European perspective.

greatly. EU fisheries nations must be expected to give priority to fisheries interests, while other member states will focus on other resources and several will attach importance to conservation interests.

The reform of the EU Northern Dimension policy was launched in 2006, with the EU, Iceland, Norway and Russia participating on an equal footing. The Northern Dimension has become an interesting arena for cooperation, for example on health, the environment and transport.

In recent years, both EU countries and the Commission have shown interest in the international law issues relating to the sea areas around Svalbard. No secret is made of the fact that this is the result of considerations of national interest. In Norway's view it is important to abide by the rules of the law of the sea and other provisions of international law that provide a firm basis for the exercise of Norwegian authority. The European Commission shares this view.

In its relations with the EU, Norway has long been perceived as an important actor in the resource management context. The EU's growing interest in the High North is further strengthening Norway's stewardship role. In recent years, Norway and the EU have cooperated closely on combating illegal fishing. This primarily involves fisheries in the High North, where Norway allocates annual fishing quotas to the EU within the framework of the bilateral cooperation on fisheries. However, the EU's growing interest in the High North may result in increased pressure on living marine resources and the marine environment, and it could potentially put Norwegian management regimes under pressure. It will be necessary for Norway to establish infrastructure that provides a sufficient overview, control and information about maritime activities in these large sea areas. It will also be demanding to meet the great expectations of future oil and gas activities, and the monitoring and control requirements in that context.

The challenge for Norway is to continue its dialogue with the EU and key member states, to promote greater understanding of Norway's interests in the High North and inform about Norway's key role in relation to resource and knowledge management in the High North. Our goal must be to have partners with whom we can cooperate, as well as channels through which we can pursue our interests if conflicts of interest arise in the High North.

5.4 International law issues

Some of the most important international law issues Norway has been dealing with in recent years have been related to our sea areas. A number of these issues have been clarified through agreements of great significance. They include the agreement with Russia of 11 July 2007 on maritime delimitation in the Varangerfjord area, the agreement with Denmark/Greenland of 26 February 2006 on delimitation of the continental shelf and the fisheries zones in the area between Svalbard and Greenland, and the agreed minutes of 20 September 2006 from the negotiations with Denmark/the Faroe Islands and Iceland concerning the delimitation of the continental shelf beyond 200 nautical miles in the Southern Part of the Banana Hole of the Northeast Atlantic. However, there are still a number of outstanding issues related to the geographical scope of Norway's rights and obligations as a coastal state under the law of the sea. There are also divergent views on the limits on Norway's exercise of authority in the Fisheries Protection Zone around Svalbard.

The limits of the continental shelf

According to the 1982 UN Convention on the Law of the Sea, coastal states with a continental shelf that extends beyond 200 nautical miles from the coast must submit documentation to this effect to the Commission on the Limits of the Continental Shelf. On the basis of the recommendations of the Commission, a coastal state may establish the outer limits of its continental shelf with final and binding effect. In November 2006, Norway submitted documentation of the limits of its continental shelf in the Banana Hole in the Norwegian Sea, the Loop Hole in the Barents Sea and in the Arctic Ocean.

Delimitation of the Barents Sea

Norway and Russia have overlapping claims in a sea area measuring approximately 175 000 square kilometres in the Barents Sea and the Arctic Ocean. The parties agree that there will be no exploration for or exploitation of oil and gas deposits until an agreement on a delimitation line is in place. A delimitation agreement would release considerable potential for cooperation, not least in connection with any future oil and gas activities.

The Fisheries Protection Zone around Svalbard

Views differ somewhat about what constraints there are on Norway's exercise of authority in the Fisheries Protection Zone around Svalbard. Some argue that the provisions of the Svalbard Treaty also apply in the Fisheries Protection Zone. Norway has always submitted that the Svalbard Treaty applies to the archipelago and the territorial waters, and thus not to the areas beyond 12 nautical miles from the baselines. This is also in accordance with the wording of the treaty. Russia, Spain, Iceland and the UK are among the countries that have expressed disagreement with the Norwegian view, but these countries also disagree among themselves. There have also been occasional protests against Norwegian enforcement measures in respect of foreign fishing vessels that have violated the fisheries regulations that apply in the Fisheries Protection Zone.

The Arctic Ocean

Climate change has resulted in a substantial reduction in the ice cover in the Arctic Ocean. This could provide opportunities for new activities. The Arctic Ocean is currently the subject of considerable international attention, and various forces are seeking to influence developments. As one of the five coastal states around the Arctic Ocean, it is important for Norway to seek to enhance clarity and predictability in relation to the international legal framework in this area, and to take part in cooperation on responsible management of the area.

Svalbard

Norwegian sovereignty over Svalbard is recognised by the entire international community. Under the Svalbard Treaty of 1920, the Norwegian authorities have undertaken, for example, not to discriminate against nationals and enterprises of the contracting parties in specified industries. Russian interests have indicated that they are considering new activities of various kinds in the archipelago. New activities on the part of Russian companies or nationals will have to be carried out in accordance with Norwegian law.

5.5 Cross-border and innovative cooperation in the High North

Cooperation in the Euro-Arctic Barents Region (the Barents Cooperation) was established in response to a Norwegian initiative in 1993. The European Commission, in addition to the Nordic countries and Russia, also participates in this cooperation. The name Barents Cooperation has become a trademark in the four countries that make up the Barents Region. Through concrete cooperation on joint projects, the northernmost counties of the four countries have developed a common cooperation arena where the region's own interests and priorities are in focus. It has become an important regional actor in the High North and an arena and channel for cooperation. The Barents Cooperation is also a prime example of the progress being made in important

Box 5.2 Culture in the High North

Culture has been an important priority area in regional cooperation in the High North. Cross-border cultural cooperation covers a wide spectrum, ranging from small-scale local cooperation projects and sporting events to large-scale international festivals. Cultural projects have a central place in people-to-people cooperation in the Barents Region. The "New Winds in the Barents Region" programme for 2008 to 2010 focuses on the cultural diversity of the Barents Region and the High North. *Barentskult* is a new Norwegian cultural programme for innovative cross-border culture in the High North.

Barents Spektakel is an annual festival that brings together a wide range of voluntary organisations and professional artists from all fields of the arts in the Barents Region. The festival highlights diversity of the region. There are four countries in the Barents Region, but it is home to an even greater number of peoples and ethnic groups, including three indigenous peoples. The Norwegian Broadcasting Corporation's Sami radio station (NRK Samí Radio) enjoys a unique position and cooperates closely with the other Sami radio and television stations in Sweden, Finland and Russia. The Riddu Riddu Festival plays an important role in cultural cooperation.

Box 5.3 Indigenous peoples in the High North and worldwide

The global role of the Norwegian Sami people as a leading indigenous people has made them role models for indigenous groups the world over. The Sami people's engagement is a global engagement. There is great interest in their experience and knowledge of indigenous peoples' and cultures' prospects of survival in many forums, and they play an important role in stimulating interest in the knowledge to be found in the High North. In the Barents Region, the Norwegian Sami people are actively promoting better standards of living for the Sami population in northwestern Russia and for the Nenets and Vespians in the same region. The Sami are an important source of inspiration throughout the High North and an important partner for indigenous peoples in North America and Greenland.

dimensions of Norway's relations with Russia within a multilateral framework.

The active participation and involvement of county authorities, local institutions and individuals has laid the foundation for a broad network of people-to-people contacts. This cooperation covers a wide range of areas such as trade and economic affairs, fisheries, energy, culture, education and research, cooperation between indigenous peoples, youth issues, health, the environment, rescue cooperation, transport and communications, and tourism. One of the main goals has been to promote regional stability and development. Perhaps the most successful thing about the cooperation is the way it has normalised and demystified relations between ordinary people. While there were less than three thousand border crossings annually at Storskog border crossing point 15 years ago, there are now more than 100 000.

More than 40 Norwegian companies are now established in Murmansk. The Norwegian and the Russian authorities are cooperating on measures to facilitate border crossing between the two countries. The long-term objective is to facilitate greater mobility with a view to meeting the demand for labour that is anticipated in connection with the large-scale development expected in Finnmark and northern Russia, both onshore and offshore. This could be of great importance to the whole region.

Norway and Russia cooperate closely on fisheries. A joint fisheries commission sets annual fishing quotas and decides other resource management and regulatory measures. The commission has succeeded in institutionalising cooperation in a broad range of areas, and has produced good results in the form of sustainable and productive fisheries.

5.6 Increasing interest in the polar areas and the Arctic Council

There has been a marked increase in interest in the High North, the Arctic and the polar areas, which has also revitalised and strengthened the Arctic Council. Due to developments in the Arctic, the Arctic Council is taking on a more important role in a number of issues. In addition to the Arctic coastal states, the Arctic Council includes Sweden, Finland and Iceland. Many states, including China and other Asian countries, are interested in being permanent observers. The same applies to the European Commission. Norway welcomes such applications. They confirm the position of the Arctic Council as the key political forum for discussing issues relating to the Arctic.

As is the case with the Barents Council, indigenous peoples also participate in the Arctic Council. In 2007, an international secretariat for the Arctic Council was established in Tromsø. During its chairmanship of the Council from 2006 to 2009, Norway has strongly emphasised issues relating to integrated resource management, climate change issues and the strengthening of the Council's role as a political organisation. Under the auspices of the Arctic Council, extensive information is being collected about issues such as the retreat of sea ice, the melting of the Greenland ice sheet and the reduction in permafrost and snow cover. If the Arctic as we know it today is to be protected for future generations, we need agreement on a global climate regime to bring about deep cuts in man-made greenhouse gas emissions.

Box 5.4 Management plan for the Barents Sea

The ecosystems of the Barents Sea–Lofoten area are of very high environmental value and are rich in living natural resources that are the basis for a considerable level of economic activity. There are major stocks of cod, herring and capelin in the area, and large cold-water coral reefs and seabird colonies of international importance. It is very important to safeguard the basic structure of the functioning of the ecosystems of this sea area in the long term so that they can continue to be clean, rich and productive.

The area has major potential for value creation in the future. Traditionally, the primary users of the northern seas, including the Barents Sea, have been the fishing and maritime transport industries. This situation is now changing radically. There is growing activity in new fields such as oil and gas extraction, transport of oil – mainly from Russia – along the coast, cruise traffic along the coast and around Svalbard, and marine bioprospecting. Such activities must be regulated and coordinated with more traditional activities, and a balance must be struck between the various interests involved.

In 2006, the Government presented an integrated management plan for the Barents Sea–Lofoten area. The purpose was to provide a framework for the sustainable use of natural resources and goods derived from the Barents Sea–Lofoten area, while at the same time maintaining the structure, functioning and productivity of the ecosystems of the area. The plan is intended to clarify the overall framework for both existing and new activities in these waters. It emphasises the importance of encouraging broad-based and varied industrial development in North Norway. It is therefore important to facilitate the coexistence of different industries, particularly the fisheries industry, maritime transport and the petroleum industry. There are certain parts of the area covered by the plan that are considered to be particularly valuable and vulnerable in environmental and resource terms, and it is emphasised that activity in these areas requires special caution. The plan also emphasises that precautionary measures must be adapted to the characteristic features of each area, such as why it is vulnerable and how vulnerable it is.

The management plan will be updated in 2010.

Source: Based on Report No. 8 (2005–2006) to the Storting, *Integrated Management of the Marine Environment of the Barents Sea and the Sea Areas off the Lofoten Islands* (management plan).

6 Europeanisation and Nordic cooperation

6.1 The importance of the EU

Developments in Norwegian society are closely interwoven with those taking place in other European countries. Four-fifths of all Norwegian imports and exports come from or go to EU countries. Consequently, developments in Europe are important to Norwegian interests and are a key point of reference for Norway's domestic and foreign policy.

Extensive changes are taking place in the political landscape of Europe. Cooperation across national borders is intensifying and increasing, and new forms of problem-solving and conflict resolution are emerging. The EU has a central place in these developments, both as an organisation with supranational aspects that guides and effects change and as an arena for dialogue and cooperation between sovereign member states. Over time, the EU has come to play a more important role in the overall fabric of European and Euro-Atlantic cooperation.

Previously, the EU was a forum for cooperation between a limited number of Western European states. Today, the Union is much larger, with 27 member states and a population of almost half a billion. The neighbouring European countries that are most important in terms of Norway's interests – Sweden, Denmark, Poland, Germany and the UK – are members. Several countries are currently engaged in negotiations, while others have applied for membership. The EU's successive enlargements have helped to promote stability and solidarity in Europe.

EU assistance and the clear conditions it sets for membership and other forms of association have been an important stimulus for candidate countries and contributed to the implementation of reforms in the desired direction in areas such as economic development, democracy, the rule of law, administrative capacity and the protection of minority rights. An increasing number of countries are aspiring to become members and to have a closer association with the EU. In Turkey and all the Balkan countries, most people see European integration as an important precondition for stability and economic development. Cooperation in and membership of the Mediterranean Union can also help to promote integration.

In parallel with the increase in the number of member states, the agenda for political cooperation has also become more wide-ranging. New challenges relating, for example, to the financial crisis, climate policy, energy security, health policy and immigration are increasingly part of EU cooperation. The great majority of policy areas have acquired a European dimension, and the distinction between foreign and domestic policy is gradually becoming blurred. As the significance of territorial boundaries changes, new dividing lines and lines of conflict are emerging at the European level, for example along the right-left axis in the European Parliament.

As the EU grows in size and scope, it is becoming increasingly difficult to develop legitimate and effective tools of governance. In recent decades, the EU has undertaken a number of major institutional reforms. Over time, treaty amendments have changed the balance of power between the different EU institutions (the European Commission, the Council of the European Union and the European Parliament), between the EU and the member states, and between member states. The Treaty of Lisbon has been ratified by the vast majority of member states, but two countries have yet to do so (the Czech Republic and Ireland). All 27 member states must ratify the treaty before it can enter into force. The issues of transparency, democracy, participation and identification have been at the heart of much of the criticism and debate about the EU system of governance. These issues have also been central to the reform processes.

Norway's form of association with the EU

It is in Norway's interest to have a form of association with the EU that functions well and ensures good cooperation with the European institutions and member states. Norway is not a member of the EU. The Government's policy is built on the premise that Norway's relations with the EU will continue to be based on its current form of association.

Box 6.1 The EEA Financial Mechanisms help to promote security and solidarity in Europe

One of the objectives of the EEA Agreement is to reduce social and economic disparities in Europe. Norway is participating in this cooperation with a view to creating a secure Europe based on solidarity. Through the EEA Financial Mechanisms (EEA grants), Norway is helping to achieve these goals while strengthening its bilateral relations with the beneficiary states.

The EEA EFTA countries – Norway, Iceland and Lichtenstein – contributed a total of EUR 1307 billion during the period May 2004 to April 2009. Norway's contribution is approximately 97% of the total, which is equivalent to EUR 61 per Norwegian per year.

The EEA grants are provided to investment and development projects in the twelve new EU member states, and in Greece, Portugal and Spain, in areas such as environmental protection, climate change, energy, sustainable development, conservation of the European cultural heritage, health and childcare, research, education and implementation of the Schengen acquis.

Norway has given high priority to strengthening civil society in the beneficiary countries. Special funds have therefore been established for NGOs in most of the beneficiary countries. They are used to support measures relating to the environment, human rights, democracy and social inclusion, and capacity building. Gender equality is an essential consideration that must be ensured in all projects that receive support. The total support amounts to close to EUR 85 million.

Norwegian actors may participate as partners in the projects. So far, an average of 15 to 20% of the projects have been supported by a Norwegian partner. The EEA Financial Mechanisms help to establish closer contact and cooperation between Norway and the beneficiary countries. They also help to enhance Norway's positive image.

See Report No. 23 to the Storting (2005–2006) on the implementation of Norway's European policy.

The EEA Agreement is the cornerstone of Norway's relations with the EU. It ensures Norway's participation in the EU internal market, with its free movement of services, persons and capital, and cooperation on a number of related areas. Iceland, Lichtenstein and Norway comprise the EFTA side in the EEA cooperation. The EEA Agreement has led to closer cooperation with the EU over the last 15 years.

Norway has developed a number of new cooperation arrangements as cooperation with the EU has expanded into new areas. The most extensive of these are related to the area of justice and home affairs (the Schengen Agreement) and to EU foreign policy and defence policy cooperation. Norway and the EU also cooperate extensively on fisheries management.

Through the EEA Agreement, Norway takes part in EU research cooperation, where Norwegian enterprises and researchers have full access to research activities and programmes. Through the EEA Financial Mechanisms, which are governed by grant agreements with new member states in particular, Norway contributes substantial funds for promoting social and economic cohesion.

Norway's interests in Nordic and European countries

Our relations with our closest neighbours and European partners are characterised by:

- An overriding common interest in achieving economic and social development and cohesion in Europe. This is also important in terms of building trust and security. Norway also benefits from EU enlargement in that its enlargement to 27 countries has enhanced democracy, political stability and economic development in more parts of Europe. The EEA Financial Mechanisms are a tangible contribution that provides opportunities for even closer cooperation in many areas (see Fig. 6.1).
- Economic cooperation with the countries in the EEA area is crucial to maintaining the Norwegian economy and standard of living at their current level.
- A shared interest in cooperating on meeting the challenges posed by environmental problems and climate change (cf. Chapter 16).
- The EU is our most important market for oil and gas, and Germany, the UK and France are our largest export markets (cf. Chapter 15).
- The EU is Norway's most important market for the export of seafood. France, Denmark

	Imports (goods and services) to Norway (2007) NOK millions	Exports (goods and services) from Norway (2007) NOK millions	Total Norwegian foreign direct investment (as of 2006) NOK millions	Total foreign direct investment in Norway (as of 2006) NOK millions
Poland	5 458	4 520	5 067	67
UK	66 370	253 261	33 740	53 300
France	26 704	75 221	14 321	40 189
Germany	73 677	120 300	27 526	21 614
Nordic countries	168 605	134 013	204 428	192 439
– Denmark	49 231	41 135	32 917	68 854
– Finland	18 297	14 713	12 903	10 604
– Iceland	1 266	2 083	671	1 534
– Sweden	99 811	76 082	157 937	111 447
Baltic countries	6 354	2 427	6 466	24
Nordic EU countries' share of EU	35 %	17 %	48 %	47 %
EU's share of world total	70 %	76 %	55 %	70 %

Figure 6.1 Norway's economic interests in Nordic and European countries

There is considerable uncertainty attached to the figures for Norwegian foreign direct investment. Direct investment only includes holdings that represent more than 10% of a company's share value. Figures for the Government Pension Fund – Global are therefore not included.

Sources: Statistics Norway and Menon Business Economics

and Poland were the largest individual markets in 2008.

- Many shared foreign policy and security policy interests, and cooperation with the other Nordic and European countries on the development of a common foreign, security and defence policy (cf. Chapter 3).
- A common interest in exploiting the opportunities offered by integrated cooperation in Europe, for example through the EEA Agreement and the market access and open labour market it provides, but also in relation to dealing with challenges such as social dumping, corruption and organised crime.
- A European free-travel area through the Schengen cooperation where internal border controls have been lifted. It is in the interests of all the Schengen countries that control of the common external border takes place in manner that is effective, but also humane and fair.
- Strong cultural ties to our neighbouring countries. The Nordic countries are closely linked together – historically, culturally and socially. Norwegian artists have always sought knowledge and inspiration through contact with the major cultural currents in Europe. This is also true today. Germany, for example, plays an important role in the internationalisation of Norwegian art and culture – literature in particular – and serves as a bridge to the global scene. Nordic cultural cooperation is very much alive in all areas. There is great interest in Nordic and Norwegian culture in the Baltic countries. These countries are natural partners as there is a clear tendency to regard Baltic culture as part of a Nordic mode of expression.

6.2 Further development of the EU

In discussions concerning the EU, the question is often raised of whether the Union is growing in breadth or in depth. Through a series of enlargements, the EU has clearly grown in breadth, and it

will continue along this track. As regards the deepening of the cooperation, progress has undoubtedly been slower than many foresaw in the 1990s. Cooperation is nevertheless gradually – often in stages – also becoming deeper, for example in relation to defence cooperation, justice and home affairs, and the environment, and it will continue in this direction, especially if the Treaty of Lisbon is ratified by all the member states.

The EU shows no signs of becoming federalist or a "superstate". The intergovernmental aspects of the cooperation, which are coordinated in the Council of the European Union and at meetings of the European Council, are being strengthened. National leaders prioritise on the basis of their respective countries' interests and take domestic opinion into consideration. The EU is characterised by continuous negotiations and a culture of compromise, but the willingness to compromise varies when interests and priorities conflict. With 27 member states and institutions that are under pressure, the EU will continue in the years ahead to be characterised by alliance building between national capitals. Alliances will continue to be made in all directions, depending on the interests involved in the various issues. Joint solutions are chosen when the member states consider this to be in their interests.

The development of the EU will probably continue to be characterised by processes that are lacking in transparency and by many Europeans' growing distrust of European leaders and the EU bureaucracy. In addition to fear of and opposition to economic globalisation, distrust is an important reason why the deepening of the cooperation has slowed down in recent years. The French and Dutch "no" to the EU Constitutional Treaty in 2005 and the Irish "no" to the Treaty of Lisbon in 2008 are examples of this. The financial crisis and its consequences may also increase tensions in European countries. In spring 2009, many countries, especially in Central and Eastern Europe, are experiencing a deep economic crisis.

European countries are not identical, and their political cultures differ greatly. A majority of the French, for example, want a more social and political Europe, while the British and the Central European countries want the EU to concentrate primarily on the internal market.

The development of the EU in the years ahead will probably reflect such conflicting tendencies.

6.3 Europeanisation defines the framework

Under the EEA Agreement Norway is obliged to actively incorporate EU legislation into Norwegian law in areas covered by the Agreement. Policy areas that were previously dealt with within a national framework have become "Europeanised", and the development of policy and legislation in many traditionally domestic policy areas now largely takes place within a European framework. According to the Norwegian Association of Local and Regional Authorities, between 50 and 70% of all matters dealt with in the local government sector can be traced back to legislation incorporated into Norwegian law through the EEA Agreement. This Europeanisation blurs the distinction between foreign and domestic policy to a much greater extent than traditional international (intergovernmental) cooperation.

Even though Norway is not a member of the EU, it is affected in a wide range of areas through the EEA Agreement and other European cooperation. This results in challenges and opportunities of a new kind for Norwegian interests: how to achieve good integration with European processes that are important to Norwegian interests, how to coordinate at political and expert level in Norway in order to ensure that a good balance is struck between different considerations when defining Norwegian interests and formulating Norwegian positions, and how and in which phases Norway can participate in or try to influence EU institutions, European organisations and member states. Specific qualification requirements are a general challenge, as they often call for a combination of knowledge about technical matters and experience of EU and EEA processes.

6.4 Agreements and cooperation

The EEA Agreement is of great importance to Norwegian interests

The EEA Agreement is the most comprehensive agreement Norway has ever entered into. Among other things, it ensures that Norwegian enterprises enjoy the same conditions of competition in the internal market as enterprises in EU countries, and it gives Norway access to EU cooperation in a number of areas that are important to Norwegian interests, such as education, research and environmental protection. The EEA Agreement is also the most important Nordic cooperation agreement

ever entered into by Norway. It was through the EEA Agreement that the Nordic countries finally achieved a common domestic market.

EU cooperation in the internal market is constantly developing, through the adoption of new legislation and the establishment of cooperation on projects and programmes. Thus, the EEA Agreement has become increasingly important to Norway.

Under the EEA Agreement, Norway is entitled to participate in part of the EU's preparatory work prior to the submission of draft legislation concerning the internal market to the European Commission. However, Norway does not participate in decision-making processes in the Council of the European Union or the European Parliament, although it seeks to contribute to good solutions by actively informing and lobbying the EU system and EU countries. This is challenging and requires the use of both formal and informal channels. Experience shows that Norway's opportunities for participation may be greatest in areas in which it has resources, expertise and experience.

The EEA Agreement covers:

- Participation in the internal market, i.e. the free movement of goods, persons, services and capital.
- Harmonisation of rules and requirements for goods and services in order to safeguard health and safety considerations and consumer interests.
- Common rules of competition and rules concerning state aid.
- Programme cooperation, including research and development. Between 2003 and 2006, 850 European project contracts were signed in which Norwegian participants were involved. Norwegian disbursements to the programme were around NOK 1 billion in 2008. They will gradually increase to NOK 1.6 billion in 2016. This amounts to 75% of Norway's payments under the EEA Agreement. Project contracts awarded to Norwegian enterprises involve return payments for approximately the same amounts. Through their partners, Norwegian participants gain access to important knowledge and networks.
- More than 14 000 Norwegian students have participated in exchanges through the *Erasmus* programme. Approximately the same number of foreign students have studied at Norwegian educational institutions.
- More than 125 000 Norwegian pupils have taken part in educational cooperation through the *Comenius* programme since 1994.

The EEA Agreement does not cover:

- the European Customs Union, which has a common customs tariff and a common trade policy vis-à-vis third countries
- the EU common market for agricultural products and the Common Agricultural Policy
- the EU Common Fisheries Policy
- EU security and defence policy cooperation
- EU cooperation in the field of justice and home affairs
- other new fields that have been included in EU cooperation since the EEA Agreement was concluded, such as European Economic and Monetary Union and the single currency (euro).

The Schengen Agreement and growing European cooperation in the field of justice and home affairs

The European free-travel area created through the Schengen cooperation is in many ways a necessary supplement to the free movement of persons that applies throughout the EEA area. It is therefore natural that Norway and the other Nordic countries are included in this cooperation, not least because a passport has not been required to travel between the Nordic countries since 1957. Originally, the Schengen cooperation primarily involved rules intended to compensate for the abolition of border controls between member states, but it has now evolved into a much broader cooperation on common challenges relating to organised crime, terrorism, illegal immigration and other types of migration.

In recent years, cooperation in the field of criminal justice and home affairs has been one of the fastest growing and politically most important areas of cooperation in the EU. Under the Schengen Agreement, Norway participates in important parts of the EU cooperation in this field, but the rapid EU integration in this area also means that some questions that are important to Norway fall outside Schengen and our bilateral cooperation with the EU. This applies, for example, to parts of the EU cooperation between the police and criminal justice authorities, the processes for harmonisation of legislation and mutual recognition of decisions, EU asylum policy and practice, and EU cooperation with third countries as regards efforts

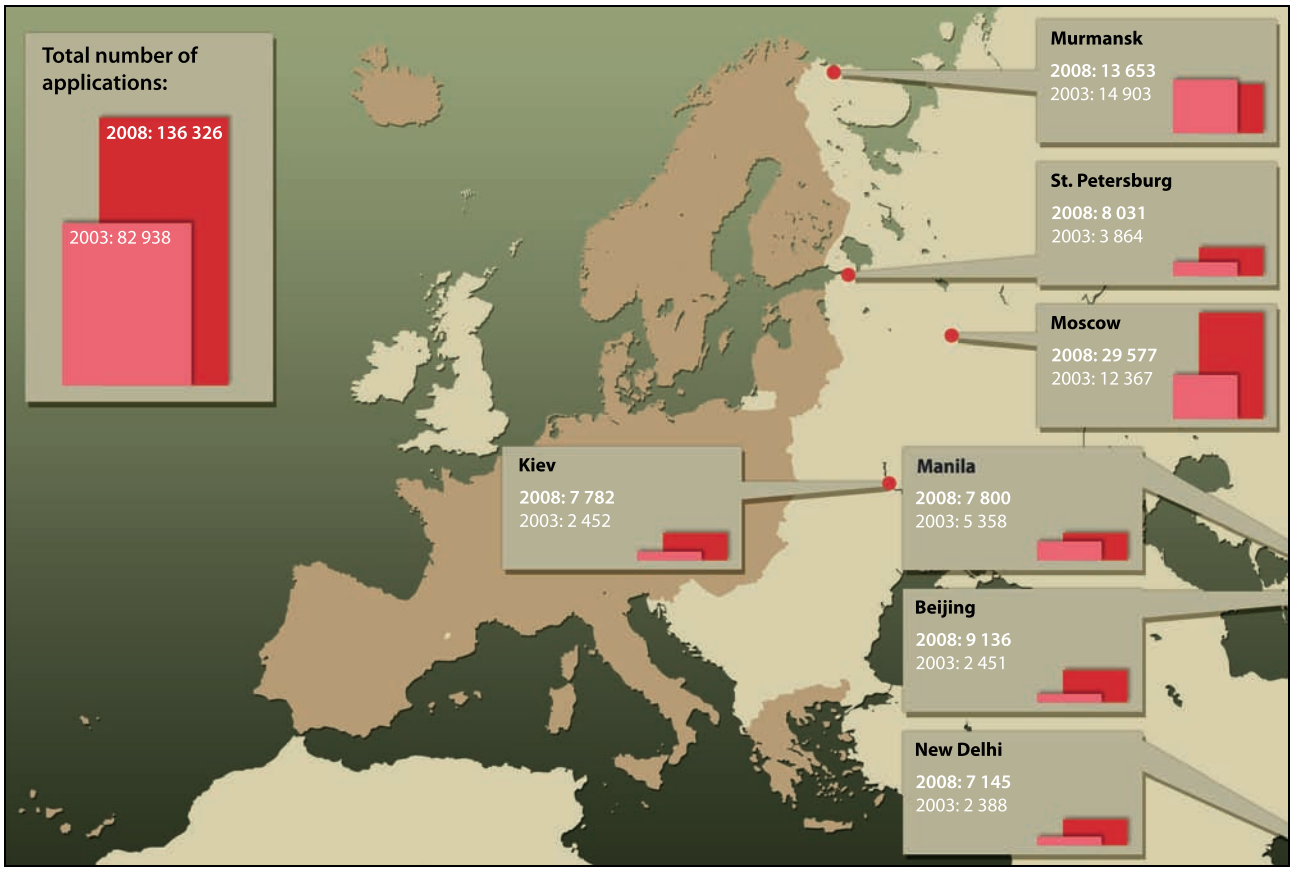


Figure 6.2 Visa applications to the Schengen area received by Norwegian diplomatic and consular missions, 2003 and 2008.

The figures show the number of visa applications received by the seven Norwegian foreign missions with the largest number of applications in 2008.
Source: Directorate of Immigration

to control migration flows and attract qualified labour.

Norway takes part in the formulation and implementation of all acts of Community law and measures covered by the Schengen cooperation. This includes nearly all initiatives relating to control of the common external border and to legislation and practices for crossing this border (visa rules). In addition, Norway has several other agreements with the EU in the field of justice and home affairs. Norway participates fully in the cooperation under the Dublin Convention, which sets out rules concerning which member state is to examine applications for asylum. Norway also has cooperation agreements with Europol (the EU criminal intelligence agency) and with Eurojust (the EU judicial cooperation unit). Moreover, Norway has an agreement with EU on the surrender of offenders, is affiliated to the European arrest warrant and has an agreement with the EU on mutual assistance in criminal matters. Agreement has also been reached on Norwegian affiliation to EU legislation on enhanced police cooperation, set out in what is known as the Prüm Treaty.

Norway faces the same challenges as the EU in the field of justice and home affairs. Given our responsibility for our part of the common external border, i.e. Norway's border with Russia, and for all airports and ports where travellers arrive directly from countries outside the Schengen area, we are influenced both directly and indirectly by EU justice and home affairs policy. It is therefore challenging to follow developments in the EU closely.

Examples of challenges to Norwegian interests affected by the Schengen Agreement

– Because of its geographical location, Norway is shielded from much of the direct immigration to Europe from third countries, including illegal immigration. One issue is what we should do to help to control those parts of the border that are under particular pressure.

- Practical police cooperation within the EU is expanding rapidly. In order to prevent Norway from becoming a haven for organised crime, it is important that we take part in this cooperation, for example under the rules of the Prüm Treaty.
- Like the rest of Europe, Norway is finding that it can be difficult to return illegal immigrants to their countries of origin. How can we make cooperation on return more effective?
- The connection between migration and development is attracting growing attention, also in Norway. The EU focuses strongly on this aspect and, as a major development policy actor, Norway, with its experience and expertise, will be in a position to influence policy development.

6.5 Fisheries policy

The fishing industry is Norway's second largest export industry and is an important source of jobs and employment along the coast. The value of first-hand sales of farmed and wild-caught fish is approaching NOK 20 billion, which is almost 1.5% of Norway's gross domestic product. The export value is approximately NOK 40 billion, which is around 4% of Norway's total exports. Approximately 60% of this goes to the EU market. In terms of value, slightly less than 20% of the fish consumed in the EU comes from Norway. The EU is the most important market for Norwegian fish and fish products. Both the EU Common Fisheries Policy and European trade policy are very important to Norway's fisheries interests. Despite the fact that Protocol 9 to the EEA Agreement covers trade in fish products, Norwegian exports can still be subject to anti-dumping measures and other measures by the EU aimed at regulating competition. While Protocol 9 stipulates zero customs duties and customs duty reductions for a number of important Norwegian fish products, around 60% of Norwegian seafood exports to the EU market are still subject to customs duties.

The fisheries cooperation between Norway and the EU is based on the bilateral fisheries agreement of 1980, agreements with the Scandinavian EU countries and the exchange of letters of 2 May 1992 on the development of bilateral fisheries cooperation. Under the bilateral framework agreement, the parties undertake to cooperate on the management and protection of living marine resources. Norway and the EU enter into annual quota agreements on the basis of the agreement.

In recent decades, Norway and the EU have cooperated closely on resource management, and this cooperation has gradually been expanded to include new areas. In order to ensure sound management and contribute to stable framework conditions for the industry, Norway and the EU have agreed on management strategies that govern the annual determination of quotas.

Control of catches and measures to combat overfishing have an important place in the cooperation. Illegal, unreported and unregulated fishing (IUU fishing) is the greatest challenge to sustainable and profitable fisheries. We are in dialogue with the EU about how to prevent illegally caught fish coming onto the market. It has been particularly important in this context to establish agreements that ensure that the EU countries control catches landed there. In 2006, Norway and the Commission signed an agreement that ensures better monitoring and control of fisheries, and in 2007 the new regime for port state control entered into force in the whole North Atlantic area, including the EU. This regime ensures that both flag states and port states take responsibility for monitoring landings. The figures for overfishing show that this measure has been highly effective. Overfishing was halved in 2007 compared with the year before.

The legislation for the landing of fish has not been harmonised between Norway and the EU, and it is important to Norway that a regime is introduced that replaces the current system of mandatory discards with a general obligation to land catches. The EU discard policy means that large amounts of fish are returned to the sea and are thus not registered in the catch statistics. This practice makes sound management of joint stocks difficult. In the quota agreement for 2009, Norway and the EU agreed on a number of measures to deal with this problem.

6.6 Broad Nordic cooperation

Nordic cooperation will continue to be of fundamental importance to Norway. It is based on a large degree of shared understanding and experience, and common values and interests.

Norway attaches great importance to political dialogue with the other Nordic countries. There is scope for developing this cooperation further, for example in connection with issues related to European cooperation. The formal cooperation consists of the Nordic Council, which is a body made up of parliamentarians, and the intergovernmental cooperation in the Nordic Council of Ministers.

The system whereby the chairmanship rotates every year means that all the countries have an opportunity to put their political stamp on the activities of the Council. Iceland is chair of the Council of Ministers in 2009. In 2007, the prime ministers, who have overall responsibility for intergovernmental cooperation, launched a globalisation initiative that is currently being followed up by the Council of Ministers.

As a region the Nordic countries constitute a cultural and linguistic community, which means that they are well placed to meet the challenges of a globalised world. The countries emphasise the leading role played by the Nordic region in important areas such as technology development and research, and strategies for reducing the risk of social exclusion. The Nordic countries cooperate in a number of important areas such as culture, education and research, the environment, energy, business policy, regional policy, and health and social affairs policy. Great emphasis is placed on cooperation with their neighbours in the Baltic countries and in northwestern Russia. Close cooperation has been established with other regional councils, such as the Arctic Council, the Barents Council and the Council of the Baltic Sea States. It is in Norway's interests to take a coherent approach to these regional forms of cooperation in its neighbourhood policy and to be consistent in its political priorities.

In recent years, the EEA Agreement has brought the economies of the Nordic countries even closer together. The Agreement ensures equal conditions of competition in the Nordic countries and promotes economic integration in a way that was previously impossible to achieve within a purely Nordic framework. The EEA Agreement has reduced the negative consequences for Nordic cooperation of the Nordic countries having chosen different forms of association with the EU, and is in many ways Norway's most important Nordic cooperation agreement.

Our Nordic neighbours are our closest partners in a number of areas. This fellowship and partnership are based on values, history and culture, a common Nordic model in terms of legal traditions, civil society, the social model, the economy, the labour market, the environment and development policy. The Nordic model is fundamental to how we address the challenges of globalisation, but the

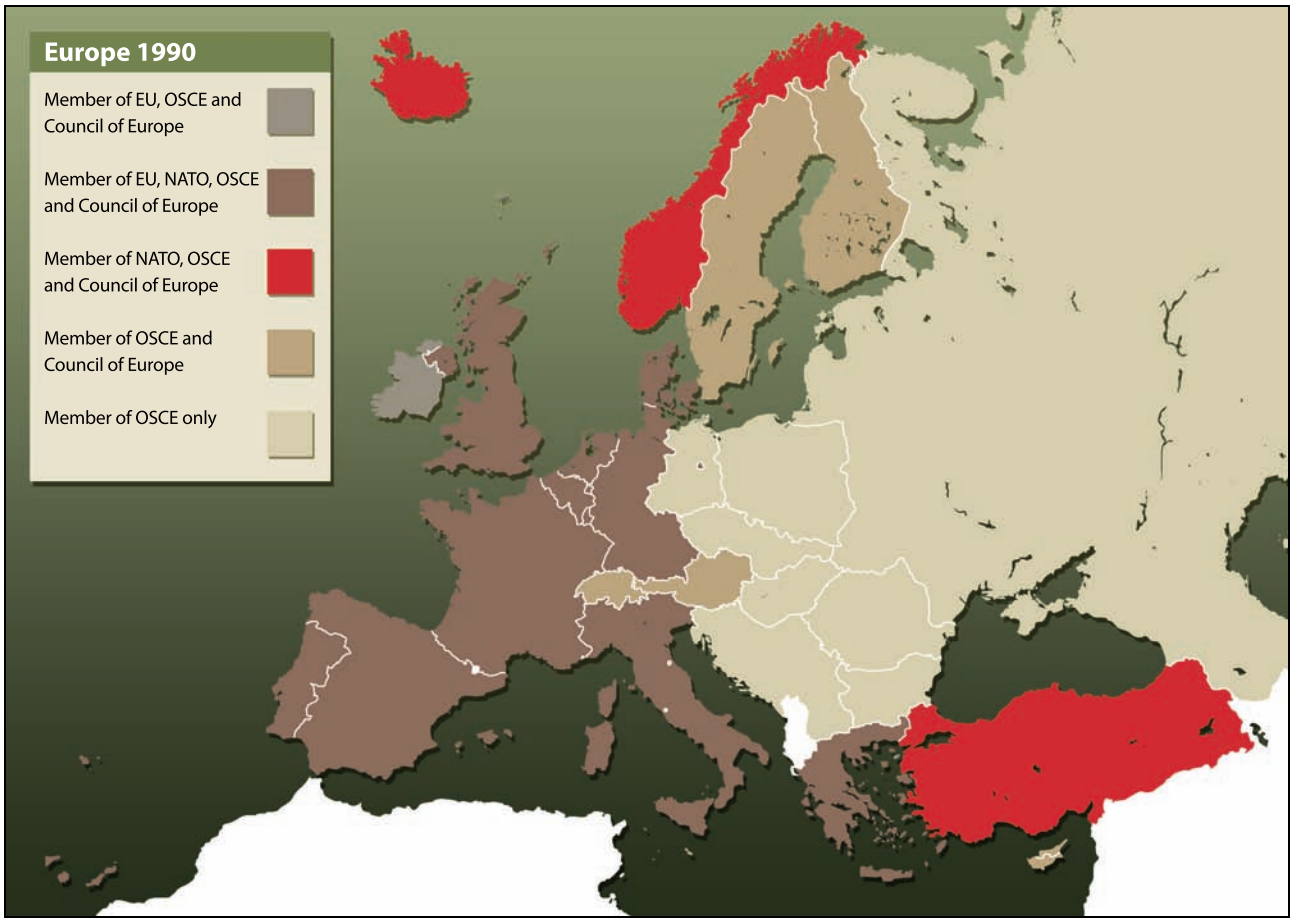


Figure 6.3 Europe 1990: Organisations

model itself is being challenged by globalisation. As illustrated in Figure 6.1 at the beginning of this chapter, as economic partners and trade partners, the Nordic countries are in a class of their own. Current developments in Nordic cooperation, particularly in relation to foreign policy, security policy and defence policy issues, are discussed in Chapter 12.

Cooperation in the Baltic Sea Region as a whole has many dimensions, and it will continue to be important to Norwegian interests. This applies, not least, to challenges and opportunities in relation to growth and welfare, international crime, the environment, energy and business cooperation. Norway's relations with the Baltic countries and Nordic-Baltic cooperation have been of great importance since the end of the 1980s and the dissolution of the Soviet Union. The cooperation has developed in stages. The Baltic countries' membership of the EU and NATO has been crucial to this development. For Norway, continued contact through many different types of cooperation will be very valuable. This also applies to our relations with Poland.

6.7 The Council of Europe and the OSCE

The Council of Europe

The main purpose of the cooperation in the Council of Europe is to promote democracy, the rule of law and respect for human rights throughout Europe. Broad cooperation in these areas promotes peace and security. The Council of Europe is the oldest of the European cooperation institutions, and it will mark its 60th anniversary in 2009. The fact that Russia and other Central and Eastern European countries have become members has had a considerable effect on cooperation in the Council of Europe. When the Berlin Wall fell in 1989, there were 23 member states. There are now 47.

The conflict in Georgia in 2008 demonstrated that the Council of Europe faces considerable challenges in several of its new member states. The large number of complaints to the Court of Human Rights from new member states is also putting the Council of Europe's human rights system under pressure. Relations with the EU are also politically demanding, and the organisation is in great need of reform.

Future challenges include securing the effectiveness and future of the Court of Human Rights and ensuring that all member states fulfil their obligations with respect to human rights, the rule of law and democracy, thus securing fundamental rights in these areas for all the inhabitants of Europe. Norway is a strong advocate of reforming the European human rights system and improving its effectiveness, intensifying political and intercultural dialogue, cooperating with other European organisations (the EU and the OSCE) and streamlining the organisation's working methods.

The Organization for Security and Co-operation in Europe (OSCE)

The OSCE, which takes a broad approach and has a broad membership, is an important instrument for political dialogue and cooperation with a view to preventing and managing conflicts throughout the OSCE area. The most important task of the organisation is to promote security and cooperation. Respect for fundamental human rights, democratic governance and the principles of the rule of law, and an emphasis on economic and social development are necessary preconditions for lasting security and stability.

The OSCE has an important job to do in addressing challenges relating to ethnic and regional conflicts, organised crime, trafficking in human beings, arms and narcotic drugs, and international terrorism. Other important fields include its work on human rights, promoting the rule of law and issues relating to elections, initiatives in the police sector, police reform including border control, small arms and light weapons, and the destruction of ammunition. The organisation is seeking to strengthen cooperation with Afghanistan, with an emphasis on the security of its borders with the Central Asian countries.

The OSCE is extensively engaged in fieldwork. Through its 19 missions to 18 of the OSCE's 56 participating states, the organisation supports democratic development, human rights and the principles of the rule of law in countries in the Western Balkans, Ukraine, Belarus and Moldova, and in the Southern Caucasus and Central Asia.

The war between Russia and Georgia in August 2008 was a setback for peaceful conflict resolution in Europe, and Russia's recognition of the two breakaway regions of Abkhazia and South Ossetia has led to the conflict becoming even more deadlocked. This in turn has made it impossible for the organisation to reach agreement on an extension of the mandate for its mission in Georgia. Norway is concerned that the OSCE should continue its efforts to promote security and cooperation. The organisation bases its work on the comprehensive

security concept, and thus is the natural forum for discussing the common security policy challenges facing the participating states.

The OSCE's election observation system is particularly valuable as a means of ensuring that member states fulfil their obligations in this area. The OSCE Office for Democratic Institutions and Human Rights (ODIHR) is doing a very important job and has developed an internationally recognised methodology that includes the whole election process.

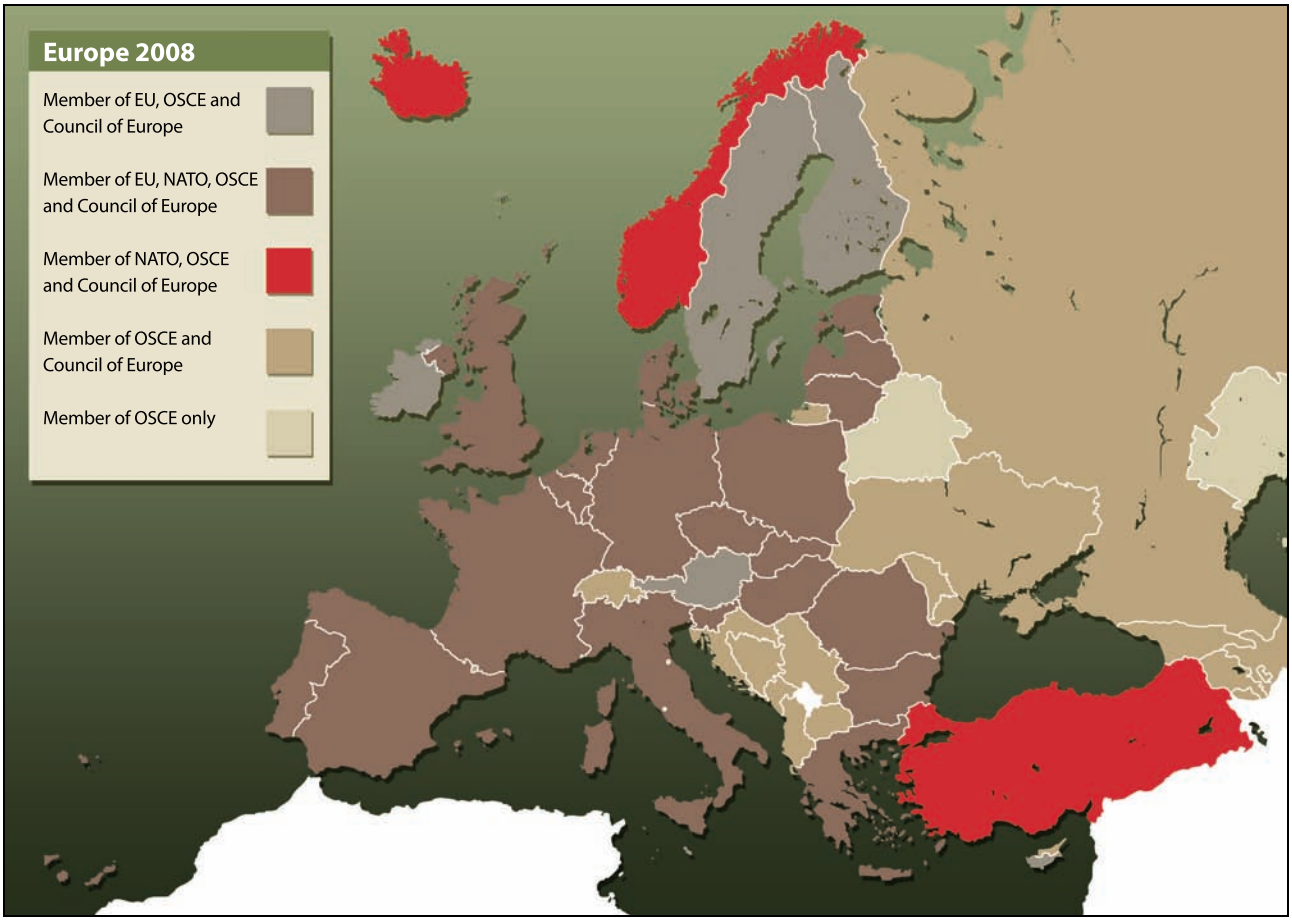


Figure 6.4 Europe 2008: Organisations

7 Challenges facing an environmentally aware energy nation

7.1 International trends

Norway's recent history has been very closely linked to its energy resources. Hydropower resources have been playing a central role in the development and operation of a largely internationally-oriented manufacturing sector for more than a century now. With the discovery of petroleum on the continental shelf, Norway was able to lay the foundation for a new era of industrial development and increased prosperity.

2009 marks the 40th anniversary of the first oil discovery on the Norwegian continental shelf. Norway has not wavered from the most important goals for its petroleum policy during this period. There was broad political consensus right from the start that the petroleum resources were to contribute to value creation in Norway and increased prosperity for the whole population, as well as forming the basis for business development.

The petroleum sector is now our largest industry. It has made a substantial contribution to Norway's growing prosperity. The sector accounts for roughly a quarter of Norway's gross domestic product (GDP). Revenues from the petroleum sector amount to almost a third of the state's total revenues. These revenues have been used to build up a fund, the Government Pension Fund – Global, which is now equivalent to total annual value creation in Norway (GDP).

During the period it has been a petroleum producer, Norway has experienced several periods of strong price fluctuation and uncertainty in the international energy markets. As an oil exporter, Norway has always been affected by developments in international framework conditions for the energy sector. Throughout the Cold War, there was great interest in the petroleum policy pursued by Norway. We followed our own, independent energy policy course during this demanding period.

One important goal Norway set itself was that its oil and gas resources were to contribute to the establishment of a competitive industry. Norway's petroleum industry consists of both oil companies and an internationally-oriented supplier industry with broad expertise. An important part of Norway's policy is to take steps to ensure that the Norwegian petroleum industry can succeed internationally, so that value creation can continue as production on the Norwegian continental shelf declines. However, internationalisation will not be able to replace the resource rent that accrues to Norway from the extraction of the petroleum resources on the Norwegian continental shelf.

Changes in energy markets and energy policy primarily affect Norway's interests through their effect on revenues from the petroleum sector. These changes could also have an impact on Norway's role and position regionally and globally. The following international issues are of particular importance to Norway as an energy nation.

Climate change is a key issue in national and international politics. This poses challenges for the oil industry and for countries where a large proportion of value creation and export revenues come from the production of fossil fuels. The extraction of oil and gas puts pressure on the environment, for example through greenhouse gas emissions and releases of other pollutants to air and water. These matters are strictly regulated. In Norway, environmental issues have always been high on the petroleum sector's agenda. The extensive use of policy instruments has reduced emissions to air and water and resulted in environmental improvements. However, further technological progress is needed to prevent the petroleum sector from continuing to be one of the most important sources of greenhouse gas emissions.

Strong fluctuations in oil prices. We have seen huge fluctuations in oil prices in recent years, from USD 70 a barrel in autumn 2007 to USD 147 a barrel in summer 2008, falling to less than USD 40 in early 2009. Large fluctuations in oil prices give rise to uncertainty about future price developments. They cause problems for the oil industry and the authorities and make long-term planning very demanding. Low prices make it less attractive for the private sector to develop renewable energy. Uncertainty about future prices increases risk and results in lower investments in new oil and gas projects. Rapid changes in oil prices can have major economic effects, globally and for individual countries. Combined with an increase in food prices,

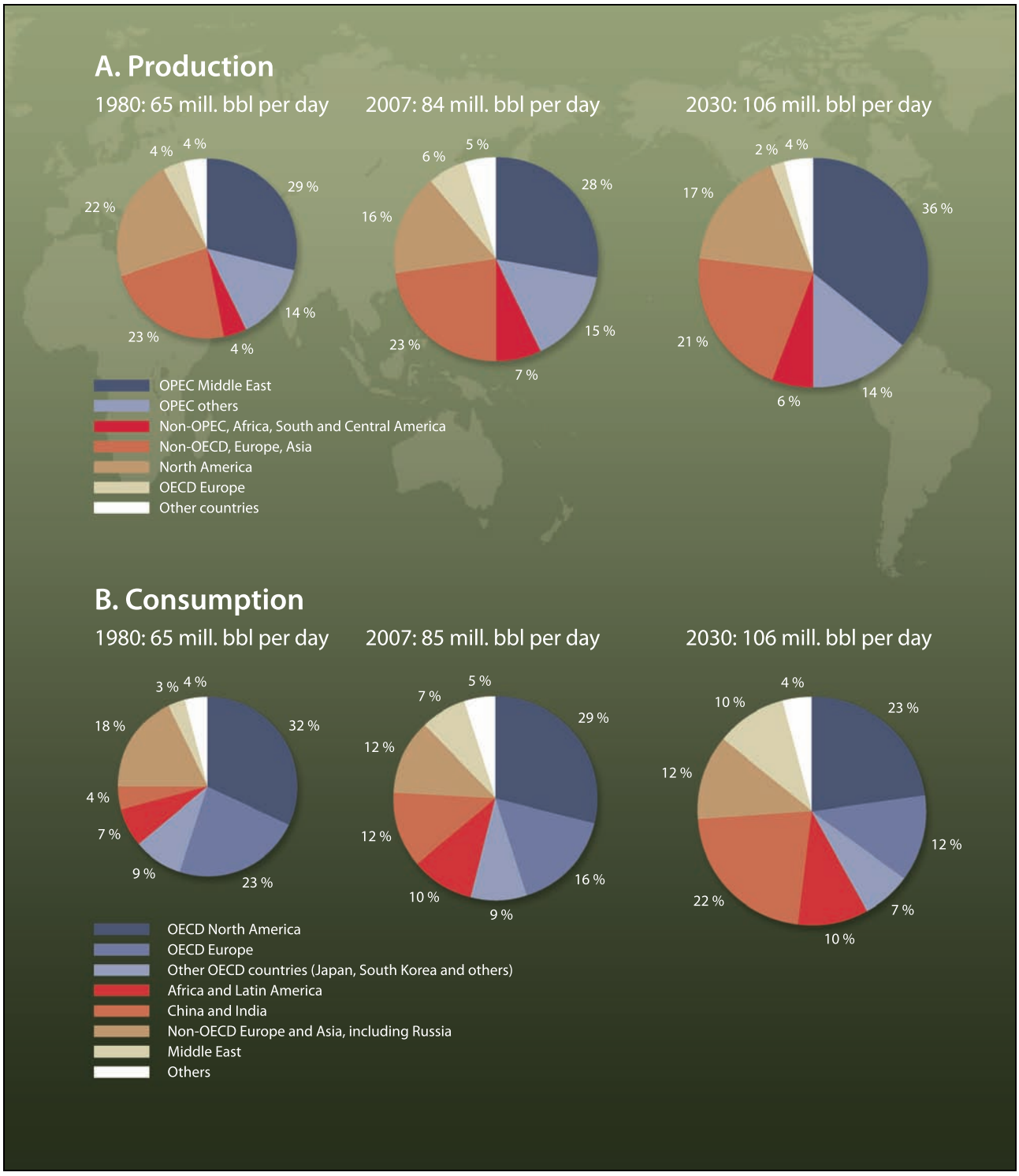


Figure 7.1 Oil production and demand

Sources: International Energy Agency (World Energy Outlook 2008 Reference Scenario) and Ministry of Finance

high oil prices in early 2008 led to a difficult situation for many developing countries. Major political ripple effects could follow in the wake of such changes.

Concerns about energy security. Several factors have once again pushed the question of energy security higher up the political agenda. In the long term, demand for oil and gas is expected to increase substantially. Many countries are now becoming increasingly dependent on imports of oil and gas, particularly oil. The production of conventional oil outside the OPEC countries is declining, so that OPEC's market share is increasing once again. Gas reserves are also concentrated in a few

countries outside the OECD. Limited spare production capacity in OPEC combined with political unrest and fears of a fall in production in some countries has contributed to a rapid increase in prices. The conflict between Russia and Ukraine has created corresponding uncertainty about supply security. Concern about energy supply security may lead to energy-importing countries introducing measures to reduce their consumption of oil and gas in favour of coal or other fuel. Norway's response must be to act as a predictable energy supplier.

The relationship between producers and consumers. High prices have resulted in the renegotiation of agreements with international oil companies. It has become more difficult for these companies to gain access to petroleum resources. Many fear that this will reduce the pace of exploration and recovery at a time when energy security considerations mean that the demand for resources is greater than ever. The situation is also compelling the international oil industry (including the Norwegian industry) to develop new forms of cooperation, with the emphasis on contributing to the development of local industry. The fall in oil prices from the end of 2008 could be important in this context in the time ahead.

Greater focus and pressure on the High North. The current focus on Russia as an energy actor, and on ice melting and the increase in ice-free sea areas as a result of climate change, has led to increased attention being paid to developments in the energy-rich High North and Arctic. According to the US Geological Survey, the Arctic may contain up to 30% of the world's undiscovered oil and gas resources. This means that there is a potential for considerable economic activity in the region. At the same time, however, there is widespread concern that conflict will arise between the need for environmentally sound development of vulnerable areas in the Barents Sea and the Arctic and the growing pressure to develop new fields as rapidly as possible and transport energy resources out of the area.

The "natural resource trap". A large proportion of the remaining oil and gas resources in the world are in countries with undemocratic systems of government, where there are widespread violations of human rights and a lack of transparency. Corruption scandals involving the oil industry and a lack of socioeconomic progress in countries with substantial oil revenues demonstrate how important it is that the oil companies take corporate social responsibility seriously. The international oil and gas industry is dependent on succeeding in these countries. At the same time, its expertise is needed for the resources in many of these countries are to be recovered efficiently. In order to meet the world's energy needs in the medium term, substantial investments are needed in the petroleum sector in these countries.

This illustrates that energy policy has important foreign policy aspects. Energy policy relations are often characterised by mutual dependence between countries. Norway's position and policy as an energy nation give it influence and a high profile in many important international arenas. This is a foreign policy resource that has considerable potential, but where failure may have serious consequences. The result is considerable public interest, nationally and internationally, in what kind of a balance Norway strikes between its energy interests and other political considerations.

7.2 Challenges for Norway

Global energy issues must be high on the agenda of any government with responsibility for securing reliable energy supplies for its population. Norway is in a favourable position in that context, being self-sufficient in renewable hydropower. The high oil prices in recent years have resulted in record revenues. Predictable and sustainable development of the Norwegian continental shelf will thus remain Norway's most important energy policy interest for a long time to come.

What, then, are the most important challenges we are facing? Why does the current turbulence in the global energy situation affect important Norwegian foreign policy interests when we are basically self-sufficient in energy? The answer is closely related to globalisation and geopolitical change. In terms of foreign policy, this opens up opportunities for further value creation, revenues and positive spin-off effects in other policy areas, but there are also problems and risks that must be dealt with wisely if we are to succeed in safeguarding Norwegian interests. The following factors are part of the overall picture:

The threat of climate change and Norwegian energy interests

The continued growth in demand for fossil energy forms the backdrop to the problem of climate change. Energy use has increased by almost 40% since the previous white paper on the main features of Norwegian foreign policy was submitted to the Storting in 1989. Two thirds of this growth has

taken place in countries outside the OECD, where per capita energy use is generally low. The growth in energy use is primarily due to a rise in the volume of transport and an increase in electricity consumption as a result of economic development and strong population growth. This development has lifted many hundreds of millions of people out of poverty. There is still a great unmet need for more energy. 40% of the world's population do not have access to electricity or gas for cooking and heating purposes. More than one and a half billion people have no access to electricity whatsoever.

Per capita energy use remains low even in countries that have experienced significant economic growth in recent years. Roughly 40% of the world's population live in India and China, but these countries still only account for 20% of global energy use. In the long term, therefore, the growth in energy use is expected to continue. The International Energy Agency (IEA) has estimated that, if today's policy continues, energy consumption will increase by almost 50% by 2030. Oil, gas and coal account for 80% of global energy use.

The world needs to find ways of producing and supplying enough energy to meet demand while at the same time safeguarding the earth's climate. It is difficult to achieve a rapid change in the energy mix without this having major economic, political and social consequences. The projected growth in energy-related greenhouse gas emissions is almost exclusively related to expected economic growth and population growth in developing countries. The growth in transport and in electricity consumption are expected to contribute most a rise in carbon emissions. If we do not succeed in making the necessary changes, we risk serious climate change, high and unstable energy prices and a continued lack of development in poor countries. With today's technological solutions, the current energy mix is not compatible with the necessary reduction in greenhouse gas emissions. A climate policy with ambitious energy goals is therefore necessary, and must include goals for energy efficiency, carbon capture and storage (CCS) and renewable energy.

Norway's electricity supply is based almost entirely on renewable hydropower and therefore has little impact on the climate. However, this means that we have fewer options for reducing greenhouse gas emissions than other countries, which makes it more difficult to achieve deep cuts in emissions. The dilemma from an international energy perspective is that while all energy forecasts show that demand for fossil fuels will increase in the period up until 2030 (not least because of the expected growth in developing countries), substantial cuts must be made in emissions from fossil fuels during the same period in order to address the problem of climate change. Resolving this dilemma will be a challenge for all countries and all energy actors, just as much for energy importers as for energy exporters.

One main approach to making a successful transition to more environmentally friendly energy production and use is to focus on energy efficiency and strong investment in renewable energy sources. Norway is in a good position to contribute to the quantum leap that is required in connection with renewable energy, particularly in areas where Norway's energy expertise is already well-developed: hydropower, solar power and, in the long term, offshore wind power. Norway should also set a good example by reducing energy use and introducing energy-efficient solutions in industry, in buildings and in the transport sector.

The other main approach for a climate-conscious oil and gas nation is to invest heavily in international cooperation and technology development in the decarbonisation of fossil fuels – coal, oil and gas. The Government is therefore focusing strongly on the efforts to develop technology for carbon capture and storage through several large-scale CCS projects.

Important to Norway's reputation

Norwegian energy issues have attracted international interest for many decades. The communication revolution that has accompanied globalisation has given Norway a much higher profile as an energy nation. The higher the oil price and the greater the concern about the price of imports and supply security, the greater the focus on Norway's management of resources and revenues from the Norwegian continental shelf. Norway's management of resources and revenues must be seen in conjunction with the democratic tradition of strong institutions and lively public debate. The Government Pension Fund – Global, for example, has filled many column inches in quality international media during the last two years. The slant of these articles has been positive, focusing on the success of Norway's policy and on Norway as a role model as regards transparency in the management of sovereign wealth funds.

Threats to energy security affect Norwegian interests

The war in Georgia in summer 2008 fuelled fears among Russia's neighbours, particularly about the security of energy supplies. The war also underlined the vulnerability of the vital network of pipelines from energy-rich countries in the Caspian region via Georgia to Europe. The same applies to the recurrent conflicts about gas between Russia and Ukraine, most recently in January 2009. Norway is a special case because of its privileged position as regards energy resources. Nevertheless, relations between Russia and various groups of countries in Europe and Asia affect Norway's interests and its political room for manoeuvre in neighbouring areas. Our main strategy towards Russia as regards energy is one of engagement and cooperation based on our different, but not incompatible, strategic platforms. If our close allies adopt strategies entailing confrontation with Russia, Norway would have to maintain a careful balance, as we have a clear interest in cooperation and reaching agreement on solutions.

Both opportunities and demanding challenges in the High North

We have important but also complex energy interests in the High North. Energy security for the major powers and local business interests are arguments in favour of rapid development of oil and gas fields on both the Norwegian and the Russian continental shelf. Environmental considerations indicate that a cautious approach is needed in relation to climate change and to ensure that the pressure on sea and land areas that are considered to be vulnerable is not excessive. The integrated management plan for the Barents Sea–Lofoten area identified particularly valuable and vulnerable areas that contain some of the world's largest populations of seabirds, fish and marine mammals and unique cold-water coral reef complexes. In these areas, special caution will be required and special considerations will apply to the assessment of standards for and restrictions on activities. It is also important to clarify the remaining maritime delimitation issues with Russia.

Globalisation of the Norwegian energy industry – important tasks for Norway's foreign policy

The Norwegian petroleum industry is being globalised at an unparalleled rate. In 2007, the supply industry recorded a turnover of NOK 95 billion in international markets. While the industry creates thousands of jobs along Norway's coast, a substantial proportion of its revenues already come from abroad. The role of the global markets is rapidly becoming more important to StatoilHydro and a growing number of smaller Norwegian oil companies. Oil is traded on exchanges in global markets, and now that Norway has started liquefied natural gas (LNG) production, Norwegian gas exports are also being partially globalised.

It is not just in the petroleum sector that Norway is making its mark internationally. Norway is the world's sixth largest hydropower power producer and the largest in Europe, and has already developed most of its own hydropower power potential. Norwegian power companies and consultancy firms have therefore increasingly focused on contracts abroad. There is also growing interest in investing in hydropower plants abroad. Statkraft has grown strongly in recent years, outside Norway as well, and is now Europe's leading producer of renewable energy. SN Power, which is owned by Statkraft and Norfund, is engaged in extensive operations in Latin America and Asia, and it is involved in a rapidly increasing number of hydropower projects.

It is an important foreign policy task to assist the Norwegian energy industry in its endeavours to internationalise. The combination of expertise, technology and resource management experience from more than a century of hydropower development and 40 years' experience of petroleum activities on the Norwegian continental shelf is a strong selling point for Norway's globalised energy industry. Promoting Norwegian business interests in this area is an important task for the foreign service, the Ministry of Petroleum and Energy and Norwegian Oil and Gas Partners (INTSOK). Norwegian politicians have an important role as door openers in these markets. Several embassies have been opened in recent years that have cooperation with the oil industry as an important task (Algeria, Kazakhstan). The embassies in Moscow, Baku, Luanda and Abuja work in close cooperation with the Norwegian energy industry and promote its interests.

If states introduce measures to protect national industries and markets in response to the current financial crisis, this will have negative effects on the Norwegian supply industry in the renewable energy and petroleum sectors. It is therefore clearly in Norway's interests to endeavour to ensure that the crisis does not fuel growing protectionism in the energy sector or in the rest of the economy.

The "resource trap" is a challenge for both the Norwegian authorities and for companies in a number of oil countries the world over. How far should we pursue Norway's economic interests in countries that are undemocratic and where human rights violations are widespread, or where oil revenues do not seem to be contributing to economic and social development for the population as a whole? Norway's basic approach, with respect to both the oil industry and other industries, has been to maintain a socially responsible presence in the countries involved and to engage in international cooperation on norms and ethical issues, rather than restricting investments and supporting boycotts. Among the reasons for this approach are i) the difficulties involved in establishing clear criteria for what is and is not acceptable, ii) doubt about what Norway can achieve through unilateral measures, and iii) a belief in dialogue and cooperation with countries with significant governance problems rather than confrontation and exclusion. The main goal of the Norwegian Oil for Development initiative is to assist developing countries to improve resource management, financial management and environmental management in the petroleum sector. The recent white paper *Corporate Social Responsibility in a Global Economy* (Report No. 10 (2008–2009) to the Storting) discusses these issues in more detail.

Norway's role as a go-between for oil producers and consumers

Net energy importers fear high oil prices and unreliable supplies of oil and gas. Important investments in future production are under threat because of uncertainty and extreme price fluctuations. Geopolitical change is fuelling resource nationalism and threatening to put the brakes on important investments and the development of new fields that are of great importance to importing countries (and their oil companies). There is a lack of transparency and dialogue between the countries that control the world's large remaining oil and gas resources and the key consumer countries – the EU countries, China, India and the US. There are large oil reserves in countries that lack the expertise, technology and in some cases also the resources to step up the pace of exploration and production. The international oil companies have technology and motivation, but they control less than 20% of the reserves in question. Actors with legitimacy in both camps are therefore needed to act as bridge builders.

Stable, reasonably high prices are important in order to secure investments and increase energy security. They also act as an incentive for energy efficiency measures and investments in renewable energy. A key element of Norway's energy policy is promoting transparency and dialogue between actors in the energy market. This is a way of reducing uncertainty, thereby helping to make energy markets more stable and improve supply security. In response to the very high oil prices in summer 2008, Saudi Arabia and the UK have each held meetings between exporters and importers of petroleum in order to contribute to greater stability in the energy markets. Mexico plans to organise a ministerial meeting on oil cooperation in 2010.

Norway has played and can continue to play a key role in the dialogue between producer and consumer countries. We are trusted because we are a small, stable and politically predictable country, and an important exporter of oil and gas. Norway enjoys close relations with both the EU and the US, and shares a border and interests with Russia. Moreover, Norway is a Western OECD country that enjoys considerable respect in the Middle East, the Gulf region and in developing countries with oil economies. We are also fully integrated into the global economy, but our management model entails strong national control over the Norwegian continental shelf. We have a majority state-owned company (two-thirds of the shares), but all the major international oil companies also operate on the Norwegian shelf.

8 Increasing migration entails both opportunities and challenges

The increase in migration flows is closely related to globalisation. This is also a policy area where the distinction between domestic and foreign policy is becoming blurred. Combined with poverty, violent conflicts and human rights violations, people's desire for work, education and to be with their families is leading to migration across national borders and between continents. Deregulation, economic liberalisation and demographic changes are among the factors that contribute to the increase in migration flows.

In many ways, the most important difference between Norway 20 years ago and Norway today is the composition of its population – the new "we". This has provided new room for manoeuvre and opened up new foreign policy perspectives. This new "we" gives us access to expertise, networks and links with countries and local communities in other parts of the world. This is both demanding and at the same time an opportunity for the public administration and the foreign service. Norway's role as a global actor and our ability to safeguard Norwegian interests in a globalised world are dependent on our ability to utilise this expertise. The increasingly multicultural nature of Norwegian society should therefore be seen as a resource that can be utilised both by the foreign service and the rest of the public administration, and by the private sector, to ensure a generally high level of global expertise and diversity of perspectives. Moreover, aging populations and low population growth mean that it is in the self-interest of countries in the North to accept migrants.

8.1 Global migration

There are many complex reasons why people migrate across national borders. Some are fleeing from war, persecution or a disaster, but the vast majority migrate in order to find work or obtain an education. A considerable proportion also seek reunification with family members who have already migrated in order to obtain employment or an education, or who have fled their country or left for purposes of marriage.

Today there are almost two hundred million migrants in the world. The number has doubled since 1980 and tripled since 1960. At the same time, however, the percentage of the world's population that are migrants remains stable, at 3%. According to OECD Migration Outlook 2008, the foreign-born population amounted to 12% of the total population in the OECD countries in 2006. Most of the migrants are employees and their families. Less than 10% are refugees. Migrants are often in a vulnerable position and risk becoming victims of crime and abuse. Half the world's migrants are women. It is important to be particularly aware of the difficult situation of women and children, both in flight situations and in relation to exploitation and crime, including human trafficking.

Figures from the World Bank show that migration from the South to the North accounts for more than a third of all international migration. For the inhabitants of the world's poorest countries, migration represents an attractive, though limited, opportunity to escape from poverty, but people from these countries only account for a small proportion of migration flows. Per capita voluntary migration (as opposed to refugees and asylum seekers) is highest from middle-income countries such as Mexico, Morocco, Turkey, Egypt and the Philippines. As a rule, people from the most impoverished countries migrate to other developing countries. Migration can contribute most to reducing poverty when unskilled surplus workers emigrate from poor countries, but it can have a negative effect if it is mainly skilled workers in short supply who emigrate. There are therefore many indications that the benefits of migration are unevenly distributed. The migration of unskilled labour from the poorest countries is very limited, but poor countries are overrepresented among countries that have experienced large-scale emigration of highly educated citizens.

The proportion of women and men among migrants varies from region to region. Figures from the World Bank show that migration flows from Africa, South Asia and the Middle East are dominated by men, while flows from East Asia, Europe, Central Asia, Latin America and the Carib-

Box 8.1 Global migration

- 200 million migrants worldwide
- Around half the world's migrants are women.
- 16 million refugees, approximately 4.6 million of whom are Palestinian refugees under UNWRA's area of responsibility.
- Approximately 20–30 million illegal migrants in the world.
- Remittances sent by migrants to their countries of origin amount to several hundred billion US dollars. The World Bank estimates that between USD 200 and 300 billion is sent back to developing countries every year.
- One-third of the world's migrants live in Europe.

Source: IOM/UNHCR/UNWRA

bean are dominated by women. Female migrants, for example, are part of what is known as the global care chain. They fill gaps in the health sector in rich countries, where they work as qualified labour as doctors or nurses, and in private homes where they work as domestic servants, childminders and cheap labour. Highly educated people in poor countries migrate because of unemployment and low wages in their home countries. Women largely migrate in order to provide for their children and give them educational opportunities and a better future. This is particularly difficult in the case of labour migration. For many women in poor countries, the prospect of an income and being able to provide for their families is often decisive.

The nexus between migration and development

There is increasing focus on the nexus between migration and development. There are several reasons for this. Money sent by migrants to their home countries amounts to almost three times as much as all aid. Work experience and the knowledge gained while staying in another country have a positive effect in relation to the establishment of businesses, research and public service provision in the home country. In the longer term, the demand for labour in Western countries will increase, and this has already led many countries to recruit very actively, particularly among health personnel in poor countries. There is growing recognition that the diaspora, which consists of communities with ties to their own or their parents' or grandparents' countries of origin, has an important place in economic and political cooperation between Norway and these countries of origin.

While lack of development may be a reason for migration, migration policy measures can also be used actively to achieve development. Those with the highest qualifications are the most mobile. Migration will continue to increase in step with globalisation. It is therefore something of a paradox that globalisation has enabled money, goods and services to move very freely across national borders, while there are still substantial restrictions on people moving to other countries.

The importance of the brain drain and remittances

In development terms, it is important to provide greater opportunities for migrants to be granted lawful residence in recipient countries, obtain decent work and gain better access to money transfer and other financial services. It is particularly important to ensure that migrants may return to their countries of origins for varying lengths of time. Seasonal work is a type of temporary employment that can facilitate circular migration. Norway also has legislation that allows Russians in the Barents Region to work for up to two years in the three northernmost counties of Norway without special qualifications being required. In the white paper *Labour Immigration* (Report No. 18 (2007–2008) to the Storting), the Government stated that it intends to examine the possibility of allowing unskilled workers from developing countries to work temporarily in Norway in connection with aid projects.

The need for labour in Western countries has resulted in the migration of qualified workers from many developing countries, in what is known as the brain drain. Migration increases in step with the level of education, and some occupational groups are more attractive than others. Engineers and maths and science graduates, for example, are in short supply in many European countries. The consequences of this brain drain are greatest in the health sector. There is a dramatic shortage of health personnel today in all parts of the world. The white paper *Labour Immigration* and the white paper *Climate, Conflict and Capital* (Report No. 13 (2008–2009) to the Storting) on development policy deal with various challenges relating to the brain drain and the consequences for Norway's policy. Figures from the UN Development Fund for Women (UNIFEM) show that more women than

men with higher education migrate in all regions except North America, and that 10% more women than men emigrate from Africa. Thus, the brain drain also has consequences for gender equality and for the possibility of recruiting women to leading positions in developing countries.

It is important to facilitate cheaper, more efficient and more transparent money transfer mechanisms in both humanitarian and development terms. At present, up to 30% disappears in various charges, depending on where the money is sent. Internationally, private remittances to developing countries amount to two or three times total allocations of official development assistance. Remittances from migrants to their countries of origin and investments made by these communities amount to very large sums of money that are important to development in many countries, both in terms of growth and poverty reduction and in terms of the possibility of migrants returning to their home countries. Among other things, they finance health services, education and business activity. Here, too, there are gender differences. According to World Bank figures, as a general rule more women than men send money over time, and they send larger amounts to distant relatives.

Box 8.2 Immigration. Key figures for Norway

There are 381 000 immigrants in Norway and 79 000 persons born in Norway to immigrant parents. Together, these two groups make up 9.7% of the population.

There are immigrants and Norwegian-born persons with immigrant parents living in all the municipalities in Norway. Oslo has the largest proportion, with 140 000 person, or 25% of the population.

Half the immigrants come from Asia, Africa or Latin America.

One in five immigrants has lived in Norway for more than 15 years, and two in five have lived here for four years or less.

Three out of every five Norwegian-born persons with immigrant parents have backgrounds from Asia, and 15% are 20 years old or older.

Source: Statistics Norway

8.2 Immigration to Norway

As in other countries, immigration and emigration have fluctuated in Norway. Statistics Norway (SSB) has published figures for foreign-born persons ever since the 1865 census, when 1.2% of the total population of 1.7 million was foreign-born, most of them in Sweden. By 1920, this group had grown to 2.8%. There was little immigration during the interwar years, and in 1950, 1.4% of the population was foreign-born. Refugees came from Eastern Europe after World War II, and labour immigrants later came from both Europe and the rest of the world. After most of the immigration of unskilled labour from outside the Nordic countries came to a halt in 1975, the number of refugees from countries in Asia, Africa, Latin America and Europe outside the EEA area has increased. Since the last EU enlargement, there has been a marked increase in immigration from the EU countries in Eastern Europe. During the period 1990 to 2007, a total of 328 000 nationals of non-Nordic countries immigrated to Norway and were granted residence here.

Migration policy is being linked to development policy and to health, education and employment policy in Norway, the EU and globally. This is a response to the combination of an aging population and the need for labour in order to ensure continued economic growth and social services. This applies not only in Norway, but throughout the EEA area, the US and Canada, and increasingly in China. In recent years, predictions of a gradual increase in global competition for labour and an increase in the importance of immigration to economic growth have led many countries to advocate a policy of promoting migration, particularly of highly qualified labour. The white paper *Labour Migration* presents measures that will draw on the resources of the foreign service, for example in connection with public diplomacy, information activities and the administration of immigration matters. In the present economic downturn, however, some of the migrant labour may be superfluous, at least for a period. In the short term, the challenge may be more a matter of maintaining employment than of increasing the supply of labour.

The labour market is becoming increasingly international as a result of globalisation, which means that employees and employers have access to a wider labour market. At the same time, it heightens the demand for international expertise and diversity in the Norwegian labour market and leads to more competition between countries for certain types of labour.

Both the growing number of refugees and the large numbers of internally displaced persons pose a challenge for Norwegian foreign policy. The challenge is related to our political responsibility for protecting civilian victims of conflicts and Norway's UN obligations. It is also related to the possibility of reaching those in need of protection, and how this can best be achieved.

Migration policy is becoming more closely intertwined with foreign policy. Norway's immigration policy must be seen in a larger European context. Norway cannot pursue a policy that differs radically from that pursued by neighbouring countries and the EU. Thus, the European perspective is crucial. In 2009, the Government will present a white paper on Norway's refugee and immigration policy in a European perspective, which will provide an overview of key aspects of Norway's policy and cooperation with the EU in this area, with a particular focus on cooperation under the Schengen Agreement. The white paper will also outline the principles for Norway's cooperation with the EU in this field in the years ahead.

The new "we"

International developments are also being felt in Norway. As a proportion of the population as a whole, Norwegians with immigrant backgrounds – i.e. persons who have either themselves immigrated or who have two parents born in another country – increased from 2.3% in 1980 to 9.7% in 2008. Those who had themselves immigrated amount to 8% of the population, As regards the proportion of the population with immigrant backgrounds, Norway is now slightly lower than the OECD average. Population projections from Statistics Norway and analyses from the OECD indicate that this trend will continue in the years ahead.

Norwegian society has thus become much broader and more diverse, both in religious and in cultural terms. More and more people are becoming used to cultural diversity. There is a great potential for further developing a modern and inclusive community. However, this involves challenges in terms of our ability to include and involve

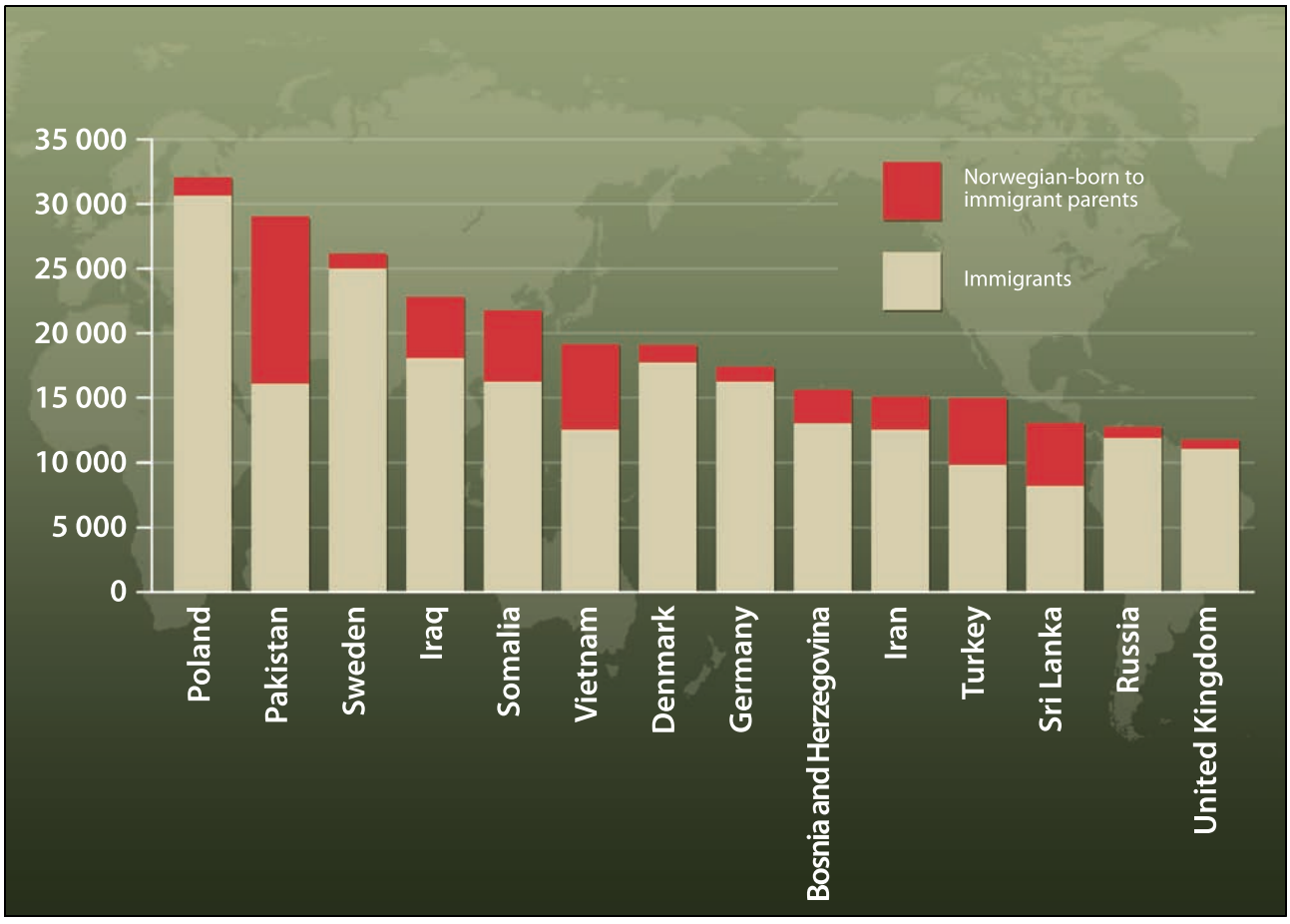


Figure 8.1 The 14 largest immigrant groups in Norway, 2008.

Figures as of 1 January 2008, absolute figures.
Source: Statistics Norway

immigrants and to build mutual trust instead of nurturing suspicion and fear.

The role of migrants in society and integration

Many factors influence integration and the political and economic role and potential of migrants. The role played by immigrants depends on the steps taken by the host country to facilitate participation in society, and the extent to which the various diaspora communities make use of the opportunities available to them. There are great differences between various migrant and diaspora communities as regards participation in Norwegian society.

There is a close correlation between migrants' rights and the opportunities they have to contribute to development. The most important human rights instruments (the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Convention on the Elimination of All Forms of Discrimination against Women and the International Convention on the Rights of the Child) and labour standards (the most important ILO conventions) are also relevant to migrants' rights. The promotion of decent working conditions and prevention of social dumping and exploitation are important policy areas for Norway, both internationally and nationally.

Diversity provides opportunities for Norwegian foreign policy

Changes in the composition of the population provide new room for manoeuvre and new perspectives in Norwegian foreign policy. As is the case with domestic policy, it is essential that foreign policy reflects trends in Norwegian society and the engagement and interests of everyone who lives in Norway. The Norwegian foreign service administration has a considerable way to go before it is able to effectively address the changes caused by migration, both globally and in Norwegian society. The expertise, networks and links with countries and local communities in other parts of the world represented by the new composition of the Norwegian population are underutilised resources. This has great potential in terms of enhancing Norway's expertise and reputation, and addressing the democratic challenge of ensuring that the diversity of the population is reflected in governance systems and the public administration.

The administration of immigration matters is important to more and more people

While the administration of immigration matters is important to those who wish to come to Norway, it is also important to the private sector, tourism, research and culture, as well as to the many Norwegians with immigrant backgrounds who are visited by parents, relatives and friends. On 1 January 2008, Norway had 638 000 inhabitants with such a background, either through their own or one of their parents' countries of birth. Of these, 57% were Norwegian citizens. This segment of the population will increase in future. This means more work for those dealing with the administration of immigration matters, not least for Norwegian embassies and consulates general (cf. Part III, Chapter 21). In particular there has been a substantial increase in the number of applications for visas, which has been demanding in terms of resources.

8.3 The national and international value of migration

The increase in migration flows and the new "we" offer new opportunities. Norwegian society will benefit from a policy that utilises the positive effects of migration, for example through increased participation in foreign policy and development cooperation. Multiculturalism can be seen as a strategic political resource. We must be aware that, in future, identities will transcend national boundaries and that many people will have strong ties to several countries and communities. In a broad global perspective in which the emphasis is on international cooperation and mutual understanding between countries, this is a trend that should be welcomed in the foreign policy context.

Expertise and networks are two keywords describing resources that have yet to be utilised in Norway's foreign policy. This applies both to recruitment to the foreign service and to utilising the resources of the diaspora communities in the development and implementation of Norway's foreign and development policy. So far, dual affiliations, composite identities and experience of war and conflict have been regarded more as a challenge to society than as a resource. The fact that many people have backgrounds as refugees or have other connections to political processes in their own or their parents' country of origin is something that we must be aware of if we are to

succeed in pursuing a balanced policy based on sound facts.

Migration and globalisation are also about the globalisation of talent. Growth and development will be dependent on our ability to attract and retain talent and expertise. One precondition for this is that we develop in the direction of a tolerant, multicultural and inclusive society where these qualities are reflected in the workplace. This will also have positive effects on Norwegian activities abroad and on Norway's reputation.

9 The communication revolution poses new demands

Globalisation is inextricably linked to the current global revolution in information and communication technology. Politics, everyday life and the labour market are constantly changing as a result of these rapid developments. Media monopolies have been broken up, ties to political parties have been dissolved and foreign radio and television channels are now widely accessible. Today, a broad range of actors can rapidly communicate their messages through new media and information channels. In the modern communication society, with its diverse range of global media channels, new technology and high pace, the information culture and the broadcasting of news know no boundaries.

These changes pose a challenge in terms of the content of foreign policy, its implementation and the way it is communicated. The pace is changing, as is the mix of issues that dominate the foreign policy agenda at any given time, and thereby also the administration and conduct of foreign policy. Foreign policy must increasingly strike a balance between the assertive, communicative approach that often characterises the news media's coverage and the traditional need for a long-term perspective, consistency and predictability. However, developments in technology and communication also provide considerable opportunities that a modern foreign service must make better use of when developing and implementing policy. Greater access to information places increasing demands on the foreign service's ability to analyse both the content of information and the sender.

In addition, today's media and technology society, combined with the increasing complexity of the international community, reinforces the need for public diplomacy. There is a growing need for dialogue with different groups, including in contexts outside formal political structures. Moreover, foreign policy now has a new external audience, which raises other demands in terms of articulating what kind of actor Norway is and communicating Norway's interests, values and priorities. The communication revolution requires us to be more open in our diplomacy and more sensitive in our communication, at home and abroad, in order to promote and safeguard the whole range of Norwegian interests – from trade to security.

9.1 The communication revolution and foreign policy

The global mass media and the internet have made it more difficult to maintain a monopoly on information and have made closed societies and remote regions much more accessible. This greater openness is a challenge to regimes that have traditionally controlled the flow of information in order to steer public opinion. Groups and individuals who have previously had no access to traditional media can now publish their messages directly. Thus, freedom of speech has taken on an added dimension.

Greater access to information has also highlighted the fact that more people are able to take part in the foreign policy debate. Global networks are being formed that communicate at a speed and on a scale that challenge established structures of power and influence. The constant emergence of new arenas and networks makes it difficult to keep up with and participate in the debate, which is increasingly taking place outside established organisations and political structures. Access to virtually all areas of policy is almost unlimited, which means that it is crucial to sort and analyse the content of information, the sender and the context. News of a disaster on the other side of the world reaches Norwegian television viewers in the space of a few minutes. Global media channels therefore have an important role in setting the political agenda. Together with other actors they influence public debate and make it possible to reach a wide audience. The focus of the Norwegian media's news coverage is largely on the political debate and parallels the foreign affairs coverage of the dominant global news providers. However, there is no evidence, that the media have the power to influence foreign policy decisions. At the same time, the importance of the media and communication technology should not be underestimated.

Another parallel phenomenon is the emergence of social networking websites and media, such as Facebook and Twitter. It is becoming increasingly common for extraordinary events, or "breaking news", to be announced first on the internet or via mobile phones by non-journalists. In autumn 2008, for example, up- to-the-minute reports on the terror

attack in Mumbai were posted on the social networking website Twitter long before the mainstream media started to report from Mumbai. Information, images and film are referred to by other media with no possibility of verifying the sources. The problem is that false and inaccurate information can be circulated about highly complex and dangerous situations. This can have direct consequences for the resolution of conflicts and for how the authorities and the international community respond to the situation. On the other hand, this form of direct, unedited reporting has important advantages because it democratises news coverage and gives the public more rapid access to news.

Consequences for the foreign service

This new information world has at least three consequences for the foreign service.

Firstly, there is a growing need for new expertise. Analysing the content and sender of information is becoming more crucial, but also more complex.

Secondly, as a knowledge-based organisation responsible for shaping policy, the Ministry of Foreign Affairs is subject to new requirements as regards transparency and dialogue. The Ministry needs to take a more outward-looking approach to communication, with a clearer division of roles and responsibilities and closer internal coordination.

Thirdly, the new global information world provides new opportunities for engaging in public diplomacy and reputation building, for example, through channels such as the web portal Norway – the official site. All Norwegian diplomatic and consular missions now have their own websites, based on a common template, where the content can be adapted to specific needs and target groups. Posting audio files and live images on regjeringen.no also makes it possible to reach new target groups.

Consequences for global economic development

There are currently around 1.4 billion internet users in the world, fourteen times as many as there were ten years ago. The number of mobile phone subscribers is estimated to be around four billion. 60% of the world's population has, or has access to, a mobile phone.

In spite of this, there remains a "digital divide" in the world between rich and poor. For example, even though internet use in Africa increased by more than 1000% from 2000 to 2008, developing countries only have 1% of the world's broadband lines. Mobile telephony is much more widespread globally than the internet, making it one of the world's most important communication channels. This increase has largely been driven by what are known as the BRICS countries, which, together, are home to a third of the world's mobile phone subscribers. China alone has 600 million subscribers. Africa experienced an increase of 39% between 2005 and 2007; 90% of telephone subscriptions in Africa are mobile subscriptions. Mobile broadband technology is being developed in many places, although this still applies mainly to rich parts of the world.

Telecommunication is thus very important in a development context. For example, mobile phones can be used to transfer money or to gain access to price information for agricultural produce in local markets. The Consultative Group to Assist the Poor (CGAP) is an organisation engaged in microfinance, whose motto is "Advancing financial access for the poor". One of its projects, "Mobile banking for the poor", examines how mobile technology can be used to provide population groups with access to financial services they were previously unable to use. The International Telecommunications Union is seeking to "connect the unconnected" to ensure that everyone has access to telecommunication by 2015. This will also be important in relation to other Millennium Development Goals such as health, education, employment and combating poverty.

Box 9.1 Telenor: The mobile sector's contribution to the economy

From Telenor's report on the economic contribution of the mobile sector in selected countries in which Telenor has companies:

Bangladesh: 6% of GDP in 2007. The mobile sector is estimated to have created 111 700 jobs (directly and indirectly).

Pakistan: 5.1% of GDP, 247 000 jobs

Thailand: 4.9% of GDP, 150 000 jobs

New security threats and requirements

In today's communication world, our traditional perceptions of time and distance no longer apply. News of isolated incidents can be spread around the world in the space of a few minutes. If information is distorted, exaggerated or put in the wrong context, it can provoke unexpected conflicts that it is virtually impossible to be adequately prepared for. The frequent over-dramatisation in the presentation of the

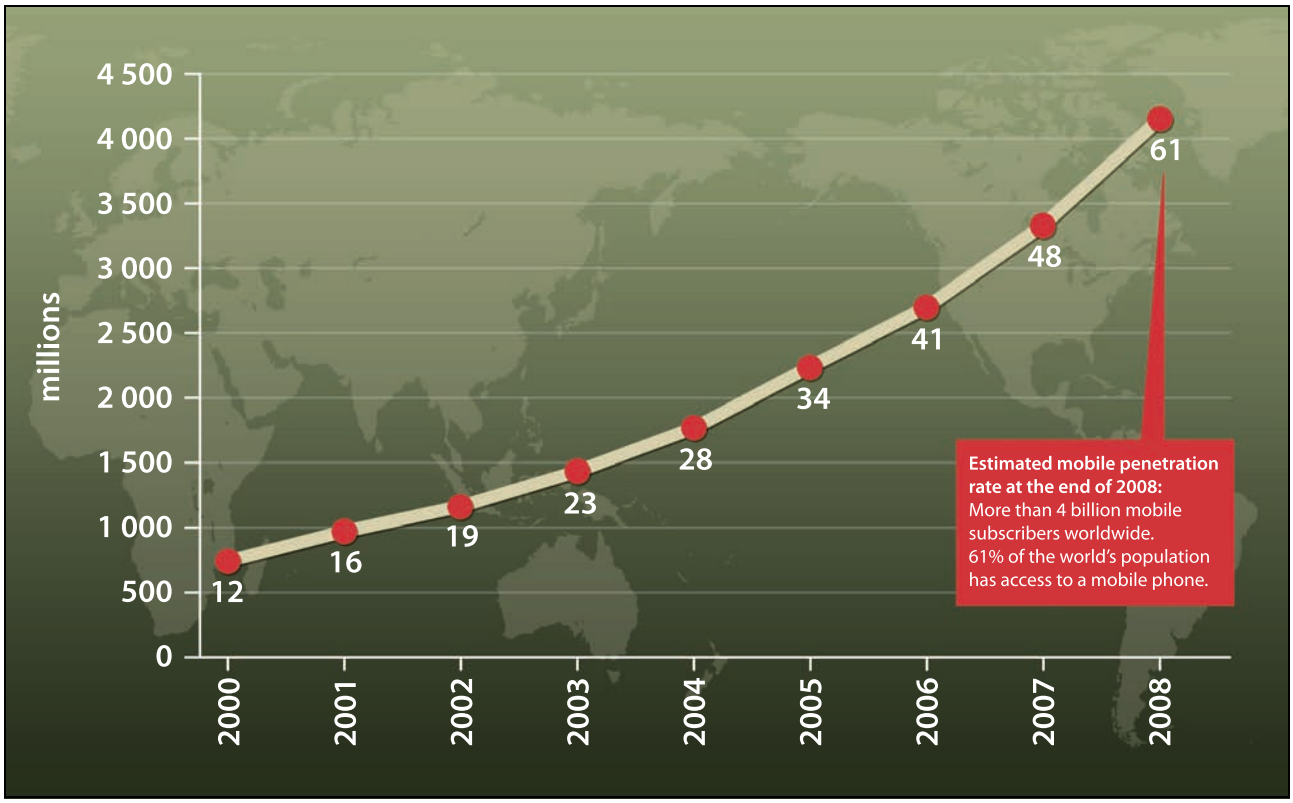


Figure 9.1 Worldwide mobile subscribers. Growth 2000–2008

Source: International Telecommunications Union, ITU World Telecommunication/ICT Indicators (WTI) database

news also increases pressure on the authorities to comment on events quickly and to clarify their policy and views. This leaves less time for carrying out analyses, considering alternative courses of action or communicating with other states. At the same time, there is a growing need for emergency preparedness and the ability to maintain constant contact with personnel in crisis-affected areas and to communicate messages swiftly through the mass media.

There are also growing challenges related to the risk of cyber attacks and electronic warfare against information and communication systems in a number of sectors of society. Modern society has proved vulnerable to attacks in cyberspace, which in the worst case could cause the total breakdown of vital social functions such as energy supply, transport, payment services and food supply.

9.2 Reputation-building and the need for public diplomacy

The communication revolution has highlighted the global competition for ideas and social models, and the strategic importance of making one's values and views heard and of exploiting new opportunities to set the agenda for states and other actors.

Promoting a clear and positive image of Norway abroad is important for safeguarding Norwegian interests in a number of fields. Norway's reputation is primarily the product of the actions of Norway and Norwegian actors at home and abroad, for example in relation to development policy, humanitarian efforts, petroleum policy, climate policy, integration policy and the economic activities and ethical behaviour of the private sector. New forms of communication pose a number of new challenges, partly because the world is becoming more open and better informed. This underscores the need for policy coherence, as was highlighted, for example, by the consequences the cartoon controversy had for Danish and Norwegian foreign policy, and the clear link it revealed between foreign and domestic policy.

This is also closely related to another issue, namely the challenges and opportunities involved in consolidating Norway's reputation in the world by means of public diplomacy. Public diplomacy can communicate, reinforce and influence the perceptions people in other societies have of Norway. As with other foreign policy tools, it can help to advance Norwegian prosperity, security and the values on which Norwegian society is built. Public diplomacy, reputation-building and cultural cooperation are becoming increasingly important, not just

in terms of marketing Norway, Norwegian culture and Norwegian products, but also as a means of promoting Norwegian interests in their full breadth, cf. Chapter 22.

The importance of cultural relations and cooperation on knowledge building

Safeguarding Norwegian interests is not solely a matter of concrete actions or measures. All societies and cultures are dependent on influence from the outside world in order to develop. Encountering other cultures helps both to strengthen cultural diversity and to raise awareness of our own identity. Cultural differences contribute to diversity and are a strength in any society. At the same time, however, religious, ethnic and cultural differences exacerbate political and economic conflicts, both within and between societies.

Cultural cooperation is based on equal partnership between artists and practitioners from different backgrounds in the fields of sports, architecture, design and other cultural fields and can help to foster greater understanding, knowledge and mutual trust. It can also challenge the perceptions of reality of all parties involved. The dialogue between cultures constantly seeks out new channels and is expanding, both as regards the number of actors involved and in terms of the range of forms of expression. This dialogue constitutes a new global network that uses new communication channels. It has the ability to challenge established rules and norms and as such is a potential threat to any ideology based on absolute truths.

Enhancing knowledge and understanding is a means of preventing conflict, and artists and other cultural actors are involved in this. Culture plays an important role in the international context as a driving force for argument and persuasion rather than economic sanctions and military force. Research and educational cooperation and researcher and student exchanges also help to promote knowledge, understanding and dialogue. However, media channels are becoming increasingly diverse, which is weakening traditionally dominant media actors in favour of small news channels that are accessible via the internet and that target specific groups. This means that efforts to get information across will have to be targeted at specific groups, that the number of information channels will increase and that it will be increasingly difficult to maintain a visible profile.

Figure 9.2 Norway's brand image

The tables show the countries in which Norway's brand image is perceived to be strongest. Norway's brand image is generally strongest in its neighbouring countries, while it is weak in countries in Asia and Africa. Example: In Sweden, Norway is ranked third of a total of 35 countries in terms of its brand image, whereas in India it is ranked 21st.
Source: Anholt Nation Brands Index 2007

10 Diversity of actors brings new opportunities but also new challenges

10.1 Role of the state tested

Up until 1990, the role of the state as the primary actor in international politics was rarely tested. The situation is very different today, partly due to globalisation. As a result of the communication revolution and its continuous coverage of all major international events on the internet and through other media channels, professional organisations and institutions of various kinds have emerged as key actors. This applies particularly to their ability to set the agenda. Non-state actors are now able to pursue issues and proposals through all stages of international negotiations all the way up to a decision and implementation in various global forums. These actors, which range from humanitarian organisations and large private funds to international terrorist organisations, are both increasing in number and gaining more influence, in step with the growing complexity of today's world. What they have in common is their ability and willingness to engage in global mobilisation and network activities, and to take advantage of the greater opportunities this provides for influencing states' foreign policy, global institutions and the global agenda. The focus on corporate social responsibility in the wake of globalisation also means that the private sector, both at national and international level, has a role to play in safeguarding a number of Norway's foreign policy objectives.

However, these changes must not be exaggerated. Although the role of the state has been significantly tested by globalisation in recent decades, this does not mean it has been weakened. In certain areas, the opposite is the case. Both the current financial crisis and record-high oil prices in recent years can be said to have strengthened the role of the state in a number of ways, particularly in relation to key market actors in the fields of finance and the economy, and in the energy sector. High oil prices and the shortage of oil have led to a situation where power and influence are being transferred from private oil companies to oil-rich governments around the world. The international financial crisis has resulted in extensive efforts to introduce state regulatory mechanisms designed to avert an even deeper economic crisis and prevent the recurrence of similar crises. In this way, the crisis could also revitalise and enhance the legitimacy of established multilateral institutions such as the World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO) and certain UN agencies.

In any case, the mix of actors involved in international politics will become more complex and diverse in the time ahead. This will give Norway more room for manoeuvre in safeguarding and promoting its interests, but also presents a challenge for Norway's foreign policy. However, the advantages and opportunities offered by this increased diversity of actors by far outweigh the disadvantages. For example, the involvement of both non-state actors and states has made it possible to reach agreements in a number of important areas, as illustrated by the crucial role played by both in the processes leading up to the conventions on landmines and cluster munitions.

The interaction between the many international actors and initiatives that is currently competing with that which takes place in formal multilateral institutions is, first and foremost, an example of institutional learning. These actors address many common global tasks, often taking a more flexible approach than formal multilateral actors.

Box 10.1 Quote from French Foreign Minister Bernard Kouchner on signing the Convention on Cluster Munitions

"I congratulate the Norwegians with all my heart. Together with the NGOS, Norway has been the driving force in this process. I am impressed by the way politicians and civil society have worked together. They have changed international law, and both the NGOs and the politicians deserve credit for this. The NGOs could not have done it alone because only a government may propose amendments to the laws that govern international matters."

Source: Morgenbladet, 6 December 2008.

At the same time they cooperate with multilateral institutions and thus also with states. Together they contribute to more effective global governance.

In 2007, a new section was established in the Ministry of Foreign Affairs, called the Section for Global Initiatives and Gender Equality. One of its tasks is to promote greater exchange of knowledge within the foreign service, and in this connection to compile and share lessons learned outside the Ministry. Given that a great deal of foreign policy will be developed outside the domain of the Ministry and/or the government in future, Norway must have knowledge of how to cooperate with new and unconventional actors in order to take advantage of the growing diversity of international politics. The best way of safeguarding Norwegian interests in many areas is through close dialogue and close alliances with non-state actors and flexible public-private partnerships, nationally and internationally. The Ministry of Foreign Affairs and a number of other ministries and agencies are already doing this, not least in cooperating with civil society on various aspects of our policy of engagement. This form of cooperation is often referred to as the "Norwegian model".

However, there is still much to be learned. Greater effort must be devoted to learning about and communicating with this broad range of new actors. The Ministry of Foreign Affairs and other ministries must continue to give priority to engaging with external actors. This increased focus on civil society, the private sector and culture, information, communication and network building has also led to a greater awareness of the importance of openness and accountability. This topic is discussed in more detail in Part III of the white paper, which deals with the administration of foreign policy in the future.

10.2 The new foreign policy actors

Who are the new actors that are challenging the role of the state as architect and executor of foreign policy? The following are examples of actors that are not only moving into the realm of Norwegian foreign policy, but are also providing new room for manoeuvre.

International private foundations vis-à-vis state aid actors

The number of private actors in the humanitarian/development field, known as philanthropic foundations, has increased considerably during the past decade, in step with the growth in the global economy. They are neither driven by profit nor are part of the public sector. They have their own, often substantial, financial resources, sometimes together with states or other actors. They support charitable causes. They are primarily involved in providing services, but, because of their size and their potential for forming alliances, they increasingly define normative and political guidelines for international assistance.

The largest and best known of these actors in the development assistance area is the Bill & Melinda Gates Foundation, which is presided over by Bill and Melinda Gates, and Warren Buffett. Between 1994 and 2006 the foundation allocated USD 26 billion to aid-related initiatives around the world. At the end of 2007, its assets amounted to USD 38.7 billion and it had 520 employees. It is a world leader in research on poverty-related diseases. The Aga Kahn Foundation, which has an Asian background and roots in the Islamic world, is another organisation that has cooperated closely with Norway in recent years on many projects, for example in Afghanistan and Pakistan.

Another type of foundation is the William J. Clinton Foundation, which was established and is run by Bill Clinton. Since its inception, the foundation has grown into a global NGO with more than 800 employees and volunteers at its disposal. In addition to being an important actor in the development assistance area, Clinton has established the Annual Meeting of the Clinton Global Initiative, an arena that consistently attracts influential world figures. Together with the G8 meetings, the World Economic Forum in Davos and the EU's recently established European Development Days, this forum supplements and challenges the UN, the World Bank and the OECD as arenas for dialogue in the development policy field, but it may also help to revitalise them.

George Soros' foundations and funds, including the Open Society Institute (OSI), are examples of organisations where global philanthropists have taken on a more explicit political role and where greater emphasis is placed on directly influencing political decisions. With annual budgets of between USD 400 and 500 million, Soros is a potential power factor in the growing global network of NGOs.

These private actors unquestionably have the resources, expertise and energy required to make a difference. They increase the options available to governments of developing countries and reduce other donors' relative influence. This can create friction and make coordination more difficult, but whether this is a problem depends on the ability and willingness of all relevant parties to cooperate.

One potential problem is accountability. These actors are influential and have substantial financial resources at their disposal, but they are in principle accountable to no one but themselves. Transparency is therefore crucial at all stages of international development cooperation and why the documentation of results is essential.

NGOs are setting the global political agenda

While we previously made a distinction between voluntary aid organisations and political organisations such as Amnesty International and *Nei til Atomvåpen* (Norwegian campaign against nuclear weapons), the vast majority of NGOs are now political operators and lobbyists as well as operational aid actors. Funds that are raised are used in close cooperation with the media and international media celebrities in order to maximise visibility and political influence. At the same time, NGOs are cooperating more and more closely and increasingly frequently with the authorities and the private sector. Globalisation and the accompanying media and communication revolution have substantially enhanced the ability of these actors to build networks and engage in political lobbying across borders and vis-à-vis different actors.

The organisations behind the Extractive Industries Transparency Initiative (EITI), which was established to promote greater transparency in the payment and receipt of natural resource revenues, are examples of actors that have gained considerable influence in international politics. Global Witness, the Revenue Watch Institute and Transparency International played an important part in putting the issue of transparency in transactions in the oil and mining industries on the international agenda. These organisations convinced the British authorities of the importance of the issue and were, and continue to play a key role in the EITI, which was launched by the UK in 2002.

For these actors building coalitions between the public sector, the private sector and civil society is a fundamental aspect of their work. Such coalitions have played an important part in setting the agenda in a number of political processes that have led to government-level agreements, including the bans on landmines and cluster munitions, the EITI initiative and the Kimberley process (an initiative to stem the flow of conflict diamonds).

Closer contact between states and other actors

In recent years, we have witnessed a rapid growth in the number of cooperation initiatives between states and other actors. They are brought together by a shared objective and common vision of positive social change, at both the national and the global level. It is often as a result of initiatives taken by civil society actors that issues appear on the political agenda. These issues are then often taken up by interested states, which formalise processes that may result in international agreements. Norway has played an active role in many of these processes, as have Canada, the UK and the other Nordic countries. These initiatives are often developed far away from formal UN arenas, but as more actors become involved and the need for global legitimacy increases, they gradually become more closely associated with the UN.

The above-mentioned EITI, which is a partnership between states, extractive industry companies/ the private sector and civil society, is an example of such an initiative. Although it is a voluntary and loose partnership, it has the ability to

Box 10.2 Ban on cluster munitions

In 2006, the Norwegian Government invited the UN, the Red Cross movement and other humanitarian organisations to attend an international conference in Oslo, following the failure of the States Parties to the Convention on Certain Conventional Weapons (CCW) to agree on a mandate to start negotiations to address the humanitarian problems caused by cluster munitions. Norway thereby took a leading role in the process that led to a ban on the use, production and transfer of cluster munitions. However, this was also the result of the work of humanitarian and human rights organisations, which for many years had sought to put the issue on the agenda. The process rapidly gained the support of a large number of states the world over, and when the Convention on Cluster Munitions was adopted in Dublin on 30 May 2008, 107 states took part.

The prohibition includes all types of cluster munitions that are known to have created humanitarian problems, and is thus viewed as having set a new standard in international humanitarian law. The Convention was signed by 94 countries in Oslo in December 2008. The Convention also enjoys the full support of the international community through the UN, humanitarian and human rights organisations and the International Red Cross movement.

exert influence through new alliances. At the same time, the EITI derives its legitimacy both from its agenda and effective operation and from its broad-based membership, which includes governments in the North and the South, private companies and civil society actors who all have an equal voice. Because of the political sensitivity of the issues involved, i.e. exposing corruption in governments and the business community, and the need for close cooperation on an equal footing between some, but not all, states and a number of other types of actors, formal global forums like the UN are not very well suited as an organisational framework for the initiative's activities. The EITI can thus be said to create new room for manoeuvre that existing forums could not have provided.

The Kimberley Process Certification Scheme (Kimberley Process) is another international initiative in which the private sector has a prominent role. The Kimberley Process was initiated to break the link between trade in rough diamonds and armed conflict. The process was formally launched in May 2000 on the initiative of the South African authorities and several other diamond-producing countries in southern Africa, including Botswana, following prolonged efforts by civil society actors to put the issue on the agenda. The Kimberley Process now has more than 70 participants. The UN has taken part in the Kimberley Process since its inception in 2000, and Norway has done so since the end of 2001. Norway became a full participant in the process when the Certification Scheme was implemented in Norwegian law in 2004.

In the health policy area, the range of new types of international actors has increased considerably in recent years, in step with the growing focus on health issues that has accompanied the follow-up to the UN Millennium Development Goals. The Global Alliance for Vaccines and Immunisation (GAVI) is a good example of this. GAVI is an alliance of states, UN agencies, the World Bank, research institutions, NGOs and the private sector. Its objective is to achieve results in the field of vaccination and immunisation that no existing actor or group could achieve on its own. Norway participates actively in GAVI and is engaged at high level in a joint effort to ensure that all children in the 75 poorest countries in the world have access to the vaccines recommended by the World Health Organization (WHO). The new institutions in the health field, including GAVI, usually work in close cooperation with UN agencies such as UNICEF and WHO.

The private sector, corporate social responsibility and foreign policy

The Norwegian private sector is becoming more and more internationalised, and the Norwegian authorities are helping to create framework conditions that facilitate the globalisation of the private sector. This increasingly includes cooperation with companies on participation in development initiatives, such as in the field of microfinance and hydropower development, where Norwegian actors have valuable expertise to contribute. In addition, the agenda for corporate social responsibility is constantly evolving. This means that the private sector is gaining a more important role in the achievement of certain foreign policy objectives. The conduct of the private sector is being monitored by a growing number of NGOs and consultants who have developed standards, indexes and rankings to measure the gap between what companies say and what they do. A number of international standards for corporate social responsibility have now been established, such as the OECD Guidelines for Multinational Enterprises, which provide recommendations as to how the authorities can promote and follow up responsible business conduct in their own private sectors. There are also various UN initiatives such as the UN Global Compact, which is a voluntary network organisation with around 5000 members, and the UN Principles for Responsible Investment, as well as a number of industry-specific principles, including the Equator Principles for Financial Institutions, which are administered by the World Bank. These various standards, together with the fact that companies are now under increasing scrutiny from the media, can play a part in influencing corporate policy and the reputation of companies. This, in turn, can have an effect on the reputation of states, including Norway.

The increasing importance of CSR will open up new opportunities for the Norwegian authorities in the foreign policy context, but it is not without its challenges. When the authorities indicate that they have expectations in relation to CSR, companies immediately want to know which guidelines the authorities use to assess CSR performance. KOMpakt – the Government's Consultative Body for Human Rights and Norwegian Economic Involvement Abroad – was established by the Ministry of Foreign Affairs in 1998 as a forum for promoting understanding and cooperation between the various actors involved in issues relating to corporate social responsibility. The new white paper

Corporate Social Responsibility in a Global Economy takes this an important step further.

Box 10.3 Corporate social responsibility abroad

Norwegian companies have become increasingly important for Norwegian foreign and development policy in recent years. The white paper *Corporate Social Responsibility in a Global Economy* (Report No. 10 (2008–2009) to the Storting) sets out guidelines for Norwegian enterprises and emphasises the importance of companies for Norway's reputation. Corporate social responsibility (CSR) involves companies integrating social and environmental concerns into their day-to-day operations, as well as in their dealings with stakeholders. Corporate social responsibility means what companies do on a voluntary basis beyond complying with existing legislation and rules in the country in which they are operating.

The white paper is based on the premise that the main objective of the private sector is value creation. However, companies play an increasingly broader role in society. Companies should promote positive social development regardless of where in the world they operate. Human rights, workers' rights, environmental considerations and anti-corruption efforts are the main elements of the social responsibility of companies operating abroad. The Government will promote the use and follow-up of the OECD Guidelines for Multinational Enterprises, and support work on corporate social responsibility in the UN, including the UN Global Compact. Companies are expected to be aware of corporate social responsibility within their own "sphere of influence" and to ensure that they are not complicit in unethical practices. This also applies to suppliers and sub-contractors.

Rather than advocating the introduction of specifically Norwegian legislation, Norway supports the establishment of international obligations that can then be implemented and enforced at national level. As regards legal instruments for strengthening corporate social responsibility, the white paper proposes that the scope of the Accounting Act should be extended to include information on what companies are doing to implement ethical guidelines.

Foreign policy implications of sovereign wealth funds

Sovereign wealth funds have made big headlines in international media in recent years. In a short space of time, they have become major actors in international finance. There is an international debate about the extent to which sovereign wealth funds have a hidden agenda when they acquire major ownership interests in large companies in Europe, the US and elsewhere in the world. Many countries, including France and Germany, have expressed scepticism and concern that such funds are seeking to acquire holdings in strategic industries, particularly when they do so on behalf of their respective governments (China, Russia, Saudi Arabia, etc.). There has been less criticism of sovereign wealth funds since the onset of the financial crisis, but the issue could rapidly resume its place on the agenda when the economic situation changes.

With more than NOK 2000 billion at its disposal, the Norwegian Government Pension Fund – Global (GPF-G) is the world's second largest sovereign wealth fund. Based on general guidelines laid down by the Storting, the GPF-G is run as an independent fund that may only own limited holdings in a given company (maximum 10%). Thus it is very different from the type of fund that is arousing concern in a number of countries around the world. The GPF-G has also been held up as a model of transparency among sovereign wealth funds. However, the fund risks being subject to more or less protectionist measures that are currently being considered, and that could become applicable to all sovereign wealth funds. Therefore, gaining acceptance for the GPF-G's objectives and investment profile in important markets around the world, particularly in the US and many EU countries has also become an important foreign policy objective.

There is also an increasing focus on the ethical guidelines for the GPF-G in connection with lobbying activities vis-à-vis the authorities and the world of finance. These guidelines have become an important part of Norway's image as a responsible manager of both petroleum resources and financial revenues. If the GPF-G should choose to withdraw from a company on the basis of the ethical guidelines, this could also affect private sector actors other than the company concerned. The same is true of the alternative to withdrawal, i.e. active ownership. In 2008, Norges Bank (Norway's central bank) endorsed the Carbon Disclosure Project, which compiles and publishes information

about companies' greenhouse gas emissions. This could lead to a significant improvement in corporate environmental reporting. The GPF-G is important for Norway's visibility and reputation abroad.

Non-state actors pose a challenge to Norway's security and engagement policy

Globalisation has led to a broadening of the security concept, as was illustrated in particular by the terrorist attack on the World Trade Center on 11 September 2001. It has expanded the reach of Norway's peace and reconciliation policy. One important consequence is that Norwegian authorities must now deal with a number of new armed actors, some of whom are considered to be terrorist groups by Norway's allies. Many of them use global networks to promote their causes. Actors such as Hamas in the Middle East, the LRA in Uganda and the LTTE in Sri Lanka are regarded as potential security threats by many countries, but for Norway they are also actors we must be prepared to deal with, for example in connection with complex peace processes.

Moreover, private security companies have emerged as a new type of actor in the security policy arena. These companies offer services that were previously performed by national armed forces. The market for such companies is growing rapidly. For example, almost all embassies and aid agencies in Iraq use their services. They have adapted to current international security needs arising from the threat of terrorism and provide security services for companies operating in unstable regions. They are also frequently employed in military missions in the Balkans, Iraq and Afghanistan. Their clients include governments, private companies, humanitarian actors and NGOs, the media and the UN.

Private security companies are playing an increasingly important role. Even though they do not challenge governments' monopoly on power as such (they are recruited and paid to strengthen that monopoly), the emergence of these companies raises many issues, such as immunity from prosecution, human rights issues, sovereignty and accountability in relation to abuses of the civilian population. This applies to closed countries in particular, where there is no judicial, state or civil control and where the media are prevented from reporting abuses. However, one of their advantages is that they provide cost-effective services. They challenge the UN where it is unable to put an end to violence, genocide and civil wars.

New constellations pose a challenge to Norwegian foreign policy

For a long time informal constellations of countries have been coming together in various contexts to discuss matters of mutual interest and to prepare positions prior to multilateral negotiations. The G8 is the most established of these constellations and the one that has the highest media profile. It consists of the seven leading industrial nations: France, Japan, Germany, the UK, the US, Italy and Canada, as well Russia. The EU Presidency and the European Commission also attend. The G20 is emerging as a competitor to the G8, as China, India, Brazil and others take on a more central role in international politics. When the financial crisis became a reality in autumn 2008, the US and the EU chose to convene a meeting not of the G8, but of the G20, to discuss how the crisis should be dealt with and resolved.

In many ways, the financial crisis has speeded up a process where an increasing number of new and emerging major powers expect to be heard and listened to when global issues are discussed. The process has also been accelerated because the natural authority enjoyed by some G8 countries as leading economies is fading in the wake of the financial crisis, which was caused primarily by capitalism spiralling out of control in key Western countries.

It is too early to foresee how influential the G20 will become in the years ahead. The G8 is by no means defunct, and the P5 – the five permanent members of the UN Security Council, which have the power of veto – continue to dominate by virtue of the role they were assigned after World War II. Nonetheless, the G20 (or its equivalent) is likely to play a central role in international politics in the time ahead. A number of foreign policy documents drafted in preparation for the change of president in the US in autumn 2008 were based on the assumption that the G20 would be an important arena for the next US president.

Even a moderate strengthening of the G20 as a forum in relation to its current informal and ad hoc agenda will pose a challenge to Norwegian foreign policy. Norway can never aspire to membership of a forum of this kind. As was originally the case with the G8, the G20 has primarily concentrated on economic issues. In this respect, organisations such as the OECD and the International Monetary Fund (IMF) – of which Norway is a member – are in a good position to set the agenda. This also gives Norway an opportunity to play a part. Since we are not a member of the EU, which has a relatively cen-

tral role vis-à-vis the G20, we must rely on informal discussions with G20 countries in order to gain insight into and provide input to the agenda. It is also a challenge for Norway's UN policy that the UN appears to be in a weak position in the new G20 structure, while the Bretton Woods organisations and the World Trade Organization have more central roles. The UN may have an opportunity to take on a more prominent role when issues other than the financial crisis are on the agenda.

However, it is important to keep things in proportion. Norway has a strong interest in better global governance, including in contexts in which Norway, for obvious reasons, does not participate. The G20 may succeed in creating the momentum needed to move both climate negotiations and trade negotiations away from the North-South conflict and other conflicts that are impeding progress. The G20 countries cannot, however, operate on their own on issues related to climate policy and trade policy. In both cases, genuinely multilateral solutions and agreements are required. At the same time, however, there is no guarantee that the G20 or similar forums will develop into more permanent organisations. It is more probable that they will continue to function as loose and relatively non-binding discussion forums that may become larger and more permanent if they succeed in effectively coordinating key globalisation issues.

10.3 How can we best exploit the new political potential?

The diversity of new actors in the foreign policy arena primarily opens up new opportunities and creates greater room for manoeuvre in international politics, sometimes in the place of static multilateral organisations. Norway's opportunities to exert influence given this new diversity will depend not least on our expertise and visibility in areas in which we are qualified and have an interest in playing a role. Our ability to understand and take advantage of this diversity of actors even though it poses a challenge to established structures is important if we are to succeed, as was illustrated by Norway's role in the cluster munitions initiative discussed earlier in this chapter. These challenges call for greater focus on what serves our interests and on how we can highlight and strengthen our ability to make a difference. The more complex the global network of actors and alliances becomes, the more important it is for us to be able and willing to set priorities.

The new actors often encroach on the domain of states and formal multilateral organisations such as the UN. However, they primarily perform functions for which formal actors are less qualified. Moreover, they bring much needed momentum and energy to global cooperation. In some cases it may be a challenge for Norway that actors with which we have no formal association move into the realm of organisations of which we are a member. Such situations require a careful analysis not only of how Norwegian interests are affected, but also of how such challenges can be turned to advantage in necessary reform processes in multilateral organisations. In the field of international health, for example, there are many positive examples of this, where formal (WHO) and more informal (GAVI, the Gates Foundation) actors exploit the interdependence and strengths of the various actors for the common good. Therefore, one of our key objectives must be to promote more effective forms of cooperation between formal multilateral actors and this wide range of new actors.

Part II
Foreign policy priorities for safeguarding Norwegian interests

11 Focus on interests

The primary objective of Norway's foreign policy is to safeguard Norwegian interests. In the Government's view, an interest-based foreign policy is one that is designed to systematically promote the welfare and security of Norwegian society and the political values on which it is based. There are several reasons why it is important to take a more interest-based approach to foreign policy. Firstly, it is important to focus on interests in order to clearly define our foreign policy objectives and the basis on which our policy and priorities should build. Secondly, interests are fundamental in relations and negotiations between countries. Unless our own and other countries' interests are made explicit, it quickly becomes unclear why we are negotiating and what we are negotiating about. Some interests are given. Others are in a state of flux and must constantly be clarified and explained.

Our foreign policy must always be guided by awareness and debate about the fundamental needs, opportunities and distinctive features of Norwegian society. Otherwise it could easily lose its focus and direction. We also risk governing on the basis of old reflexes, established perceptions and short-lived contributions from a variety of more or less vociferous participants in the public debate. It is therefore also necessary to focus on interests in order to set priorities between objectives. Such a focus emphasises the degree to which foreign policy is about making choices and setting priorities between alternative solutions and strategies.

11.1 Globalisation and interest-based policy

Focusing on interests in foreign policy is nothing new, neither in Norway nor in likeminded countries. A large number of white papers presented by various Norwegian governments have discussed how Norway can best manage and promote key Norwegian interests. However, in our view there are now particularly good reasons for undertaking a new, comprehensive review of Norway's foreign policy interests. This is because a variety of globalisation processes are transforming Norwegian society and its interface and links with the surrounding world. In the Government's view, current and future globalisation processes will require that we revitalise our approach to Norway's foreign policy interests. This applies particularly to the three cross-cutting areas below:

Increasing need to set strategic priorities in foreign policy

Due to the globalisation of Norwegian society and the dismantling of national borders, there is an increasing need for foreign policy priorities. The main reason for this is that a vast array of factors in all parts of the world can be of relevance to or affect Norwegian society. The number of possible measures, aims, actors and priority areas is virually unlimited. In order to pursue a strategic, effective and focused foreign policy with clear priorities between minor and major issues, it is necessary to ensure that our policy is consistent with a clear understanding of Norway's key interests and objectives.

Increasing need to see Norway's interests in a global political perspective

As a result of globalisation, Norwegian society has become much more dependent on the global community. Changes of a political, technological, social, ecological, military or humanitarian nature in all parts of the world are having a direct and complex impact on Norwegian society. It is not possible for a Norwegian government to protect the interests of Norwegian society without at the same time helping to safeguard global public goods. The ongoing globalisation processes, which Norway is part of and which are likely to play a prominent role in the foreseeable future, are expanding Norway's foreign policy interests into new geographical and political areas.

Increasing need to abandon a narrow interpretation of Norwegian interest-based policy

As a consequence of globalisation and Norway's heavy dependency on global public goods, it is nec-

essary to abandon a narrow interpretation of Norwegian interest-based policy. Globalisation has increased the range of tools at Norway's disposal in the field of realpolitik. The traditional distinction between "soft" idealpolik and "hard" realpolitik has become less meaningful. When the priorities for Norwegian foreign policy are being set and in the implementation of this policy, Norway's expertise in the areas of peacebuilding, civil society building and development of international governance structures should be considered as valuable resources in the sphere of realpolitik. Furthermore, current global developments are resulting in a marked increase in the number and types of relevant actors and arenas in international politics. A sensible and forward-looking approach to the needs of Norwegian society requires that our foreign policy is adapted to these developments and thus goes beyond the traditional government-to-government relations that are the traditional basis of foreign policy.

11.2 Interests

It is legitimate and necessary to promote interests that are generally considered to derive from national self-interest: ensuring the basic security of the Norwegian people, providing framework conditions that are conducive to Norwegian value creation and economic growth, for example through international trade negotiations, and promoting the welfare of the Norwegian people in a world economy that is becoming increasingly globalised and unpredictable.

However, there is always a potential for conflict between interests, for example between offensive and defensive interests in the WTO negotiations. The time aspect is also crucial to the understanding and discussion of interests. For example, seeking to maximise economic growth without taking into account the problems related to climate change can undermine economic activity in the long run. Similarly, immediate victories in interest-based disputes can be to the detriment of our deeper interests in maintaining good neighbourly relations and a robust multilateral global order that ensures that right prevails over might.

11.3 Values

Values have always had a place even in the most callous and pragmatic interpretation of national interests. Here values are understood as non-material, political motives based on political, ethical or religious convictions. If you ask Norwegians what is important for them in foreign policy and what interests it should promote, nearly all the answers will include some reference to values. Our security policy is intended not only to ensure the physical integrity of the individual citizen and protect the country against attack by foreign powers, but also to safeguard the political and democratic values on which Norwegian society is built – for example universal human rights. Economic value creation in sectors that are important to Norway such as energy, shipping, fisheries and finance secures our welfare, but not if we pursue our economic interest at any cost and thereby risk undermining Norway's credibility and the respect it enjoys in the international community or jeopardising sustainable global development. A healthy economy secures our welfare and income, but it relies on institutional and political mechanisms that are largely value-based.

There is often a close connection between interests and values in foreign policy, and they will be inextricably linked in the implementation of tomorrow's foreign policy. Our High North policy is a good example of this. Here there is a lot of traditional interest-based policy, such as exercising sovereignty and jurisdiction over territory and natural resources, facilitating value creation in an area that offers great opportunities for Norwegian business, and developing our neighbourly relations with Russia. At the same time, many of the associated challenges have a value dimension, such as in the development and normalisation of relations through people-to-people cooperation with particular emphasis on culture. The 2006 integrated management plan for the Barents Sea and the sea areas off the Lofoten Islands provides the overall framework for activities in these areas. The challenges related to climate change may determine the parameters for activities in the entire Arctic area, including the Barents Sea. Norway's rights in the High North are based on international law, an extensive body of codified norms intended to ensure (particularly for small states) that right prevails over might in international politics.

11.4 Norway's broader interests

Due to globalisation and geopolitical change, interests and values are becoming increasingly closely intertwined. Furthermore, the intertwining of the institutions of society across the globe is making Norwegian society directly dependent on socio-

political developments and events in many parts of the world, often with immediate effect. For example, in 2009 NATO's most important operation is in Afghanistan, a mountainous country in Asia, and as NATO is Norway's most important security policy platform, Afghanistan is a central theme in the Norwegian foreign policy debate. Success in Afghanistan is important to alleviate the situation of the long-suffering Afghan people, control international drug trafficking, fight terrorism and the motivation behind it, and strengthen cohesion within NATO. Something similar can be said about how developments in China and Norway are becoming intertwined. In recent years China has contributed to the welfare of the Norwegian people by helping to maintain the price of oil at a high level and the price of imported goods at a low level, thereby reducing pressure on Norwegian interest levels. On the other hand, some Norwegian municipalities are having to cut back on welfare services due to unsuccessful investments in failed financial institutions in the world's largest economy.

The extended scope of Norway's interest-based policy can also be illustrated by looking at another key area of Norwegian foreign policy: the exercise of and rationale behind Norway's policy of engagement (development aid, humanitarian policy, peace and reconciliation, promotion of human rights and democracy). From the start, the main rationale behind our policy of engagement has been the altruistic desire to improve the lives of people in other parts of the world. However, globalisation and other geopolitical changes are providing a renewed, stronger rationale for our policy of engagement, as it is helping us in various ways to achieve goals that are in Norway's interests. The following are some concrete examples:

i) The global communications revolution has brought the world into our homes and is increasing Norwegians' desire to be respectable global citizens, help to reduce human suffering, and work in companies that uphold key values (or do not undermine them). It is moving human rights and freedom of expression ever closer to the core of Norwegian interests, understood as the political values that make Norway a civilised society.
ii) As illustrated by the challenges in Afghanistan, the policy of engagement and the efforts Norway takes part in to promote development in Afghanistan are if anything more important as tools to reach the international community's objectives in the country than NATO's military presence.
iii) Our extensive commitment to the UN and World Bank development agenda promotes altruistic goals, but it also helps to further develop global governance bodies that are important to Norway, and enhances Norway's image among countries that are gradually gaining greater influence in international politics.
iv) Norway's motives for participating in peace processes are basically altruistic, but at the same time we are providing public goods together with other actors. Norway's increased visibility means that we also gain access to important actors in the international political arena that it would otherwise be difficult for a small country like Norway to engage with.

Finally, globalisation and the expanded scope of Norwegian foreign policy have further increased Norway's reliance on a robust regional and international legal order and a range of effective global institutions to maintain and further develop this legal order. This has long been a core interest for Norway, with its open, trade-based economy, its rich energy resources, its long coastline, and its border with Russia. Globalisation and geopolitical change make this all the more important because the world is becoming even more complex and unpredictable, the level of conflict higher, the threat picture more complex, the major powers more numerous, the alliances more fluid, and the Norwegian economy and our welfare even more closely intertwined with global processes. It is therefore an extremely important foreign policy task to promote Norwegian interests more effectively by making active use of the mechanisms provided by the international legal order, not least in our efforts to address the problems caused by climate change and make global economic institutions more effective in the light of the financial crisis.

11.5 Norway as a foreign policy actor

Globalisation and geopolitical change are also highlighting Norway's role and identity as a foreign policy actor. We are faced with a combination of continuity and change. Geography, history, economic structures and culture are instrumental in shaping who we are and how we perceive our identities and roles in the world. The Government attaches great importance to identifying and drawing on characteristics of our country that give us influence in areas where we can make a difference in the international economic and political arenas. These areas, many of which are linked to Norway's

coastal and sea areas, include oil and gas, fish and fish products, shipping, Norway's new role as a major financial actor due to the Government Pension Fund – Global, and the High North with its resources, challenges and opportunities. The Government will give priority to strategies and measures that enable us to make better use of our advantages in these areas, to achieve both increased value creation at home and abroad, and greater political visibility and results in areas where Norwegian expertise is in demand worldwide.

As a result of globalisation, the global, national and local levels are becoming more intertwined, and for our foreign policy this increases the importance of how Norwegian society is organised. The Norwegian model is characterised by well-functioning collective solutions, dialogue and negotiation in political processes and between the social partners, a high degree of welfare, equitable distribution and a focus on gender equality and non-discrimination. A good safety net and free access to health care and education are important to the individual citizen, and have also made it easier to gain acceptance for necessary restructuring. Norway is among the industrialised countries that have had the highest rates of economic growth during the past 15 years. This is the case even when petroleum activities are excluded. Our flexible economy has ensured high value creation and made us better able to tackle the current economic turmoil. Equitable distribution and a fair tax system are also crucial in maintaining support for the welfare state. In addition, welfare schemes and an active gender equality policy facilitate a high labour market participation rate. The Government will encourage the exchange of ideas and debate on how these aspects of the Norwegian model can be used more actively in our cooperation with other countries and actors, and thus help to promote Norwegian foreign policy interests.

At the same time, our identities and our understanding of Norwegian values and views, and of how they are perceived in the world, are facing new challenges and opportunities as a result of migration and the increasingly heterogeneous composition of Norwegian society. Through migration, popular culture and new technology, globalisation is creating a diversity of individual and group identities. Ideas are channelled and amplified through the internet and global media. The distinction between foreign and domestic policy is blurring. Globalisation is thus expanding our room for manoeuvre in the field of foreign policy, for example by making available the linguistic, cultural and other expertise that Norwegians from immigrant backgrounds have to offer. However, a new international trend of uncompromising emphasis on identity, combined with identity-based backlashes against globalisation, could give rise to new conflicts that would be difficult to address due to the complex patterns they form across countries and regions. The cartoon controversy in 2006 was an example of this.

11.6 The need for priorities

A thorough discussion of Norwegian interests is also a good political starting point for setting priorities between Norwegian foreign policy tasks. Globalisation has increased the number of tasks and choices, as well as the risk of the political agenda being defined by random events and actors in the media, without regard for overall political strategies. The ability and will to set priorities between efforts and for the use of resources are therefore becoming increasingly important. The Government has two simple criteria for setting these priorities in its foreign policy: one is the degree of importance and relevance for Norwegian society, and the other is the extent to which Norway has the opportunity and ability to make a difference. Any major Norwegian foreign policy initiative should be assessed against both of these criteria.

There are frequently political tensions and differences of opinion as regards Norwegian foreign policy interests, objectives and priorities. Globalisation is exacerbating a number of dilemmas and difficult choices. These should always be subject to the broadest possible democratic debate. At the same time, one of the main tasks of foreign policy is to steer a safe middle course where conflicting interests can be reconciled and to make judicious choices in cases where interests and/or values are incompatible. Examples of such choices are: i) between (material) interests, such as in the WTO negotiations, where Norway has defensive interests as regards tariffs on agricultural goods and offensive interests when it comes to tariffs on industrial goods; ii) between interests and values, for example between Norwegian business interests and Norwegian positions and Norway's visibility in the human rights area; and iii) between values, for example when considerations related to Norwegian peace diplomacy come in conflict with Norway's desire to maintain a clear profile in the fight for human rights and the efforts to strengthen the role of the International Criminal Court.

A focus on interests increases the effectiveness and relevance of Norway's policy of engagement. Concern has been expressed from various quarters that focusing on Norway's interests could undermine the altruistic and ethical fundament on which Norwegian aid and other parts of our policy of engagement have built. This is an important debate. The Government underlines that solidarity will continue to be one of the main motives underlying Norway's development policy and other aspects our policy of engagement. The arguments that focus on our interests are supplementary. They serve to enhance and strengthen the motivational basis, scope and effectiveness of a policy that is primarily altruistic.

12 Promoting Norwegian security in our neighbouring areas and globally

In order to safeguard our security interests and define our aims and priorities on the basis of those interests we have to take into consideration a complex picture of challenges and threats, as described in Part I, Chapters 2 and 3.

12.1 Security policy to safeguard Norway's security interests

The aim of our security policy is to safeguard Norway's fundamental security interests. Those interests therefore need to be clearly defined, particularly in the light of a changing external environment and changing security challenges:

National Security – The fundamental security need relating to the existence, sovereignty and integrity of the state. Safeguarding our sovereignty, territorial integrity and political freedom of action is a fundamental Norwegian security interest.

Public safety – Since the end of the Cold War new security challenges have emerged that do not directly threaten the existence of the state. The very fabric of society has become a potential target for non-state actors, particularly terrorist groups. There is therefore a need for an increased focus on safeguarding the safety of the population and on protecting key social institutions and critical infrastructure from damage or attack.

Human security – Since 1990 international developments have also led to an increased need for the protection of individuals, where human rights, the right to life and personal security and a safe environment are the main focus.

In addition, protection of our economic security and welfare and of our living environment are also fundamental security interests. This is closely connected with the vast resources that Norway manages on the continental shelf and in our large sea areas. The resources in these areas are essential to value creation and social development in Norway. Moreover they are of strategic importance to other states.

Thus, important Norwegian interests are closely linked to global developments in the energy sector, to other states' interests in this area and to the protection of oil and gas installations. They are also connected with international rules and principles relating to freedom of the seas and management of marine resources. The UN Convention on the Law of the Sea confirms Norway's rights as a coastal state on the continental shelf and in the 200-mile economic zone and and provides a comprehensive framework for Norway's management and exploitation of marine resources. A very large proportion of Norway's revenue, business and industry, research, settlement patterns and general social development is directly related to the sea areas. Much of Norway's wealth is the direct result of the existence of an international legal order and international norms to which most countries adhere, and of the establishment of norms and cooperation through international institutions. Promoting a stronger international legal order and multilateral systems of governance is not only Norway's most important foreign policy interest, it is also a fundamental, long-term security policy interest.

Norwegian security interests are connected to the development of an international legal order that ensures peace, stability and security, upholds the principles of the rule of law, and safeguards our economic security and living environment as well as key values such as human rights and democracy, within a regional and a global framework. In addition, Norway's contribution to a multilateral world order under UN leadership, with its emphasis on international law and human rights, is an expression of international solidarity. It is a fundamental and long-term Norwegian security interest because it is in the interests of small and medium-sized countries to establish international rules. The Government is therefore actively advocating the strengthening of the UN's role in conflict resolution by increasing Norway's contributions to UN-led operations.

Maintaining the transatlantic community of shared interests through NATO is a key Norwegian security policy interest. The Alliance, with its underlying principles of collective defence and cooperation with close allies, is a cornerstone of Norwegian security policy. Norway considers it important to maintain NATO's traditional role with

regard to defence of its members. Since 1990 we have also seen an increase in transnational threats and insecurity arising from global instability. Norway's security interests must therefore also be safeguarded by promoting stability outside the Euro-Atlantic area. Global challenges connected to regional conflicts, human rights violations, international terrorism and the proliferation of weapons of mass destruction can often only be solved through the direct intervention of the international community. Norway's global engagement is broad in scope and involves participation in operations led by NATO, the UN and the EU.

It is in Norway's interests to participate in and promote the rapidly expanding security and defence policy cooperation in Europe, through participation in European security and defence policy cooperation and global engagement (ESDP) and through cooperation with neighbouring countries in the Nordic region.

Engaging Russia in fruitful bilateral relations and encouraging Russia to cooperate with the West is a fundamental security interest for Norway. It is important both in terms of international developments in general and in terms of stability in our neighbouring areas. Cooperation with Russia is an important part of Norway's High North policy.

12.2 Norway's security policy aims

According to Proposition No. 48 (2007–2008) to the Storting, *A Defence for the Protection of Norway's Security, Interests and Values*, Norway's security policy aims based on our fundamental security interests are:

- To prevent war and the emergence of threats to Norwegian and collective security.
- To promote peace, stability and the further development of a UN-led international legal order.
- To safeguard Norwegian sovereignty, Norwegian rights, interests and values and protect Norwegian freedom of action in the face of political, military or other pressure.
- To defend Norway and NATO against attacks together with our allies.
- To ensure the security and safety of society against attacks from state and non-state actors.

As an extension of these aims four specific priorities of Norwegian security policy can be highlighted:

An international legal order is the mainstay of Norwegian security policy

The single most important future threat to Norway's security and territorial integrity is a weakening of the current international legal order and multilateral systems of governance. Other aspects of Norwegian foreign policy, choices of course of action and orientation should be considered in the light of this fundamental premise of Norwegian national security. Assessments and measures aimed at preserving and further developing the international community and the international legal order should be explicitly justified on security policy grounds. Maintaining and developing the international legal order and international multilateral governance is a *primary objective* of Norwegian foreign policy. It is therefore important to evaluate both known and new areas where this could be strengthened.

An important goal for Norway in this respect will be to consider measures of its own at any given time to help to ensure that major powers and emerging major powers prioritise multilateral cooperation based on international law.

The High North is the Government's most important strategic priority area

The challenges Norway faces in its neighbouring areas are largely associated with its main international challenges and can only be resolved within a broad international framework. The challenges affect Norway's economic and political interests and the security and safety of Norwegian society. They can be prevented and dealt with using a broad range of measures within the framework of the Government's High North policy, which involves most ministers' area of responsibility. At the same time the possibility that challenges in the High North could have ramifications for security policy and defence policy cannot be excluded. The armed forces therefore have an important role to play in the High North.

Participation in global crisis management operations vital

Global challenges related to regional conflicts, weak states and asymmetrical threats from non-state actors give rise to a risk of *insecurity caused by external instability,* i.e. incidents that take place far away and that might initially appear to be of little significance to us could escalate to a much greater extent than previously, with direct consequences

for Norwegian or regional security. This is part of the rationale behind the clear Norwegian aim of promoting peace, the fight against poverty, stability and the further development of a UN-led international legal order. In this respect Norwegian security will require national civil and military resources and national competence as well as international structures in order to deal with a broad spectrum of global instability.

Norway should develop a regional security network

Our alliance policy and membership of NATO will continue to be the undisputed cornerstone of Norway's security policy.

Norway's aim should be to help to develop and position itself inside a multifaceted and tightly woven security network, i.e. a network of different forms of defence policy, economic, technological and institutional cooperation, with a view to creating stable ties, reducing vulnerability and minimising the potential for conflict in connection with particularly susceptible aspects of Norway's geographical and resource-related areas of interest. Different forms of bilateral and multinational cooperation with neighbouring Nordic countries, the EU and important allies, and Russia will be central pillars that supplement Norwegian alliance policy and the transatlantic community. Examples of this are military cooperation with neighbouring countries, Nordic arrangements and cooperation, broad and deep participation in the EU's common foreign and security policy (CFSP) and in the European security and defence policy cooperation (ESDP), and close cooperation with Russia that is specifically focused on the High North.

12.3 Security policy priorities

Safeguarding Norway's security in the north

The nature of a number of the challenges related to resource management that do not activate NATO security mechanisms and guarantees is such that they must be dealt with at the national level. The armed forces have an important role to play in terms of surveillance and intelligence, the exercise of sovereignty and authority and Norway's contribution to incident and crisis management. Maintaining an appropriate military presence in the High North will continue to be important for enhancing stability and predictability. NATO is important as a stabilising factor and as a framework for the military defence of Norway. We must take steps to encourage our most important allies to focus more attention on areas close to Norway. The Government has emphasised the importance of keeping the Alliance and Norway's allies informed about developments in the north, and we are currently seeing greater interest directed towards our neighbouring areas than was the case just a few years ago. NATO is still the cornerstone of Norwegian security policy and will be vital in dealing with all kinds of security challenges that are not dealt with within a purely national framework. One challenge will be to develop a web of complementary ties and allegiances, including Nordic cooperation and bilateral contacts in the European capitals and in the EU.

The security challenges in the north not least underline the importance of prioritising cooperation with Russia, including defence cooperation, in order to build trust and break down differences. Other forms of cooperation with Russia also have security policy aspects in that local, regional and international cooperation plays a part in building confidence and preventing differences from arising.

– Safeguarding Norwegian rights in the north

The Government attaches great importance to continuing and strengthening Norway's proactive role in the implementation and further development of the international legal framework for the sea areas. Norway has long and extensive experience of multilateral and bilateral processes associated with these tasks. Through this we have developed broad expertise in this field. This is a sound foundation for safeguarding Norwegian interests and for seeking internationally agreed solutions.

One of the primary objectives of Norwegian maritime policy is to consolidate and implement the law of the sea in a way that ensures stability, responsible utilisation of resources and protection of the marine environment. This is also important from a development perspective. It is important to participate actively in and support international organisations and forums, both regional and global, where issues relating to the law of the sea are dealt with. Negotiations are being carried out with neighbouring states to establish clear and predictable conditions for exercising authority and utilising resources. At the national level, measures related to areas under Norwegian jurisdiction are also being implemented.

The delineation of the outer limits of the Norwegian continental shelf will be an important step forward in efforts to create clarity and predictabil-

ity in the management of the sea areas close to Norway. This work has been carried out in close consultation with our neighbouring countries in order to achieve a common understanding of the issues involved. The remaining part of the process, including the formal establishment of boundary lines with our neighbouring countries, will be carried out with a view to ensuring that Norway enjoys the rights and fulfils the obligations ensuing from the law of the sea.

The delimitation of the continental shelf and the 200-mile zones continues to be the most important outstanding issue in our bilateral relations with Russia. Considerable progress has been made since negotiations began in 1970, but there are nonetheless difficult issues that remain unresolved. High priority is being given to continuing efforts to find a comprehensive solution on the basis of the law of the sea.

Sound management of living marine resources and efforts to combat illegal, unregulated and unreported fishing are key components of Norwegian policy, both nationally and internationally. Effective control to ensure that existing regulations are complied with is an essential measure for achieving these aims. Non-discriminatory checks of both Norwegian and foreign vessels are carried out in the Fisheries Protection Zone around Svalbard. In case of violation of existing regulations, appropriate measures will be imposed. Possible reactions will not affect Norway's implementation of such measures. At the same time importance is

Box 12.1 Norway's engagement in Afghanistan

Norway is participating actively in the broad international effort in Afghanistan to promote stabilisation, reconstruction, democracy-building and growth. Afghanistan is one of the largest recipients of Norwegian development aid, with support totalling NOK 750 million per year during the period 2008–2012.

In addition to a military presence and the training of Aghan security forces, Norway is engaged in a broad-based, long-term civil effort in Afghanistan whose primary focus is on developing the rule of law (which also includes the fight against corruption), capacity building, education and local development. Moreover, Norway is taking part in a large-scale humanitarian effort designed to meet the fundamental needs of an impoverished population.

Norway attaches particular importance to supporting Afghan plans and priorities and to ensuring Afghan ownership of the development effort ("Afghanisation"). Only the Afghans themselves can build and develop their country. Our task is primarily to help the Afghan people develop their own expertise and capacity so that they can do the job themselves.

The United Nations Assistance Mission in Afghanistan (UNAMA) has been assigned the important task of ensuring the effective coordination of the international development effort in Afghanistan. In Norway's view, it is important that UNAMA is provided with the resources and qualified personnel needed to achieve this.

Security is a prerequisite for stability, reconstruction, development and faith in the future. The fragile security situation in Afghanistan continues to require a military presence, but there will be a greater chance of success if more resources and attention are directed towards political and civil initiatives, including providing support to the national civilian police force. Encouraging and supporting broad participation in reconciliation inititiatives is also important as a means of promoting long-term stability and security. Such inititiatives must be based on Afghan traditions, principles and priorities and must be led by Afghans themselves.

For far too many years the main strategy towards Afghanistan has been dominated by the military efforts to combat terrorism. For a long time the international community failed to recognise the full importance of state building, political reform, development efforts, national reconciliation or measures aimed at involving neighbouring countries in efforts to stabilise the country. A politically stable and economically sustainable Afghanistan will also be dependent on responsible and constructive engagement on the part of its neighbouring countries, especially Pakistan. Pakistan's development could be just as important for the stability of the region as for the development of Afghanistan. Broader agreement between India, Pakistan, Afghanistan and Iran that prevents these states from using local and regional conflicts against each other could enhance stability and create new opportunites for economic cooperation in the region that promote development.

Box 12.2 Weapons of mass destruction, disarmament and non-proliferation

The Government believes that it is possible to achieve greater security for all at considerably lower levels of armaments than those that exist today (cf. Report No. 27 (2007–2008) to the Storting, *Disarmament and Non-proliferation*). Furthermore, extensive disarmament would free up substantial resources that can be used to promote development and combat poverty.

The threat of weapons of mass destruction is a special case. At the same time it is small arms that take the most lives (see Chapter 13.5 on humanitarian disarmament).

Biological and chemical weapons belong in the past and serve no practical purpose in terms of security or defence policy. The Government cannot accept a situation where some countries are allowed to retain the option to use weapons of this kind as deterrents in regional conflicts. Therefore the two conventions that prohibit the use of such weapons must be ratified by all countries. All existing stores of biological and chemical weapons must be destroyed as soon as possible. This is particularly important because such stores are a permanent source of temptation for groups that would not hesitate to use illegal weapons in terrorist attacks.

As regards nuclear weapons our aim is total elimination. Through the Non-Proliferation Treaty (NPT) the nuclear powers are obliged under international law to promote nuclear disarmament. This process now needs to be revitalised, and the USA and Russia, as the dominant nuclear powers, have a particular reponsibility to show leadership in this area.

Most of the nuclear powers have undertaken not to carry out new nuclear tests. Our collective security will be strengthened if such intentions are translated into binding commitments through the ratification by the countries in question of the Comprehensive Nuclear-Test-Ban Treaty. Global security would also be enhanced by the start of negotiations on prohibiting the production of fissile material for weapons purposes. Furthermore, it is important to prevent a possible missile defence system from leading to a new arms race.

The development of civil nuclear power plants is not part of Norway's energy policy. However, we must accept that the large majority of countries do not share our views on this issue, and many of them use, or want to make use of nuclear technology in energy production, as they are entitled to do under the terms of the Non-Proliferation Treaty. Given that this technology can also easily be used for the purposes of producing weapons, the increase in the construction of civil nuclear power plants poses a major challenge to non-proliferation.

attached to building trust by explaining the grounds and necessity for Norwegian measures.

The Svalbard community is constantly developing and currently consists of more nationalities than ever before. This is partly due to the increased international interest in the polar areas, e.g. in connection with climate-related research. As a result of this development new regulations are needed, partly to safeguard the unique environment of the archipelago. The Norwegian authorities attach great importance to loyal compliance with the provisions of the Svalbard Treaty in their exercise of authority.

As one of the five coastal states bordering the Arctic Ocean (Canada, Denmark/Greenland, Norway, Russia and the US), Norway has a particular responsibility for developments in the Arctic. At Norway's invitation, the heads of the legal departments of the foreign ministries of the five coastal states met in Oslo in October 2007 to discuss legal issues related to the Arctic Ocean. Norway participated actively in drafting the Ilulissat Declaration, which is an important political platform for dealing with future challenges connected with the Arctic Ocean. The Government considers it important that Norway continues to play an active role in discussions about and cooperation efforts related to the Arctic Ocean.

Assuming global responsibility by contributing to global security

One of the Government's key security policy priorities is global security. Today our participation in international operations under the auspices of the UN and NATO, and also the EU, though we are not a member, is an integral part of Norwegian defence and security policy. Norway participates only in military operations that have a UN mandate. Norway's military participation abroad is an expres-

sion of international solidarity, and we have a long tradition of engagement in international efforts to promote stability and peace. A pragmatic recognition of the fact that, in today's globalised world, Norwegian security is closely bound up with international security is equally important, as is recognition of the fact that in some cases challenges must be dealt with where they originate. Global instability threatens many of our security needs and there is broad international agreement today that resource-rich countries should contribute to international peace operations. As a country with business interests that span all continents, it is also in our own interests to promote global security. Norway's participation in efforts to combat piracy in the Gulf of Aden off the coast of Somalia is an example of our engagement in this area.

Our security policy orientation is reflected by the fact that we give high priority to participation in operations under the auspices of the UN and in NATO operations that have a UN mandate. In this way we are helping to ensure the continued relevance of these organisations. Norway hopes to be able to increase its participation in UN-led operations. Norway's policy of engagement (development assistance, peace and reconciliation, humanitarian aid and efforts to promote human rights and democracy) must be understood as a contribution to global security, stability and justice and as such both an expression of solidarity and of Norway's own national interests. Norway's policy for humanitarian disarmament (see Chapter 13.5), including our contribution to the processes that led to the Mine Ban Convention in 1997 and the Convention on Cluster Munitions in 2008, demonstrates that Norwegian security policy and our policy of engagement are two parts of a coherent whole.

The fight against international terrorism requires a nuanced approach. A long-term strategy must promote economic and political development in those countries where this phenomenon largely originates. At the same time, because of the transnational nature of terrorism, military forces must play a part in the international community's fight against terrorist groups in those countries where they have bases, such as in Afghanistan.

12.4 The pillars of Norwegian security – a security network

Norway's security is underpinned by participation in a broad range of international organisations and cooperation arrangements and dialogues. The challenges described in Part 1 demonstrate that our interests are best served when international security challenges are solved on the basis of international law and multilateral security arrangements. Norway will work actively to strengthen the role of the UN. No other organisation has the same range of instruments at its disposal or the same degree of global legitimacy. The challenge will be to help to ensure that UN programmes are better coordinated and integrated with long-term, coherent peacekeeping and peacebuilding efforts. An internationally recognised legal order based on the UN system is a cornerstone of our security policy.

Norway has increased the level of its police participation in UN operations in Africa, in accordance with the Government's inaugural address ("to increase civil and military participation in UN operations"). Norway currently has military, police and prison personnel in UN operations in Liberia (UNMIL) and Sudan (UNMIS and UNAMID), as well as in the Middle East (UNTSO, UNIFIL and TIPH) and Afghanistan (UNAMA), see figure 12.1. In addition, we are about to deploy personnel in Chad (MINURCAT). If all goes according to plan, the whole contingent will be in place by 1 June 2009. The Government is, moreover, in regular contact with the UN regarding possible future contributions to the UN peacekeeping mission in the Democratic Republic of Congo (DRC).

In addition to contributing personnel to international operations, Norway is a key partner in efforts to strengthen the UN's ability to plan and implement operations. Norway has also played a part in supporting the UN in its efforts to develop the concept of integrated operations, based on political, military, humanitarian and development-related assistance measures. The important priority areas include: security sector reform, strengthening African peace operation capacity by supporting the training of African civilian personnel and police to enable their participation in operations, integrating the gender perspective, protecting women and preventing sexual violence. Norway plays a proactive role in efforts to strengthen cooperation between the UN and regional organisations, such as NATO, the EU and the AU. Norway's broad-based engagement helps to enhance the legitimacy of the UN and the world order that is based on the UN Charter.

NATO is the cornerstone of Norway's security policy

Norway has played an active role in NATO operations in the West Balkans region and in Afghanistan and, in terms of population size and military resources, has long been one of the main contribu-

tors of personnel to NATO-led operations. In recent years Norway has attached great importance to the stabilisation of the countries of the former Yugoslavia and has spearheaded efforts to ensure that no countries are excluded from the Alliance's cooperation mechanisms. The last countries in the region, Bosnia and Herzegovina, Montenegro and Serbia, have now joined the Partnership for Peace.

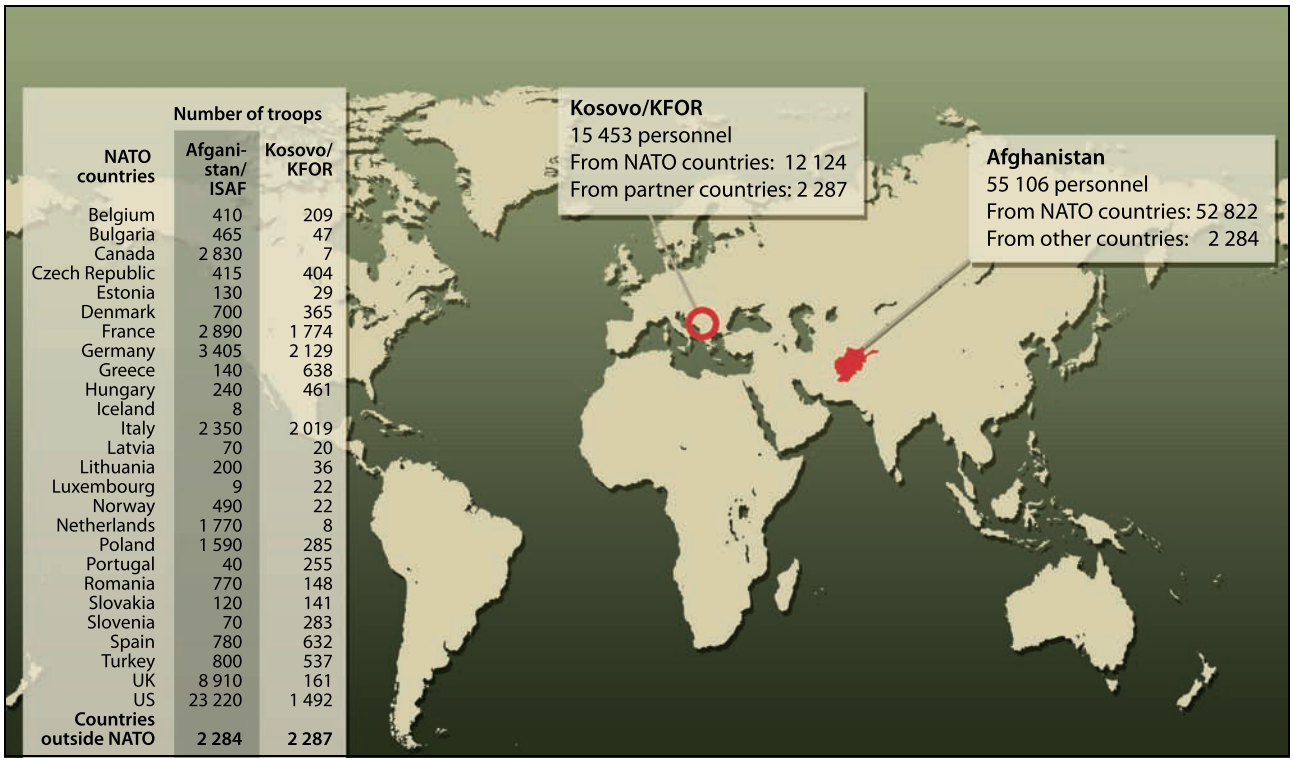
There is no doubt that NATO has been the most important instrument and pillar of Norway's security policy since World War II. This is still the case, but the global reality in which it operates has changed, as have the challenges it faces. NATO survived the Cold War and has undergone a process of change and expanded its membership. Politically and strategically, NATO has developed from being a purely North Atlantic defence organisation into a political and military security organisation. Since 1999, it has also engaged in operations outside the territory of its members, such as that currently underway in Afghanistan. The focus of the Alliance has expanded beyond the realm of military and defence policy to encompass democracy building and development in partner countries and in dialogue with other organisations. NATO has also grown in size and expanded its structure. In addition to 12 new member countries, NATO now includes a network of partnerships, practical reform measures and a council that serves as an arena for dialogue and consultation between NATO countries and partners (the Euro-Atlantic Partnership Council, EAPC). NATO membership remains an attractive prospect to new countries.

As an organisation, NATO has demonstrated a considerable ability to renew itself and adapt to changes in the global security environment. It is probable that NATO will maintain its position as long as it is in the interests of key actors to further develop the Alliance. US experiences in Iraq and Afhanistan, where it has encountered its own military limitations, and thus rediscovered the importance of formal alliances, has in turn led to increased US interest in NATO. The real needs of most European countries, independent of the development of European security and defence cooperation, have also generated increased interest in further developing the Alliance.

NATO is a completely different organisation today from the one it was during the Cold War.

Figure 12.1 Norwegian participation in international operations, 2009

Source: The Ministry of Defence and the Norwegian Police Directorate



NATO countries	Number of troops: Afganistan/ ISAF	Kosovo/ KFOR
Belgium	410	209
Bulgaria	465	47
Canada	2 830	7
Czech Republic	415	404
Estonia	130	29
Denmark	700	365
France	2 890	1 774
Germany	3 405	2 129
Greece	140	638
Hungary	240	461
Iceland	8	
Italy	2 350	2 019
Latvia	70	20
Lithuania	200	36
Luxembourg	9	22
Norway	490	22
Netherlands	1 770	8
Poland	1 590	285
Portugal	40	255
Romania	770	148
Slovakia	120	141
Slovenia	70	283
Spain	780	632
Turkey	800	537
UK	8 910	161
US	23 220	1 492
Countries outside NATO	**2 284**	**2 287**

Figure 12.2 NATO's international operations, January 2009

Source: NATO

However, NATO will remain the fundamental defence guarantee for its member countries and a forum for security policy discussions, even if the EU countries decide to conduct some political discussions internally within the EU. The Georgia crisis in 2008 reinforced the NATO countries' focus on the Alliance as a defence guarantee. This has led to a recognition that greater emphasis needs to be placed on the Alliance's traditional role as guarantor of collective defence. These issues are also relevant to Norway in the light of the challenges we face in our neighbouring areas.

– Norway's core area initiative

In connection with discussions on the need to strengthen NATO's core tasks and focus greater attention on challenges relating to defence of allied and adjacent territory, Norway has put forward what is known as the Norwegian core area initiative. The initiative has won the support of a number of other member countries. In recent years a large portion of the member countries' resources has been used on operations that in geographical terms lie outside allied territory, first and foremost in Afghanistan. The initiative therefore has an important part to play in defining the tasks of the Alliance and raising NATO's profile and level of competence on its own territory. One of the main objectives of the core area initiative is to highlight NATO's relevance in its member countries, for example by conducting more exercises on allied territory and establishing closer ties between NATO's command structures and national defence structures.

Independent of the core area initiative and in line with its High North strategy, Norway has also focused more attention on developments in the High North by initiating High North dialogues with a number of countries, and also with the EU and NATO. This Norwegian policy focus has been met with interest in NATO.

– The NATO Response Force

The NATO Response Force (NRF) is designed for rapid deployment on a range of missions as a standalone force for a period of up to 30 days before the arrival of follow-on forces. For Norway NATO provides a guarantee that our national defence capability will be strengthened in the event of a tense situation, and the NRF is a tool that can rapidly be deployed.

Together with several other allies Norway has emphasised the need for the NRF to increase its level of exercise activity. We contribute equipment

and personnel to the NRF on a regular basis, which reflects our solidarity with the Alliance. However, it has proven difficult to provide enough personnel and equipment to ensure that the NRF always has its full contingent. This is due in large part to the fact that most of the member countries have considerable resources tied up in ongoing operations. There have also been discussions at NATO over the past few years about whether the NRF, or parts of it, should be deployed to difficult areas of operation such as Afghanistan. However, it has been difficult to reach agreement on this within the Alliance.

The new focus on the Alliance's core tasks must not undermine NATO's ability to conduct operations in other parts of the world. In today's world, there is a close connection between our participation at home and abroad. Our expectation that our allies will become involved to defend Norwegian interests if the need arises is closely related to our willingness to participate in NATO-led operations abroad, based on the UN Charter and with a clear UN mandate.

– NATO's strategic concept

It is likely that NATO will begin revising its strategic concept in 2009. This could provide an opportunity for a broader discussion about the role and tasks of the Alliance with a view to adapting NATO to new challenges. Norway supports the initiation of this process. We are concerned about finding the right balance between NATO's tasks abroad and at home (cf. the core area initiative) and a stronger, more visible commitment to disarmament and arms control. Tension and differences of opinion are to be expected in the discussions ahead.

Norway has been working particularly closely with Germany on a separate initiative within NATO to integrate the disarmament dimension more closely into the Alliance's efforts.

One challenge has been to encourage the US to see the benefit of employing NATO in crisis management operations, based on the Alliance's consensus principle, instead of seeking "a coalition of the willing" based on new interpretations of international law. It is in Norway's interests to ensure that the US and Western countries together maintain international legitimacy. Future challenges and crises can best be dealt with on the basis of broad international support. Therefore a key challenge for Norway is to strengthen international recognition and the legitimacy of the global and regional multilateral organisations that underpin Norway's security. This applies to the UN and NATO, of which we are a member, and to an increasing extent to the EU, where we contribute forces and participate in defence materiel cooperation. The EU is increasingly important to global security and thus also to Norwegian security.

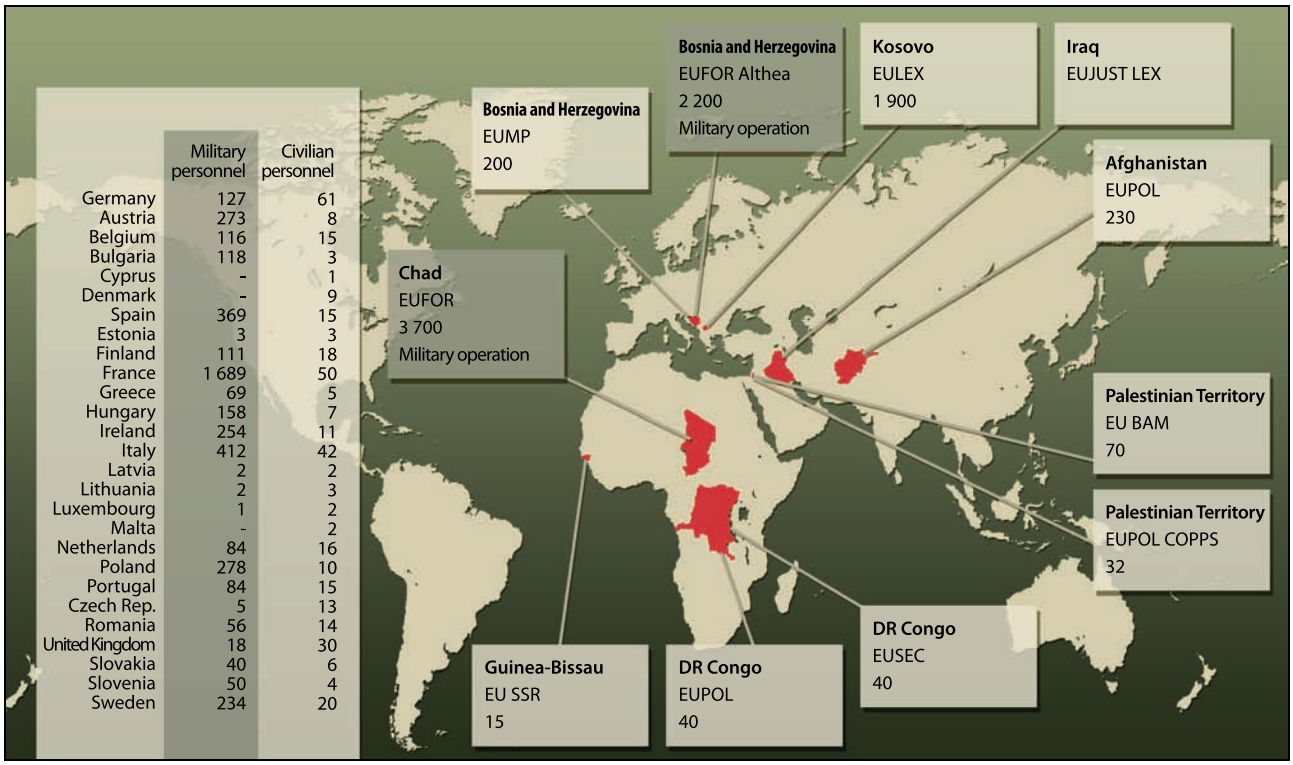
The Government is working to promote the further development and strengthening of the transatlantic community of interests. Support from, and cooperation with, the US continues to be crucial to Norway's ability to find sustainable solutions to its security policy challenges. This applies both to stabilisation tasks far from our borders, and to multilateral cooperation at the UN and NATO, as well as to the challenges we face in our neighbouring areas. For this reason the Government is seeking to develop a broad dialogue with the new US administration under President Obama. The Government recognises the intrinsic value of being able to participate in peacekeeping operations with the US and the rest of the international community, within the framework of the UN, NATO and the EU. Such joint operations lend greater legitimacy to a multilateral system based on international law.

The power shift towards the east raises both challenges and opportunities. The US will have to deal with China and India as partners if it is to be able to implement policies that create legitimacy and ensure support for stabilisation tasks, reconstruction and international cooperation.

The EU and Norwegian security

The future relevance and significance of NATO as a cornerstone of Norway's security policy will also be influenced by the development of the EU's common security and defence policy, and the relationship between NATO and the EU. Since 1998, EU defence cooperation has developed rapidly, both in political and in operational terms, despite the fact that the development of a common EU foreign and security policy has also suffered a number of political setbacks. In all likelihood the EU will continue to develop and will acquire increasing importance in the the Euro-Atlantic security architecture. The EU's role in relation to global security is also growing through its civil and military involvement in a number of areas, and by virtue of its being the most important international supporter of the UN, multilateral solutions and the international legal order. This was demonstrated by the conflicts in Georgia and Aceh.

The EU now has experience from a considerable number of large- and small-scale civil and military operations, and it can be regarded as having



	Military personnel	Civilian personnel
Germany	127	61
Austria	273	8
Belgium	116	15
Bulgaria	118	3
Cyprus	-	1
Denmark	-	9
Spain	369	15
Estonia	3	3
Finland	111	18
France	1 689	50
Greece	69	5
Hungary	158	7
Ireland	254	11
Italy	412	42
Latvia	2	2
Lithuania	2	3
Luxembourg	1	2
Malta	-	2
Netherlands	84	16
Poland	278	10
Portugal	84	15
Czech Rep.	5	13
Romania	56	14
United Kingdom	18	30
Slovakia	40	6
Slovenia	50	4
Sweden	234	20

Figure 12.3 International EU operations, 2008

Source: Ministry of Defence of France

a more comprehensive set of instruments at its disposal than NATO (which still has much greater military capability and a greater capability for planning and leading operations).

There is now substantial agreement that the two organisations should supplement each other and cooperate. The most important actors – including the US – take a pragmatic view of the relationship between them. Despite this, the relationship remains a difficult one, primarily because of the disagreement between NATO member Turkey and EU member Cyprus. The tension between these two countries has always been a challenge for Norway.

The EU's security policy is highly relevant to Norway, and its relevance will probably increase. This is due to three factors: firstly, increasing Norwegian participation in EU defence cooperation, which is becoming more important in the Euro-Atlantic security architecture; secondly, the EU's extensive contribution to global security through non-military engagement, based on a policy approach that closely resembles Norway's policy of engagement; and thirdly, and most importantly, the relevance of the EU to Norway's security policy by virtue of its being the most important international supporter of the global legal order and global governance through multilateral institutions. In other words, the EU is becoming increasingly relevant in terms of addressing both the implications for Norwegian security of external instability (cf. Chapter 2) and the greatest single threat to Norway, namely a weakening of the international legal order (cf. Chapter 3).

Norway has a fundamental interest in well-functioning cooperation between the EU and NATO. The Government attaches importance to broad-based and active engagement with the EU in the field of security and defence policy. Our involvement makes Norway a credible and constructive partner that supports European interests and values. However, unlike in NATO, there are no mutual defence commitments within the EU – not even between the member states. Nevertheless, Norway has benefited from the development of a defence concept and important technological advances by our European neighbours. We have contributed to the EU's crisis management capability, which has brought us recognition from our partners in Europe and the opportunity to cooperate with our Nordic neighbours. Norway has taken part in a number of EU-led crisis management operations, including the civil operations in Afghanistan and Kosovo.

As the EU's role in the field of security and defence policy increases, so does Norway's inter-

est in taking part in EU security and defence policy cooperation. Norway's involvement in this area is limited to the rights we have as an allied, non-member state in connection with participation in EU-led operations. Our participation in the EU Nordic Battlegroup is also important in this context because it enables us to support and participate in the development of EU security and defence policy cooperation. Norway only takes part in EU-led operations that have a clear UN mandate.

Nordic cooperation

The other Nordic countries are Norway's closest partners in the international political sphere, such as at the UN and in the High North. Close cooperation on foreign policy between the Nordic countries has developed over time. The end of the Cold War created opportunites for closer Nordic cooperation on security policy and defence, which had not been possible previously. The Government is seeking to coordinate its participation in a number of NATO and EU operations with the other Nordic countries. Moreover, the countries are planning to establish a joint force for participation in UN operations in Africa and to assist African countries in developing expertise in peace operations.

Nordic cooperation primarily involves five countries, but other constellations are also possible when appropriate. The Government aims to expand cooperation on common challenges in the High North and in the North Atlantic and the Arctic, with regard to new challenges such as climate change, energy and the environment and relations with neighbouring Russia. This is also consistent with the Government's aim of raising awareness of the particular challenges we are facing in the High North in NATO and among the allied countries.

The Swedish, Finnish and Norwegian chiefs of defence presented a report early in 2008 containing a number of proposals for cooperation in the field of defence. They pointed out that modern defence technology is becoming increasingly expensive, and that this calls for cooperation. A number of projects that cannot be implemented within a national framework can be realised if different countries work together. An article written by the chiefs of defence in the summer of 2008 states: "More and more countries are now facing a choice between reducing their capabilities or establishing mutually reinforcing cooperation with other countries."

The past few years have seen a considerable strengthening of Nordic dialogue and cooperation on security policy. The institutional dividing lines in the Nordic region remain, but today the countries are increasingly involved in mutually beneficial cooperation within the framework of the UN, NATO and the EU. The main cause of this positive development, which Norway has actively promoted, is the change in the strategic landscape since 1990. This has resulted in close cooperation between Sweden and Finland and their partnership with NATO, Norwegian participation in EU-led operations, and the accession of the Baltic countries to NATO and the EU. The result has been the development of a common understanding of a strategic community of interests based on geography, values and cooperation, despite the different forms of association with various organisations.

The new momentum in the cooperation between the Nordic countries is particularly evident in practical defence cooperation, particularly in areas such as peace operations under the auspices of the UN, NATO, the EU and the OSCE, support for security sector reform, and to an increasing extent also defence materiel cooperation. The Nordic Coordinated Arrangement for Military Peace Support (NORDCAPS) is an important tool for coordinating planning and participation in peace operations. With the accession of the Baltic countries to NATO and the EU, Nordic cooperation has been expanded to include Nordic-Baltic defence cooperation.

In June 2008, the Nordic foreign ministers commissioned Thorvald Stoltenberg to produce an independent report on how Nordic cooperation on foreign and security policy could be developed during the coming 10–15 years. The report was presented to the foreign ministers in Oslo in February 2009.

In the report Stoltenberg sets out 13 specific proposals. One of the proposals is that the Nordic countries together assume more responsibility for surveillance of Nordic airspace and sea areas. Stoltenberg proposes that, as a first step, the Nordic countries should take responsibility for air surveillance over Iceland, and that Norway should invite Denmark and Iceland to be partners in the development of a maritime surveillance system in the northwestern Atlantic Ocean ("Barents Watch").

Stoltenberg also recommends the establishment of a Nordic amphibious unit that can be deployed in international operations, and that should have specific Arctic expertise. In addition the report proposes that a Nordic maritime response force be established to patrol the Nordic sea areas, consisting of elements of the Nordic

countries' coast guards and rescue services. The report also recommends that the Nordic countries work together to establish a stabilisation force that can be deployed under a UN mandate to fragile or failed states. According to Stoltenberg, a force of this type should have both military and civilian components.

The report includes a separate section on public safety. It proposes that the Nordic countries develop joint expertise in defending the Nordic countries against cyber attacks and establish a separate Nordic disaster response unit and a Nordic investigation unit for war crimes committed by persons residing in the Nordic countries.

The report also points out that, as Nordic defence cooperation develops, we could reach a point where one or more Nordic countries specialise in certain tasks, and fulfil different, but complementary roles. Stoltenberg proposes that the Nordic governments issue a mutually binding declaration of solidarity in which the countries clarify in binding terms how they would respond if a Nordic country were subject to external attack or undue pressure. The proposals set out in the report will be reviewed by the individual countries and will be formally considered by the Nordic foreign ministers in the spring of 2009.

12.5 A policy of engagement towards Russia

Norway's relations with Russia will always have two dimensions: Norway and Russia are neighbouring states with a wide range of concrete issues that need to be addressed, and at the same time Norway is integrated into the Western security structure (NATO) and into key areas of institutionalised cooperation in Europe (the EEA, Schengen, the Nordic region). Tasks, challenges and opportunities associated with our policy towards Russia must be considered in the light of how we can fufil these two roles – how we can develop our neighbourly relations with Russia while at the same time securing our interests in a multilateral framework.

In order to balance the asymmetrical relationship between Norway and Russia, it is important to Norway that Russia also participates in international organisations and processes. Closer integration into international structures and accountability when it comes to international legislation and obligations could in the long term also lead to more predictable behaviour on the part of Russia. It is in Norway's interests to continue to support Russian membership of organisations such as the WTO and the OECD, and to promote the continuation and further development of cooperation within the NATO–Russia Council. Excluding Russia from international forums as a response to violation of obligations and international norms would in most cases be counterproductive and could strengthen antidemocratic, anti-Western forces and encourage Russia to become more inward-looking.

Norway's interests in relation to Russia are not purely economic, or limited to concrete issues related to cooperation in the north, and they clearly extend far beyond the realm of security policy, cf. Chapter 15 on Norwegian energy interests. It is of great importance to Norway as a neighbouring country and a member of the international community that Russia moves towards greater predictability, more democracy and greater respect for the rule of law and human rights. A society with weak democratic institutions and inadequate safeguards for the rule of law and human rights will be less stable and will constitute a latent risk. As a number of Norwegian companies have discovered, corruption, lack of transparency and openness and an arbitrary judiciary also pose problems for investment and economic cooperation. Cooperation and dialogue at all levels can have a positive effect in the long term. Civil society in Russia is weak and operates under difficult conditions. It is important that Norway continues to provide funding for project cooperation with Russia, in order to promote cooperation between NGOs, even if no radical change can be expected in the near future.

During the last decade Norway has achieved a qualitatively new, deeper level of cooperation with Russia. Political ties between the two countries are close and constructive, and contacts in nearly every area – people-to-people, in the cultural sphere, in research and education, and trade and industry – are developing in a positive direction. Norwegian-Russian cooperation on important tasks in the sea areas in the north is of mutual interest to both countries. One example where this cooperation has been successful is in the fight against illegal, unreported fishing. The challenges in the Barents Sea connected to oil and gas production, the preservation of a clean marine environment, rescue and emergency preparedness and sustainable management of the fish stocks can only be solved through cooperation and engagement. As regards oil and gas production at sea, Norway has technology and experience that could be of use to Russia. At the same time it is in Norway's interests that the development of the Russian sea areas proceeds in an environmentally sound manner. As regards cooperation on the develop-

ment of the Shtokman field it is Norway's aim to ensure that high standards of health, safety and the environment are given high priority.

At a time when a stronger, more assertive Russia appears to be more willing to confront internationally accepted norms, and to allow tension between Russia and the Western countries to increase, the question has been raised as to whether it is possible to further develop relations with Russia without compromising what we and our allies stand for. However, there is no contradiction between participating actively in NATO and exploiting the potential for cooperation with Russia as far as possible. Responding to Russian actions that we do not agree with by limiting channels for dialogue would be counterproductive. The Alliance's policy towards Russia should also be one of openness and engagement. Although Russia sought to distance itself from cooperation with NATO in the aftermath of the invasion of Georgia, Norway's approach is based on the fact that Norway and Russia still have a fundamental common interest in preserving and developing good neighbourly relations. As before, Norway continues to work towards constructive, mutually beneficial cooperation in all areas where it is appropriate and fruitful.

As Russia's neighbour, it is important for Norway to counteract tendencies that give rise to tension between Russia and the EU and NATO. In general it is important to take a firm, long-term approach towards Russia. It is just as much in NATO's interests to cooperate with Russia on new global security challenges. In the same way it is in our interests that Russia participates together with the rest of the international community in efforts to deal with difficult global issues such as Iran's nuclear programme and the Middle East conflict. It is also in Norway's interests that Russia enjoys good cooperation with the EU.

At the same time it is important to recognise that the extent to which Russia can be included in European and other Western cooperation efforts, and the extent to which antagonisms arise will depend on Russia itself – on how the country defines its own geopolitical role through the courses of action it chooses and its conduct in regional conflicts and other situations involving different interests.

12.6 Focus on China and Asia in Norwegian security policy

The rapid security policy developments in Asia over the past few years are also having implications for Norway. Norwegian foreign and security policy needs to be continuously adapted to meet the challenges of a rapidly changing world order. Political and military developments in the region are having a greater impact in an increasing number of areas. This applies particularly to developments in China, including within security and defence policy. To enhance the Government's China strategy in this area, the Ministry of Foreign Affairs, the Ministry of Defence and our diplomatic and consular missions in the Asian region are cooperating with research institutions in Norway and abroad to engage China in ways that are realistic, but also ambitious.

A more assertive China in the UN Security Council would have consequences for Norwegian foreign and security policy. The fact that China is a neighbouring country of Afghanistan and Pakistan and a major investor in the two countries makes China an interesting dialogue partner. As the world's fifth largest nuclear power, China also has an important impact on security and defence policy developments in the region. This has implications for the Government's efforts to strengthen the global disarmament and non-proliferation regime.

During the past few years the Government has increasingly engaged in fruitful dialogue with other key countries in Asia besides China, including India, Japan and South Korea, with a view to understanding their way of thinking, seeking dialogue on key security policy issues and exploring the potential for cooperation. Nuclear disarmament and non-proliferation, peace operations, energy issues, maritime security and not least Arctic issues have been questions of common interest.

The increased political, economic and military focus of the US on alliance partners in Asia also reflects its desire to enhance its ability to address the challenges of the region. This has consequences for Washington's strategic thinking on Europe and Norway, and innovative thinking and engagement will be required to safeguard Norwegian interests.

According to the long-term plan for the armed forces (Proposition No. 48 (2007–2008) to the Storting), the rise of Asia will have far-reaching implications for security policy. In addition to increasing the political staff, a defence attaché was stationed in Beijing in the winter of 2009. The Ministry of Foreign Affairs has established a separate project

designed to assess the implications of developments in Asia for Norwegian security policy.

12.7 The armed forces as a security policy tool – the need for a coherent approach

The armed forces are one of the most important tools for safeguarding national security, public safety and civil society and safeguarding our interests. In dealing with the complex security challenges of the future military capacities will be viewed in conjunction with other tools. The use of military force must always be the last resort or must be an integral part of a coherent approach.

Challenges in countries such as Afghanistan and Kosovo demonstrate that it is impossible to bring about the economic and social development necessary for lasting stability without security provided by military means. Norway has therefore taken a leading role in UN efforts to promote the development of multidimensional and integrated peace operations with the aim of coordinating political, military, development-related and humanitarian programmes and operations under one overall strategic plan.

The recognition of the connection between security and development also explains the heightened emphasis on defence-related security sector reform and defence reform as security policy tools that can be used to enhance stability and good governance in conflict areas and fragile democracies. This can be achieved by enabling recipient countries to exercise democratic control over their military forces and develop them so that they can fulfil their tasks effectively, particularly with regard to international peace operations.

In Norway changes in the nature of threats to national security and the increased emphasis on public safety have brought about a change in civil-military cooperation within the framework of the concept of total defence. This involves mutual support and cooperation between the armed forces and civil society on prevention, contingency planning and operational factors. Support of this kind from the armed forces is broad in scope and encompasses areas such as search and rescue, assistance in connection with accidents, crises and natural disasters and other assistance to the police.

Box 12.3 Norwegian defence policy

The armed forces must be tailored to meet a wide range of challenges and complex trends. For this reason we must further develop a modern and flexible rapid reaction force that can be deployed in Norway and abroad. This will require an operational structure where jointly trained forces work together within a common operational framework across the whole spectrum of conflict. This calls for high-quality military forces that have both rapid response and sustainable military capabilities, combined with strategic and tactical mobility and the ability to self-protect.

The challenges in our neighbouring areas require that the armed forces, supported by society's other resources, must be able to solve a number of national tasks connected with surveillance and intelligence, the exercise of sovereignty and incident and crisis management on their own. At the same time the armed forces must be dimensioned so that they can participate actively in UN, NATO and EU peacekeeping operations. The armed forces must be able to work together with the civil sector, both in Norway within the framework of the total defence concept and in connection with operations abroad where there is an increasing demand for civilian-military cooperation.

The armed forces must be NATO-compatible, i.e. they must be based, as far as possible, on NATO standards, so that they can operate in an allied framework across the whole spectrum of conflict, both in terms of collective defence in Norway and abroad and in terms of participation in NATO-led peace operations. Compulsory military service is essential for ensuring that the armed forces reflect the diversity of society and for securing access to personnel.

13 Exercising global responsibility through our policy of engagement

Norway is extensively engaged in the fight against poverty, in humanitarian issues, peace and reconciliation efforts, and in international work to promote human rights and democracy. The main objective is to help to improve the lives of vulnerable individuals and groups in poor parts of the world, enabling them to realise their fundamental human rights and facilitating peaceful social development. This white paper uses the term "policy of engagement" to describe both the framework and the approach for Norway's efforts to address important poverty and globalisation issues. It highlights the values underlying these important policy areas, and considers the tasks entailed from the point of view of Norway's interests. At the same time, there are specific challenges and dilemmas connected to each of the four main lines of the policy of engagement.

The policy of engagement encompasses key areas and falls under the constitutional responsibility of both the Minister of Foreign Affairs and the Minister of the Environment and International Development. In some fields, it also entails closer cooperation with other ministries. There are important areas that are primarily the responsibility of the Foreign Minister, and a large proportion of the International Development Minister's portfolio relates to the policy of engagement. However, development policy, as defined in the development policy white paper *Climate, Conflict and Capital* (Report No. 13 (2008–2009) to the Storting) extends beyond the policy of engagement as defined in this white paper, for example in relation to climate change.

The policy of engagement is first and foremost motivated by altruism. It is based on core moral principles and values that underlie Norwegian society. These are principles and values that lie behind a large number of Norwegians' engagement in international issues and that have been cultivated as an important aspect of Norway's foreign policy identity. On the other hand, the broad globalisation processes and geopolitical changes we are seeing today are giving the policy of engagement new significance as it promotes the realisation of objectives that are also in Norway's interests. This is illustrated, for example, in the conflict in Afghanistan. There are also clear links between peace and political development in the Middle East and social and political issues in Norway.

The process leading up to the ban on cluster munitions shows that the policy of engagement can also be regarded as a method. Through a combination of political will, diplomatic skill, financial tools, untraditional alliances with NGOs and countries in the South, Norway played a key role in the negotiation process that culminated in nearly 100 countries signing the Convention on Cluster Munitions in Oslo last December.

The policy of engagement has traditionally enjoyed broad support in the Storting. It is becoming increasingly relevant in the context of *globalisation policy*, i.e. policy to counter the negative aspects of globalisation and to enhance the opportunities of developing countries to benefit from its positive aspects. This means that it is possible to develop policy tools to address a number of the challenges that were examined in Part I of this white paper. Norway has the resources, experience and expertise to contribute to efforts at global level, and to make a difference. In addition, the policy of engagement has increasing relevance for Norwegian interests and developments in Norwegian society in terms of *realpolitik*.

Financial resources are a decisive input factor for implementing a policy of engagement. The aid budget, through which much of this policy is funded, has more than tripled since 1990 and amounted to NOK 26 billion in 2009. As of budget year 2009, Norway has for the first time achieved the target of allocating 1% of gross national income (GNI) to development assistance.

Just as important as funding are expertise, the ability to learn from experience, strategic focus, and cooperation with a range of other actors at both national and international level. Multilateral actors, such as the UN and various NGOs, play vital roles in the implementation of our policy of engagement. Through targeted efforts over several decades, Norway has gained considerable experience and knowledge that will be maintained and further developed in the years ahead. At the

same time, the complexity of the challenges facing us means that Norway should concentrate its technical, strategic efforts on areas where we have expertise that is in demand and where we are regarded as a relevant actor.

A general characteristic of the policy of engagement is that it is difficult to measure and document results. This is because the policy is designed to achieve long-term goals and development, because we are seeking to resolve extremely complex problems, and because it is more difficult to achieve coherence here than in other areas of foreign policy. In order to compensate for this, the Government therefore attaches great importance to a strong focus on results within the various policy areas. The challenges relating to documentation of results must never be used as an excuse for lack of focus on quality and effectiveness.

13.1 The rationale behind Norway's policy of engagement

Norway's policy of engagement is based on three main considerations:

i) Norway's global moral responsibility: Norway has a fundamental conviction that all people are entitled to a life of dignity, as is set out in international conventions on human rights. As one of the richest and most peaceful countries in the world, we have a moral duty to help to reduce poverty and armed conflict. We have a responsibility to pursue a policy that safeguards the rights of all individuals, by alleviating suffering and ensuring that basic needs are met, regardless of geographical distance and other political and strategic considerations. This is the main reason for the policy of engagement.

ii) Safeguarding Norwegian interests: As a result of globalisation, the rationale behind Norway's policy of engagement must also take account of the need to safeguard the interests of Norwegian society. Events far beyond our borders have taken on greater significance for us, and the policy of engagement has thus become strategically important for Norwegian welfare and security. A key factor here is helping to ensure a basis for effective global governance, a long-term approach to promoting global, common interests even where there is no direct and immediate connection between what is happening "out there" and our security and welfare "here at home". As a country with limited means of enforcing its authority, Norway has a self-interest in strengthening the coordinated efforts of the international community. Conflicts and crises that seemingly have no connection to Norwegian society can shape global developments, with direct or indirect consequences for us.

iii) Norway's unique position and expertise: Unlike the world's major powers, Norway has few strong economic and strategic interests at the global level. Moreover Norway does not have a colonial past. On the other hand, Norway does have internationally recognised experience as a steward of extensive natural resources, not least in the energy field. In addition, Norwegian society is characterised by the rule of law, a mixed economy, an active distribution policy, equal rights, a strong civil society and the use of consultation and negotiation to resolve important issues. For example, we have by means of an active family policy, succeeded in combining a positive demographic trend and a relatively high birth rate with a high level of employment among women. Therefore, Norway is the subject of considerable interest, and Norwegian experience and expertise in these fields are in demand. Another area where Norway is attracting international interest is our work to safeguard the rights of vulnerable groups and the fight against racism and discrimination.

Thus, in line with our policy of engagement, Norway should focus its efforts on the fields and geographical areas where it has clear moral responsibility, where there is great need, *and* where Norway's expertise is in demand, i.e. where Norway is particularly well placed to make a difference.

13.2 Aid and the fight against poverty

As set out in recommendations from the various standing committees to the Storting, aid is to focus on meeting the needs and promoting the rights of the poor. It is to alleviate suffering and promote development and economic growth in poor countries. It is to be recipient oriented, and thus promote recipient ownership and responsibility. Women's rights and gender equality, sustainable development and climate change have been on the agenda for some time, but are particularly emphasised by the present Government.

Aid is a key strategic tool and source of funding for the policy of engagement. It dates back to the period of reconstruction after the Second World War. Up to 1990, the policy was to provide aid through the UN and the development banks, and increasingly through bilateral country programmes. During the Cold War, the rivalry between the two superpowers had a considerable

Box 13.1
Climate, Conflict and Capital. Norwegian development policy adapting to change

The white paper on international development, *Climate, Conflict and Capital. Norwegian development policy adapting to change* (Report No. 13 (2008–2009) to the Storting), was presented in February 2009. It shows how traditional foreign and development policy aims and tools have become more closely linked. It also highlights the importance of a coherent policy for development, i.e. that it ensures that the overall effect of Norwegian policy promotes growth and poverty reduction in developing countries.

The importance of policy coherence was also mentioned in the previous white paper on development policy, *Fighting Poverty Together* (Report No. 35 (2003 – 2004) to the Storting), and was deliberated by the second Bondevik Government, which was in power at the time. The principle of policy coherence was endorsed by a broad majority in the Storting, as reflected in the recommendation of the Standing Committee on Foreign Affairs set out in Recommendation No. 93 (2004–2005) to the Storting. The second Stoltenberg Government followed this up by appointing the broadly based Norwegian Policy Coherence Commission in 2006. The Commission submitted its report *Coherent for development?* (NOU 2008:14) in September 2008.

The new white paper sets out that Norway will seek to influence the factors that promote or impede development at both global and national level. It discusses the global framework for development in poor countries, and the opportunities and responsibilities that countries have in relation to their own development.

The white paper also underlines the importance of global public goods, such as a stable climate, international peace and security, control over infectious diseases, and a well functioning global financial market. The issue of funding will be a major challenge in the years ahead, as the global nature of these goods makes it difficult to apportion responsibility and costs.

The white paper emphasises that addressing climate change, resolving violent conflicts and improving the management of financial flows will be of crucial importance for the future of developing countries. These are also areas where Norway can take particular responsibility.

The climate and poverty crises are the two most serious global problems. They are closely related. Climate change could threaten the long-standing efforts to promote development and the good results that have been achieved. At the same time, economic growth in poor countries could increase greenhouse gas emissions and thus exacerbate climate change, unless environmentally sound and sustainable development is ensured. These crises cannot be resolved separately. If we try to do so, we risk failing on both fronts. Norway's most important climate policy effort at international level is related to forest conservation. In addition, a broad effort on clean energy and the development of carbon capture and storage technology is under way.

Most of today's conflicts are taking place in poor, fragile states. Violent conflict increases poverty and reverses development. Today, more conflicts are having spillover effects far beyond the areas directly involved; indeed they are having international consequences. Norway has a long tradition of contributing to conflict resolution and peacebuilding, and is a longstanding development actor. Altogether, this gives us a good starting point for pursuing a policy that highlights the links between security and development.

Many poor countries have rich natural resources, but have serious problems with corruption, organised crime and exploitation. Seven times as much money disappears out of developing countries through illicit financial flows as is received as aid. At the same time, trade, remittances, investments and loans are sources of revenue that total far more than aid. The white paper highlights the importance of steering these large financial flows in a more development-friendly direction. The fight against tax havens, as well as efforts to improve national management of natural resources and ensure better control of the revenues they generate, will be the Government's top priority in this respect.

Aid is a unique source of income as donor and recipient can work together to steer funds towards clearly defined targets. Norwegian aid constitutes only 4% of total international aid. It is important to see our efforts in the context of contributions made by other donors, and to ensure that the various aid channels are used more strategically. The Government will therefore increasingly focus government-to-government aid on areas where Norwegian expertise is particularly sought after and gives added value, while aid to other sectors will be channelled to a greater extent through multilateral initiatives.

effect on aid efforts. However, globalisation and the geopolitical shift that has taken place since 1990 have led to a new approach to development policy. The volumes have increased significantly, focus has shifted to recipient responsibility, coordination, untying and effectiveness, state-building and achievement of the Millennium Development Goals. Education and health are still priority sectors, but now greater importance is attached to sustainable management of these sectors in the countries concerned.

State-building has become a critical development policy (and security policy) task. Aid is a vital tool, but it is also necessary to focus on security and to strengthen state institutions in order to create a basis for development. This challenges traditional perceptions of aid, and calls into question the harmony that is frequently presumed to characterise efforts to promote stability, peace, democracy, human rights and poverty reduction. Experience gained from attempts at state- and peacebuilding in post-conflict situations has revealed that different development policy goals may come into conflict with one another. Ensuring local ownership and building on existing institutions and local actors has proved to be decisive.

Norwegian aid efforts are being challenged by an increasingly complex range of actors in the countries in which we are involved (see Chapter 10). Certain Asian countries (China in particular), a number of Gulf states, major private funds and a growing number of NGOs have now joined the traditional bilateral and multilateral actors. Partner countries thus have more choices open to them. This has many advantages, but can also increase the administrative burden and reduce the opportunities for a donor country such as Norway to exert an influence. In any case, it makes us think along new lines about both where and how we focus our efforts in various parts of the world.

Relevance and results

A logical consequence of this is to focus Norwegian efforts even more closely on countries and areas where we are already well established, and where we can make a difference through substantial financial contributions, carefully coordinated cooperation with other actors and our particular expertise and experience. Expertise, experience and relevance are becoming increasingly important in the complex situation we are facing where a large number actors are involved. In this connection, the Norwegian/Nordic model has proved to be attractive both as a resource and as a model for very many poor countries. Norway's experience of the welfare state and the importance it attaches to human rights form the basis of the Government's extensive efforts to promote women's rights and gender equality in international development policy, as reflected in the white paper *On Equal Terms: Women's Rights and Gender Equality in International Development Policy* (Report No. 11 (2007–2008) to the Storting).

Another example is the experience we have gained from the management of our oil sector. This forms the basis of the Oil for Development initiative, under which more than 20 countries are now working together with Norwegian experts in this area. The combination of effective government control and good framework conditions for the private sector is critical, and there is great interest in our experience. Norwegian expertise in resource, financial and environmental management in the oil sector is unique and can help to make many poor countries less aid dependent by enabling them to avoid what is often referred to as the "resource curse". A vital factor for success in these efforts is effective utilisation of cross-cutting expertise and capacity, involving various ministries, the private sector and other relevant sectors of society.

Another reason why it is important to target efforts carefully and focus on relevance is that aid is only one of several factors that influences a country's development. Exports from developing countries provide around 30 times as much revenue as aid, while direct investment in developing countries amounts to three times the total allocated to aid. Moreover, remittances from migrants are believed to amount to twice as much as total global aid allocations. The international development white paper attaches great importance to helping developing countries make better use of these large financial flows. It draws particular attention to illicit financial flows from developing countries, which can amount to seven times a country's total aid, and discusses strategies for limiting this drain on poor countries' resources. It also points out that the private sector in developing countries has a crucial role to play in any development process, and therefore increases focus on value creation and on how development policy can promote the private sector in poor countries.

This increasingly complex situation also poses challenges with regard to effectiveness and results in various areas of Norwegian aid. The measurement and documentation of results are vital both for the recipient and for the Norwegian taxpayer. At the level of individual projects, this may seem an easy task. However, the goal of recipient owner-

ship and the desire to influence complex social processes over time, in close cooperation with a number of other actors, makes it difficult to focus on results. It is therefore necessary to carry out through analyses of economic, social and political conditions for development alongside more explicit measurement and documentation of results. Norad's new Results Report system is an important step forward in this work.

13.3 Human rights – obligations and challenges

Human rights and democracy are two of the core values on which Norwegian society is based. Promoting respect for universal human rights has long been a high priority and integral part of Norwegian foreign policy. Our overriding long-term goal is to ensure general respect for universal human rights and fundamental freedoms, regardless of race, gender, language, religion or other status. In the long term, a stable international legal order can only be developed by countries that respect fundamental human rights. This is also in Norway's interests. This is why Norway's foreign policy focuses on the vulnerable, the oppressed, the weakest in society. And it is why our foreign policy is designed to ensure respect for the inviolability of the individual.

During the six decades that have passed since the Second World War, we have seen increasing global recognition that the individual has inalienable rights and that the legitimate exercise of state power must be based on respect for these rights. The fact that 162 countries have so far become party to the International Covenant on Civil and Political Rights, and that only two countries have not ratified the Convention on the Rights of the Child, speaks for itself. The growing recognition of the principle of the inviolability of the individual has also brought about a clear change in perceptions of a state's absolute sovereignty. There is now greater expectation that the international community will intervene when a state subjects its citizens to gross, systematic abuse.

The fight against international terrorism since 2001 has been a challenge in this respect. A number of countries have set aside protection of core human rights principles, and sacrificed important principles of the rule of law. This also applies to countries that have previously cherished these principles. At the same time, there has been a regional shift in power that has also had significance for human rights. Countries such as China, India and Russia have strengthened their global position. As a result of the globalisation of the Norwegian private sector, they are also becoming increasingly important for Norway. China's growing involvement, for example in Africa, is an important part of this picture. As a consequence, the leading role played by Western countries in the human rights area has been considerably weakened.

This shift in the international balance of power in the human rights field is one of the most serious challenges to our efforts to promote human rights and democracy. We must have the courage to stand up for our principles at the same time as we respond pragmatically to a new political reality. We must defend fundamental universal principles. We must continue to work with our traditional partners, but we must also engage new states in cooperation and promotion of human rights. Our response must be to initiate more strategic and focused efforts vis-à-vis new alliances of countries and closer cooperation with non-state partners.

Words and action in the human rights field

Another challenge is the gap between the obligations and promises states have made in international forums and the realities on the ground. This gap is often dramatic, and all states should seek to reduce the gap in their own case. Our efforts to support human rights defenders and independent media are targeted at this problem. Human rights defenders, such as journalists, human rights lawyers and spokespersons for weak groups, are essential to any democratic society. Support for their efforts is an investment in the rule of law and democratic processes, and will continue to be a priority for Norway.

In these efforts it is vital to that we do not lose sight of the goal. In some cases, explicit protests against abuses can save lives; in others such protests can shut down channels of communication and put lives at risk. We must therefore use a wide range of foreign policy tools and select the best approach for the particular task in question.

No other organisation can give human rights efforts the same legitimacy as the UN and its various bodies. The UN is our most important platform in this work. In 2006, the UN Human Rights Council was established to take over from the discredited Human Rights Commission. The need for a global human rights body and the importance we attach to multilateral solutions form the basis for our commitment and involvement. It is against this backdrop that Norway is a candidate for member-

ship of the Human Rights Council in 2009. Norway is at the forefront of efforts to promote the rights of women, children and minorities, and in efforts to combat discrimination in general. Many look to us, and as a member of the Council, we would have greater opportunity to exert an influence.

At the same time we are aware that membership of the Human Rights Council would entail a number of challenges. The Council is the first UN entity whose composition reflects the world as it is today. This means, for example, that African and Asian countries are in the majority. When these groups take concerted action, the Council can sometimes be an arena for questioning principles that are key elements in our own value base and that of other liberal states founded on the rule of law. We must work to prevent this.

Experience shows that new working methods, openness and cross-regional alliances can enable those in a minority position to exert considerable influence. At the same time, we see that there are several areas where it is possible to build bridges and ensure broad support for universal principles.

An important new initiative introduced by the Human Rights Council is the Universal Periodic Review of human rights performance. The fact that it is universal is significant in the face of the criticism directed at the former Human Rights Commission that countries in the South are subject to disproportionate criticism from countries in the North. Norway is to submit its report on the human rights situation in Norway in the autumn of 2009, and will be reviewed on the same basis as other countries. In this process, we will be open

Figure 13.1 Human rights dialogues

Norway's human rights dialogues with China, Vietnam and Indonesia are an important element of our work in this field. The purpose of these dialogues is to strengthen the dialogue partner's implementation of international human rights norms. The dialogues entail annual meetings and a number of cooperation projects between Norwegian organisations/institutions and organisations/institutions in the dialogue countries. These dialogues are characterised by reciprocity and considerable openness regarding sensitive issues. Experts from both countries meet in thematic working groups, and in connection with project cooperation, to ask questions, give explanations, exchange experience and suggest changes. The annual dialogue meetings also provide a platform for political talks with countries that are important for Norway.
Source: Ministry of Foreign Affairs

about the challenges we are facing in the human rights area, and respond to criticisms or questions we have previously received from international treaty bodies. The process has the potential to strengthen our own efforts to promote human rights internationally and can be used as part of the basis for embassies' dialogues with authorities, NGOs, national human rights institutions and human rights defenders.

Good governance, transparency and participation are key factors for rights-based development. Today, around 3.5 billion people live in countries that are rich in petroleum resources, timber or minerals. With good governance, these resources can provide a basis for poverty reduction and development. However, Norwegian investments in petroleum operations and other areas in countries with authoritarian regimes can entail challenges for Norway in its efforts to promote democracy, human rights and development. In particular, the activities of companies where the state is part-owner can give rise to dilemmas. In such cases we may be faced with conflicting interests, both of which are important for Norway. This is a situation that will probably increase over the next ten years or so as the Norwegian petroleum industry increases its international activities, and thus has to deal with a number of difficult regimes. For it is a fact that most of the world's known petroleum reserves are in parts of the world without democratic governance, and where there are significant violations of human rights. At the same time, we are gaining experience of this type of issue. The recent white paper on corporate social responsibility, *Corporate social responsibility in a global economy* (Report No. 10 (2008–2009) to the Storting), discusses this topic in detail.

The white paper points out, among other things, that the presence of the Norwegian business sector in countries with low CSR standards can create greater opportunities for promoting human rights and democracy. One example in this context is the work to increase transparency in transactions in the petroleum industry. Disclosure and transparency are vital for good governance. Transparency increases accountability, reduces the risk of corruption, and fosters democratic debate. The Extractive Industries Transparency Initiative (EITI) is an important global actor in this respect. Its secretariat is in Oslo, and Norway is actively involved in its work. More than 20 countries are in the process of implementing a set of criteria for transparency in company transactions with host country authorities.

13.4 Peace and reconciliation

Since the early 1990s, Norway has invested increasing financial and human resources in peace and reconciliation efforts. Today, Norway is engaged in peace efforts in some 20 countries and geographical areas. The allocation for peace and reconciliation is also used to fund interreligious dialogue and efforts in relation to political Islam.

Norway's peace and reconciliation policy is an integral part of our long-term, comprehensive security policy. Norway's efforts to promote peace, reconciliation and development are based on a sense of solidarity and respect for human dignity. Conflicts can be resolved. Norway has the expertise and resources to be able to make a difference in several (but not all) conflict areas, and hence a moral duty to do its part. This is our main motivation.

However, in line with the main perspective in this white paper, our policy in this area is also an important tool for safeguarding our overriding interests in peace and stability. Helping to bring about peace agreements between parties or to extend or maintain peace processes that reduce the violence caused by parties at war is also an extremely effective and cost-efficient way of reducing human suffering and promoting social development. This can only be done by actors who have systematically developed these particular skills over time. Peace and reconciliation must therefore be seen as a strategic and long-term priority for Norway, and caution should be exercised in evaluating this policy in the light of short-term expectations in relation to individual conflicts. Our peace and reconciliation policy is also of great importance in terms of acquiring knowledge and developing vital international networks; it also opens doors for Norwegian partners.

Box 13.2 The Norwegian Government's action plan for the implementation of UN Security Council resolution 1325

Norway will work for the increased participation and representation of women in local and international peacebuilding processes. This is based on the recognition that the participation of women is essential in order to secure lasting peace.

Source: The Norwegian Government's Action Plan for the Implementation of UN Security Council Resolution 1325 (2000) on Women, Peace and Security

The Government gives high priority to peace and reconciliation efforts. A number of Norwegian NGOs and research institutions are also involved in various ways in several important peace and reconciliation processes. The close cooperation between the Norwegian authorities, NGOs and research institutions is a distinctive and important feature of Norway's policy of engagement in this field. The same applies to our cooperation with a number of international organisations in this area.

Norwegian peace and reconciliation efforts are characterised by a broad geographical engagement and a range of different tools. These include: facilitating negotiations and dialogue processes; identifying the parties to armed conflicts and other useful contacts; analysing conflict patterns and the parties involved; providing humanitarian aid; promoting human rights and democracy; development cooperation and research; and support for UN peacekeeping operations. Norway's engagement is thus long-term and process-oriented, and is very often initiated at the direct request of the parties to a conflict. We seek to promote stable and durable peaceful solutions, particularly in countries that are in the process of reconstruction after violent conflict.

There have only been a few conflicts where Norway has acted as third-party facilitator for formal negotiations. The best known are the Middle East, Sri Lanka, Colombia and the Philippines. Norway's engagement is generally in close cooperation with other actors, particularly various UN organisations. In addition, importance has been attached to developing strategic partnerships with both Norwegian and international organisations and research institutions, and to drawing international attention to protracted conflicts. Norway very rarely acts alone. On the contrary, Norway's impact will depend to a great extent on our ability to influence others, work with others, and take responsibility in cooperation with others.

Not all Norwegian initiatives and processes are discussed in public or are generally known. Experience has shown that it is often difficult to per-

Figure 13.2 Norway's engagement in peace and reconciliation processes

This overview is not exhaustive.
Source: Ministry of Foreign Affairs

suade the parties to a conflict to state openly that they are taking part in a dialogue as there may be intense conflict between various groups, and some may have difficulty accepting a peace initiative. There may also be groups that believe that continued conflict is in their own interest, and these may take countermeasures if it is publicly known that the parties are taking part in meetings facilitated by Norway. One of Norway's advantages in peace and reconciliation efforts is our ability to keep a low profile where the situation calls for it.

The challenges dialogue entails

Norway also seeks to foster greater understanding between different religions and political systems through dialogue. However, dialogue can be very difficult in situations where, on the one hand, it is desirable to influence a party to comply with universal values and, on the other hand, it is necessary to establish a profile as a neutral actor, and thus win the party's trust. However, it should be underlined that we do not put moral principles on the back burner in our peace and reconciliation efforts, neither do we moderate or relativise them. Norway's approach as a third party and a facilitator is based on the principle of impartiality, but we are not neutral in terms of the parties' actions and behaviour.

Norway is not a member of the EU, and has decided not to automatically align itself with the EU list of persons, organisations and entities set out in the Common Position on the application of specific measures to combat terrorism (the EU terrorist list). However, the Government has since aligned itself with the UN's terrorist list. Given that we cannot influence decisions on which states and groups should be included on the EU list, alignment with the list would make Norway's work as a neutral facilitator difficult in certain peace processes. It would be problematic if one of the parties involved was included on the EU list, and the opportunities for contact were thus restricted. Such a situation arose when Norway decided to engage with the Palestinian Unity Government, which included Hamas, which is on the EU terrorist list. This is also relevant to Norway's role as facilitator in Sri Lanka, where LTTE (Tamil Tigers) is included on the EU list. As a member of the EU, Norway would have had to align itself with this list.

Norway's role in peace and reconciliation efforts must be considered in terms of the results achieved. The various conflicts in different parts of the world must be monitored on an ongoing basis to determine whether the UN, other actors or, in certain cases, Norway could help to resolve the conflict. Networks and experience are necessary in this context in order to assess which situations could benefit from active measures. In recent years, Norway has devoted resources to building up relevant networks, and consults regularly with other actors to ascertain the type of measures that could be initiated.

Important goals and considerations

The Government has emphasised three key factors in its peace and reconciliation efforts:

Firstly, that the process is an important objective in itself. In other words that initiating and maintaining peace processes, regardless of the outcome, is the first step towards settling a dispute. In many cases, the process will help to get the parties to take responsibility for their actions. Peace talks are a learning process in which the participants are forced to consider political alternatives to continued violence. Even in the absence of a final solution, lives will be saved as long as the parties are sitting at the negotiation table. Negotiations can also reduce the risk of minor conflicts escalating. At the same time, it is important to constantly consider whether the parties are using a deadlocked peace process as a cover for their unwillingness to reduce the level of conflict or seek peace.

Secondly, Norwegian policy should seek the right balance between breadth and focus. It is important not to spread efforts too thinly. At the same time, restricting efforts to a limited number of geographical areas and processes could lead to Norway losing its relevance, as it may not then have the flexibility and expertise needed to respond to a broad range of conflicts and to serious new conflicts as they arise. This is also a question of contributing to the international debate on the major conflicts of our time. The "war against terrorism", for example, has increased focus on a military approach to preventing international terrorism from gaining a foothold in conflict areas. However, developments in areas such as the Middle East, Iraq, Afghanistan and Somalia show that military approaches have their limitations. There should now be greater focus on dialogue and national reconciliation in these areas, and Norway should help to bring about such a shift in focus.

Thirdly, we must bear in mind that peace and reconciliation efforts require a long-term approach and entail risk. The fact that successive governments have continued our engagement in peace processes in which Norway is playing a role is a considerable advantage; indeed it is vital in efforts

such as these. Deep commitment and a long-term engagement are essential if Norway is to exert a real influence and make a significant difference in peace processes. Peace and reconciliation efforts depend – more than in any other foreign policy area – on personal relations and expertise, and on building networks with various individual actors over time. Moreover, willingness to take risks is absolutely necessary for any actor that becomes engaged in conflict situations and peace processes between warring parties. It is therefore essential to gain broad acceptance of the fact that engagement in peace is not without conflict.

13.5 Humanitarian aid and policy in the face of new challenges

Norway's humanitarian efforts have changed in recent years and now face a number of challenges in the years ahead. Several global trends are affecting our work in this area. The world is becoming increasingly multipolar and new major powers are emerging. We can expect an increase in the number of humanitarian disasters, due to factors such as environmental and climate change (drought, flooding and hurricanes) and pandemics. Worldwide, 25 million people are internally displaced as a result of natural disasters. Migration and the fight over limited natural resources will increase. Urbanisation and the emergence of megacities with huge slum areas will give rise to complex humanitarian problems. The conflict picture is also becoming increasingly complex. According to UNHCR, in addition to 16 million refugees, there are 26 million people who have been displaced due to conflict in more than 50 countries. The parties to conflicts are increasingly fragmented, especially in sub-Saharan Africa. We must expect new conflicts to arise as a result of competition over natural resources and climate change. At the same time, many existing conflicts will remain unresolved.

An important consequence of the increased need for humanitarian assistance is that Norway, together with other countries, must help to ensure that far more resources are invested in prevention, adaptation to climate change and humanitarian emergency response than is the case today. This poses new dilemmas and challenges to Norway's policy of engagement. Certain elements in the policy of engagement – development cooperation, peace and reconciliation efforts and humanitarian assistance – will have to be considered in relation to each other and developed in parallel. The group of donors will also have to be substantially expanded.

As long as the international humanitarian system is dominated by a few, mainly Western, donor countries, it will be unable to meet the humanitarian challenges looming ahead. A major task, therefore, is to globalise humanitarian policy efforts on the basis of universal humanitarian principles. Countries that are vulnerable to humanitarian disasters and have experience of major humanitarian operations will be valuable partners in efforts to further develop the humanitarian system.

The increasing political and economic influence of the G20 countries should mean that they take greater responsibility for reducing poverty and vulnerability. Through humanitarian diplomacy, Norway can help to develop new alliances with a view to fostering greater understanding of humanitarian values and the humanitarian space.

Humanitarian engagement is not just a matter of responding to humanitarian need; it also entails preventing abuse and humanitarian suffering. Together with our partners, Norway is seeking to change the framework conditions for humanitarian work. Efforts must therefore be targeted at the causes, as well as the consequences of, crises and conflicts.

Prevention

Humanitarian crises require political solutions. International humanitarian efforts must not be a substitute for peace negotiations, effective adaptation to climate change or better protection of civilians. Peace and reconciliation efforts, political dialogue with affected countries, contributions to international peace operations, development cooperation, the fight against climate change, humanitarian disarmament and efforts to promote human rights are all important for preventing humanitarian suffering.

Preventive efforts are even more important given that conflicts can extend over many years, indeed over many decades, such as in the Palestinian Territory, Colombia, Sudan, DR Congo, Iraq, Somalia and Afghanistan. The political, social and psychological effects of chronic crises can have other, unforeseen consequences.

Adaptation to climate change, disaster risk reduction and preparedness should as far as possible take place at local level in cooperation with local and national authorities, NGOs and other local partners. Norwegian long-term assistance must focus to a greater extent on adaptation to climate change and reducing the vulnerability of groups

and communities that are particularly at risk, on the basis of the country's own priorities.

The humanitarian space

The humanitarian space is under constant pressure because of conflicting political interests. In many of today's conflicts, humanitarian activities are taking place alongside peace and reconciliation efforts, development cooperation, international police activities and military peace operations. One of the greatest challenges in this type of complex operation is to provide coherent, well-coordinated assistance while safeguarding humanitarian principles.

Promoting respect for fundamental humanitarian principles and international humanitarian law is a key aspect of Norway's policy of engagement, and Norway will advocate a clear division of roles between humanitarian organisations, other civilian actors and military forces in increasingly complex situations. Norway will work to strengthen and further develop humanitarian law, as we did for example in connection with the Convention on Cluster Munitions in 2008.

Norway's policy of engagement in the humanitarian field

Norway's aim is to be a leading political and financial partner in humanitarian efforts and help ensure that the international community is as well equipped as possible to meet future challenges. The main objectives of the Government's humanitarian strategy, which was launched in September 2008, are to:

- ensure that people in need receive the necessary protection and assistance,
- finance humanitarian assistance based on the principles of humanity, impartiality and neutrality,
- equip the international community to meet future global humanitarian challenges, and
- prevent, respond to and initiate the recovery of communities after humanitarian crises.

Humanitarian assistance is essentially a matter of saving lives, alleviating suffering and safeguarding human dignity, regardless of gender, race, religion or political affiliation. Fulfilling the humanitarian imperative is a vital aspect of Norway's policy of engagement. While every state is responsible for protecting and helping its own citizens when they are affected by a humanitarian crisis, the international community also has a responsibility for providing assistance when the state or the local community is unable or unwilling to provide the protection and life-saving help needed.

Norway's aim is to be a good humanitarian donor by ensuring rapid, flexible and effective response to changing humanitarian needs in both acute and protracted crises. In connection with the implementation of Norway's Humanitarian Policy and the follow-up of the Office of the Auditor General's performance audit of Norway's humanitarian aid efforts, the Ministry of Foreign Affairs will introduce a number of changes to the administration of humanitarian aid. For example, there will be greater focus on multi-year cooperation agreements with selected partners and on the reporting and follow-up of results.

The Government also attaches importance to using gender-sensitive analyses as a basis for humanitarian efforts. Better reporting of results and experience in this field is needed. Norway will give priority to the protection of women and children against sexual violence.

Humanitarian disarmament

Humanitarian disarmament is disarmament as humanitarian action. This is a different perspective from that of traditional arms control. By taking into consideration the humanitarian and development consequences of the use of arms when setting priorities and implementing measures in the field, and at the same time advocating this approach in the multilateral processes we take part in, we can make an effective contribution to humanitarian disarmament efforts. It was just such an approach that culminated in the Mine Ban Treaty (1997) and the Convention on Cluster Munitions (2008). These have been important steps in strengthening international humanitarian law and human rights, at the same time as they provide a sound framework for effective implementation in the field.

Humanitarian disarmament is a method and strategy for dealing with problems caused by armed violence. "Armed violence" is a general term that encompasses the use of small arms and light weapons, explosives, mines, cluster munitions and other conventional weapons. According to the United Nations Development Programme (UNDP), more than two million people are killed or maimed as a result of armed violence every year. States' and non-state actors' use of, or threat to use, armed violence constitutes a gross violation of fundamental human rights. The majority of those who are affected are poor. The countries with the most serious problems are, or have

recently been, engaged in warfare or other forms of conflict. Disadvantaged and unstable communities are hardest hit.

A common factor in all the various issues relating to armed violence is the unacceptable suffering caused to civilians in terms of human rights abuses and violations of international humanitarian law, and the humanitarian suffering and lack of development caused by the use of violence. In other words, armed violence is a serious humanitarian and development problem. The UN considers armed violence to be one of the main obstacles to achieving the Millennium Development Goals.

There is still no international agreement prohibiting or regulating the use of small arms and light weapons. However, many important activities are being carried out through regional initiatives and institutions. There are three main initiatives at the multilateral level: the Arms Trade Treaty (ATT) process, which is working towards the establishment of universal standards for trade in conventional weapons; the UN Programme of Action on the Illicit Trade in Small Arms and Light Weapons; and the Geneva Declaration on Armed Violence and Development, of which Norway is one of the core group members. Norway attaches particular importance to processes that improve the situation of individuals and communities that are affected by violence in a way that violates human rights and impedes development.

14 Safeguarding economic and social interests in a globalised world

Norway's economy and welfare are heavily dependent on the outside world. This has been the case ever since forestry, shipping and fisheries created a basis for trade hundreds of years ago. This brought Norwegian products to the rest of the world and generated income that could be used to increase production and consumption and improve welfare in Norway. The profit from our production is saved and invested abroad through the Government Pension Fund – Global and in other ways. Without stable foreign markets for our oil and gas, offshore industry, aluminium, fish, telecommunications, shipping, etc., Norway would not be one of the most prosperous countries in the world. Without access to raw materials, intermediate goods and services and consumer goods and services abroad, we would not have all the goods needed to meet the demands of the Norwegian population. Without jurisdiction over the economic zone in our own waters, we would not have had our petroleum and fisheries resources. And without global efforts to prevent serious climate change, living conditions in Norway could deteriorate considerably.

These are but some examples of the extent to which Norway's economy and welfare are linked with the global economy, and this has an equally great impact on foreign policy. The UN Convention on the Law of the Sea, the EEA Agreement, the WTO agreements and the Kyoto Protocol, together with security policy and stability in the High North, all play a part in securing Norway's economic interests and welfare, directly or indirectly. Of course, these and other aspects of our foreign policy involve more than just our economy and welfare, and in many people's eyes they weigh more heavily and are more important. The point is that because Norwegian society has been so closely integrated with the rest of the world as a result of globalisation, there are few aspects of our foreign policy that do not affect Norway's economy and welfare. The responsibility for international economic issues is shared between several ministries. Close cooperation between them is therefore vital.

14.1 Promoting the interests of Norwegian economic actors

The impact of globalisation on Norway's economy and welfare has implications for a wide range of policy areas. Fiscal policy is affected because globalisation makes it easier for companies to move operations between countries, for example in order to avoid tax. Business policy is affected because many industries have new markets and new competitors that require more innovation and adaptability. Labour market policy is also affected because labour immigration makes it necessary to integrate those who join the labour market. Social and health policy is being tested because new ethnic groups with different health problems are settling here, placing new demands on the national insurance service. Justice and home affairs policy needs to be renewed since we are continually having to amend legislation in order to comply with international agreements. Moreover, new kinds of transnational crime mean that the police have to change their priorities.

But what is the connection between foreign policy and globalisation, the economy and welfare issues? Traditionally, our foreign policy has played an important role in safeguarding Norwegian economic interests. The foreign service was established to safeguard Norwegian business interests, initially with a particular focus on shipping. Our embassies and Innovation Norway have been, and continue to be, key points of contact and door openers for Norwegian business, and this is particularly important for small enterprises that are venturing into foreign markets. Trade policy has always been given high priority by the Ministry of Foreign Affairs, and today this is true not least due to the importance of the WTO and the ongoing Doha Round for Norwegian economic interests. Norway has taken on a key role in the ongoing negotiations. Cooperation with the EU under the EEA Agreement is perhaps the most important aspect of Norwegian foreign policy in terms of safeguarding Norwegian economic interests.

At the same time, global trade issues in particular illustrate that foreign policy and economic inter-

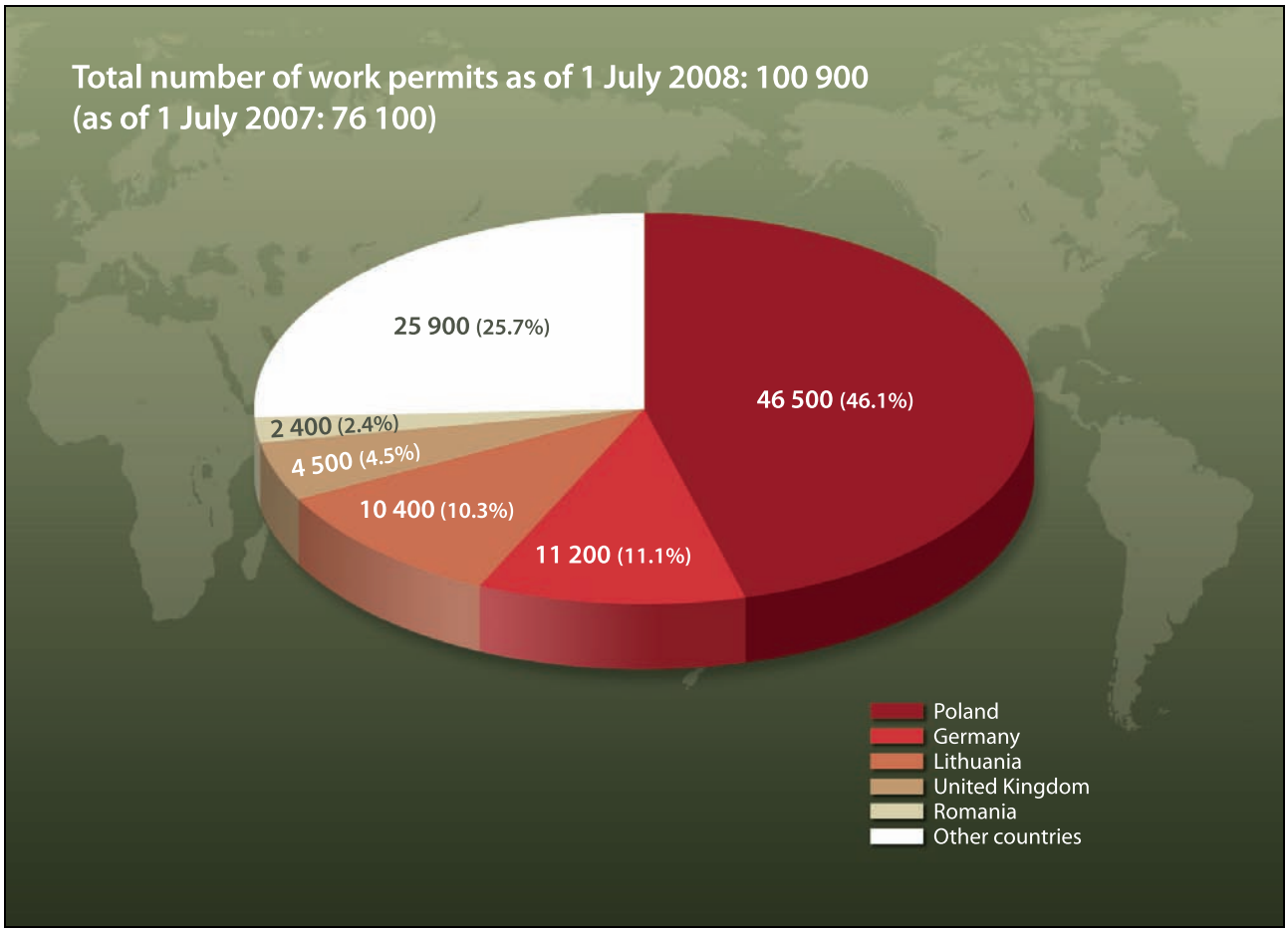


Figure 14.1 The five countries that account for the largest numbers of migrant workers (with valid work permits) in Norway, as of 1 July 2008

Source: Norwegian Directorate of Immigration

ests are closely linked and becoming more and more closely integrated. To a large degree, trade policy is foreign policy. Our trade policy has a bearing on all aspects of Norway's economy and welfare, in the sense that all Norwegian trade policy is concerned with Norwegian interests in the broad sense, whether in relation to the WTO, regionally in relation to the EEA, or bilaterally and multilaterally in relation to EFTA and free-trade agreements. National, regional and global processes are interlinked. This of great importance to an open and relatively small economy like Norway's. For example, the ongoing round of WTO negotiations – the Doha Development Agenda – has a bearing on policy in a number of different fields: economic policy in that it affects Norwegian economic interests related to agriculture, manufacturing of machinery and other equipment, fisheries, shipping, energy, telecommunications, and insurance and other services; welfare policy in that it touches on key labour-related issues such as decent working conditions and the supply of foreign labour; development policy in that one of the goals of the negotiations is to integrate developing countries more closely into the global economy and the WTO multilateral trading system; environmental policy due to the important links between environmental regulation and international trade; and traditional foreign policy in that it will help to improve and develop a more stable framework of rules-based multilateral agreements and institutions.

The developing countries have entered a number of arenas that were previously the domain of more developed countries. These include global products (cars, electronics, mobile telephony, etc.), agricultural products (fruit, vegetables, flowers, tropical foodstuffs) and labour. China is now a market for Norwegian salmon, and Brazil for Norwegian offshore technology. This means that Norway's commercial relations with developing countries are being "normalised". We can no longer regard the world economy as divided into two parts, North and South, or split into industrialised and developing countries. In the years ahead it will

become even clearer that we must assess each country on its own terms, and not lump some of them together into one category labelled developing countries. Even among the least developed countries, we find many important trading partners and countries that are increasingly attracting Norwegian private investments. Bangladesh is a good example. Already at this stage we see that the countries' economic interests and influence vary greatly, including the relevance they thereby have for Norway's foreign policy. The following are some examples of countries where Norway has real interests:

- China, India, South Africa and Brazil are major global actors.
- Chile, South Korea and Thailand are important trading partners.
- Bangladesh, Qatar, Azerbaijan, Algeria, Angola and Namibia are countries where Norway has substantial investments.

Norwegian investments abroad

The globalisation of the economy is not just about more extensive trade, investment and migration between countries. Globalisation means that more and more countries are being drawn into the international community through transnational cooperation. Not least China and India play an important role here. Countries in Latin America and Africa and former Soviet states are also increasingly becoming part of the global economy. It is therefore not just trade in goods and services that ties us closely to other countries. Over the last few decades, Norwegian companies have increasingly found it profitable to set up operations abroad. Previously, most of the operations of companies such as Telenor, Norske Skog, Elkem and Aker Kværner were located here in Norway. Today, these and many other companies are mainly expanding outside Norway's borders, and for many of them Norway has become a marginal market. These companies have become global actors.

When new Norwegian enterprises are established in sectors such as oil and gas, ICT, maritime services, seafood and alternative energy, they think in global terms. The energy company REC and the IT company Opera are examples of what we call "Born Globals", and they represent a development that is making new demands on Norwegian policy. Promoting Norway's economic interests and welfare is an important task for the Norwegian foreign service, and the location of Norwegian embassies and consulates general and the definition of their tasks must be seen in the light of globalisation.

Foreign investments in Norway

In the past few decades there has been a considerable increase in the number of foreign companies operating in Norway. GE Health is investing in large-scale production facilities in Lindesnes, giving Norway a global role as a producer of medical contrast media. The US oil company Conoco Phillips is establishing its regional headquarters in Norway, and Yahoo has decided to set up a development centre in Trondheim in order to take part in further developing the city's unique expertise in search engine technology. High quality Norwegian research institutions attract foreign investment. We aim to use our research policy to ensure that we remain a preferred partner for international companies. These companies bring with them key know-how and important international networks that enable Norwegian suppliers to grow in new, big markets abroad. Policy instruments that previously targeted enterprises here in Norway are becoming increasingly important in relation to large foreign companies with operations in Norway, thereby de facto turning domestic policy tools into elements of our foreign policy. Norwegian policies that were previously regarded as being of little interest to other countries can take on a new role because they affect important foreign actors on Norwegian soil.

14.2 The EU/EEA as a key economic framework condition

The EEA Agreement ensures that Norwegian enterprises and citizens have access to the EU internal market on the same terms as those of EU countries. The internal market is based on common rules. Norway's rights in this market are therefore contingent on EU legislation being incorporated into the EEA Agreement as it evolves.

The rules-based cooperation in the EEA provides a greater degree of predictability and equal treatment for enterprises and citizens. It is no longer necessary to deal with the legislation of 30 different countries, as one set of common EEA rules now applies both in the domestic market and in our major export markets.

The EEA Agreement also makes it safer to invest in jobs in Norwegian businesses that to a large extent rely on exports or production abroad.

The EEA Agreement has increased trade and other economic ties between Norway and the EU. However, it is difficult to assess the effect the agreement has on economic development in Norway.

Box 14.1 Areas where Norway is of particular interest as a cooperation partner for the EU

Maritime policy. Norway was involved in developing the EU's integrated maritime policy, which was finally approved at the meeting of the European Council in December 2007. Like the EU, Norway stresses the importance of an integrated approach to maritime issues. We have close contact with the EU on maritime policy implementation, particularly in connection with the Commission's maritime transport strategy, which was presented in January 2009. The strategy sets out various measures aimed at maintaining and further developing Europe's leading role in global shipping in an environmentally sound manner. This corresponds closely with the goals set out in the Government's maritime strategy of October 2007. The aim of the policy is that Norway is to be a world-class maritime nation that uses forward-looking, innovative and environmentally sound solutions. At the same time, Norway will work to put an end to subsidies in the maritime sector that distort competition. In this connection, it is particularly relevant to seek to contribute to the process of revising the EU guidelines for state aid in this field, which is to be concluded by 2011.

Reform of the EU common fisheries policy. The EU has initiated the process of reforming its common fisheries policy. This is based on the acknowledgement that the 2002 reform was not sufficient to ensure the sustainability of the fisheries. The EU's aim is to provide predictable framework conditions for the sector, as well as for coastal communities that depend on fisheries. Norway is the EU's most important partner in the field of fisheries. Given the well established bilateral cooperation between Norway and the EU, Norway's contributions to the reform process will be of great importance.

Sustainable aquaculture. The EU wishes to cooperate with Norway, which is a leading fish farming country, on developing appropriate criteria for environmentally sustainable aquaculture. These need to address, for example, genetic interaction between farmed and wild fish, including in connection with escapes from fish farms, prevention and cure of disease, reducing releases of pollutants and the use of feed based on sustainably managed fish stocks.

Energy. Both the European Commission and the EU member states consider Norway to be one of their most important strategic energy partners.

The EU imports around half of the energy it consumes, and this share could rise to 70% in the next 15 years. Norway supplies 18% of the gas imported by the EU, whereas Russia accounts for 25%. Energy security is at the top of the agenda. The EU is therefore showing great interest in developments in the High North.

Social justice, employment and economic development in Europe. The EU is increasingly showing an interest in "Nordic solutions", i.e. solutions in which we have successfully combined a flexible labour market with security for the individual by demonstrating trust, showing consideration for each other's interests and seeking to ensure equal opportunities for all.

Gender equality. Norway has participated in the EU's gender equality efforts since 1996, participating in Community action programmes to promote gender equality and serving as lead country or partner in a number of cooperation projects. The Ministry of Children and Equality has for example led a project on women and business ownership, and the University of Bergen is now coordinating FEMCIT, an EU-funded project on the role of women's movements in social change in European countries since the 1960s. Norway also participates in two networks of experts, on gender equality in family and working life, and on legal matters and legislative developments, respectively. Norway has one gender equality expert in the European Commission and is represented both in the European Advisory Committee on Equal Opportunities for women and men, and in the Programme Committee. This enables us to influence the development of EU gender equality policy.

Knowledge, effort, networks and engagement are required if we are to influence developments in Europe. We need to define on a case-by-case basis how ambitious Norway's information and lobbying efforts should be, depending on how important the issue is for Norway.

This is mainly because the Norwegian economy has also been affected by a number of other factors. It is impossible to isolate the effects of the EEA Agreement from the effects of other factors in any meaningful way. This makes it difficult to calculate in monetary terms what the result would be if the agreement were terminated. Such an assessment would also depend on the nature of any alternative arrangement for market access that might replace the agreement: the more limited our access to the EU market in any given alternative, the greater the economic loss. However, the EEA Agreement constitutes the main framework for the rules that apply to trade between Norway and its most important market.

Our trade with EU countries has increased considerably since 1994. However, our trade with various other countries has increased even more, which should be seen in the light of the higher economic growth rates in certain parts of the world outside Europe. Nevertheless, exports of goods and services to the EEA area account for 76.6% of all Norwegian exports.

The EEA Agreement also covers cooperation in other areas, for example the environment. This cooperation is based on recognition of the fact that most environmental challenges are transboundary in nature, and that pursuing an effective and ambitious environmental policy requires broad cooperation. Ever since the EEA Agreement was concluded, it has been a political aim for Norway to participate on a broad basis and as actively as possible in EU environmental cooperation. Norway has therefore implemented most of the EU's environmental legislation in Norwegian legislation. This has, both directly and indirectly, been instrumental in raising environmental standards in Norway. It is also in line with Norway's active European policy (cf. the Government's policy platform and the white paper on the implementation of European policy (Report No. 23 (2005–2006) to the Storting). It is important for Norway to ensure that the EEA Agreement continues to be a flexible and effective European policy tool.

In most areas, Norway only has limited influence on the development of EU legislation that will subsequently be incorporated into the EEA Agreement. Nevertheless, accepting the outcome of these EU processes is rarely a problem, as they generally improve the legislation.

However, there are a few areas where Norway's situation is so different from that of all of the EU member states that we cannot expect that any of the countries involved in the process will in practice defend Norway's interests when defending their own. In such cases Norway has to negotiate specific adaptations with the EU before the legislation in question is implemented in Norway.

EU legislation on the production of foodstuffs has been incorporated into the EEA Agreement, and trade between Norway and the EU in processed agricultural products (pizzas, pastas, jams, soups and bakers' wares, etc.) is regulated by Protocol 3 to the EEA Agreement. The parties to the EEA Agreement also have an obligation to review the conditions for trade in basic agricultural products (meat, dairy products, fruit, vegetables, etc.) every second year with a view to achieving a gradual liberalisation, yet within the framework of the parties' agricultural policies and on a mutually beneficial basis. It must be expected that the EU will continue to exert pressure on Norway to improve access to its market. Any future outcome of the Doha Round of the WTO negotiations will have a great impact on trade in agricultural products between Norway and the EU.

Important lobbying efforts vis-à-vis the EU

Norway uses both the formal channels provided by the EEA Agreement and informal channels to promote its interests vis-à-vis the EU. There are many factors that affect our ability to influence EU processes. The most important are expertise, experience, resources, the ability to formulate and present well-defined, clear positions at an early stage of a process, and how strong the interests of EU countries are in the matter concerned. Generally speaking, if Norway is to have a say in EU processes, it is necessary to maintain a strong, persistent focus on EU/EEA matters at a high political level.

Our lobbying efforts vis-à-vis EU institutions in Brussels are still the most important, but they are supplemented with similar efforts in EU capitals. The importance of direct contact between capitals has increased, particularly after the EU enlargement from 15 to 27 members. The EU forums in Brussels are not sufficient as an arena for identifying positions, building alliances and clarifying issues. In order to safeguard Norwegian interests effectively, we need to engage in active lobbying efforts vis-à-vis EU capitals.

In addition to the Norwegian authorities, many Norwegian companies, the social partners, interest organisations and local/regional authorities are working to safeguard their interests vis-à-vis the EU. A number of these actors have established offices in Brussels. Many of them are involved in EU processes through participation in broader

European associations. The views of the Norwegian authorities and other Norwegian actors on how EU/EEA-related issues should be dealt with and resolved do not always coincide. But in general, they are likely to overlap. Norway's prospects of being included and exerting an influence are greatest when all Norwegian actors pull in the same direction through their respective channels.

The Government has drawn up an action plan for the follow up to the white paper on the implementation of European policy (Report No. 23 (2005–2006) to the Storting). The ministries have followed the action plan systematically, and most of 96 measures it contains have now been carried out.

In order to ensure that clear European policy priorities are set and that the authorities' activities are coordinated, work programmes for the EEA, foreign and security policy, and justice and home affairs are developed annually. Each ministry is to develop its own strategic plan for its EU-related work. These plans are published on the Government's European portal (www.europaportalen.no). An EEA database was launched on the same site in the autumn of 2008 to further increase openness about the Government's European policy.

14.3 The importance of trade policy for Norway

Trade with other countries is of fundamental importance to Norwegian welfare. It makes it possible for Norwegian producers to specialise, and thus to optimise their use of resources. Participating in international trade also means that Norwegian producers of goods and services encounter competition from producers abroad. Thanks to a high degree of adaptability, this competition has led to significant productivity gains and improved welfare in Norway. At the same time, trade has given Norwegian consumers and enterprises access to better or cheaper goods and services from more efficient producers abroad.

For a variety of political reasons, the Norwegian authorities have sought to protect the production of certain goods and services from foreign competition. For goods, this applies to the majority of agricultural products produced in Norway, whereas for services, it applies mainly to sectors connected with Norwegian culture or other distinctive features of our society.

Norway's trade policy must therefore continue to balance two concerns: on the one hand, Norway's interest in gaining better access to foreign markets for most Norwegian-produced goods and services, and providing access for imports of foreign goods and services that we need, and on the other, a wish to protect production in certain sectors.

The bulk of Norway's foreign trade is with Europe, mainly the EU. This applies to most goods and services, and to both import and export. Nevertheless, Norwegian trade policy is essentially global – with a firm basis in the WTO – both with a view to safeguarding the offensive interests mentioned above and to ensure that our trade policy continues to be an integral part of our overall foreign policy. There are a number of economic and trade policy arguments for maintaining a global focus:

- The most important Norwegian export products and services are sold on the global market. The recipients may be located physically in Europe, but pricing is global. It is the world economy, not just the European economy, that determines the temperature of the markets we operate in.
- Growth in the world economy has been and will continue to be centred on Asia, Latin America and, to a lesser degree, Africa, even in the downturn we seem to be heading into.
- With time, Norwegian export will focus on more distant markets. The largest Norwegian companies (for example Hydro, StatoilHydro, Telenor, Norske Skog and Yara) have already turned global. Salmon export to markets outside Europe is increasing, and the markets for offshore technology are also found elsewhere, and the list could be continued.
- Norway, particularly through the Government Pension Fund – Global, is a global investor with small blocks of shares in a large number of companies in most sectors in all parts of the world.
- The EEA Agreement is a well-functioning regional trade agreement that ensures Norwegian businesses access to the EU market and Norwegian enterprises' and consumers' access to goods and services from EU countries. Exceptions apply to parts of the fisheries and agricultural sectors.
- The free-trade agreements concluded by Norway together with its EFTA partners Iceland, Liechtenstein and Switzerland are also important supplements to the global, multilateral trade policy pursued through the WTO. Originally, the purpose of such agreements was to prevent discrimination in the broader European market. Gradually, this has changed, and there is at least as much, if not more, focus on

Asian, African and Latin American markets that are of interest to one or more of the EFTA countries. There are 16 such agreements in force today. We are currently negotiating with India and Peru through EFTA, and preparatory work is being done with a view to a possible agreement with Russia. In addition, we are engaged in bilateral negotiations with China. The responsibility for these agreements lies with the Ministry of Trade and Industry.

Concluding the ongoing round of WTO negotiations, the Doha Round, which started in 2001, is the top priority of Norway's trade policy, and will be its main focus in the short and medium term. We need to balance a number of interests in these negotiations. It is not realistic to raise additional issues in the multilateral trading system until this eighth round of WTO negotiations has been concluded. A number of fundamental issues will be put on the agenda, such as climate policy and more traditional environmental policy, access to raw materials, export restrictions, intellectual property rights, decent work and workers' rights and, not least, the ongoing process of maintaining the role of the trading system in integrating the developing countries into the world economy.

In the years ahead, some of the key issues in the Doha Round that are most important from a Norwegian point of view will continue to be topics of discussion and future negotiations. These include:

- Ensuring the legitimacy and effectiveness of the multilateral trading system.
- Adapting the multilateral trading system and the rules that govern it to the situation of developing countries, so that they have a real opportunity to develop their economies and enhance their prosperity, while at the same time gradually taking on, according to their level of development, the obligations imposed by the multilateral trading system.
- Maintaining sufficient protection and support for Norwegian agriculture, in order to ensure that it is possible to maintain agriculture in all parts of the country, while at the same time reducing tariffs substantially, introducing new tariff quotas, and modifying agricultural subsidies so as to not distort trade. This will be extremely challenging for the Norwegian agricultural sector, but it will nevertheless be necessary as part of the process of developing a future agricultural trade regime in which not least many developing countries have strong interests.
- Seeking to ensure better and more stable market access for Norwegian industrial goods (primarily seafood, machinery and equipment) and services (primarily shipping, energy, telecommunications and insurance services), while at the same time recognising that the developing countries, which are the new big markets, to which the Norwegian business sector is also interested in gaining access, are entitled to open up their markets gradually, just as we have done. In this connection the Government has waived all demands that developing countries should liberalise basic welfare services.
- Concluding a set of agreements that secure a sufficiently regulated and well-functioning, open world economy, even in the current downturn caused by the financial crisis. It is important to maintain a high level of ambition and conclude this round of negotiations so that the governments of the WTO member states can demonstrate to the markets that they are prepared to resist the protectionist forces triggered by the financial crisis. The Government will make use of all relevant forums to fight increasing protectionism.

These five main issues will continue to figure prominently in Norwegian and global trade policy in the future. The goal is a well-functioning, rules-based, open multilateral trading system that is based on the principles of sustainable development, that includes all key economic actors, and that gradually covers more sectors of the global economy: agriculture, services and markets in developing countries. If the WTO system is to live up to these expectations, it needs to be sufficiently adaptable to also deal with new issues and power structures, including concerns related to decent work, to which the Government attaches great importance.

14.4 The state's role as an investor and investment manager

The Government Pension Fund belongs to the Norwegian people and future generations of Norwegians. The prosperity enjoyed by the present population entails obligations. The assets in the Government Pension Fund – Global stem from oil and gas revenues. Our oil and gas reserves will eventually run out. Since these resources are limited, it would not be fair if this wealth were only to benefit the few generations that happen to be living

at this time. These assets must be safeguarded for posterity. We have an ethical obligation to ensure good returns on the fund over time. This is an important contribution to securing the future of the welfare state.

The Government Pension Fund – Global had assets of NOK 1 992 billion on 30 June 2008. The Government Pension Fund – Norway had assets of NOK 113 billion. The Government Pension Fund thus had combined assets of NOK 2 105 billion.

Social responsibility and ethical guidelines

Since the fund manages a large proportion of the assets belonging to Norwegian society for current and future generations, it is both important and necessary that the Norwegian people have confidence in its management. This is largely built on transparency about investments, results and the fund's strategy.

The ethical guidelines for the Government Pension Fund – Global set out obligations concerning responsibility towards future generations of Norwegians and co-responsibility for the people and the environments affected by the companies in which the fund invests worldwide. There are, however, many problems that cannot be solved through the management of the fund, but that are best dealt with through the usual foreign policy channels, through development policy and environmental policy.

Different investors work under different institutional frameworks, which, in turn, determines which methods and tools are best suited to dealing with ethical issues. In the management of the Government Pension Fund – Norway, the emphasis is largely on selecting sound companies and maintaining a close dialogue with these companies after investments have been made. This is possible because the fund has invested in a limited number of Norwegian companies, roughly 50, and because the fund's ownership interests in – and thereby its ability to influence – individual companies are relatively large.

Increasing attention is being paid to investor responsibility in general, and to the ethical guidelines for the Government Pension Fund – Global in particular. This means that the ethical guidelines could have an effect that extends beyond the effect of the actions of the fund itself. And although this effect was not necessarily intended, it is nonetheless very positive. Raising awareness is a first, important step in the direction of making investors and companies broadly accountable.

As a financial investor, it is natural to seek the best possible access to information about matters that may, in the short or long term, have a bearing on the correct pricing of a company's shares. Information about the environmental impact of a company's operations may be relevant in that context. In 2008, Norges Bank became a signatory investor in the Carbon Disclosure Project (CDP), an independent organisation that compiles and publishes information about companies' greenhouse gas emissions. As a signatory investor, Norges Bank urges the companies it invests in to be transparent in their environmental reporting and to take a proactive role in the efforts to reduce greenhouse gas emissions.

In November 2008, Norges Bank announced that it is taking part in a campaign launched by 135 funds calling on rich countries to cut their greenhouse gas emissions by 25% to 40% compared with 1990 levels by 2020, in accordance with the recommendations of the UN Intergovernmental Panel on Climate Change.

The importance of transparency

The Government Pension Fund is managed with a high degree of transparency. The Ministry of Finance presents an annual report to the Storting on the management of the fund.

Norges Bank also submits an annual report on its management of the Government Pension Fund – Global, including its exercise of ownership rights. It has more than 7000 companies in its portfolio, and information is provided about specific investments in individual companies. Norges Bank also publishes information on how it votes in the various companies, down to the level of specific agenda items.[1] This must be regarded as a high degree of transparency compared with many other investors. Dialogues with individual companies or groups of companies are also reported as far as possible. While a process is ongoing, it is often possible to exert most influence if those involved are confident that the details of the dialogue will not be made public.

Management of the Government Pension Fund – Global includes a mechanism for excluding individual companies. The threshold for applying this mechanism is high. According to the criteria for exclusion, grossly unethical activity must be involved. This applies to companies that produce inhumane weapons, companies that are complicit

[1] In 2007, Norges Bank voted on almost 40 000 matters at approximately 4200 general meetings.

in gross or systematic human rights violations, serious violations of individual rights in war or other conflict situations, serious environmental damage, gross corruption or other particularly serious violations of fundamental ethical norms. The Council on Ethics for the Government Pension Fund – Global makes recommendations concerning screening and exclusion. The Ministry of Finance decides whether a company should be excluded from the fund's investment universe on the basis of these recommendations.

There is also a high level of transparency in the work of the Council on Ethics for the Government Pension Fund – Global and its recommendations to the Ministry of Finance. The Ministry of Finance announces decisions to exclude companies on the basis of the Council on Ethics' recommendations. As of December 2008, 29 companies had been excluded from the investment universe of the Government Pension Fund – Global, most of them because of involvement in the production of nuclear weapons, cluster munitions or landmines. Two companies have been excluded because of the risk of complicity in serious or systematic human rights violations and seven because of the risk of complicity in serious environmental damage.

The Government has initiated an evaluation of the ethical guidelines for the Government Pension Fund – Global, which will be based on a broad consultation process. The result of the evaluation will be presented to the Storting in the annual report on the management of the Government Pension Fund in spring 2009.

14.5 An integrated Norwegian maritime policy

Norway's prosperity is to a great extent based on goods and services related to the sea, for example fisheries and aquaculture, shipbuilding, shipping, offshore activities and marine biotechnology. There is an increased focus on new energy sources, the monitoring of environmentally hazardous cargo, new, safe transport routes, marine bioprospecting, offshore mineral deposits, deep sea fishing on the high seas, and marine protected areas. Norwegian maritime policy in the broad sense therefore has a major impact on our ability to promote our national interests.

Climatic changes and changes in the marine environment could give rise to new management challenges. For fisheries resources this could include changes in distribution patterns and possible conflicts over who should have the right to fish and how much. About 90% of the fish stocks Norway harvests are shared with other countries. Norway considers international cooperation to be essential for the sound management of these stocks. Norway must therefore work actively to ensure that key principles of sound resource management are implemented internationally. It is important for us that countries' obligations to cooperate on the management of the resources of the high seas and coastal, port and flag states' fulfilment of obligations and exercise of rights are further developed within the framework of the law of the sea.

Fish will be a vital source of food for future generations. Sound and effective management is therefore required. Huge sums of money are at stake. The World Bank has estimated that excess capacity in the fisheries sector and illegal, unreported and unregulated fishing result in an annual loss of revenue amounting to about USD 50 billion. In addition to the considerable reduction in opportunities for economic growth for both us and the rest of the world, this poses one of the greatest threats of our time to the sustainable use of living marine resources.

Norway is an important maritime nation in global terms, and it is therefore essential for us that sustainable models and international solutions on which there is broad consensus can be developed that take account of different and in some cases conflicting interests and values. We must balance sustainable use with conservation of resources and sea areas and environmentally sound maritime transport. As a coastal state and shipping nation endowed with rich marine resources, Norway has a strong interest in helping to further develop the international processes that determine which sea and coastal areas may be used by whom and in what way.

The management and use of the sea must be carried out in a way that safeguards the sustainability of its ecosystems. This requires knowledge about the diversity of marine ecosystems and biotopes as a basis for improved monitoring of resources and the marine environment, which in turn provides a basis for improved management. Increasing use of marine resources and maritime services necessitates improved, integrated national and international monitoring of economic activities and the marine environment. The development of international maritime transport corridors is a key element in a sustainable maritime policy, ensuring safe transport that provides environmentally sound access to international markets.

The increasing degree of globalisation is evident in the trade in seafood as well. Norway exports more than 95% of the fish it produces. Both the authorities and the market have strict requirements as regards healthy, safe and traceable seafood. Norwegian seafood has been subject to trade policy countermeasures in important markets. We are therefore dependent on an appropriate and well-functioning international trade regime that ensures sustainable management of marine resources.

An integrated maritime policy touches on all aspects of how we use the sea. Sector interests and policies must therefore be seen in a wider context that makes it possible to define goals and actions that are sustainable and that are in line with long-term Norwegian, regional and global interests. In the future it will to an increasing degree be necessary to balance interests, and to coordinate and regulate these activities at the national, regional and international level.

A predictable and integrated Norwegian policy

Norway has long been instrumental in setting the international agenda in the field of marine management, including the development of effective management regimes for fish stocks. These regimes have a high degree of legitimacy.

In areas where we have special expertise and a solid reputation, we should take advantage of this to develop fruitful cooperation strategies together with other countries. Norway must be clear, predictable and consistent about its own interests and values. There should be a clear link between what we do at home and abroad. This entails balancing interests and priorities in the various sectors. Norway's ability and capacity to exert an influence should guide our priorities.

We therefore intend to ensure that sufficient priority is given to fostering national and international expertise and innovation. This is necessary in order to enable us to meet the new maritime policy challenges and support the further development of the international rules-based regime for natural resource management, environment and trade.

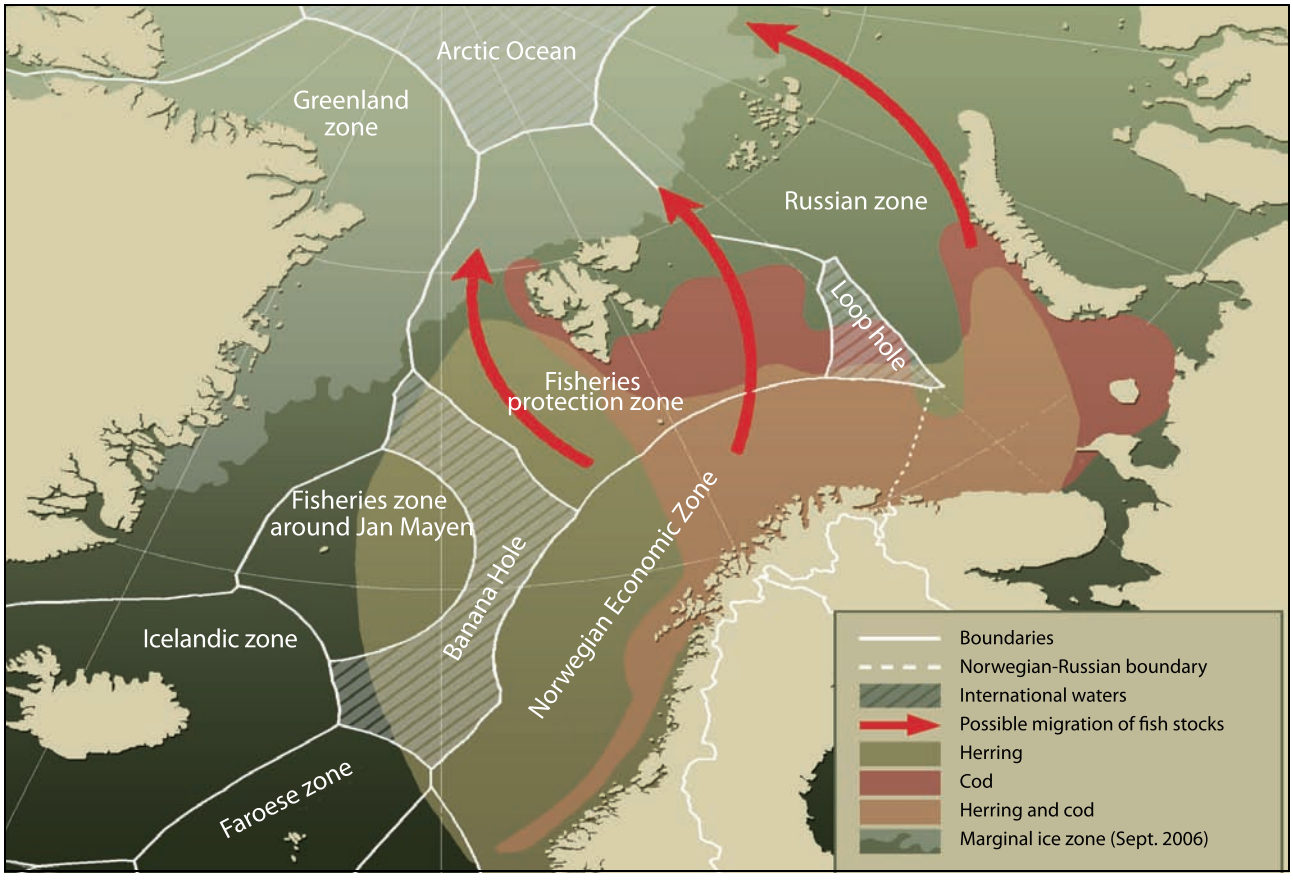


Figure 14.2 Marine climate change and Norway's marine resources

Source: the Norwegian Institute of Maritime Research

We also intend to ensure close coordination between the actors involved at the national level and set the necessary priorities in relevant international forums for resource management and maritime matters (including the UN General Assembly, the UN Food and Agriculture Organization, the International Maritime Organization and the EU).

We intend to facilitate market access in the broad sense, for example through the World Trade Organization, under the EFTA agreements and in the EU market. At the same time we will have to meet more stringent requirements in the markets regarding sustainability and healthy and safe seafood.

Moreover, we intend to support development and promote more equitable distribution, for example through trade, technical assistance and transfer of technology and expertise, and by strengthening developing countries' capacity and ability to benefit from globalisation.

14.6 The Norwegian/Nordic model as a resource

Norway and the other Nordic countries have been successful in achieving material wealth, high rates of labour force participation and equitable distribution of income. Comprehensive, jointly-financed welfare schemes, high investment in education and extensive cooperation between the authorities and the social partners are hallmarks of the Nordic model. This, combined with a strong emphasis on reducing social and economic disparities, providing equal opportunities for all, and pursuing a proactive and rights-based gender equality policy, has paved the way for a society founded on cooperation and trust, and we have avoided having to dedicate a lot of resources to enforcing laws, rules and agreements.

Today Norway has one of the highest living standards in the world. This is mainly because we have a productive and flexible economy and a high rate of labour force participation. The massive entry of women into the labour market, which began in the early 1970s, has contributed significantly to expanding the labour force and boosting value creation. This has made Norwegian society more prosperous, more equitable and more able to meet the challenges of tomorrow. Rapidly increasing production and demand and a well-functioning labour market are important factors that explain Norway's low unemployment rate. The country's robust economic growth should also be seen in connection with its successful management of the oil and gas resources on its continental shelf. The revenues generated by oil and gas production have benefited Norwegian society, and the use of these revenues has not undermined growth in the onshore economy.

In the Government's view, the challenges that arise as the world becomes more closely integrated can best be met by further developing the fundamental characteristics of our social model. An active labour market policy and well-designed, jointly-financed welfare schemes that ensure workers' rights make it easier for us to undertake necessary restructuring in response to major changes in the international framework conditions than it is for many other countries. As Norway is an open economy, it is also in our interests to work towards better common rules for global economic interaction.

The Nordic model and its continuous evolution in response to globalisation and other geopolitical change generate considerable social and political capital. For example, there is a growing realisation that a work force that enjoys an effective, universal public safety net is more willing to accept restructuring and job changes. Schemes designed to ensure that the labour force is well qualified have a similar effect. We have in various ways provided our experience in this area as input in various forums, particularly OECD-related ones. This means that Norway's experience is translated into potential foreign policy capital. The public diplomacy effect of this should not be underestimated: the way we have organised our society in response to global turbulence is attracting international attention, bringing international media and politicians to Norway, and increasing international interest in Norwegian civil society actors. This is all the more remarkable since Norway as such is becoming less visible in the global arena.

Management of the petroleum sector is an area where Norway has a great deal to offer. A number of countries all over the world are interested in Norway's experience and assistance in dealing with their own energy-related challenges. Norway has responded by developing the Oil for Development programme, which is based on close cooperation between a whole range of Norwegian stakeholders, and which is attracting increasing interest all over the world. The US, the EU and other major global actors attach importance to the fact that the programme is giving Norway access to many countries that they find it difficult to cooperate with. Interest in the Norwegian model enhances our standing and visibility, and generates interest in political dialogue between Norway and important global actors, which in turn gives us opportunities

to convey Norwegian views and interests in unrelated fields that are of key importance to Norway.

Decent work –ensuring that globalisation is socially acceptable

The current financial crisis shows how bad things can go when politicians give up trying to control and regulate the global economy. The crisis is exacerbating the obvious challenge that globalisation was already posing to workers' rights and welfare in many countries, as discussed in Chapter 2 of this white paper. The International Labour Organization (ILO) has estimated that the number of unemployed could rapidly increase by 50 million as a result of the crisis. This could in turn lead to political unrest and severe social tension.

Decent working conditions and respect for workers' rights are essential for fair, balanced social development. The ILO is the most important international body for developing and monitoring core labour standards. Norway has participated actively in the ILO since it was founded in 1919 and has traditionally been one of the largest contributors to the organisation's projects in developing countries. Combating child labour is a high priority for Norway's ILO-related efforts. Norway has also given priority to strengthening the social partners and cooperation between them, promoting gender equality and women's rights in the workplace, and combating other forms of discrimination.

Norway participated actively in the drafting of the ILO Declaration on Social Justice for a Fair Globalization of June 2008. At the same time, Norway took the initiative for a separate high-level conference entitled *Decent Work: A Key to Social Justice for a Fair Globalization*, which was held in Oslo in August 2008. This is the backdrop to the Government's new strategy aimed at strengthening workers' rights globally. The strategy brings together the Ministry of Labour and Social Inclusion, the Ministry of Trade and Industry, the Ministry of Foreign Affairs, the Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO) behind a seven-point master plan for a sound policy on globalisation. The Norwegian ILO Committee, which consists of representatives of the main employees' and employers' organisations, will play an important role in developing these points in more detail. As a step in the implementation of the strategy, Norway signed an agreement with the ILO in the autumn of 2008 under which it will provide support totalling NOK 100 million over a two-year period. Improving verification and enforcement of legislation concerning labour standards is a key element in the international efforts, and this has a bearing on Norwegian labour market policy, trade policy, development policy and foreign policy. The Government also considers it important to encourage the development of global meeting places and to support the efforts to coordinate the engagement on the part of international organisations such as the ILO, the WTO and the OECD in issues related to globalisation and decent work. The strategy and other efforts to promote decent work are discussed in more detail in Report No. 10 (2008–2009) to the Storting.

14.7 A positive image

A number of what are mainly domestic policy strategies and measures have been developed with a view to adapting the Norwegian economy and our welfare system to a globalised world. The Government recently presented white papers that explore options and recommend courses of action to safeguard Norway's economic interests and welfare in the long term. These include Report No. 18 (2007–2008) to the Storting on labour migration (Ministry of Labour and Social Inclusion), Report No. 7 (2008–2009) to the Storting, *An Innovative and Sustainable Norway* (Ministry of Trade and Industry), and Report No. 9 (2007–2008) to the Storting, *Long-term Perspectives for the Norwegian Economy* (Ministry of Finance). A new white paper on research is under way. Together with the white paper on innovation, it will address the main challenge in connection with globalisation: how to turn Norway into a modern and forward-looking knowledge nation that is able to respond proactively to globalisation, creating value, new employment opportunities and new sources of revenue to finance a robust welfare state.

This is primarily a matter of domestic policy, but globalisation has the effect of closely linking the local and global levels. Domestic policy has acquired a more global dimension, and foreign policy is more deeply entwined with domestic policy, and must to a greater extent be adapted to national challenges and based on national resources than used to be the case.

Public diplomacy is an example of this. Norway's foreign policy is instrumental in shaping Norway's image abroad and the associations people have to Norway and things Norwegian. This affects how Norwegian enterprises and the products and services they offer are perceived abroad, and how attractive it is for foreign companies to

establish operations in Norway. Consequently it has an impact on the Norwegian economy and our welfare. However, Norway's image is not determined exclusively by the activities and campaigns conducted by the foreign service, but is affected by all the activities Norwegian authorities and private actors are involved in abroad.

Norwegian companies compete with companies all over the world. A positive image of Norway can help to open doors and to sell Norwegian products and services. If "Norwegian" is associated with positive qualities, Norwegian products can be sold at higher prices than products from other countries, simply because they are labelled "Made in Norway". Norwegian companies are dependent on having sufficient access to well-qualified labour. A positive image of Norway, both of society in general and more specifically of the labour market and working conditions, will have a bearing on how easy it is to recruit foreign specialists and other employees, both to Norway and to Norwegian companies' operations abroad.

Foreign companies that establish operations in Norway bring knowledge and technology, and we are therefore interested in attracting such investments. An image of Norway as a country with little conflict, little corruption, stable framework conditions, an efficient public sector and a well-qualified labour force with a strong work ethic makes it attractive to invest in Norway. A positive image of Norway makes it easier for Norwegian companies that want to set up operations abroad to establish contact with authorities and businesses in other countries. Attitudes to Norway and Norwegians will also affect Norwegian companies' negotiating position abroad. (Norway's public diplomacy efforts are discussed in Chapter 22.)

14.8 The need for tolerance and multicultural understanding

Today, many people in the business community, academia and the public administration are talking about the third wave of globalisation. The first wave involved goods, the second capital and ownership and the third is related to the globalisation of expertise and talent. Over time, China, India, Russia, Brazil, South Africa and a number of other countries will accumulate expertise that will enable them to compete directly with most industries and sectors in the OECD countries. These countries' capacity for development and growth will then depend on their ability to attract expertise from other countries. The US is already concerned that it will not manage to attract as many good students and experts from abroad as previously. Europe, China and certain other Asian countries are attracting an increasing proportion of the kind of international, mobile, highly-qualified labour whose first choice ten years ago would have been the US. Norway must also take serious note of this trend, particularly in the light of the approaching age wave and its future need for qualified labour from abroad.

According to Richard Florida, a frequently quoted US professor, talent moves to where two other Ts are present: technology and tolerance. Countries, cities and regions that have strong technology communities and a tolerant environment in terms of multicultural understanding, a broad range of occupations and political views and a varied cultural scene are also highly competitive in attracting talented people. Such places are also characterised by high long-term economic growth and a dynamic economy. If we are to safeguard Norwegian interests, we must be able to deal with these challenges. To achieve this, we need to make Norway attractive to capital, technology and talent. The Norwegian business sector and the public sector will both require an increasing number of talented people from other countries.

This means that Norway must become a more tolerant and multicultural, multifaceted and inclusive society where these qualities are also reflected in the workplace. This would also strengthen Norwegian activities abroad. This will be one of the main challenges for Norwegian foreign policy in the years ahead.

15 Safeguarding Norwegian energy interests

Norwegian foreign policy in the energy field focuses on safeguarding Norwegian energy interests. The sea areas where international law entitles Norway to explore for and extract oil and gas are altogether more than three times the size of Norway's land area. Effective exercise of authority by Norway is therefore important. Another objective of Norway's energy policy is to maximise value creation from oil and gas production and exports to global markets, hydropower production and export to other European countries, and the establishment of other business activities based on oil, gas and hydropower. Transparent and predictable long-term conditions for actors in the energy markets are in Norway's interests.

Briefly, Norway's energy policy to deal with the global challenges that were discussed in Part I of this white paper is based on the following:

- Norway takes the problem of climate change seriously, and will be a climate-conscious energy nation. Norway is an important exporter of fossil fuels, and therefore has a particular responsibility to contribute to fossil fuel decarbonisation and to use our broad-based energy expertise in efforts to find climate-friendly energy solutions.
- Norway considers it important to promote social and economic development in poor countries. Access to energy is an essential basis for achieving development policy goals.
- Norway is and will continue to be a stable and predictable supplier of oil and gas to international markets, thus contributing to regional and global energy security.
- Norway will work internationally towards a suitable framework and good incentives for energy efficiency measures and the development of renewable energy sources.
- Norway has a clear interest in energy markets and an energy policy based on transparency, cooperation and dialogue, both regionally and globally.
- Norway is playing a leading role in integrating environmental considerations and finding a balance between fisheries and petroleum interests, both on the Norwegian continental shelf and where Norwegian investments are made abroad.
- Norway is particularly well qualified to assist developing countries that have oil and gas or hydropower resources to make use of these resources in a sound and sustainable manner.

15.1 Norway will be a climate-conscious energy nation

Norway is in the midst of a global climate dilemma. Developing countries need more energy to lift their people out of poverty, but global climate concerns require reductions in greenhouse gas emissions from the use of fossil fuels. Climate change and poverty are the most serious problems the world is facing today. Norway has therefore set ambitious climate targets. We intend to play a leading role in efforts to reduce greenhouse gas emissions at both national and international level (see Chapter 16 on Norway's environmental interests). An ambitious climate policy also entails obligations, and we have to expect that other countries will keep a close eye on how successful Norway is in finding a balance between its leading role in climate issues and its role as a petroleum nation. In this respect, Norway clearly differs from other oil exporting countries, whose goals in international climate negotiations have been far less ambitious. Norway has been a pioneer in the use of CO_2 taxes in the energy sector. The Government has also put in place a policy and programmes to support new renewable energy sources.

The Government's approach to the climate dilemma is based on the premise that all countries, not only producers and exporters of fossil fuels, have a responsibility for finding solutions. Norway has adopted strict legislation on releases of pollutants to air and water, and as a result, releases per unit of energy produced on the Norwegian continental shelf are much lower than the global average. Zero-discharge targets have been established for releases of environmentally hazardous substances to the sea from oil and gas activities. In recent years, the industry has taken a number of steps to reduce releases of pollutants. Given the

strict requirements that apply on the Norwegian continental shelf, operational discharges from the petroleum industry are not expected to result in an increase in pollution levels.

As long as energy demand continues to rise globally, global energy production will not be reduced. Greenhouse gas emissions may rise if Norwegian oil and gas are replaced by more polluting forms of energy produced elsewhere. Exports of Norwegian gas can help to reduce coal consumption, and thus greenhouse gas emissions, in other parts of Europe.

Norway's energy-related technology base and expertise open up interesting opportunities to contribute towards a climate-friendly future. The Government's carbon capture and storage (CCS) initiative has also established Norway's leading role in the comprehensive international efforts that are now in progress towards fossil fuel decarbonisation. This is a logical strategy for any climate-conscious country that is also an important oil and gas producer. More and more countries, including oil producers in the Gulf, are showing an interest in this work. Prime Minister Stoltenberg's invitation to a high-level conference on CCS in Bergen in

Box 15.1 Action to safeguard Norwegian energy interests

1. Ensure effective exercise of authority in connection with utilisation of the energy resources on the Norwegian continental shelf, in accordance with Norway's rights, obligations and responsibilities under international law.
2. Continue the system whereby Norwegian energy resources are regulated and managed by the Government/Ministry of Petroleum and Energy on the basis of Norwegian legislation adopted by the Storting.
3. Ensure that further development of the Norwegian continental shelf boosts value creation and maximises income to the Norwegian state.
4. Ensure a satisfactory and robust balance between national control and value creation on the one hand and continued international participation (by commercial actors) in the development of the Norwegian continental shelf on the other.
5. Ensure a satisfactory balance between the aim of facilitating value creation from petroleum exploration, production and transport on the one hand and safety and environmental considerations and fisheries interests on the other.
6. Work towards greater predictability and transparency in the oil and gas markets.
7. Seek the greatest possible influence over external framework conditions that affect the room for manoeuvre available to the Norwegian state and commercial Norwegian energy actors, including decisions made by the European Commission and regulatory authorities in the most important EU markets (the UK, Germany, France) and the US.
8. Work internationally (vis-à-vis the EU, important EU countries, the US, Canada, Russia) to increase understanding of Norway's interests and positions, for example as regards territorial claims and issues relating to sound environmental and fisheries management in sea areas where there are petroleum activities.
9. Promote the interests of commercial Norwegian energy actors in markets worldwide, including energy companies and companies in the supply industry.
10. Work through the Oil for Development initiative and together with relevant international actors to improve governance and management of petroleum resources in unstable areas.
11. Work through the Clean Energy for Development initiative and together with relevant Norwegian and other actors to promote the development of renewable energy.
12. Work towards an international climate regime that i) will provide a cost-effective means of stabilising greenhouse gas emissions or reducing them to a desired level, ii) involves the use of instruments to promote the use of cleaner energy and energy efficiency measures, and iii) focuses on decarbonisation of oil and gas or other measures to make them sustainable energy sources in a climate-friendly future.

May 2009 was part of a long-term strategy to maximise interest in the subject and create as much impetus as possible in technology developments with a view to the fossil fuel decarbonisation.

Norway's technology base and expertise in the field of oil and gas open up other interesting climate policy opportunities. Through the Oil for Development initiative, we are supporting programmes to limit gas flaring during petroleum production to what is necessary for safety reasons, including the World Bank Global Gas Flaring Reduction Partnership. Norway has established its credibility in this area by restricting flaring on the Norwegian continental shelf. Reducing flaring in countries such as Nigeria and Angola will considerably reduce emissions from the oil sector in these countries. Norway is also in a good position as regards initiatives to develop offshore wind power solutions, which can both be highly efficient and avoid much of the local opposition to onshore wind farms.

Winds are strong and stable off the Norwegian coast and further out to sea, resulting in a large energy potential and considerable opportunities for the development of offshore wind power in Norway. Our expertise and experience from the petroleum and maritime industries give us technological advantages in an initiative in this field. Norway also has a great deal of expertise in renewable energy, particularly in hydropower production, electricity transmission and trade in electricity.

Norway has a long history of hydropower production. It is Europe's largest and the world's sixth largest producer of hydropower, which is a renewable and climate-friendly energy source. Almost half of Europe's hydropower storage reservoirs are in Norway. The large-scale hydropower production means that renewable energy accounts for about 60% of Norway's total energy use, while the EU's target is to increase the share of energy from renewable sources in the energy mix to 20% by 2020. Norway has sufficient hydropower resources to supply the rest of Europe with valuable peak-load power and become an important European electricity supplier. In addition, we have already built up extensive experience of international investments and aid, especially to the hydropower sector in developing countries. At least 1.6 billion people in the world still lack access to electricity and other modern energy services. Many of these countries have inadequate power supplies, and this combined with the threat of climate change means that it is a win-win strategy for Norway to provide assistance in the power sector. The Norwegian aid authorities, in cooperation with many actors in the Norwegian energy industry, are heavily involved in this area, and the Government plans to encourage further expansion of these efforts. Norwegian solar energy companies are showing a growing interest in investments in developing countries, which is an encouraging development. Solar energy has a great deal of potential in rural electrification.

Norway must also use its knowledge and expertise in the energy sector to develop technology and find climate-related solutions in other sectors than petroleum and hydropower. We are in a favourable position to develop both onshore and offshore wind power. Solar energy, bioenergy and wave and tidal energy can also play an important part in the energy mix. By investing in energy efficiency and new renewable energy sources, Norway can develop an even more varied and environmentally sound energy system. The Government's goal is for Norway to continue to be a leading energy nation. This will require intensified efforts to promote renewable energy production and energy efficiency.

15.2 Norway – a stable and predictable oil and gas supplier

Norway's most important contributions to global energy security are i) sound, active management of the Norwegian continental shelf, ii) stable and predictable exports of substantial volumes of petroleum, iii) the growing global engagement of a number of Norwegian companies in the oil and supply industry, iv) contributions through the Oil for Development initiative to better governance of the petroleum sector in developing countries, and v) intensified efforts at international level to ensure good incentives for efficient energy use and the development of renewable energy sources.

Norway's reputation as an energy actor is probably most strongly linked to the substantial volumes of oil and gas it delivers to European and global markets. Norway provides a considerable proportion of the total gas supplies to the UK, France and Germany. In 2009, Norway is supplying 18% of the total quantity of gas needed by the EU, and the volume is expected to increase in the next decade. Gas is largely sold under long-term contracts to market actors in individual countries, while oil is to a larger extent traded on the spot market.

The management plan for the Barents Sea–Lofoten area identified a number of particularly valuable and vulnerable areas. Large areas of the continental shelf, particularly in the north, have not yet

been opened for petroleum activities. It is Norway's responsibility to ensure that special concerns are taken into account when standards for and restrictions on exploration and production in vulnerable areas are being assessed. The energy sector is a key element of the Government's High North strategy, and relations with other countries, for example Russia, are important in efforts to ensure sustainable development of the northern sea areas. Petroleum activities contribute to the development of technology-intensive businesses in North Norway, and are also important in providing sufficient volume for the development of the service sector in this part of the country. With the development of business clusters that provide a basis for employment and growth, the petroleum sector can have positive spin-off effects, provided that satisfactory environmental solutions are agreed for the energy industry in the High North within the framework of the current management regime and the planned update of the management plan in 2010.

Norway has won respect for long-term sustainable management of its petroleum resources. Energy-importing countries and oil companies are often interested in the highest possible tempo in the extraction of oil and gas, but they respect the rules set by the Government and the Norwegian democracy through Norway's oil policy. At the same time, there is reason to expect that there will be some international pressure to speed up the development of new reserves as a result of higher oil prices and a more acute shortage of energy globally. Growing concern about energy security will have the same effect. It will in any case be necessary to find a balance between oil and gas developments and environmental concerns for the areas off North Norway and in the Barents Sea. The Government's views on this balance were established in the 2006 management plan for the Barents Sea–Lofoten area. The plan is to be updated in 2010.

The Government will maintain the key principles governing the management of Norwegian petroleum resources. It is important for Norway to provide a framework for the sustainable use of natural resources and goods and at the same time maintain the structure, functioning and productivity of ecosystems. It is precisely its long-term, responsible management of resources off the coast that has made Norway a trusted partner for many countries and major energy companies. The ambitious plans for integrated resource management in the Barents Sea within the framework of international law continue an approach that was adopted early on in Norway's oil history. At the same time, there is every reason to analyse development trends and maintain an active, continuous dialogue with important countries and actors that influence the framework conditions for future policy and resource management in the High North.

15.3 Norway does not wish the oil and gas market to become politicised

Norwegian petroleum policy is founded on the principle that oil and gas are traded on a commercial basis, and this underlies both management of the Norwegian continental shelf and petroleum exports. The Norwegian state has always played a central role through its policy and legislation for and regulation of petroleum activities on the continental shelf, but a number of oil companies compete for contracts and licences on a normal open commercial basis.

In the Government's view, it is preferable for a small resource-rich country not to politicise its oil market power, which it could for example do by subsidising sales of energy to selected foreign actors or by making contracts dependent on political concessions. Even with the current geopolitical tensions, it would be difficult to find stable, long-term ways of exercising Norway's oil market power in practice. It is difficult to find empirical examples of the use of such power, among other things because we need the markets of the EU countries at least as much as they need Norwegian gas. It is important to remember that although Norway as a state is responsible for regulating the petroleum sector, even its wholly and partly state-owned companies have a large degree of autonomy in the energy market. The logic of the market imposes clear limits on what the Norwegian authorities can do in a market where companies must follow normal rules for corporate governance and control. Their room for manoeuvre is further limited by the commitments Norway must honour under the EEA Agreement and as a member of the World Trade Organization (WTO).

There is also another aspect of this to be considered. Even if Norway could conceivably use its petroleum market power as leverage to gain acceptance for certain Norwegian positions, the overall effect could easily be negative. We might win a few battles, but still lose the war. This would be partly because opponents could retaliate in areas where we are vulnerable, and partly (and probably most importantly) because we would rapidly lose our credibility as a stable, reliable supplier of energy to competitive markets. Norway's strong

suit in power politics is precisely the respect and goodwill we achieve through a self-assertive but cautious approach to the use of oil market power.

15.4 The EU and Norwegian energy policy

Although it is essential to keep markets separate from politics, the links between energy policy and foreign policy are becoming ever closer. Norway's relations with the EU illustrate this. We have for several decades been involved in negotiations with the EU and key EU member states on gas-related issues. The Gas Negotiation Committee, which used to have a monopoly on sales of gas, has been abolished to comply with the EU's liberalisation requirements. Norway is still working continually to influence EU energy policy.

The EU is particularly important for Norway as an energy producer and exporter, both because it is our most important export market, and because EU policy, through the EEA Agreement, determines an important part of the framework for Norwegian energy policy. One area of interest to Norway at present is to contribute to the development of an EU carbon capture and storage regime. With its new energy and climate legislation, the EU has moved much closer to the Norwegian position on this.

Energy has a prominent place on the EU's political agenda, and the focus is on security of supply, competitiveness, climate issues and sustainable development. This influences Norway's work on policy development and possible new legislation.

The EU treaties do not include specific energy provisions. The EU has nevertheless developed energy cooperation in specific areas on the basis of

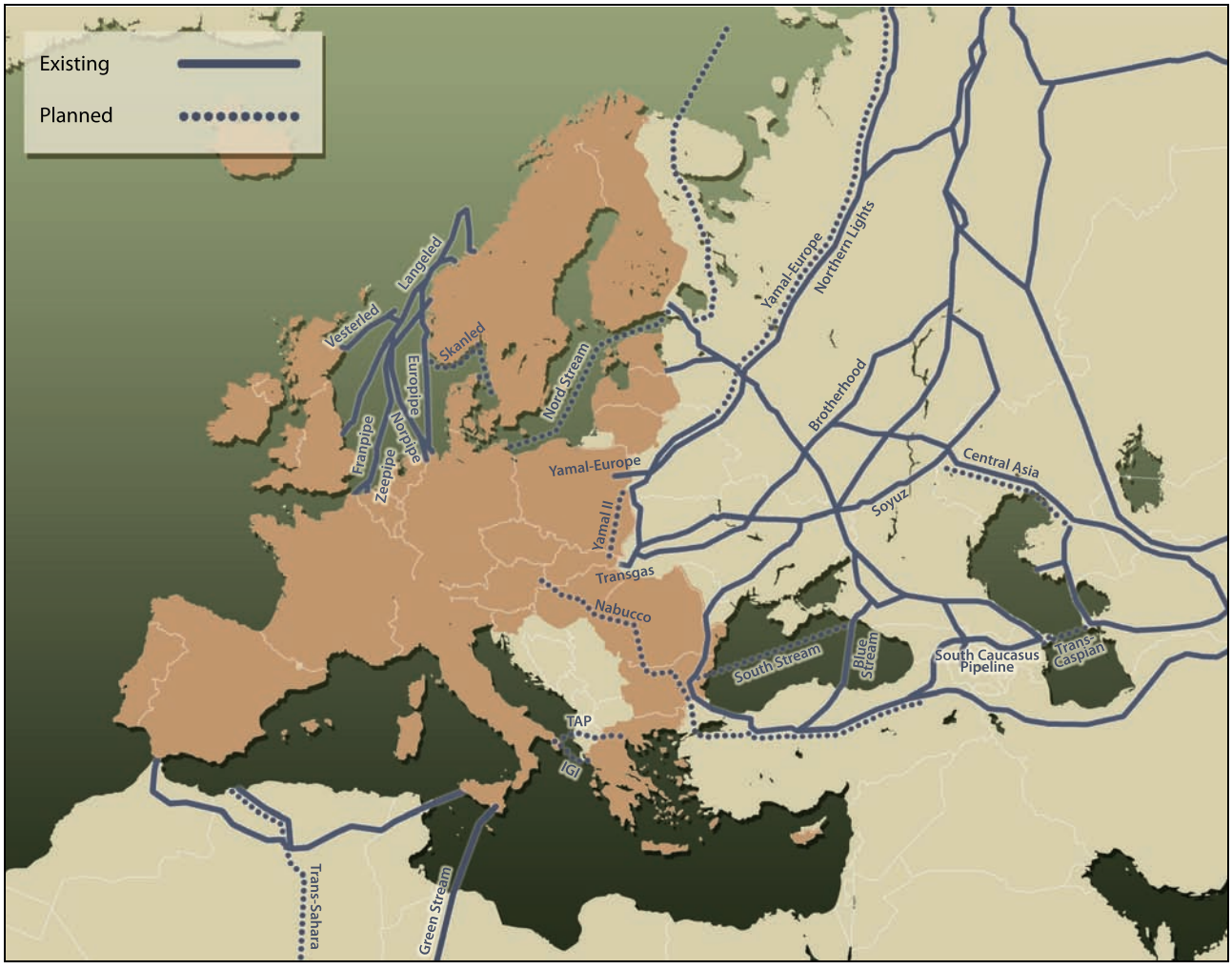


Figure 15.1 Important gas pipelines within and to the EU

The map shows the most important existing and planned gas pipelines to the EU. Russia, Norway and Algeria are the three largest suppliers of gas to the EU27, and in 2008 accounted for 42%, 25% and 18% respectively of gas supplies to the EU.
Sources: International Energy Agency, Gas Infrastructure Europe, Energy Information Agency and Gassco

a number of different treaty provisions. The provisions on the internal market and the environment are particularly important in this connection.

Common rules and minimum standards have been developed for various fields, including oil, natural gas, energy efficiency, renewable energy, electricity and cooperation on energy technology. Because of the dynamic processes of change that are taking place in the energy field within the EU, it is of great interest for Norway to have some influence on legislative developments. It is important for the Norwegian energy sector to have stable, predictable conditions for exports and international activities.

Important aspects of energy cooperation within the EU are also of importance for cooperation within the framework of the EEA Agreement. In addition, energy sector authorities and businesses within the EEA must comply with the general provisions of the EEA Agreement on matters such as competition, state aid and monopolies. The provisions on the environment and research are also important for the energy sector.

The most important tasks for EEA cooperation in the energy sector are related to the further development of new initiatives relating to the internal market for gas and electricity, new proposals concerning energy efficiency and renewable energy, and other environmental policy instruments and their effects on the energy sector through the EEA Agreement. Norway considers it important to make use of the opportunities the EEA Agreement offers to have an influence on new legislation for the energy field as a whole.

As an energy nation, Norway is also affected by many areas of EU cooperation on energy that do not come within the scope of the EEA Agreement. Examples are taxation, coal, and nuclear power. EU legislation in these areas is therefore not EEA-relevant, but nevertheless have a major impact, for example because it affects the competitive position of different energy carriers.

The EU meets a large proportion of its energy needs through imports. This means that the EU's interests in the energy field are largely consumer- and import-oriented, while Norway's interests in oil and gas are largely as a producer and exporter. In addition, Norway's electricity production is dominated by hydropower, whereas electricity production in the EU is based mainly on coal, oil and gas and on nuclear power. This situation requires a particularly active Norwegian policy vis-à-vis the EU and its member states. In certain areas, there are similarities between the EU and Norway in the development of policy and legislation, for example in the regional electricity markets.

15.5 The importance of energy security is growing

Apart from Russia, Norway will soon be the only country in Europe that is self-sufficient in oil and gas, and that will not need to worry about energy security for many years. In addition, Norway is almost self-sufficient in electricity based on renewable hydropower. This makes for a striking contrast with other European countries. Both the EU, individual EU member states and major powers such as the US, China, Japan and India are treating energy security more and more as an urgent national and foreign policy challenge. The threat of climate change is exacerbating the situation and making it more complicated. Strategies to reduce greenhouse gas emissions, for example developing more renewable energy sources, will often reduce dependence on imports of fossil fuels, which is positive. On the other hand, there is a risk that there will be an increasing shortage of attractive energy carriers during the transition to carbon-free energy alternatives, which is necessarily a long process, and that competition for scarce energy resources may in the worst case result in serious conflicts and war.

In the time ahead, the Government will be considering more closely how Norway is affected by the growing focus on energy security, and how Norwegian interests can be pursued in cooperation and dialogue with other countries and in regional and global institutions. The challenges are coming closer and closer to home. In the last few years, several NATO members have been advocating the Alliance should play a stronger role in efforts to secure energy supplies for its member states. Although steps to safeguard energy infrastructure in the NATO area could in certain situations trigger a NATO response, Norway is generally very sceptical to any militarisation of energy-related conflicts. Non-military international and regional organisations are in a better position to resolve such conflicts. National and international action to fight terrorism are also of key importance in this context.

15.6 Transparency, cooperation and dialogue

Norwegian energy policy is becoming more international because of the internationalisation of the Norwegian oil industry, and because globalisation, the threat of climate change and geopolitical change are affecting energy security and drawing energy policy and foreign policy closer together. This poses a challenge for Norwegian policy, but also offers many opportunities to promote important interests and values. The latter is particularly the case because Norwegian policy in international forums is – and should be – recognisable and in line with key principles underlying the development of the Norwegian petroleum industry: i) transparency and freedom from corruption in the management of resources and revenues, ii) extensive and innovative cooperation with companies and authorities in many countries, iii) dialogue and participation in the democratic debate on the future of Norwegian petroleum management, iv) sound environmental and resource management, and v) the principle that oil and gas resources should benefit society as a whole.

Norway will be a dependable long-term energy supplier. Well-functioning, stable petroleum markets are particularly important to Norway because the country earns such large revenues from oil and gas exports. Exporters and importers of energy are dependent on each other, and both parties are interested in predictability and stable markets. Transparency and dialogue are key elements of Norwegian energy market policy, and are intended to improve access to information, increase predictability, reduce uncertainty and help to stabilise markets. We also give priority to bilateral dialogue with important producer and consumer countries and with international organisations that deal with energy issues, particularly if dialogue and exchange of knowledge and information between consumer and producer countries is part of their agenda.

Cooperation and engagement are particularly important in the critical energy security situation a number of European countries are experiencing today. In talks with other countries, Norway emphasises the need to cooperate with Russia and draw the country into efforts to find joint solutions to the energy challenges facing Europe. A clear and closely coordinated response is needed if the integrity and welfare of European countries is threatened by cuts in energy supplies. But in the Government's view, this is far from the case, and in the current situation it is of crucial importance to make use of a variety of instruments aimed at building commitment on the part of Russia, Ukraine and neighbouring countries to a joint vision of the energy future of Europe and the whole world.

Close cooperation with other countries also of key importance in the current talks on the need for global institutional solutions to important energy issues (energy security, high oil prices, oil and climate, and so on). We know from experience that there is often reason to warn against a belief that new global institutions will automatically be able to solve problems when governments and private companies cannot. At the same time, the Government recognises that we must address very serious challenges in the energy field, and will invest substantial resources in finding good solutions at both regional and global level. Global discussions of such issues should take place within the framework of the International Energy Forum (IEF). It is also in Norway's interests to play an active role in the International Energy Agency (IEA), which is basically an organisation for energy-importing countries. The IEA is an important organisation for Norway, particularly because of its analytical capacity and its work on integrated solutions to energy and climate issues. Norway also plays an active role in the Energy Charter.

At the founding conference in Bonn on 26 January 2009, Norway joined the new International Renewable Energy Agency (IRENA). Its purpose is to promote the use of renewable energy worldwide, particularly in developing countries. The Government also intends to promote the use of renewable energy; this is essential if we are to succeed in reducing greenhouse gas emissions. The establishment of IRENA sends a positive signal in the run-up to the Climate Change Conference in Copenhagen later this year. Norway wishes IRENA to become an effective organisation with clear targets. It is natural for Norway to take part in IRENA from the very beginning, since we are one of the leading countries and the field of renewable energy, and this gives us an opportunity to influence the development of the agency with a view to making it an effective tool for achieving a greener future.

Dialogue is a key means of promoting Norwegian energy interests in a more and more challenging global energy situation. The Government has intensified its energy dialogue with important countries in recent years, giving high priority to explaining and gaining support for Norwegian principles for management of the resource-rich but environmentally vulnerable High North. The inte-

grated management plan for the Barents Sea–Lofoten area has attracted considerable international attention, and has been presented to various countries, including Canada, the US and Russia. Within the bilateral cooperation between Norway and Russia, Russia has indicated its interest in developing a similar approach to the management of its part of the Barents Sea. The energy dialogue with other countries also focuses on how countries and companies can cooperate on developing technology for carbon capture and storage as rapidly as possible. Countries such as China, India, Brazil and Indonesia will be important dialogue partners in the time ahead, particularly given the climate-related challenges we will have to deal with.

Our contact with OPEC is based on dialogue and the exchange of information. It has never been an option for Norway to join OPEC, nor do we take part in OPEC meetings. However, in exceptional circumstances, on an independent basis, and as a natural part of its responsibility for natural resource management, Norway has regulated oil production as a means of stabilising oil prices. Such steps have been taken on the basis of Norway's overall interests, in cases where we have considered oil market conditions to be extraordinary in the sense that oil prices have been particularly low or there have been signs that prices might drop to a level that would have substantial negative impacts on the Norwegian petroleum industry and the Norwegian economy.

Transparency, good governance and freedom from corruption are important principles for the development of Norwegian petroleum management. Sound regulation and transparency are as much in Norway's interests in regional and global markets as on the Norwegian continental shelf. Norway needs to defend important industrial interests vis-à-vis EU member states, EU institutions, the WTO and other international forums. Norway is also an active partner in the Extractive Industries Transparency Initiative (EITI), which aims to strengthen governance in the oil, gas and mining sector through greater transparency about revenue flows in countries that often have considerable problems with weak governance. The International Energy Forum (IEF) is receiving substantial Norwegian support for its initiative to improve production and consumption data for oil, something that is needed to ensure more stable and predictable markets and prices for fossil fuels.

15.7 Better governance of the energy sector in developing countries

The Norwegian oil and gas industry considers it very important to achieve global success as the expected decline in oil production, and later gas production, takes place on the Norwegian continental shelf. Norwegian energy interests are best served by global investment and export markets that are as transparent, stable and predictable as possible. Important parts of this sector are dependent on a long-term approach. As in the North Sea, a horizon of at least 15–20 years is often needed to justify major investments. In addition to general business promotion, long-term efforts by Norwegian and other countries' authorities to promote conflict resolution, development and growth in unstable areas therefore make an important contribution to an investment climate that serves Norway's broader interests and that also improves security of supply internationally.

At the same time, it poses considerable challenges that a large proportion of the world's the remaining oil and gas resources is in countries with undemocratic systems of government and where there are often serious violations of human rights. Many countries are finding it difficult to translate oil and gas revenues into economic development and growth. States that were weak and fragile to begin with have proved to be very vulnerable to corruption and misrule in the wake of large oil revenues. According to the IMF, living conditions for the population have deteriorated dramatically in countries such as Nigeria, which has enjoyed more than 30 years of substantial oil revenues.

The Government expects Norwegian companies to comply with national legislation and in addition to follow Norwegian/Western standards for good business practice and global norms and conventions on human rights and corporate social responsibility. There have been oil-related corruption cases involving Norwegian companies in Iran and Libya in recent years, which illustrate how challenging it can be to operate in these markets. The Norwegian Oil for Development initiative, which is motivated by development policy goals, is expected to result in better, more transparent management of energy resources in developing countries.

The initiative draws on the whole breadth of Norwegian oil expertise. It takes a broad approach, including capacity-building and institutional cooperation on resource, revenue and environmental management. Oil for Development and related Norwegian initiatives have to strike a bal-

ance between several different interests. Norwegian expertise is in demand precisely because Norway has so much relevant experience, but as many people have pointed out, the initiative also functions as a door opener for the Norwegian oil industry. The distinction between StatoilHydro and the Norwegian state can easily become blurred in countries that do not maintain such a clear separation between politics and business. Many people have therefore asked whether Oil for Development is blurring the distinction further.

The Government recognises these problems. To maintain a clear distinction between business promotion and development policy, Oil for Development has drawn up guidelines for using the expertise of oil companies and the supply industry in the initiative. At the same time, we have met general international acceptance of the fact that precisely oil-producing countries with wide expertise and relevant experience are in the best position to give advice to new oil countries. A high degree of transparency is therefore required in all relationships, including how the Norwegian embassies in relevant countries combine business promotion with assisting the authorities in their host countries with governance of the petroleum sector and providing support for civil society.

Norwegian initiative for clean energy in developing countries

About half of all global greenhouse gas emissions are generated by energy production. The growth in thermal power production based on coal and oil is a major challenge in the fight against anthropogenic climate change. At the same time, Africa, Asia and Latin America have a large potential for the production of clean, renewable energy in the form of hydropower, solar power and wind power. Lack of access to modern forms of energy is hindering economic and social development in many poor countries. For poor people, prices are too high and access to clean energy too limited, so they are forced to make ineffective use of biomass, coal or kerosene. For the business sector, unreliable or limited electricity supplies mean high costs and restrictions on production capacity, discouraging the establishment of new firms. The development of local, renewable energy sources would improve security of supply and reduce dependence on imported energy in many countries.

Norway started to develop its own hydropower sector in the early 1900s, and has built up considerable expertise in hydropower and energy management. This includes a high level of expertise in integrated water resources management and on the links between energy and environment. Since the early 1990s, Norway has been a world leader in creating a commercial power market. More recently, we have also developed expertise in solar and wind power. Norway has for several decades been running aid projects to assist partner countries in developing legislation and reforming and organising the energy sector. Norwegian experts have also been involved in planning in the energy sector, from overall national plans to planning and construction of power plants. This type of cooperation is much in demand. Norway has also been an active supporter of efforts to strengthen regional cooperation in the energy field, for example in the Nile basin and southern Africa.

In addition to the capacity available in the public sector, NGOs and research and education institutions, there is considerable industrial expertise in Norwegian energy companies. SN Power Invest, which is owned by Statkraft and Norfund, has invested in and built a number of hydropower plants in South America and Asia, and has showed that this can be done on a sound commercial basis by building on Norwegian expertise and experience. Several large Norwegian energy companies are also interested in taking part in hydropower developments in developing countries. The Trønderenergi Group, together with Norfund, is currently completing the construction of a hydropower plant in Uganda.

As an energy nation, Norway is well placed to assist developing countries in their efforts to address energy-related challenges. In addition, such initiatives can bring about direct reductions in greenhouse gas emissions. Intensifying Norway's clean energy efforts will also give an important signal of our willingness to play a part in transfers of technology to poor countries, which may be important in the climate negotiations.

This is part of the backdrop to the Government's Clean Energy for Development initiative, which is intended to provide a framework for all Norwegian aid in this field. The initiative includes support for capacity building in the energy sector, so that energy resources are used more effectively and systematically. Another important component of the initiative is to encourage and help Norwegian firms to invest in hydropower and other clean energy projects in developing countries. Such investments must be made on commercial terms, but using development funding to provide strategic support, for example for planning, can encourage firms to decide to implement projects.

Many people, particularly in rural areas in poor countries, will not have access to modern grid-based energy for many decades. The Clean Energy for Development initiative therefore also includes support for various poverty-related measures such as electrification in rural areas using solar energy, more effective wood stoves and mini hydropower schemes for local use. Norway is also supporting a variety of energy activities through multilateral programmes and projects in the UN, the World Bank and the regional development banks, as well as several global clean energy initiatives.

Looking beyond the time frame of ordinary development cooperation, public-private partnerships in the energy sector is also of interest as a permanent field of cooperation between Norway and countries that have hydropower, solar or wind energy resources, based on joint political and commercial interests.

16 Giving priority to Norway's environmental, climate and natural resource interests

16.1 The international dimension of Norway's environmental interests

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." This was the definition used by the World Commission on Environment and Development in 1987. In 2002, Norway joined the rest of the world in assuming "a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development – economic development, social development and environmental protection – at the local, national, regional and global levels" in the Johannesburg Declaration on Sustainable Development, which was adopted at the World Summit on Sustainable Development in Johannesburg. Thus, it is in Norway's own interests to work towards sustainable development, and we share a global motivation and have also made a commitment to do so.

Norwegian environmental interests are complex. Norway has undertaken to work towards international targets such as achieving a significant reduction in the rate of loss of biodiversity by 2010. Such targets are also in Norway's own interests. Norway's environmental interests also include safeguarding key assets and meeting key needs, for example related to value creation in the fisheries, agriculture and tourism. Thus, Norway's environmental interests provide the basis for important elements of the country's economic development and growth. Decisions to give priority to environmental concerns are also value choices. This is an example of the extended scope of Norway's interest-based policy and of an area where Norway has a particularly strong interest in binding international cooperation. The Government does not interpret Norwegian interests as exclusively economic: they also include acting to promote our values internationally. Environmental issues provide a good illustration of the links between interests and values: there are close connections between less tangible interests such as opportunities to enjoy the natural environment, a good quality of life and a secure sense of identity and the political values Norway wishes to foster and defend.

The Government intends to build on the solid platform for environmental and climate issues in Norwegian society, with a basis in the six reasons listed below for taking environmental and climate interests seriously in the international context.

- Unless the world community can shift to more sustainable production and consumption patterns, pressure on the environment and ecosystem services will continue to increase, ultimately resulting in irreversible degradation of the very basis for life, and narrowing choices for future generations.
- People have no moral right to destroy the natural environment, and Norway is not entitled to accept that species become extinct or to use up the natural resource base for future generations or less fortunately situated countries.
- If greenhouse gas emissions are not reduced, Norway will suffer serious social, economic and environmental consequences.
- A strong Norwegian engagement in global environmental issues, including those where difficult choices need to be made, builds up political credibility. This is an important asset when seeking to persuade other countries to become engaged in the issues Norway considers to be particularly important, such as climate change, releases of hazardous substances, the loss of biodiversity, the High North and sustainable fisheries management.
- It is in Norway's own economic interest to protect the environment and maintain its reputation as a clean country, which benefits parts of the Norwegian export market and Norwegian value creation.
- Norwegians generally consider a clean environment and sustainable management of natural resources to be important.

In a foreign policy context, it is natural to emphasise the international dimension of Norway's environmental and natural resource interests, focusing on climate change and other global threats that affect Norway, and on Norway's global ecological

footprint. It should also be remembered that many apparently national environmental issues – from conservation of coniferous forests (the controversy over the protection of the Trillemarka area is a case in point) to devising a sound policy for large carnivores and the establishment of national parks – have an important international dimension, especially since Norway has made many commitments under regional and multilateral environmental agreements. Norway's relations with the EU and decisions and rules under the EEA Agreement are particularly important. The EU dimension of Norwegian environmental policy has for a long time been blurring the distinction between the local or national and the international or global.

16.2 Global environmental threats that affect Norway

Rising concentrations of greenhouse gases in the atmosphere, the rapid loss of biodiversity and a continuing rise in the use and releases of environmentally hazardous substances are the three most serious global environmental threats today. Efforts to address these threats must be given a prominent role in the Government's international work.

Climate change

Norway has set itself ambitious and challenging climate-related goals. This means that addressing climate change is one of Norway's main foreign policy tasks, which will involve new foreign policy challenges in the years ahead. It is important to ensure that efforts in this field are properly planned and have a long-term perspective, rather than making quick bursts of effort. Addressing climate change requires international cooperation both on mitigation measures and on adaptation measures to deal with change that is inevitable regardless of the cuts that are made in global emissions.

The Intergovernmental Panel on Climate Change (IPCC) has concluded that global warm-

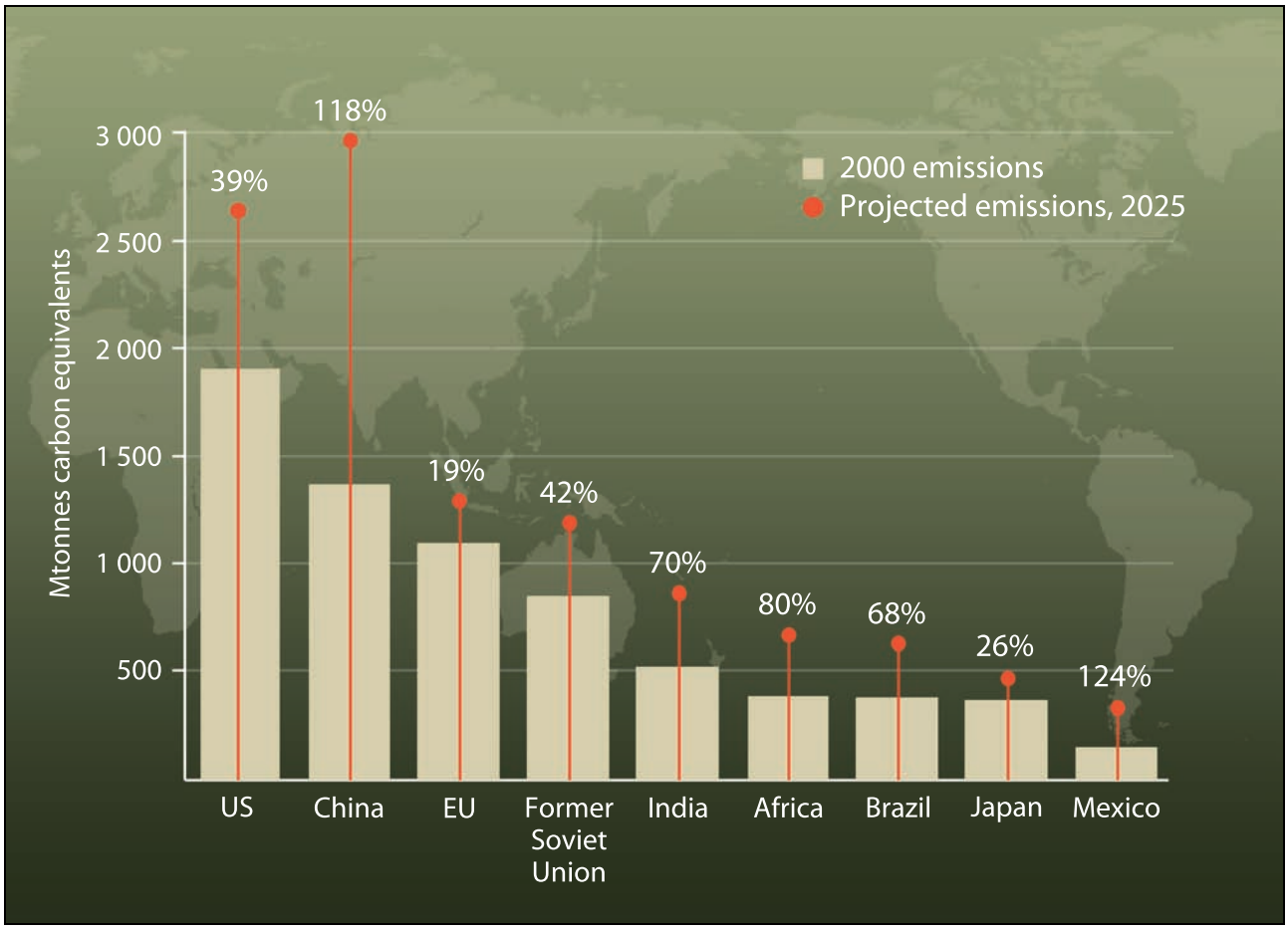


Figure 16.1 Projected greenhouse gas emissions in 2025

* Russia, Ukraine, the Baltic States, Belarus, Moldova and countries in the Caucasus and Central Asia

Source: Baumert, Kevin A., Timothy Herzog and Jonathan Pershing (2005) *Navigating the Numbers: Greenhouse Gas Data and International Climate Policy.* Washington DC: World Resources Institute

ing must be limited to two degrees Celsius to avoid dangerous interference with the climate system. Norway's international climate policy is therefore based on the two-degree target. Achieving this target will require a high level of participation in a future climate change regime. Norway's national target is to reduce global greenhouse gas emissions by the equivalent of 30% of its own 1990 emissions by 2020. Furthermore, Norway has undertaken to achieve carbon neutrality by 2030 provided that an ambitious global climate agreement is reached.

Dealing with the problem of climate change will require far-reaching measures in all countries. Norway will therefore continue to be a driving force in efforts to establish a climate regime that is as ambitious and universal as possible through the international climate negotiations, with the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol as the key framework. A future international climate regime should include a global emissions ceiling and cost-effective mechanisms for emissions reduction. It should also provide incentives to speed up the deployment of carbon capture and storage (CCS) techniques and to limit emissions from deforestation and forest degradation. To achieve the two-degree goal, it will be essential for the new regime to apply to the US and major developing countries such as India and China; at the same time, CCS technologies must be developed and deployed.

In addition to playing an active role in the international climate negotiations, Norway must work towards technological change in a variety of other bilateral and multilateral forums, so that the world's growing energy needs can be met sustainably. Climate issues are on the agenda of several international organisations in which Norway participates, for example the OECD, the International Energy Agency (IEA), the International Maritime Organization (IMO) and the International Civil Aviation Organization (ICAO). As long as the UNFCCC system does not cover emissions from international transport, it is particularly important for Norway to work actively towards cuts in these emissions within IMO and ICAO. It is a positive step that the EU has decided to include flights arriving at and departing from EU airports in its emissions trading scheme from 2012 onwards. Norway will also take an active approach to the development of other climate and energy policy instruments within the EU, partly because such instruments will often have to be implemented in Norway as well as part of the EEA Agreement.

As an oil and gas nation, Norway will continue to export fossil fuels for the foreseeable future. In a future where energy needs are high but emissions must be substantially reduced at the same time, the world will need broad-based efforts to promote energy efficiency and a shift to greater use of renewable energy and deployment of carbon capture and storage. These are areas where Norway can make a contribution. Norway's engagement in the development of CCS is intended to give substantial cuts in emissions abroad as well as in Norway. Norway will also make use of its expertise in the energy sector in other contexts, including the development of offshore wind farms and hydropower developments in countries where conditions are suitable.

However, regardless of any emissions reductions achieved, climate change is taking place, and its impacts are already apparent. These include more intense and more frequent extreme weather events and drought. More gradual changes such as a rising sea level will entail substantial costs for society, increasing over time. Norway has the capacity to adapt to the direct impacts of climate change, but many vulnerable developing countries, which are contributing least to the problem, are being harder hit and do not have the same resources for adaptation. Norway has a responsibility to help poor countries where the impacts of climate change are much more serious. Developed countries must help developing countries to cope with a changed climate. Moreover, it is in Norway's own interests to play a part in ensuring that world food production is stable, that the population has access to water and that people can continue to live in their local communities. These are ways of moderating indirect impacts of climate change, which may include intensifying conflicts and migration. In preparing national and international climate actions, the Government will also give priority to initiatives that will enhance synergies with efforts related to biodiversity and other environmental issues.

We have only just begun to understand how climate change may affect peace, security and health issues. The UN Security Council discussed climate change and its implications for security for the first time in 2007, and the EU has started a process to clarify how the security policy challenges associated with climate change can be addressed. Norway is also seeking to take part in this debate. One problem is that the threat is perceived as abstract, and countermeasures are not well-defined. Climate change will not necessarily be the only underlying cause of conflict, but it may exacerbate local and

regional tensions related to scarce natural resources and increase the number of refugees from countries where the impacts of climate change are severe. Norway is also seeking to raise awareness of the humanitarian consequences of climate and environmental change in its follow-up of the white paper *Norwegian Policy on the Prevention of Humanitarian Crises* (Report No. 9 (2007–2008) to the Storting) and as a contribution to the work of the IPCC. This is also a central element in steps to strengthen bilateral cooperation on the prevention of humanitarian crises with countries such as China, Vietnam, Bangladesh and Cuba.

In other areas of foreign policy where climate change is an important factor, the time horizon may be much longer. The dramatic changes in the Arctic are a warning to the whole world. It is not only polar bears that are endangered by melting of the polar ice cap. Melting of polar land and sea ice masses will have an impact far beyond the region – the consequences will be global. A reduction in snow and ice cover enhances global warming because it reduces Earth's albedo, which means that less of the incoming solar radiation is reflected. At the same time, we will experience growing interest in the High North as previously inaccessible resources become more readily available. Natural resources in the vulnerable Arctic environment must be used in a way that is as safe and environmentally sound as possible. There is also a possibility that international conflict may arise over raw materials in the Arctic. The Convention on the Law of the Sea provides a legal framework for peaceful use of the seas which is also applicable to the Arctic. Nevertheless, we need a forward-looking foreign policy that can reveal potential conflicts at an early stage and meet them with far-sighted action and peaceful solutions.

The Arctic Council, the only circumpolar organisation, is playing an increasingly important role. It should be strengthened so that it effectively addresses the impacts of climate change, particularly in the Arctic Ocean. The Council's continuing efforts to develop environmental standards for the utilisation of natural resources are valuable. It will also be important to improve the Council's capacity to share guidelines and knowledge with other international forums. Norway and other Arctic countries have a particularly important role to play in communicating information on climate change in the Arctic based on research and monitoring results. China, Italy, South Korea, Japan and the European Commission have been showing growing interest in the Arctic, and have recently requested observer status in the Arctic Council. There is a potential for increasing cooperation between Arctic states and non-Arctic observers.

Norway intends to focus attention on the links between trade policy and climate-related measures. Trade policy must not prevent the development of new climate policy initiatives; on the other hand, climate-related measures must not entail unjustified or arbitrary restrictions on trade. Expertise needs to be built up in this area. It is essential that the international trade and environment regimes rules are mutually supportive. Trade policy is an important and relevant part of work on multilateral environmental agreements, and the links between different international agreements must be considered more closely.

The scale of the challenges posed by climate change is such that international efforts must have a long-term perspective. The transition to a low-emission economy and to a society that is capable of adapting to inevitable climate change will change the basis for international cooperation in a number of areas and have major consequences for global distribution policy, and thus also for our foreign and development policy.

Loss of biodiversity

The loss of biodiversity is one factor in the degradation of the world's ecosystems, which is threatening important ecosystem services. New knowledge shows that over the past 50 years, humans have changed and damaged ecosystems more rapidly and extensively than in any comparable period of time in human history Species are now being lost at a rate that is 100 to 1000 times higher than the natural rate of extinction at any time in the past few million years. This is alarming because ecosystems produce goods and services on which people depend. These include food, water, fuel, medicines and building materials. Intact ecosystems also play a key role in climate regulation and in biogeochemical cycles in water, air and soils, and provide better protection against natural disasters.

The loss of biodiversity is an irreversible process that restricts our future options. Ecosystem services are of key importance for people's living conditions and for development in all parts of the world. Everyone will be affected by a reduction in the quality of these services. An international study points out that degradation of ecosystem services will make it more difficult to achieve the Millennium Development Goals. Norway will take active steps to strengthen global knowledge of biodiversity and ecosystem services.

The causes of the loss of biodiversity are complex, but changes in land use are considered to be the greatest threat both in Norway and internationally. Other threats to biodiversity are climate change, the introduction of alien species, overexploitation and pollution.

The UN Convention on Biological Diversity is the most important international instrument in this field. The Convention has three objectives: the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources. Norway has traditionally put most emphasis on the objective of sustainable use, and this is an important aspect of environmental development cooperation. Sustainable use of biodiversity helps to maintain supplies of resources that are an essential basis for decent living conditions and development, and to ensure that they are also available for future generations. Norway has given high priority to efforts to negotiate a new regime for access to genetic resources and benefit-sharing. A satisfactory result will be important in encouraging active global implementation of the Convention. Norway is continuing to play a role as a bridge-builder between developed and developing countries in the negotiations.

Forest is one element of the world's biodiversity and provides important global ecosystem services, particularly in connection with global climate regulation. Forests store huge quantities of carbon and buffer rising carbon emissions by absorbing carbon dioxide from the atmosphere. Current deforestation and forest degradation, for example as a result of the conversion of forest to farmland, involve the loss of this important ecosystem service, which helps to stabilise the global climate. This is the backdrop for the Government's International Climate and Forest Initiative, which was launched at the Bali summit in 2007.

Climate change will have direct impacts on biodiversity, since changing temperatures affect how well individual species survive and thus the species composition of ecosystems. Higher temperatures are likely to result in a northward shift of the distribution of many species, and the nature management authorities must be prepared for this. Cooperation and information exchange with countries further south is important as a way of ensuring that Norway is as well prepared as possible for such changes.

Invasive alien species that are unintentionally introduced into the Norwegian environment may cause serious damage to naturally occurring species and ecosystems. For example, some plants form such dense stands that they choke waterways, and animals or plants may outcompete native species or cause disease outbreaks in farmed species. The costs of dealing with invasive alien species can be high, and experience shows that it is often difficult to eradicate them. The salmon parasite *Gyrodactilus salaris* came to Norway with imported salmon smolt in 1975 and now causes annual losses in the order of NOK 200–250 million to the Norwegian economy. Expanding trade and a growing volume of transport are two of the reasons why new species are being introduced to Norway. In 2004, the International Convention for the Control and Management of Ships' Ballast Water and Sediments was adopted. This is a very important instrument for dealing with the problem of the spread of alien species in the marine environment. Norway has ratified the Convention, but it has not yet entered into force.

Norway plays an active part in international efforts to safeguard biodiversity. This is important both for Norway as an environmental nation and because Norwegian interests are directly affected. This work is linked both to the international trade regime and to efforts to combat climate change. It is a high-priority goal to ensure the greatest possible synergy between solutions adopted by Norway in these different fields.

Hazardous substances

Hazardous substances can be a serious threat to people and the environment. This applies particularly to chemicals that are toxic, persistent (do not break down easily) and bioaccumulative (build up in food chains and the environment), such as persistent organic pollutants (POPs) and heavy metals. Once such substances have been released, it takes a long time before levels in the environment and food chains are reduced again, even if releases are stopped. The world community has recognised that the use and release of hazardous substances is not in accordance with sustainable development. The UN summit in Johannesburg in 2002 therefore adopted a new goal of minimising adverse effects on human health and the environment from the use and production of chemicals by 2020.

In addition to national emissions, there are considerable inputs of dangerous pollutants to Norway and the High North as a result of long-range transport with winds and ocean currents. Nationwide advisories to limit the consumption of large predatory freshwater fish have been issued in Norway because of high levels of mercury. Monitoring of the Arctic environment has documented high

levels of POPs (such as PCBs and DDT) and mercury from sources outside the Arctic. This has particularly serious effects on animals high in food chains, such as polar bears, glaucous gulls and killer whales. In recent years, rising levels of new pollutants such as PFOS and brominated flame retardants have also been documented in the Arctic.

International trade in a variety of products also contributes to the transport and dispersal of hazardous substances. When products that contain such substances are used or discarded as waste, pollutants are released, and people, animals and the environment may be exposed to pollution far away from the production site. Few of the products used in Norway are manufactured in the country or specifically for the Norwegian market. It is a demanding task for importers to ensure compliance with special Norwegian rules for chemicals in products and for the supervisory authorities to enforce them. Furthermore, the international trade regime sets limits for the use of policy instruments at national level.

On the basis of an ambitious national chemicals policy, Norway has been able to act as a driving force and take initiatives in international and regional cooperation on chemicals, for example phasing out the most dangerous substances, waste management and ship recycling. The Government wishes Norway to continue to play an active role in this field. A number of international agreements on dangerous chemicals and hazardous waste have been adopted to deal with these global problems. Norway is working towards the inclusion of more substances in the Stockholm Convention on Persistent Organic Pollutants and the POPs Protocol of the ECE Convention on Long-range Transboundary Air Pollution. Norway is also working actively towards a global instrument to reduce releases of mercury and other heavy metals. For the global agreements to have full effect, it is also important to strengthen capacity building and technical assistance to developing countries and thus put them in a better position to meet their obligations.

Illegal, unreported and unregulated fishing

Illegal, unreported and unregulated fishing (IUU fishing) is the greatest threat to sustainable management of fish stocks in Norwegian sea areas. Overcapacity in the fishing fleets and high expectations of profits put pressure on management regimes. The authorities both in Norway and in countries with which we cooperate have been giving high priority to combating IUU fishing in recent years. A number of measures such as a prohibition against transhipments of catches and stricter port state controls have been introduced in the North-East Atlantic. Using flags of convenience and transhipping catches are two of the most important ways in which private companies try to avoid surveillance and control. These issues are given high priority in Norway's fisheries and High North policy, and Norway is also investing heavily in a robust, integrated fisheries management regime.

The management plan for the Barents Sea–Lofoten area adopted by the Storting in 2006 continues Norway's policy for ecosystem-based management of marine resources, in line with the 1995 United Nations Fish Stocks Agreement and FAO's Code of Conduct for Responsible Fisheries of the same year. The management plan is intended to provide a framework for the sustainable use of natural resources and goods derived from the Barents Sea–Lofoten area and at the same time maintain the structure, functioning and productivity of the ecosystems of the area. The plan clarifies the overall framework for both existing and new activities in these waters, and thus facilitates the coexistence of different industries, particularly the fisheries industry, maritime transport and petroleum industry. Norway was one of the first countries to present an integrated management plan for a sea area. The EU and other countries are adopting similar management criteria. We manage the seas jointly with other countries, and our neighbours' actions necessarily have an effect on the environment in our own waters – long-range pollution is a good example. It is therefore important for key actors to reach a common understanding of the basis for ecosystem-based management of marine resources.

In addition to active, ongoing diplomacy vis-à-vis key countries such as Russia, regional and international fisheries management organisations are important for enforcement and control. The Joint Norwegian-Russian Fisheries Commission and the North East Atlantic Fisheries Commission (NEAFC) are the two key organisations. The EU, the International Council for the Exploration of the Sea (ICES) and FAO are also important forums for the development of legislation that affects other actors' positions as regards issues that are very important to Norway. In recent decades, a number of bilateral and regional agreements have been concluded for the purpose of sound, sustainable management of fisheries resources.

Risk of radioactive pollution from Russia

The concentration of nuclear installations and accumulation of radioactive waste and nuclear material in northwestern Russia represents a risk of radioactive contamination through releases of radioactivity and accidents. Norway has a clear interest in limiting the risk as much as possible. Since the end of the Cold War, substantial political and financial resources have therefore been invested in improving nuclear safety, in cooperation with Russia and other countries. In all, Norway has allocated NOK 1.4 billion to these efforts. A great deal has also happened in forums where Norway does not play a leading role. For example, the Northern Dimension Environmental Partnership made EUR 150 million available for nuclear safety measures in Russia in 2007. In 2002, the G8 launched its Global Partnership against the Spread of Weapons and Materials of Mass Destruction. This is relevant in the context of the threats Norway faces in the High North, and the Norwegian authorities are providing funding with a budgetary framework of EUR 150 million over a ten-year period.

The most important achievements so far are a considerable improvement in safety standards at the Kola nuclear power plant, a rapid increase in the pace at which nuclear submarines are being dismantled, the construction of storage and processing plants for spent fuel and waste, and safer management of spent nuclear fuel. The importance of the best possible standards for nuclear safety is also increasing with the expansion of business cooperation and the increasing focus in global markets on safe, environmentally sound products.

Russia's economic growth is resulting in more investment in nuclear-powered installations, combined with growing willingness and capacity to ensure safe operations and adequate safety measures. Norway and the rest of Europe will probably have to live with a growing number of nuclear icebreakers, submarines and ships and floating nuclear power plants in northwestern Russia in the years ahead. In response to this, Norway and the EU should give priority to cooperation with Russian regulatory authorities on health, environmental and safety activities in all parts of the Russian nuclear industry, and to continuing their efforts to deal with the remaining legacy of the Cold War.

Environmental risk associated with production and transport of petroleum in Norwegian sea areas

Norway has a long tradition of utilising the riches of the seas. Marine ecosystems support living natural resources that are the basis for a considerable level of economic activity, and it is very important to safeguard the basic structure and functioning of the ecosystems of sea areas in the long term, so that they continue to be clean, rich and productive. Traditionally, the primary users of Norwegian sea areas have been the fishing and maritime transport industries. However, this situation is changing radically. The extraction of oil and gas is one of the newer activities that must be regulated and coordinated with more traditional activities, and a balance must be struck between the various interests involved. In addition, the growing focus on climate change fuels objections to further development of the Norwegian continental shelf on environmental grounds, and for the environmental movement, it gives a new and practical dimension to the debate on the pace of Norwegian oil extraction.

The management plan for the Barents Sea–Lofoten area establishes a framework for petroleum activities in the area that will protect particularly sensitive areas that are vulnerable to the pressures and impacts associated with oil and gas activities. In addition, new fields in the Barents Sea must meet stricter environmental standards than existing ones in the North Sea: for example, discharges of produced water are no longer permitted. The risk of a major blowout that pollutes the shoreline, harms animals and causes environmental damage remains the greatest concern. Our continued lack of knowledge about ecological relationships in vulnerable coastal areas complicates the discussion on how to strike a sound balance between protection and use.

The international character of the industry is of key importance, but it should be noted that Norwegian actors (primarily StatoilHydro and Petoro) account for well over half the activity on the Norwegian continental shelf. Norwegian and international oil and supplier companies are collaborating closely on a strategy for opening new areas for exploration, for instance within the Norwegian Oil Industry Association. Russian petroleum activity is a potential threat to the marine environment in Norway's northern sea areas. The formal environmental standards are at least as high in Russia as in Norway, but there have been many complaints that Russian actors fail to meet their obligations and that monitoring is inadequate. The overall environmental picture is therefore probably much more positive in Norwegian waters than in Russian waters.

Growing international interest in oil and other resources in the Arctic is raising a whole range of new environmental issues. There is a great deal

that is uncertain, but it is wise of Norway to invest heavily in environmental expertise and information in step with rising geopolitical tension and a growing demand for energy resources from the north. The Arctic Council is an important arena for Norway in this context. The Norwegian chairmanship from autumn 2006 to spring 2009 focused on the impacts of climate change in the Arctic and integrated resource management, inspired by work along similar lines in the Barents–Lofoten area.

Shipping along the Norwegian coast is subject to comprehensive legislation and control and enforcement procedures, but still involves a considerable environmental risk. The technology is being improved, but the volume of traffic will also increase substantially in the years ahead. It is estimated that the volume of oil shipped westwards from northwestern Russia will rise from 10 to perhaps 50 million tonnes per year by 2015. However, Russia transports far greater volumes of oil through the Baltic Sea – about 80 million tonnes in 2007. Russian oil tankers operating in international traffic are generally of a high standard. Other vessel traffic along the coast represents at least as great a risk of oil spills as oil transport. Human error is the most important cause of oil spills (a key factor in 80% of all cases), but broad-based efforts to build up the oil spill emergency response are yielding results. Both the Norwegian authorities and the shipping industry are playing an active part in international cooperation to reduce risk, for example with the International Maritime Organization (IMO).

16.3 How much pressure does Norway put on the environment abroad?

Norway's economy is globalised. Norwegian economic activity creates development, but also puts pressure on the environment and common global resources. Norway's global oil investments have an impact on local environmental conditions, both at sea, and in the case of the extraction of oil sands, in vulnerable areas on land. The regulatory regimes of the countries involved are generally far less strict than on the Norwegian continental shelf, not least as regards the environment. Norwegian shipping maintains very high standards, but its sheer size means that it represents an environmental risk in other countries' sea areas, and growing attention is being paid to greenhouse gas emissions from shipping. Investments in hydropower in developing countries may be positive for the climate and the local economy, but can also have adverse environmental impacts locally. Private Norwegian-owned companies are major actors in fish farming globally, and the environmental challenges involved are, if anything, greater in Chile than in Norway. Imports of tropical timber have often been linked to deforestation and unsustainable forestry. Under the UN Convention on Biological Diversity, it has been decided to establish the ecological footprint as one of the global indicators of sustainable use of biodiversity.

How do we measure environmental pressure?

How much pressure does Norway put on the global environment? How can we measure the country's performance, and how does it compare with that of similar countries? Not badly, according to the Commitment to Development Index published annually by the Center for Global Development in Washington DC. The index ranks 22 of the world's richest countries based on their dedication to policies that benefit poorer nations worldwide. The environment element includes greenhouse gas emissions, climate policy (petrol taxes etc), subsidies to international fishing fleets, imports of tropical timber and participation in important multilateral environmental agreements. In recent years, Norway has consistently scored very highly on environmental performance.

The Norwegian economy is small in global terms, and the overall pressure Norway puts on the environment, or the ecological footprint of the country as a whole, as opposed to the ecological footprint of each Norwegian, is therefore bound to be fairly limited. Not surprisingly, Norway generally has the greatest impacts in economic sectors where the country is of importance globally: energy (oil and gas, hydropower), fisheries (especially aquaculture investments) and shipping. A large proportion of the country's ecological footprint is caused by commercial Norwegian actors, and in principle, the responsibility for this lies with the companies and not with the Norwegian authorities. However, environmental problems are one of the most obvious expressions of the activities of a country's business sector abroad, so to a certain extent they reflect negatively on the country's government, both in practical terms and by tarnishing its reputation. This is partly because the companies involved often have substantial public ownership or benefit from export subsidies. At the same time, as we have seen earlier, the distinction between the Norwegian authorities and commercial companies is far clearer in the minds of Norwe-

gians than it is to the authorities and general public in countries such as Iraq, Nigeria, Chile and Mozambique.

The Government Pension Fund – Global: the Fund rarely owns more than 1% of the shares in companies in which it invests (and never more than 10%), and is thus not one of the main contributors to environmental problems in other countries. However, because of the size of the Fund and interest in the influence it can have in an environmental context, the competent authorities decided to include avoidance of serious environmental damage as one element of its ethical guidelines. So far, the Fund has excluded about 30 companies in accordance with these guidelines, in three cases on the grounds of unacceptable environmental impacts. In addition to this disincentive mechanism, environmental organisations are advocating that the Fund should give priority to investments in companies whose environmental performance is good. The Fund also makes active use of its influence as an owner in direct dialogue with companies. Importance is attached to good corporate governance (by requiring that companies also take due account of the interests of small shareholders) and measures to combat the use of child labour by subcontractors, and companies must not lobby against climate-related measures. Norges Bank (Norway's central bank) manages the Fund, and has joined the Carbon Disclosure Project, which encourages companies to measure and disclose their greenhouse gas emissions. If they choose to focus on environmental problems that threaten global welfare, the Government Pension Fund and other like-minded pension funds can put considerable pressure on companies.

The Norwegian hydropower industry: Hydropower projects in developing countries have been controversial for many years, and environmental organisations have been in critical opposition to Norwegian companies and public actors, including the aid authorities. Norwegian hydropower initiatives abroad are based on experience and expertise built up in the sector in Norway. Norwegian actors are now increasing their involvement in the international hydropower industry. Norway is already an important actor in hydropower consultancy and construction, and Norwegian investments and ownership are now increasing, among other things through Statkraft and Norfund's engagement, which is partly based on aid funding. In 2009, criticism of international hydropower projects on environmental grounds is being weakened by several factors. Firstly, developers have become better at taking environmental considerations and the interests of indigenous peoples into account as an integral part of their projects, even in developing countries with weak regulatory regimes. The work of the World Commission on Dams is an important basis for this development. Secondly, a number of African countries have critical power supply shortages, which means that the burden of proof tends to be more on the opponents of developments. Thirdly, rapidly increasing concern about the environment means that hydropower is in a more favourable position, for example in competition with nuclear power.

The Norwegian oil industry and local environmental problems: StatoilHydro is now operating in 25 countries, and Norwegian suppliers in even more. These countries often have less strict regulatory regimes – including environmental regulation – than the Norwegian continental shelf. This can put companies in a difficult competitive position if they themselves are prepared to meet high environmental standards, but less responsible companies gain a competitive advantage, for example by failing to internalise abatement costs. The operators on fields where Norwegian companies are participating are often not Norwegian, and the operator generally has most say in the development and operation of a field. Oil sand projects, such as those StatoilHydro is now involved in Canada, often involve serious local environmental problems in addition to their global impact on the climate.

However, as is the case for the hydropower industry, there is considerable political interest in Norway in the environmental standards Norwegian oil companies follow abroad. There is therefore reason to believe that Norwegian companies incorporate local environmental considerations into their operations better than many others. In some countries, for example Angola, extensive cooperation has been built up between Norwegian oil companies, research communities and the authorities on projects to ensure a good balance between environmental considerations, fisheries and the oil industry. All in all, there is no reason to assume that Norwegian oil companies create major local environmental problems in countries where they operate. In fact, in a number of cases, they are ahead of the field because they can use expertise and cooperation models and environmentally advanced solutions from the Norwegian continental shelf.

Norwegian fish farming has become globalised: Ecological impacts and acute environmental problems have been part of the picture ever since the earliest days of the fish farming industry. These

are important issues for Norway, both because of the size and economic importance of the sector and because Norway is responsible for about one third of the world's remaining wild salmon resources. The main problems are related to water pollution in areas around fish farms and the escape of farmed fish, which can spread infection and harm wild fish stocks in other ways. Gene flow from farmed fish to wild fish can be characterised as genetic pollution. The environmental pressure exerted by Norwegian-owned fish farming businesses in other countries affects Norwegian environmental and natural resource interests. In 2006, the value of Norwegian farmed salmon and trout was NOK 17 billion. Norwegian companies are also dominant actors in many of the other important fish farming countries in different parts of the world (including Scotland and Chile), and the total Norwegian-owned production in these countries is now approaching the volume in Norway.

Shipping and the environment: Norway controls one of the world's largest merchant fleets and is of the world's leading shipping nations. International shipping carries more than 90% of global trade. This makes the Norwegian shipping industry an important actor in addressing global environmental challenges in the world's oceans. Shipping contributes to a range of environmental problems through releases to air and water during normal operations and through acute pollution from accidents. Certain environmental problems, such as the spread of alien species with ballast water, leaching of environmentally hazardous substances from anti-fouling systems, and spills from cargo and bunker tanks, are specific to shipping. Norway ratified the International Convention for the Control and Management of Ships' Ballast Water and Sediments in 2007. Compared with other form of transport, shipping is energy-efficient. Nevertheless, international shipping is responsible for 2.7% of anthropogenic CO_2 emissions and there is great potential for the sector to reduce its greenhouse gas emissions. Norway is working towards the inclusion of emissions from international shipping in a new global climate regime.

Both the shipping industry and the Norwegian authorities are working actively to reduce environmental pressure from the shipping industry and to improve maritime safety and the oil spill emergency response system. Norway plays an active role in these issues in international organisations such as IMO. In addition to the country's global responsibility, high and effective environmental standards in the shipping industry are clearly in Norway's interests, given the risk of environmental damage from shipwrecks along the Norwegian coast.

If we disregard climate, Norway exerts only limited pressure on the environment in other countries. This is partly because the Norwegian economy is small, and partly because there is considerable and growing environmental awareness in the sectors where Norway is of global importance – petroleum, fish farming, shipping and hydropower production.

16.4 Strengthening global environmental cooperation

Global environmental problems require global answers. Addressing the major environmental challenges we are facing today requires more binding rules and a more permanent form of organisation for international efforts.

There are about 500 instruments of international environmental law within the UN system. This is a cumbersome body of law to deal with, and not always adequately coordinated. The Government will work towards better coordination of multilateral environmental agreements so that we can deal more effectively with common environmental problems.

The UN Environment Programme (UNEP) plays an important role as a global and regional arena for binding intergovernmental environmental cooperation and development of a normative and legislative environmental governance system. With the exception of the Convention on Climate Change and the Convention to Combat Desertification, UNEP has set the agenda and driven the development of most of the key multilateral environmental agreements. UNEP must be given the opportunity to take part in the development of new discourses on environment and sustainability. The Government expects that UNEP will continue to play a central normative role in the development of international conventions, and that it will continue its long tradition as an educator in the field of environment and climate change. Norway contributes significant funding to UNEP.

In the Government's view, the world needs an integrated multilateral framework centred on the UN. An environmental policy agenda must be drawn up that can guide environmental efforts both within and outside the "environmental pillar" of the UN. In addition, there must be room for interaction and cooperation with NGOs. The UN needs to succeed in creating sound links between normative work and operational activities in the

field of environment and sustainable development. There should be synergies between environmental work, the UN's development efforts, and humanitarian efforts.

Binding environmental agreements are a key component of the international environmental governance system. In the Government's view, it is essential to continue efforts to improve multilateral environmental agreements and make them more stringent, and Norway must continue to play an active role in advocating new and more extensive commitments. Globally, the most important arenas for binding intergovernmental cooperation are the Climate Change Convention and the Kyoto Protocol, the Convention on Biological Diversity and the Cartagena Protocol on Biosafety, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the Rotterdam Convention on the Prior Informed Consent (PIC) Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, and the Stockholm Convention on Persistent Organic Pollutants.

Although these agreements together have a wide scope, the commitments they entail are only a first step, and they only target a small number of the environmental problems the world needs to address. When the Kyoto Protocol was adopted, it was clear that it was only the first step in tackling climate change. The Stockholm Convention only regulates 12 persistent organic pollutants, but there are many other substances that threaten the environment and human health all over the world. There is still no global instrument that regulates the use and releases of heavy metals. A further example is that the lack of effective international rules on tropical forests means that deforestation is continuing, and some of the richest ecosystems in the world are being lost.

In addition, environmental considerations are included in various agreements that are not primarily designed to address environmental problems, for example the Aarhus Convention deals with access to environmental information, and this is also included in parts of the multilateral trade regime. Such information is essential to allow people to make informed choices, for example when buying products that may contain dangerous chemicals. The multilateral trade regime is now very extensive and includes both customs tariffs and trade rules. These rules determine how much latitude Norway has to take into account priority policy areas other than trade liberalisation. It is therefore in Norway's interests to seek to maintain adequate room for manoeuvre in the multilateral trade regime and to ensure that this regime and the multilateral environmental agreements are mutually supportive.

16.5 Norway's environmental interests within the framework of the EEA Agreement and in cooperation with the EU

The EU has an ambitious environmental policy at European level, which is implemented through extensive legislation on all aspects of environmental policy, including waste water, waste, industrial pollution, chemicals, air, sea, water and soil, biodiversity, climate change and energy. Since Norway is obliged to implement EU environmental legislation in Norwegian law, it is of crucial importance to take part in the development of the EU's environmental policy. Because of the transboundary nature of environmental problems, internal EU environmental standards often have a much greater direct impact in Norway than domestic measures. A proactive EU that has an influence in regional and global forums has more overall effect on the state of the environment in Norway than purely Norwegian measures. For example, more than 90% of the inputs of acid rain, some dangerous heavy metals such as mercury, and other pollutants such as brominated flame retardants to Norway are a result of long-range transboundary transport. Norway's reasons for wishing to play an active part in the development of EU policy therefore go far beyond wishing to have a say in which national obligations we take on through the EEA Agreement.

The Government is working systematically to ensure that Norway participates actively in the development of the EU's environmental policy. Under the EEA Agreement, Norway is entitled to participate in the European Commission's groups of experts and in management committees. Norway is currently represented in about 60 of the Commission's groups and committees in the environmental field. The extent to which Norway participates varies widely, on the basis of strict priorities. It ranges from a minimum of participation to ensure that EU legislation is correctly implemented in Norwegian law and is uniformly practised, to extensive participation from expert level to ministerial and government level, in order to influence the development of legislation and its

enforcement in areas where Norway has special interests.

Decisions on when Norway should seek to have a particular influence are taken on the basis of an overall evaluation of Norwegian interests and comparative advantages and the prospects of influencing the outcome. Influencing decision-shaping is a difficult task, and Norway will only have a real possibility of gaining a hearing if it can produce sound environmental policy and scientific grounds for its arguments and sustains a substantial effort throughout the process from the publication of a Commission proposal to the adoption of legislation and any subsequent management regime. In accordance with this, Norway is currently giving priority to climate and energy, chemicals and management of the marine environment in its efforts vis-à-vis the EU.

The most important difference between EU member states and the EEA EFTA states in the environmental field is that the EFTA states do not take part in the discussions when the EU makes its final decision to adopt environmental legislation. It is not until the legislation has been adopted by the EU that Norway as an EEA EFTA state takes a formal decision on whether to incorporate the legislation into the EEA Agreement and whether there in that case is a need for special adaptations. On the other hand, if Norway is to participate effectively and have an opportunity to influence the outcome, it must present its position early in the legislative process. This means that Norway must engage in active dialogue and take part in the EU's decision-shaping processes at a stage when the matter is not being discussed in the Norwegian media and the outcome is still unclear. Thus, a long-term strategic approach is needed, and resources must be made available for participation from an early stage in the decision-making process and all the way up to final adoption of legislation, which may take many years.

Norway's cooperation with the EU extends beyond the scope of the EEA Agreement. The EU is generally an important driver of global and regional environmental efforts, and is for example playing a leading role in the international negotiations on climate and on biodiversity. The EU is seeking credibility and influence in the climate negotiations in Copenhagen in 2009 through an ambitious climate and energy policy. The EU's climate action and renewable energy package is a milestone in European policy and will provide important guidelines for Norwegian policy in this field, partly through the EEA Agreement. Similar developments are taking place in several other areas: the EU develops new Community legislation that subsequently provides a model for further development of international rules in the same area.

Norway has provided input on its views on important elements in the development of the EU's climate and energy policy, most recently on the climate action and renewable energy package. Moreover, Norway invested a great deal of time and effort in seeking to influence the development and adoption of the new EU chemicals legislation (REACH), a process which took eight years. In addition to extensive participation by Norwegian experts, a wide range of other actors at all levels were involved at all stages, from public officials up to the Minister of the Environment and International Development, the Foreign Minister and the Prime Minister. Norwegian views have been communicated, both in writing and at meetings, to key actors in the European Commission, the European Parliament, the EU Presidency and important member states. Active steps were also taken to ensure that Norway could participate in the work of the European Chemicals Agency (ECHA) and the various committees under ECHA where new chemicals legislation is developed, and these efforts were successful.

Norway has cooperated closely with the European Commission and EU member states on all key environmental issues. In certain areas, the EU has been instrumental in raising environmental standards in Norway. On the other hand, Norway has been able to make use of its position outside the EU during some processes. For example, Norway has spearheaded the initiative for a legally binding global instrument on mercury. Together with Switzerland, and with the support and several EU states, Norway has been able to do more than would have been possible if bound by a coordinated EU position. In other cases, Norway can seek compromise and play a greater role than would be possible within the EU, as exemplified by work on rights to the use of genetic resources and patenting of genetic resources under the Cartagena Protocol on Biosafety, and by the climate negotiations.

Norwegian environmental assistance through the EEA financial mechanisms

Between 2004 and 2009, Norway is providing funding totalling about NOK 10 billion through the EEA financial mechanisms towards efforts to reduce social and economic disparities in the enlarged European Economic Area. Environment and sustainable development are two of the priority sec-

tors. A similar programme is being planned for the next five-year period. The new EU member states have serious problems related to the environment and climate change. It is in Norway's interests to play a part in improving the quality of the environment in these countries, and the EEA financial mechanisms are intended to make an important contribution to this work.

Funding provided through the mechanisms is not earmarked, and it is up to the recipient countries to decide which projects to support. Indicative allocations show that about a quarter of the funding will be used on environmental and climate-related projects. In addition, research projects on the environment and sustainable development receive support, as do environmental projects run by NGOs. Many of the projects involve Norwegian partners. There are more than a hundred projects that will contribute directly to reductions in greenhouse gas emissions, for example through energy efficiency measures and the promotion of renewable energy. Several projects focus on biodiversity and sustainable agriculture and forestry.

17 Promoting a global order to deal with current and future challenges

Norway has strong interests in an international legal order, both social and economic, and in terms of security policy. Norway is a small country, with an extremely open economy, an economically important and environmentally vulnerable coastline, strategically important northern areas and an asymmetrical relationship with neighbouring Russia. The scope of Norway's foreign policy interests is expanding in response to globalisation and geopolitical change. This is strengthening Norway's interest in a well-functioning legal order, where relations between states are governed by binding norms and conventions. A legal order of this kind is dependent on regional and global organisations that are effective in dealing with concrete tasks, that serve as relevant arenas for debating important questions and that are able to adapt to a rapidly changing world.

The end of the Cold War in 1990 ushered in a period of great optimism as regards international cooperation. The conflict that had paralysed the UN Security Council was a thing of the past. The destructive knock-on effect of the confrontation between East and West was substantially reduced at UN headquarters in New York, as well as in a number of conflicts and wars around the world. The fundamental differences that had impeded progress in international cooperation were also significantly diminished. The time had finally come to realise the UN system's inherent potential as a central hub for efforts towards peace, welfare and a more equitable distribution of the world's goods.

17.1 International cooperation since 1990 – a complex picture

Twenty years later we are seeing a chequered picture with some successes, some mediocre results and some setbacks. On the positive front, today we have a UN that despite many challenges has acquired a more meaningful role as an arena for global negotiations, as a norm-setter and a legitimising body for everything from peace efforts to the fight against HIV/AIDS, and as a forum for crucial climate negotiations. The UN Millennium Development Goals have provided a coherent framework for UN development efforts. Global health and HIV/AIDS-related initiatives in and outside the UN have achieved a great deal in the fight against infectious diseases. Efforts to establish the International Criminal Court (ICC) met with considerable opposition, but with the adoption of the Rome Statute of the ICC in 1998 and the Court's formal establishment in 2003, efforts to promote a better international legal order won an important victory. The law of the sea has been strengthened and the International Maritime Organization is evolving and gaining a more important environmental role. The Doha Round in the WTO is meeting resistance, but the organisation's dispute settlement mechanism is an increasingly important tool for small countries in trade disputes. The Iraq war did not spell the downfall of the UN as many people predicted; rather the breadth of the approach of the UN and the multilateral community to conflicts, such as those in Iraq and Afghanistan, is now sought after, even in the US. The work of the UN Intergovernmental Panel on Climate Change, which laid the foundation for genuine climate negotiations in the 1990s, was a good example of how the UN can facilitate the effective management of extremely complex and politically sensitive knowledge processes.

However, an overview of international cooperation over the past 20 years also shows how difficult it has been to realise the aspirations of 1990. The wars in the Balkans shattered many dreams in Europe. The genocide in Rwanda, the disintegration of Somalia, millions killed in prolonged civil war in the Democratic Republic of Congo and the inability to protect the population of Dafur are just some examples of the international community's shortcomings. For many people 9/11 ushered in a new era characterised by more conflict between regions and religions, less respect for human rights and a fear that the global dream of consensus as a prerequisite for effective global cooperation that had emerged in 1990 would be destroyed. The lack of progress in urgent climate negotiations and the Doha Round on international trade shows how little progress the world community has

made. The financial crisis that began in 2008 demonstrated the fragility of the global financial regulatory system and showed how ineffectual global institutions such as the International Monetary Fund were when the storm broke.

The general atmosphere at think tanks and other foreign policy forums as to what can be achieved through regional and global cooperation is therefore far more tentative than in 1990. Up to 2020, we expect to see more instability and less effective global institutions than we have seen over the past 20 years – not the reverse. Many of the conclusions drawn in Part I of this white paper are consistent with this view, for example that a complex multipolar world order with a growing number of major powers is creating new challenges in terms of effective global cooperation. At the same time the advance of the new actors should be welcomed and is wholly legitimate. A situation where global institutions actually reflect the real balance of power in the world, i.e. where the map more accurately fits the terrain, could provide greater legitimacy and lead to more effective global governance.

17.2 Prerequisites for a better global order

We therefore have strong interests in ensuring that the current global legal and political order is maintained and further developed in areas of great importance to Norway.

International cooperation is a logical means of solving both our own and common problems. However, states often do not have cooperation and participation in the global political system as their first priority. There is a tendency for states to use international organisations as tools to further their own interests. The more those interests conflict with the interests of other countries or groups of countries, the more important it is to encourage cooperation and good organisational solutions at the global level. However, at the same time these conflicts of interest make it more difficult to get this cooperation and the institutions to function effectively. The paralysing effect of the Cold War on the UN Security Council is a good example of this. The lesson to be learned is that effective international cooperation should never be taken for granted, especially in cases where there is a sharp clash of interests. Cooperation must be nurtured and supported by incentives. Interests and conflicts of interest therefore need to be thoroughly analysed when issues are raised in global organisations.

Multilateral cooperation also faces an almost permanent crisis of expectation. Member states tend to have inflated expectations as to the ability of international organisations to solve problems, but they are often less willing to wield the political influence and provide the mandates and resources needed for the organisations to function effectively. Many issues reach the stage of global negotiations before interests and the willingness to cooperate and find a compromise have been established at the national level. The result is that the UN and other multilateral institutions are often blamed for lack of progress when the causes of this are primarily to be found in conflicts and lack of willingness to change at the national level.

These factors also pose challenges to the international community in its efforts to develop effective institutions, and to the secretariats that are responsible for much of the work. There is an inherent tendency for organisations to become set in their ways and to be insufficiently flexible in the face of constantly changing demands and expectations. International organisations often have to deal with uncertainty and unpredictability with regard to tasks and priorities, which intensifies such problems. The multilateral system that has emerged since World War II has become extremely complex, consisting of a large number of organisations with partially overlapping mandates and a great deal of rivalry between them. There is a great need for reform.

Globalisation and geopolitical change are making cooperation more important but at the same time more difficult. An increasingly complex multipolar global power structure is creating new room for manoeuvre (as exemplified by the dynamism around the new G20 since the financial crisis, and by new actors), but it also challenges established norms, roles and working methods for international cooperation. The WTO and the climate negotiations over the past few years show how the combination of new major powers and an ever increasing number of participating countries puts a strain on and almost paralyses the global decision-making machinery.

New geopolitical actors also pose challenges in terms of the substance of global governance – what it should be about and what it should focus on. What do we need global governance for if global institutions no longer promote Norwegian interests, and if the possibility of Norway's influencing developments becomes more and more remote? In many international negotiations Norway has adhered to a "Western" agenda where key allies have dominated by virtue of their position in the

power structures in global institutions. Now that these power structures are radically changing, there is increasing uncertainty about the structural framework for future negotiations and reform processes and the political agendas and mandate of the relevant organisations. Human rights and the issue of responsibility for protecting the civilian population in conflict areas are examples of important topics in this respect, and there are and will be more such areas.

17.3 Reforming the global order: Norway's main priorities

Structural and political challenges to international cooperation must be taken into account in the further development of Norwegian policy for promoting a better global order. The Government's efforts in this area are based on the following points:

The UN, by virtue of its universal role and its genuinely global mandate, is the very foundation of the current global order, and therefore also of Norwegian policy in this area. There is no alternative to the UN. The more multipolar and fraught with tension the world order becomes, the more important it is that the UN brings all countries together under a single umbrella for global cooperation.

At the same time it is important to have a renewed focus on how and how effectively today's international organisations and conventions serve Norwegian interests, and on how Norway can take an even more targeted approach to promoting its interests. It is also important to consider which interests and priorities should be pursued in which forums, as a basis for distributing financial and human resources. The Government will seek to take an even more strategic approach to defining priorities and achieving goals in its multilateral cooperation.

There are also a number of important cooperation forums outside the UN. Examples of those that are most relevant to Norway are regional institutions such as the Organization for Security and Co-operation in Europe (OSCE), the Arctic Council, the Council of Europe and the Baltic Sea cooperation, as well as the EU. The Government has intensified Norwegian efforts to engage with these organisations and will further sharpen the focus on how we can use our membership to pursue Norwegian interests within a global legal order in which the regional dimension has been strengthened.

As discussed elsewhere in this white paper, Norway should respond positively if the trend now moves towards a G20 structure for informal cooperation between the world's largest countries and economies. Our interests in more effective global governance require that we take a positive approach to a more representative and effective informal actor (than G8) that brings together the major global actors. At the same time the focus on how Norwegian interests can be reflected and promoted in this arena must be intensified, as should the focus on how the formal forums of which Norway is a member can exploit the momentum that the G20 could conceivably create. This approach assumes that the G20 (or similar organisation) excludes groups of countries such as the Nordic countries or develops formal decision-making processes that replace UN bodies or other multilateral institutions.

Norway should continue to intensify efforts to promote reform of international organisations (not just the UN), and should emphasise the importance of finding ways to combine greater efficiency effectively with the legitimate demands of developing countries/new actors for more democratic structures of governance. The Government is calling for the reform of certain organisations, and will continue to do so on an ongoing basis, and does not rule out the possibility of reducing its support in cases where multilateral actors persistently fail to deliver expected results. At the same time Norway emphasises that pressure of this kind is most effective when as many countries as possible cooperate on a common policy towards the organisation in question.

Global organisations face serious problems of overload, both as regards the extent of the challenges they are to solve and when it comes to management and decision-making structures in difficult areas such as trade and climate change. There are no simple solutions, but an increased focus on solving problems in more informal structures and more delegation to regional and sub-regional levels are approaches that are increasingly relevant.

17.4 The central role of the UN in Norwegian foreign policy

The UN is in an unequalled position among multilateral institutions. The organisation is uniquely placed as a forum for developing global norms and conventions (the law of the sea and health), as an arena for international negotiations (climate change) and, through the UN Security Council, as a body for legitimising the use of force. The UN also provides an important broader legitimising function for international policy development,

based on a decision-making structure where all countries have a vote. UN bodies have important tasks to fulfil, both in terms of the coordination of joint efforts in crisis-affected countries (Afghanistan) and in terms of its operational role at country level in developing countries. In these latter areas the UN has sometimes had vital tasks to fulfil, but the UN's operational role is not unique in the same way as its normative role.

Norway is the seventh largest contributor to the UN and the fifth largest to the UN's operational activities (in 2006). In giving such priority to the UN, Norway is demonstrating to the rest of the world that the UN is important to Norway and that we want to be an engaged global actor working to promote better global governance. Close, strategic cooperation with other Nordic countries is important in our efforts to achieve this.

With its broad global representation, the UN is the central arena for developing international law. Thus, the UN has managed political processes that have resulted in the establishment of the Convention on the Law of the Sea (UNCLOS) and the International Criminal Court (ICC). In these cases, the UN's relevance, or lack thereof, primarily reflects the interests of the member states. Criticism of the UN for its inability to deal with issues such as disarmament or climate change is therefore first and foremost criticism of its 192 member states.

Different UN bodies also play a key role in the collection and analysis of information on global issues. The UN Intergovernmental Panel on Climate Change (IPCC), established in the late 1980s, is an example of the successful organisation of a politically crucial knowledge process. On the other hand, the UN's inadequate analytical capacity in many areas that Norway considers important, such as reducing the economic disparities between North and South, remains a clear challenge. In these contexts, the World Bank is a more important and influential actor than the UN.

At the same time states have delegated authority to the UN to solve problems that no state can solve on its own. UNDP and UNICEF have played a key role in efforts to reduce poverty in developing countries, and UN peacekeeping operations have contributed to international peace and security. Nevertheless, it is in its role as an operational actor that the UN has been most heavily criticised for lack of efficiency and relevance. Today the UN has developed into a complex and often impenetrable multiplicity of organisations and commissions. The result in practice is that the UN competes with many other actors for attention and financial resources, including the IMF, the World Bank, the WTO and the OECD. In areas of vital interest to Norway, such as energy and social and economic development, we often find that organisations other than the UN are more important. When it comes to the political goals of the policy of engagement, such as the promotion of women's rights, good governance and anti-corruption, in many contexts the World Bank plays a more prominent operational role vis-à-vis recipient countries than any of the UN organisations because of its financial weight. At the same time, through its ability to adapt and its cooperation with new actors, a UN organisation such as the World Health Organisation (WHO) demonstrates the fundamental value of the UN's normative role.

17.5 Norway's policy for reform of the UN

Norway has traditionally been one of the UN's strongest supporters and at the same time one of the main drivers behind efforts to reform the organisation's bureaucratic and somewhat unclear working methods. Over the past few years the issue of UN reform has received more attention, and the Government has been among its most active proponents. The reforms encompass most of the UN's areas of activity.

Reform of UN operational activities (development, humanitarian assistance, the environment): Prime Minister Stoltenberg was one of three co-chairs of the High-level Panel on System-wide Coherence. Its recommendations are now being followed up in different channels, including negotiations in the General Assembly on the establishment of a new gender equality unit, the incorporation of the "One UN" concept into an overall policy for UN development organisations and the testing of the "One UN" concept in eight pilot countries. Norway is a key participant in all these processes.

Reform of UN human rights work: The resolution establishing the Human Rights Council was not flawless and its follow-up has been challenging. But human rights work is essential and Norway has chosen to be actively involved in this area in order to achieve the best possible results. For this reason Norway gives priority to being elected as a member of the Human Rights Council from 2009.

Reform of UN peacebuilding capacity: Norway has initiated and led a major international effort aimed at strengthening the UN's multidimensional and integrated peace operations. The final report from this effort, including concrete recommenda-

Box 17.1 Reform of the UN Security Council

In matters of peace and security, the UN Security Council may adopt resolutions that are binding on all UN member states. Sanctions and military intervention are possible courses of action.

Five countries dominated the negotiations that led to the UN Charter: the US, the Soviet Union, the UK, France and China. These five countries made sure that they alway had the greatest influence and the last word. They were given permanent seats on the UN Security Council, with the right of veto. Without these mechanisms there would be no UN. A number of smaller countries also demanded this system, fearing that binding majority decisions in the Security Council could lead to a new world war, which was not what anyone wanted. The right of veto was intended to prevent this. In addition, the General Assembly elects 10 members of the Security Council for periods of two years. The last time Norway was a member was in 2001–2002.

It is now generally agreed that the Security Council needs to be reformed. Concrete negotiations were started in February 2009. However, it is important to ensure that any changes are tailored to today's world. With the exception of China, the world power and influence of the permanent member countries are declining. Many people believe that India, Brazil, Germany and Japan, as well as two African countries, should be given a permanent seat. But this raises important questions and illustrates how difficult it will be to implement crucial UN Security Council reforms:

- Countries such as Italy, Pakistan, South Korea, Mexico, Canada and others are strongly opposed to the principle of permanent seats. In their view it is unfortunate that major powers cannot be held accountable for their actions through elections, almost regardless of what they do. Would it not be better to expand the Council with more elected seats and instead make it possible to re-elect countries that deserve to be re-elected?
- The African Union is calling for new permanent members to have the right of veto. But will this help to make efforts to promote peace and security more effective, when the right of veto is used to prevent the international community from acting?
- Shouldn't attention instead be directed towards the working methods of the Security Council? Should the right of veto be set aside in matters related to genocide, ethnic cleansing and crimes against humanity?
- Is it possible to reach agreement on two countries that could represent Africa on a permanent basis?
- If Germany is given a permanent seat, the EU will have three permanent members on the Council. Shouldn't the EU limit itself to one?
- Can Brazil represent Latin America against the wishes of most Latin American countries?

tions for further initiatives, was submitted to the UN Secretary-General in the autumn of 2008. Norway also played a leading role in efforts to establish the new UN Peacebuilding Commission. We are also a major contributor to the UN Peacebuilding Fund. Together these reforms will better enable the UN to provide assistance in post-conflict situations and contribute to reconstruction efforts.

Reform of UN humanitarian efforts: Norway has played a proactive role in advocating reform of the international humanitarian system, for which the UN has the overall coordinating responsibility. The establishment of the UN Central Emergency Response Fund (CERF) and improved sector coordination at country level are important steps forward in this context.

Reform of UN budgetary and administrative practices: Norway has called for greater transparency, access to information and accountability in the UN administration. The oil-for-food scandal and unclear accountability and follow-up with regard to revelations of sexual abuse by UN personnel are clear examples of the need for this. Norway is playing a key role in efforts to promote transparency and accountability, and is helping to counter the tendency to turn such issues into disputes between different member states.

Norway is engaged in efforts to promote a more effective and relevant UN because we need a UN that can help to prevent and resolve conflicts, build peace, combat poverty and ensure sustainable development, promote respect for universally accepted human rights, norms and rules, and serve as a forum for discussion and for finding solutions to common challenges. We need a UN that is credible and that itself complies with the high standards set by the organisation. The UN makes a substantial contribution in all the areas mentioned above and demands on it are increasing. For this reason Norway makes considerable contributions, both politically and financially, to the UN. There should be a closer correlation between the tasks the member states ask the UN to deal with and the resources made available to accomplish them. But we expect more of the UN. We want the organisation to reduce the amount of resources it uses on internal bureaucracy so that more resources can be used to benefit the poor, those in need and those affected by crisis, and to ensure that the effect of the UN's overall efforts is greater than is the case with the current fragmented approach. That is why we want to reform the UN. That is why Norway is involved in developing concrete, realisable and effective measures to improve the UN.

17.6 Security

In the field of security Norway is now facing a situation involving challenges to its sovereignty and global challenges that could pose a threat both to public safety and to national security. On the one hand this has led to a more coherent approach to security in which military and civil measures are viewed in conjunction with one another. On the other hand, it has played a part in reducing the divide between global organisations, such as the UN, and regional organisations, such as NATO and the EU. Closer cooperation between the various organisations (the UN, NATO, the EU and the AU) will help to enhance security, including for Norway. This has also increased the need for Norway to view its own security in a broader context.

The UN plays a pivotal role across the whole range of today's security challenges. Efforts to legitimise the use of miliary force in conflict areas,

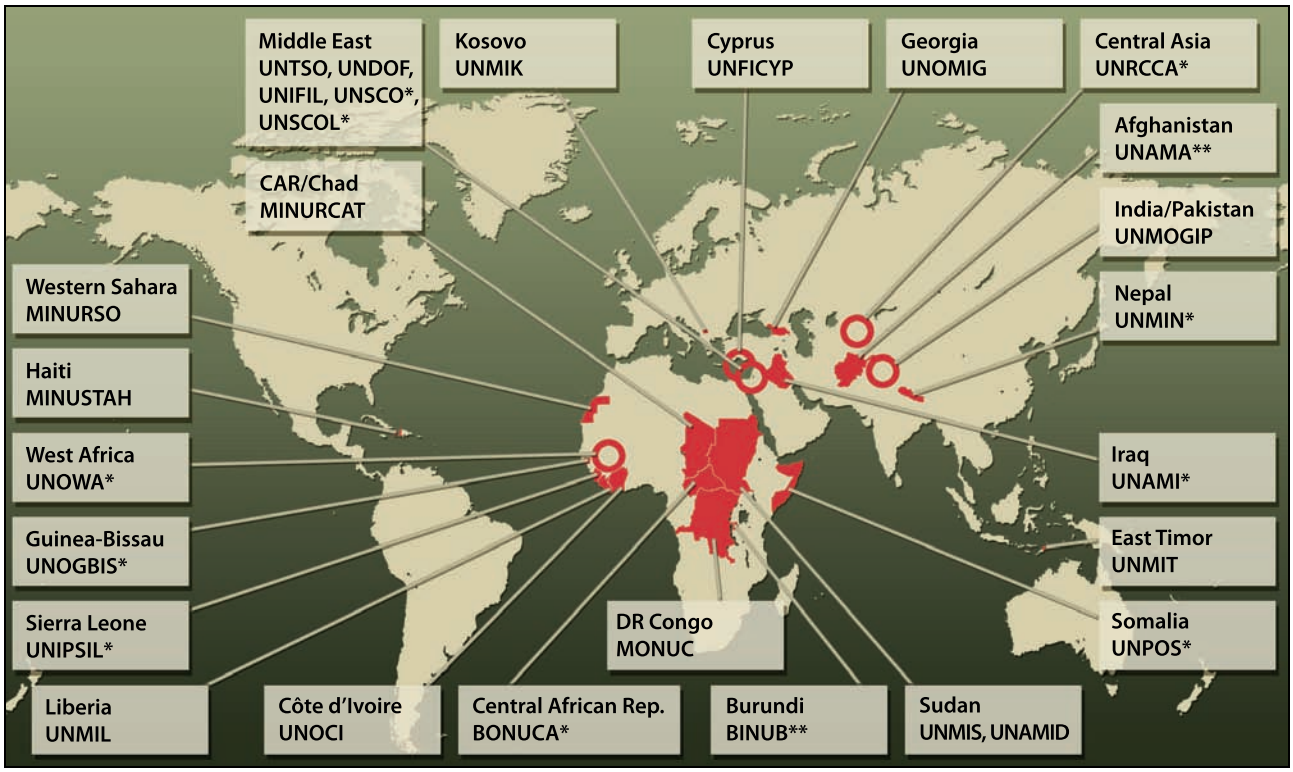


Figure 17.1 UN peace operations, November 2008

* Political and peacebuilding operations led by the Department of Political Affairs (DPA).
** The United Nations Assistance Mission in Afghanistan (UNAMA) and the United Nations Integrated Office in Burundi (BINUB) are led by the Department of Peacekeeping Operations (DPKO).
The remaining operations are peace operations led by the DPKO.
Source: UN

as well as peacemaking and peacekeeping operations, are key aspects of this. UN peace operations play an important role in terms of security policy, particularly in Africa, where the UN is the most important peacekeeping actor together with the African Union (AU), which is gaining a more influential role in peace operations. This will also benefit Norway indirectly in that it promotes stabilisation, which will help to curb the growth of international crime and terrorism. It is therefore in Norway's interests to strengthen defence and security policy cooperation in permanent institutions such as the UN and NATO and to ensure that coalitions of the willing are not given an unduly prominent role.

Just as Norway is dependent on an international legal order, there are good security policy grounds for supporting the UN; it is not in the interests of smaller states for the world to be dominated by power politics. We need rules both for when and how force can be used more than ever before. It is crucial that the UN has the ability to take action through the Security Council. Given the different values and agendas of the members, agreement in the Security Council cannot be taken for granted, (see Box 17.1). We saw disagreement on UN-led operations in both Srebrenica and Darfur. The UN also provides limited security in the sense of "hard" security. Other actors, in addition to the UN, are also needed today to meet the security challenges we are facing.

NATO continues to be one of the mainstays of the international security system and is the only regional political security and defence alliance of which Norway is a full member. Because of its ability to adapt to new situations, NATO is regarded as relevant today, as the main framework for transatlantic security cooperation and collective defence. NATO also has a key role to play in international peace operations. This, combined with both global and regional challenges, means that NATO will continue to be the cornerstone of Norwegian security policy, as a factor for stability in the north, as a basis for the defence of Norway and as the main framework for our international military engagement.

In principle there is no contradiction between global multilateral cooperation and NATO. NATO was set up as a regional security organisation with reference to Article 51 of the UN Charter, and today NATO operations are undertaken at the request of the UN and on the basis of a UN mandate. In efforts to achieve international peace and stability, the UN and NATO work as mutually reinforcing organisations. However, tensions can still arise. In such cases Norway finds itself in a dilemma between two pillars of Norwegian foreign policy: its dependence on an international legal order and multilateral governance, and its dependence on other security guarantees and alliance policy/NATO. This was demonstrated, for example, by the issue of Iraq.

In all probability NATO will continue to evolve into a collective security organisation with responsibility both for helping to ensure the stability, security and defence of human rights in areas far beyond the territory of the member states, and for securing the defence of member states' territory. This will place great demands on the member states in the years to come, not least in terms of active participation and burden-sharing in connection with NATO operations in conflict areas around the world.

In addition to its dominant regional role, the EU's importance for global security is growing as a result of its civil and military engagement in a number of areas, as well as its important role as a key supporter of the UN, multilateral solutions and the global legal order. The EU is increasingly regarded as the EU's spokesperson in matters relating to Russia, including on questions of significance to us in the north. This underlines the increasing importance of the EU to Norway. We will actively contribute to EU-led operations and activities within the scope of our non-member status, and subject to the general consensus of the Storting. The prerequisite for our involvement will continue to be a clear UN mandate.

17.7 The financial crisis and the global economic order

The current downturn in the world economy follows many years of substantial growth. During this period of growth, substantial global imbalances emerged, involving a considerable increase in the deficit in both the public and the private sectors (particularly in the US), matched by a corresponding increase in other countries' level of lending (particularly China and Japan). When the turbulence in the financial markets was at its height in the autumn of 2008, a number of countries worked together to produce a package of measures to stabilise the markets. Most of the measures were coordinated by the central banks, but the crisis is also at the top of the agenda for politicians, and dominates meetings in forums such as the G8, the G20, the EU and the IMF.

The current financial crisis is affecting the real economy. It is now global in scale, and is having repercussions in all corners of the world. The consequences for jobs, welfare and development are dramatic, particularly for the world's poorest, who are also experiencing a food crisis. At the same time the stability of modern states, including in our neighbouring areas, is being threatened.

The global crisis in the world economy will have an impact on the international balance of power and the foreign policy landscape. The consequences, in the form of recession, rising unemployment and deep social tensions, will be severe. According to the International Labour Organisation (ILO), there is a danger that an additional 50 million people could lose their jobs, which in turn could lead to political instability and greater social tensions. In cities as near to us as Reykjavik and Riga, the recession has led to massive political protests and discussions about the need for a new course.

Foreign policy challenges and the Norwegian response

For a number of years it has been predicted that it is merely a matter of time before countries such as China and India gain more political influence as a result of their rapid economic growth. With Europe and the US now in recession, we are even more dependent on the Chinese economy in particular. The financial crisis could accelerate the shift in geopolitical power we are currently witnessing.

In 2009, most of the growth in the world economy will take place in precisely these countries. Measures to deal with the crisis cannot be discussed unless they are at the table. Nor will there be a new WTO agreement unless countries like India and those developing countries that follow its lead feel that a new agreement would be in their interests. The same logic applies to a future international climate agreement. The developing countries are now in a position to put more weight behind their demands for more equitable burden-sharing. This is progress in the right direction. And this progress is not the result of a confrontation, but of a realisation arrived at during a time of crisis.

This is, in other words, a question of reforming the international architecture. A shift in the balance of power where countries such as India and China are being given a more influential economic and political role is one of the most important developments in international politics in recent years. At the same time, such a trend must be consolidated and legitimised. The rest of the world's countries and peoples must be included. We must work to ensure that the world's countries choose, as a matter of enlightened self-interest, to strengthen the political cooperation structures and common institutions in all areas where better global governance is needed, including climate change, finance, health, migration and other areas. The UN must play a key role in this.

The international economic crisis has seriously called into question the idea of the free market and undermined faith in its infallibility. It shows that better regulation and more effective supervision of today's global economy are needed in order to prevent imbalances and the danger of collapse. We must continue our efforts to promote a greater awareness of this. The financial crisis has both weakened and strengthened current international financial institutions, weakened them because they neither predicted nor prevented the crisis from arising, and strengthened them because the need for strong international financial institutions is now very clear. It is therefore important that we use the reform processes that have been initiated to achieve a thorough reform of the financial institutions.

The composition of many of the world's major cooperation forums was determined in accordance with the distribution of power at the end of the Second World War. But the world is very different today. International institutions may lose their legitimacy and effectiveness if they fail to reflect contemporary reality, a fact that is highlighted today when we look to these organisations for leadership. There are some signs that changes are already under way. When the world's largest economies gathered in November 2008 to discuss international measures to deal with the financial crisis, it was not within the framework of the G7 or the G8. It was at a summit meeting of the G20, where countries such as Brazil, India, South Africa and China are key members.

While it is positive that the G20 is democratising global governance and has shown dynamic leadership in dealing with the financial crisis, it is important that the results enjoy the broadest possible multilateral support. A key principle is that all countries should have an opportunity to be heard. That is why it will be problematic if the G20 is given too much formal authority. Countries such as the Nordic countries that are not members of the G20 need to be brought into the process in an appropriate way. It will be important to ensure that processes are as transparent as possible and that results of G20 meetings for example are discussed

openly in multilateral forums that have a wider membership.

It is important to ensure that the financial crisis does not undermine our efforts to combat global poverty. The financial crisis – and the vulnerable situation it has put many people in – also highlight the importance of government guaranteed universal welfare schemes, which is in keeping with the Nordic social model. Developing countries that are in no way responsible for causing the financial crisis are already seeing its negative consequences. New studies from the World Bank confirm that the poor are least equipped to deal with the financial crisis, and it is therefore important to uphold previous commitments regarding development assistance.

It is also essential to prevent the financial crisis from being used as an excuse to lower our ambitions when it comes to dealing with the climate crisis. We must work to ensure that the economic measures and stimulus packages do not merely recreate structures and regulatory frameworks that existed before the crisis. The new measures must chart a course that addresses the realities of climate change by advancing new climate technologies, research, more sustainable production and consumption, and stronger incentives for transferring technology to countries experiencing rapid growth. The historic decision made by the EU before Christmas in 2008 to implement an ambitious climate and energy package illustrates the magnitude of global climate change.

The global trade regime

One of the greatest threats posed by the financial crisis to the world economy is that countries could establish new protectionist barriers. Such measures could trigger a wave of competitive protectionism all over the world, which would lead to an overall decline in global trade. Norway, which has an open economy and is heavily dependent on international trade, could be hard hit by such a development. The Government will therefore work in all relevant forums to counter moves towards increased protectionism. We will also continue to contribute actively to the successful conclusion of the WTO negotiations.

Norway has strong interests in an open, stable, rule-based, multilateral economic system that ensures equal treatment of all countries irrespective of their size, power or political system, and at the same time prevents arbitrary discrimination and restrictions on trade in goods and services. In today's globalised world economy this is an interest we share with most other countries, including developing countries. It is important that framework conditions for economic activity are developed that foster openness and predictability. Universal adherence to a set of multilateral rules is a part of this. An important aspect of such an approach is to make it difficult for special-interest groups and lobby groups to change policy in their favour at the expense of collective interests.

In addition to adhering to the fundamental principles of open markets, a future global trade regime should therefore build on the following principles/factors:

- *Legitimacy:* the system must be perceived as democratic, inclusive and accessible, based on respect for the member countries' different views, political realities and possibilities. All countries that wish to do so must be able to participate in decision-making processes and agreements, and civil society actors must have access to the process, decisions and decision-makers.
- *Predictability:* the system must be based on binding agreements that enable economic actors in member countries to make long-term investment decisions.
- *Effectiveness:* the system must be able to deliver results in the form of new and/or amended agreements that address important issues such as sustainable development, climate change and labour standards.
- *Development:* the system must promote the integration of poorer countries into the world economy by legitimising differential treatment of member countries according to their level of development.
- *Equal treatment:* member countries and their economic actors must be able to assume that they will not be subject to arbitrary discrimination.
- *Flexibility:* within the framework of established rules and agreed commitments, the system must give member countries the freedom to develop and uphold their own national policies and legislation. This applies both to the particular situation of the developing countries and to the need of all countries to have legislation in place in all important policy areas such as health, environment and consumer safety.

The main pillar of this system will continue to be a set of stable, rule-based, multilateral agreements that ensure equal treatment of countries irrespective of their size, power or political system. In addition, it will continue to be necessary to supplement

the global multilateral system with specific, detailed and if necessary more binding multilateral, regional or bilateral agreements and institutions in specialised areas.

The challenge lies in finding a balance between principles and interests, e.g. a balance between inclusive democratic processes and effective negotiations on complex and economically important agreements, between the precautionary principle and the need to maintain high standards in important policy areas such as health and the environment and the developing countries' demands for real access to our markets, between the needs of the poorest and other developing countries for trade preferences and protection and the needs of China and other emerging economies for market access.

In addition to a possible new WTO agreement, there is a considerable increase in the number of bilateral trade agreements being concluded. Norway is focusing to a large extent on this type of arrangement and if these agreements come into force as expected, over 90% of Norwegian trade will be covered by bilateral agreements. It is claimed that bilateral (and also subregional and regional) agreements of this kind play a part in undermining multilateralism, but that need not necessarily be the case. With sufficient political will and well-honed negotiating skills, bridges can be built between bilateral agreements and global multilateral frameworks. However, there is reason to be cautious and to monitor further moves towards bilateralisation carefully. We must be willing to challenge a trend that we ourselves have helped to create.

17.8 Global health and foreign policy

Today there is a clearly recognised connection between population health and prospects for development. Improved health helps to reduce poverty and at the same time reduces the security threats caused by poverty. Over the years Norway has acquired a leading position in efforts to strengthen global health cooperation, and in particular to increase the focus on Millennium Development Goals 4 and 5, which aim to reduce child and maternal mortality. This has been achieved through the use of development assistance funds and through political initiatives within the framework of the UN and a number of the new alliances designed to promote improved global health cooperation.

In 2006 Norway launched an international initiative aimed at incorporating the full breadth of

Box 17.2 WTO

The GATT/WTO has grown from 23 members in 1947 to 153 members in 2008. There are still a number of countries that are not members, including Russia, some countries in the Middle East such as Iran and Iraq, some of the new states in Europe (Bosnia, Serbia and Montenegro) and certain developing countries. However, most countries are engaged in more or less active accession negotiations and it is just a matter of time before the WTO can be seen as a universal organisation.

Unlike the IMF and the World Bank, the WTO is a consensus organisation, i.e. a one country, one vote organisation. In reality, however, the US and the EU have wielded considerable influence, but this is due more to their position in the world economy as global actors than to the WTO as an institution. China, India and Brazil have also strengthened their role as a result of the changes in the global balance of power. Moreover, it is becoming more evident that, through their spokespersons, groups of countries such as LDCs, the African group, the ACP countries, etc., are emerging as genuine participants in negotiations.

The WTO is not an institution or agreement that regulates the actions of countries in detail, but on the contrary is a system that looks at the results of countries' actions more than the way the actions are carried out. In addition to fundamental principles of equal treatment (national treatment and most-favoured nation status) the system is based on the premise that

- necessary national legislation can be established and implemented to achieve the required level of protection in important policy areas such as environment and health.
- countries can support and/or protect their own trade and industry, but not to the extent that their actions appear arbitrary, impede trade unnecessarily or are dicriminatory.
- as a general rule, international standards and rules are to be adhered to where they exist.

health issues into foreign policy. This brings together important strands of development policy, foreign policy and specifically Norwegian policy on more effective globalisation as a safeguard of fundamental human needs. The background to this initiative was the recognition that foreign policy measures and tools can have major consequences for public health in the countries concerned. Moreover, foreign policy measures are often needed to address global health security challenges. The initiative was initially supported by the foreign ministers of Brazil, France, Indonesia, Norway, Senegal, South Africa and Thailand.

Health and foreign policy is an extremely broad topic with many dimensions. One important consideration is to ensure coherent and effective cooperation between the main multilateral health organisation, the World Health Organization (WHO), and a number of more recently established global institutions in the field of health, including the Gates Foundation, the GAVI Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). In a joint declaration in March 2007 the seven countries involved in the initiative drew up a common agenda consisting of a total of ten priority areas related to three main themes:

- *to ensure capacity for global health security* by developing emergency preparedness measures, combating infectious diseases and addressing the global health workforce crisis
- *to confront threats to global health security* in connection with conflicts and natural disasters, and related to the HIV/AIDS epidemic and environmental problems
- *to make globalisation work for all* in dealing with health-related challenges in development policy, trade policy and efforts to promote good governance.

These themes recur in a number of different areas of Norwegian foreign policy. It is crucial to view foreign policy from a health policy perspective and vice versa. This means, for example, that supporting the development of the health sector in Russia is an important part of our High North efforts, that humanitarian considerations are a decisive criterion when we reject cluster munitions as a weapons category, and that consideration for equitable distribution and legitimate national interests is a factor in developing a global influenza pandemic contingency plan.

Reducing child and maternal mortality are two of the UN Millennium Development Goals where there has been least progress. Norway has been at the forefront of international efforts to achieve these goals. This is reflected in financial contributions, active efforts to focus more political attention on the international arena and on women's rights and gender equality.

Over the years Norway has acquired a leading role in global health efforts. This is important from a global health perspective. But it is also an example of the fact that our engagement in an area in which we are particularly well placed to make a difference gives us easier access to other countries and political forums and arenas where we can make valuable contacts, expand our networks and find new opportunities to promote Norwegian interests.

17.9 Challenging and supporting the system. The EU's role as a global actor

Today's strong focus on climate challenges places the EU in a key position in an increasingly important global arena. To an increasing extent the EU is setting the agenda in global and other international organisations that Norway has to deal with. The EU could serve as an example to other regions seeking to achieve regional representation, legitimacy and power in global organisations. At the same time the effectiveness of EU cooperation and the extent to which EU policy is given prominence in different forums varies considerably. The EU also encounters opposition in certain forums because of its working methods.

The EU has established itself as a global actor in the following areas of importance to Norway: as a promoter of a strong international legal order through multilateral cooperation, in the field of security and defence policy, and as an actor within the areas encompassed by the policy of engagement, as defined in previous chapters. If we include the development assistance provided by the individual countries, the EU is by far the world's most important development actor. However, EU development assistance continues to be relatively poorly coordinated despite the increased focus on this issue over the past few years. The EU is also emerging as an increasingly important international actor in the areas of migration policy and the fight against international crime and terrorism. Economic cooperation programmes, trade agreements and cooperation with other regional organisations are also relevant in this context.

Many people regard regional organisations as challengers of the global order under the auspices

of global institutions such as the UN and the WTO. The potential for conflict will probably increase in pace with the momentum of regional integration, and Norway will in all likelihood experience a number of situations in which the EU and the UN, for example, represent competing channels for cooperation. Nevertheless, on the whole, it is more accurate to view the EU and other regional organisations as building blocks in a global multilateral system. The EU is seen as a strong supporter of the UN by its member states. When global institutions are experiencing difficulties, there is more scope for regional organisation and integration. Regionalisation can thus be said to promote governance by means of rules and multilateral solutions. The EU has taken on considerable responsibility for leading international efforts, not least in relation to climate change and development issues.

We must accept that Norway is dependent on close cooperation with the EU in areas where key Norwegian interests are involved, such as global governance and a multilateral order, and the prevention of insecurity caused by external instability. This is first and foremost a positive challenge given that Norway and the EU share common views in most areas of their global engagement. Norway must accept, and take advantage of, the fact that the EU is an important international supporter of the UN and a norm-governed, regulated and organised community and should consider the possibility of cooperation in priority foreign policy areas on an ongoing basis.

Norway will have opportunities to make itself heard in the EU by giving priority to specific areas where important Norwegian interests coincide with EU interests, and where Norway can provide relevant expertise and resources. Our aim must be to work together with the EU in order to achieve a greater global impact. The risks associated with cooperation with the EU lie primarily in the greater complexity created by extra decision-making levels and bureaucratisation. In general, the choice between openly going it alone and cooperating with actors such as the UN, the World Bank, the EU or key NGOs should be made on the basis of an assessment of the most effective way to realise Norwegian interests.

17.10 Diversity, complexity and the need for transparency

As described in Chapter 10, globalisation has been accompanied by the emergence of an increasing number of new actors in the foreign policy arena, but often without their relationships to formal multilateral structures being defined. One important aspect of the debate on global governance concerns the increasing power of large companies, private foundations, NGOs and certain individual actors in international politics and how important decisions have been moved from formal intergovernmental forums to networks in which the state is just one – and sometimes not even the most important – of several participants. These non-state actors promote new norms, possess important knowledge and represent economic power.

Norwegian policy has drawn to a great extent on the resources of these new actors – the campaigns against anti-personnel landmines, small arms and cluster munitions are one example and engagement in a number of new global health initiatives another. However, there is still a need to develop a coherent foreign policy strategy that sets out how the "old" and the "new" actors in global governance can best work together.

In efforts to find new solutions to new problems, it is important to operate in ways that promote broad multilateral organisations and processes. Networks of new actors could play a part in the necessary revitalisation of multilateral processes. However, an important prerequisite for this is transparency and an agreed division of labour. The initiative to prohibit cluster munitions and the Seven-nation Initiative on nuclear disarmament and non-proliferation[1] are other good examples of political initiatives in the margins of the UN that aim to strengthen international rules, as well as making multilateral processes more targeted and focused.

For Norway, this primarily means that it is important to identify measures and actors that may help to revitalise and strengthen multilateral cooperation and global governance. The "Norwegian model" of close cooperation between the state, NGOs, research communities and businesses is a potentially interesting resource in terms of influencing how international organisations relate to other actors.

We are seeing that a number of decisions that were previously taken at the national level are now being made in international arenas. This increases the distance between the decision-makers and those affected by the decisions, thus creating a democratic deficit. The problem is accentuated by the fact that representation and the system of vote

[1] In addition to Norway, the Seven-nation Initiative involves Australia, Chile, Indonesia, Romania, South Africa and the UK.

weighting in international organisations benefit rich industrial countries, while their decisions primarily affect developing countries that have little influence over the decision-making process.

Discussions about reform of the UN Security Council, about changes to the system of vote weighting and selection of leaders for the World Bank and the IMF, or about working methods and informal power in the WTO, can all be seen as expressions of criticism of international organisations and there is every reason to take them seriously. As mentioned above, it is in Norway's interests to support reforms that will result in a more equitable distribution of rights and obligations between different countries in international organisations.

We are unlikely to reach agreement on important reforms in these organisations in the short and medium term, as the conflicts of interest are too great. At the same time it is possible that the financial crisis will lead to a greater focus on precisely these issues. Norway has a great interest in participating actively in efforts to promote reform, but it should also put forward other, less politically sensitive proposals for reforms in international organisations.

Transparency and accountability are important keywords in this context. One important step towards alleviating the problems of democratic deficit and inadequate control of what takes place in international organisations is to advocate greater transparency and access to information about how decisions are reached, on what basis they are made and with what kind of justification. Transparency and access to information enable greater control and greater accountability in international bureaucratic decision-making processes, not least in relation to the behaviour of states in these forums. It could be advantageous to upgrade this strategy of promoting transparency and accountability as an important means of reducing the legitimacy deficit that can be seen in some parts of the world. An active policy in this area is consistent with Norwegian values, and would provide interesting opportunities for cooperation with non-state actors. It would also be in Norway's interests, among other things because Norway cannot expect greater formal representation at a time when developing countries are gaining a stronger foothold in global organisations.

Part III
A coherent approach to the promotion of Norwegian foreign policy interests

18 Coherence in the public administration

Globalisation presents new opportunities and challenges for foreign policy management and the promotion of Norwegian foreign policy interests. This white paper has shown how the boundaries between domestic and foreign policy are being erased, how most fields are now affected by international processes, how a wide range of state and non-state actors are taking part in international politics and how this is affecting Norway's room for manoeuvre in foreign policy.

Globalisation poses challenges for how we deal with the interaction between domestic and foreign policy. The increasing diversity of actors involved is both a resource and a challenge. There is a growing need for greater coherence in cross-sectoral thinking and better clarification of priorities and targeting of activities, as well as a higher level of expertise and skills related to foreign policy issues and processes. In particular the Europeanisation of Norwegian policy as a result of agreements with the EU is increasing the demand for expertise and coordination. The globalisation of security policy issues and increased mobility also raise important questions concerning security, emergency preparedness and service to the general public in Norway and abroad. In addition, an increasing number of companies, organisations and individuals are involved in a range of cross-border activities. This raises expectations and places greater demands on the foreign service, but at the same time presents greater opportunities for openness, dialogue and cooperation with a wide range of actors. New technology for communication and improved organisation could also enhance the efficiency, quality and user-friendliness of the public administration.

The Government's overall objective is for Norway to be better equipped to take advantage of opportunities to exert an influence in areas of importance for safeguarding Norwegian interests. In order to achieve this, the Government needs to assess on an ongoing basis whether the promotion of Norwegian foreign policy interests, i.e. the foreign service in a broad sense, is set up and organised in the best way possible to safeguard key interests and objectives. Up-to-date tools and an organisation that ensures consistency in terms of interests and values, domestic and foreign policy and the actors who act on behalf of Norway internationally are crucial to ensuring a coherent approach to promoting Norwegian interests.

Globalisation poses significant challenges to the promotion of Norwegian foreign policy interests that can be met by:

- Ensuring a coherent and consistent approach to dealing with foreign policy issues on the part of the Norwegian authorities
- Defining and strengthening the role, contribution and focus of the Ministry of Foreign Affairs and the foreign service
- Enhancing expertise on foreign policy issues and processes
- Ensuring security and emergency preparedness in response to a complex picture of challenges and threats
- Providing efficient service and effective assistance to the general public in a globalised world
- Enhancing Norway's reputation through the increased use of public diplomacy

In its policy platform the Government states that it will work to promote a modern and open foreign service. The Government is responsible for the organisation of the public administration. The aim in this white paper is to present an overall assessment of how foreign policy administration can be strengthened in order to meet the challenges posed by globalisation and thus to provide a sound basis for the Government's future efforts in this field. The white paper outlines a number of recommendations for the further development of the foreign service.

19 The impact of globalisation on the public administration

Foreign policy involves all sectors of society. As the level of international activity has increased, more and more parts of the Norwegian public administration have become engaged in various forms of transnational cooperation. Reforms in most policy areas, such as the environment, education, development assistance, transport and communications or the economy, are affected by our international surroundings, for example through the spread of ideas, experience and knowledge or through cooperation on legislation and rules.

The distinction between foreign and domestic policy is therefore becoming increasingly blurred. It is essential to maintain an international outlook and involve international actors if tasks in the public administration are to be dealt with effectively. Over the past few decades the political agenda of international organisations has also expanded considerably, and has gradually become an integral part of daily problem-solving in the public administration.

One consequence of this growing interface between different policy areas is that more of the knowledge base for our foreign policy is created by different parts of the Norwegian public administration and Norwegian society. Another consequence is that the order of priority that should be given to different policy areas is less straightforward.

19.1 Increasing diversity of international tasks

An increasing proportion of the public administration participates in some form of international cooperation. There is a wide range of international tasks to be dealt with and they vary in terms of scope, the extent of commitment required and the type of measures used.

Historically, one important aspect of international cooperation has been connected with learning across national borders, for Norway often in a Nordic or European context. There is much to be gained from learning how other countries approach and deal with problems and challenges. Cooperation has led to the exchange of knowledge, technology and experience.

Bilateral cooperation: various forms of bilateral cooperation designed to promote Norwegian interests through economic, political, cultural or social relations with other countries are another important dimension. Most of the ministries and other administrative bodies are currently involved in bilateral agreements and cooperation in a number of fields. The diplomatic and consular missions are key actors in the ongoing internationalisation of the Norwegian public administration. Cooperation with the public administration here in Norway (over and above cooperation with the Ministry of Foreign Affairs) and with non-state actors will be an increasingly important and greater part of the work of many embassies.

Multilateral cooperation: multilateral cooperation within the framework of various international organisations, such as the Nordic Council of Ministers, the OECD, the UN, the WHO, the WTO, the EU and EFTA is leading to the establishment of common norms, rules and standards in a number of areas. These organisations serve as arenas for dialogue, where a common understanding of problems and possible solutions can be reached. The Ministry of Foreign Affairs represents and coordinates Norway's interests in a number of these forums. Many other ministries and agencies also participate actively in this work. EU/EEA cooperation is a special case, involving a particularly broad interface with the Norwegian public administration and an equally strong need for coordination.

As a result of globalisation all the ministries therefore participate in a wide range of international activities today. It is difficult to imagine a public administration task or institution that has no international dimension at all. As a result of the internationalisation of politics and the public administration it is possible to talk about the emergence of a fourth level of government in Norway. The international level supplements the municipal, county and central levels of government. Nor is there always a clear hierarchy between the different levels. In practice, therefore, the Norwegian system of government is a multi-level system with rich, diverse and often complex interconnections.

The Survey of State Administration (the Ministry survey) (Egeberg, Lægreid, Christensen et al.,

1976, 1986, 1996, 2006) documents the increase in the level of internationalisation of the public administration between 1976 and 2006. Some three out of ten employees in the ministries reported in 2006 that a large proportion of or the greater proportion of their time over the past year was spent working on international matters. In some ministries the figure is considerably higher. In 2006 a higher relative percentage of ministry employees stated that they worked on international tasks than in 1996, and the figure was considerably higher than in 1976. The survey also shows that an increasing number of ministry employees are devoting the greater part of their time to international tasks, and that fewer and fewer ministry employees remain unaffected by globalisation. As there has also been a substantial increase in the number of people employed by the ministries, it is clear that the total number of public servants involved in international work has risen considerably. A separate survey carried out by the Ministry of Foreign Affairs confirms these figures.

One particularly important component of the internationalisation of the public administration is the EEA and cooperation with the EU. The scope and dynamic nature of the EEA Agreement have meant that the EU and the EEA Agreement have a key role to play in the internationalisation of the Norwegian public administration. A number of new laws, rules, standards and interpretations have come about as a direct result of the EEA Agreement or as a result of the broad network of cooperation that has developed within the framework of the Agreement. The EEA Agreement also provides an opportunity for Norwegian public servants to participate in a wide range of working groups and expert groups under the European Commission with the aim of developing new policy. In the surveys, 63% of employees in Norwegian ministries report that the EU/EEA Agreement and/or the Schengen agreements have had an impact on their areas of work. Over 50% say that laws and rules in their field originate in the EU. Almost 10% of the employees say that they have some contact with the European Commission on a monthly basis and some 9% state that they are in contact with other international organisations.

19.2 Increasing number of government bodies involved in international matters

The international work of the public administration is not confined to the central government administration and the ministries. External agencies are also becoming increasingly involved, through various directorates, supervisory bodies and councils. More and more of the tasks of the directorates also entail some form of binding international cooperation, and many cooperate actively with corresponding agencies in other countries and with international organisations. For example the various regulatory authorities and supervisory bodies in Norway cooperate very closely with corresponding organisations in other European countries and with newly established European or other international supervisory bodies.

The international role of the municipalities and counties

The internationalisation of the public administration also affects the local government administration. Municipal and county agencies participate actively in international tasks and cooperation. According to the Norwegian Association of Local and Regional Authorities, between 50% and 70% of all matters dealt with in the municipal sector are linked to regulations that have been incorporated into Norwegian legislation through the EEA Agreement. International issues and the need for coordination affect the provision of services and policy in their daily work, and a number of municipalities and counties participate actively in international cooperation. Many municipalities are involved in different forms of international programme cooperation, in our neighbouring areas, in Europe and in international solidarity efforts. A number of municipalities, counties and regions also take part in various forms of cross-border cooperation at the regional level.

Business sector and society globalised

International politics is not something that concerns only the state and the public administration. Globalisation affects the whole of society and creates new opportunities and foreign policy arenas for a wide range of actors.

A large proportion of the Norwegian business sector operates in international markets and has extensive activities and commitments abroad. Economic cooperation and the accompanying flow of goods, services, capital and knowledge mean that the competitive position of the business sector is constantly changing. On the one hand, there is greater access to expertise and skilled labour, while on the other, the competition for both has increased. Globalisation presents a number of chal-

lenges to the public administration, including the Ministry of Foreign Affairs, in terms of pursuing an active business policy and promoting innovation, creating new jobs and strengthening industrial environments in Norway. The focus on corporate social responsibility widens the scope for cooperation between the business sector and the foreign policy arena (cf. Chapter 14).

Civil society is also becoming internationalised, bringing new challenges for established foreign policy actors. An increasing number of organisations and enterprises are engaged in different types of international cooperation, involving people-to-people cooperation, participation in international NGOs or activities connected with specific campaigns or causes. In addition there are tens of thousands of different national interest organisations, many of which also have extensive international activities. Particularly close cooperation has also developed between the Norwegian authorities and NGOs in several areas, such as in the fields of international development and humanitarian assistance. The growing number of interest organisations and the increasing diversity of actors also raises questions about how the public sector and civil society can cooperate in ways that ensure efficiency and clearer accountability in foreign policy (these issues are discussed in Chapter 10).

19.3 The Norwegian public administration well equipped to deal with the challenges of globalisation

In the Government's view Norway is in a good position to address the question of how the foreign service can be most effectively organised in a broad sense. Over the years the foreign service has gained considerable experience of managing international tasks. Importance has been attached to finding candidates with specialist expertise and language and negotiation skills when recruiting to and developing the public administration. Many employees also have specialist expertise and experience of various forms of international cooperation and a number of them have spent periods working in international organisations. Knowledge and experience of how international tasks can best be dealt with have also become part of the organisation's institutional memory, in the sense that procedures and rules have been established over time for how international work should be organised and coordinated most effectively. The challenge is therefore primarily to look at how we can build on lessons learned and how we can best coordinate the activities of the various ministries with those of other actors in society in the light of new challenges.

The quality of the Norwegian public administration is generally good, and Norway scores high on the various World Bank Governance Indicators related to government effectiveness, the rule of law, and control of corruption. The figures show that there is a high level of confidence in the public administration and the political-administrative system in Norway. The quality of the Norwegian public administration and its interaction with private actors and other actors in society is probably one of the factors that has enabled Norway to address many of the challenges of globalisation so effectively.

Norway is not the only country that is being compelled to analyse possible forms of organising its foreign service in the light of the challenges posed by globalisation. Other countries are facing many of the same challenges and are now in the process of implementing reforms. A number of countries with which Norway cooperates closely, including Sweden, Denmark, the United Kingdom, France and the US, have recently carried out extensive analyses of this topic. Even though there are clear differences between the Norwegian foreign service and that of these other countries, there are nevertheless a large number of similarities as regards the challenges they are facing as a result of globalisation.

There is also considerable expertise to draw on in Norwegian academic communities involved in carrying out studies of the public administration and public administration reform. During recent years a number of internal studies have been carried out at the Ministry of Foreign Affairs and in other parts of the public administration to ensure that available instruments and resources are utilised as effectively as possible.

The challenges of globalisation point in opposite directions

Globalisation presents the public administration with a number of challenges and there is no single solution. Public administration policy must be based on a recognition of this fact. On the one hand, globalisation is accompanied by a greater degree of unpredictability, complexity and rapid change. Given this situation, and seen in isolation, it could therefore be expedient to organise the public administration in such a way that a high degree of flexibility and adaptability is ensured. The ability

to solve problems effectively in dynamic and complex surroundings can often be achieved through extensive decentralisation and local variation. Seen from this perspective it could therefore be expedient to give different parts of the public administration the freedom to deal with their various international tasks and problems and to organise their own interaction with their surroundings, clients, users and customers.

On the other hand, globalisation increases the need for coherent and cross-sectoral coordination. There is a greater need to view different policy areas as parts of a coherent whole and to ensure that different interests, goals and positions are weighed up against one another and prioritised accordingly. The political lines of responsibility need to be defined and clarified. From this perspective it could be advisable to improve overall coherence and coordination. These two key challenges point in opposite directions. The potential conflict between them must be actively addressed by those responsible for the coordination of Norwegian foreign policy.

20 Improving the Norwegian authorities' overall administration of foreign policy

The developments described above have led to an increased need for cooperation and coordination between the various ministries on international issues. EU and EEA cooperation, immigration, climate change and the High North are examples of areas in which a number of different ministries are involved on an ongoing basis and where the level of cooperation is increasing in breadth and depth. This means that domestic policy objectives must be increasingly viewed in the context of foreign policy aims and measures. The environmental challenges we are facing clearly illustrate how international conventions and the dynamics of EU cooperation are internationalising Norwegian policy administration. International migration is an area where there is a constant challenge to reconcile international demands with domestic policy aims and where effective coordination of political and administrative goals between several ministries is crucial if the Government is to achieve its overall aims.

Foreign policy objectives must also be increasingly viewed in the context of domestic policy objectives, tools and resources. This applies to areas such as immigration, the High North and climate and energy policy. The Ministry of Foreign Affairs should work to ensure that foreign policy objectives and priorities are better coordinated, integrated and incorporated into the strategies and action plans of the various ministries.

Foreign policy is coordinated on the basis of legislation, custom and the continuous efforts of the government and the public administration to adapt to new challenges. A short summary of some of the basic structures needed for the management and coordination of foreign policy is given below, followed by an overview of some of the challenges involved.

20.1 Foreign policy coordination

The Foreign Minister is responsible for coordinating foreign policy, including relations with other states and international organisations. According to the Foreign Service Act, the primary task of the foreign service is to safeguard and promote Norwegian interests abroad, including both Norwegian special interests and any interests Norway shares with other countries. The tasks of the foreign service are carried out by the diplomatic and consular missions and the Ministry of Foreign Affairs. The Foreign Minister is responsible for ensuring that consitutional requirements and requirements of international law are complied with when entering into international agreements with other states. This is done, for example, in consultation with other ministries. The Ministry of Foreign Affairs is also responsible for drawing up the Government's annual report to the Storting on treaties and agreements concluded with foreign powers.

The Foreign Minister's active exercise of reponsibility in this area is in keeping with the rules of international law and international state practice on the representation of states in their relations with other states, as well as the rules governing the assumption of obligations under international law. This is essential in order to ensure that Norwegian interests are safeguarded effectively and that communication with other states and international organisations is well coordinated. It also helps to ensure a coherent and consistent approach to Norway's international legal obligations, rights and responsibilities.

As a number of other ministries are becoming increasingly engaged in and sharing responsibility for foreign policy, it is important to ensure that due account is taken of broader foreign policy considerations and international law obligations. It is also important to prevent different parts of the public administration, which may have different interests to protect, from putting forward divergent views or making conflicting commitments in international negotiations. It is therefore crucial that the necessary policy coordination takes place at government level and at the same time vital to ensure a uniform Norwegian approach in daily interaction with other states and international institutions. Given the breadth of Norway's international engagement, more importance needs to be attached to coordination.

The Foreign Minister has primary responsibility for this coordination, in close cooperation with other ministries. In the EEA field, for example, which is very extensive, the Ministry of Foreign Affairs is responsible for coordinating Norway's efforts. It is also responsible for coordinating the Government's High North policy, which has an impact on a number of specifically national priority areas. The same applies to the WTO negotiations, which are extremely important for Norway's national interests. The coordinating role of the Ministry of Foreign Affairs is in keeping with the formal processes described above, and is based on considerable expertise and experience in dealing with complex and often cross-sectoral negotiation processes. In addition the Ministry of Foreign Affairs possesses and is continually developing expertise in areas where the ministry has a key role to play in terms of safeguarding Norwegian interests, such as in EU/EEA and WTO-related issues, questions of international and consitutional law in relation to a number of areas, security policy, climate policy, humanitarian issues, human rights and the policies of multilateral institutions.

20.2 Globalisation increases the need for and poses challenges in terms of coordination

The issue of climate change illustrates how globalisation and other international changes have gradually led to a growing international engagement on the part of the other ministries. In the international climate negotiations the Ministry of the Environment has the coordinating role, by virtue of its expertise on climate change, but it draws heavily on the Ministry of Foreign Affairs' knowledge of international processes and negotiations. The Ministry of Finance and the Ministry of Petroleum and Energy also have important areas of responsibility in the climate negotiations. The Ministry of Finance, which also participates in coordinating Norway's EU/EEA efforts, is heightening its international profile through its management of the Government Pension Fund – Global. In 2007 the Ministry of Finance drew up a separate strategy for the Ministry's work related to international issues.

The ministries are directly involved in international cooperation in a number of areas, including in the development of policy and legislation. The same applies to a large number of directorates and other state institutions in the respective fields. There is an interplay between the development of national policy and participation in internationally binding cooperation. International agreement or coordination is often also essential for achieving important policy objectives in a number of areas.

Given that a number of Norwegian public bodies operate in the international arena, there is a need for coordination at different levels. In this respect other ministries increasingly complement the coordinating role of the Ministry of Foreign Affairs as described above. The expertise and experience of the various ministries are an increasingly important resource in foreign policy. Working methods and forms of cooperation that make the best possible use of this expertise and knowledge must be put in place.

Networks, meeting places and projects need to be developed in a number of areas to ensure a coherent approach to managing our foreign policy interests. Such meeting places could lead to better coordination, quick and relatively inexpensive communication, development and training on different issues and sectors, across the various ministries and policy areas. There are already many coordination forums of this kind, not least in the context of European policy.

It is important that the public administration also helps to ensure that other relevant actors outside the administration, which often have vital expertise and experience, are involved to a greater extent in the various coordination forums. In this context, we should consider how consultation forums involving the social partners, the business sector, researchers, interest organisations and the local administration can be further developed. This is highlighted, for example, in Report No. 23 (2005–2006) to the Storting on the implementation of European policy as crucial to providing a sounder basis for policy formulation in EU/EEA-related issues. New technology should be used to create virtual meeting rooms and forums. We should also consider how databases and web-based solutions for exchange of relevant information can be developed.

Strengthening diplomatic and consular missions as coordinating bodies

The diplomatic and consular missions should play an even greater role in ensuring effective foreign policy coordination. This means that the whole of the public administration should use the diplomatic and consular missions as partners and that the foreign missions should report to a greater extent to the entire public administration and in the interests of the whole of society – in cooperation with experts in the ministries. It is also important

that ministries and other actors in the public administration inform the diplomatic and consular missions of their activities in various countries, in order to enable them to coordinate efforts as effectively as possible.

21 Further developing the foreign service in response to the challenges of globalisation

The foreign service is an important resource for safeguarding Norwegian interests in a rapidly changing world. The Ministry of Foreign Affairs and the diplomatic and consular missions must play a central part in these efforts and have the necessary expertise to do so. Norwegian embassies, delegations/missions and consulates general are to play a coordinating role for the Norwegian public administration and society in general. The foreign service abroad now consists of 109 diplomatic and consular missions, with approximately 650 employees posted from Norway, as well as some 1000 local employees.

The Ministry of Foreign Affairs is responsible for coordinating foreign policy and international development policy in Norway and abroad and for managing the Norwegian Agency for Development Cooperation (NORAD) and FK Norway (Fredskorpset). It also carries out a number of administrative tasks and fulfils various support functions for the foreign service. The diplomatic and consular missions cooperate with all parts of the Norwegian central and local government administration.

As a consequence of globalisation, and Europeanisation, foreign policy and domestic policy are becoming increasingly intertwined, giving rise to a need to clarify the role and functions of the foreign service. As a result of the complexity and unpredictability of globalisation, the international tasks of the foreign service are expanding, as are its tasks at home, as there is a growing need for cooperation

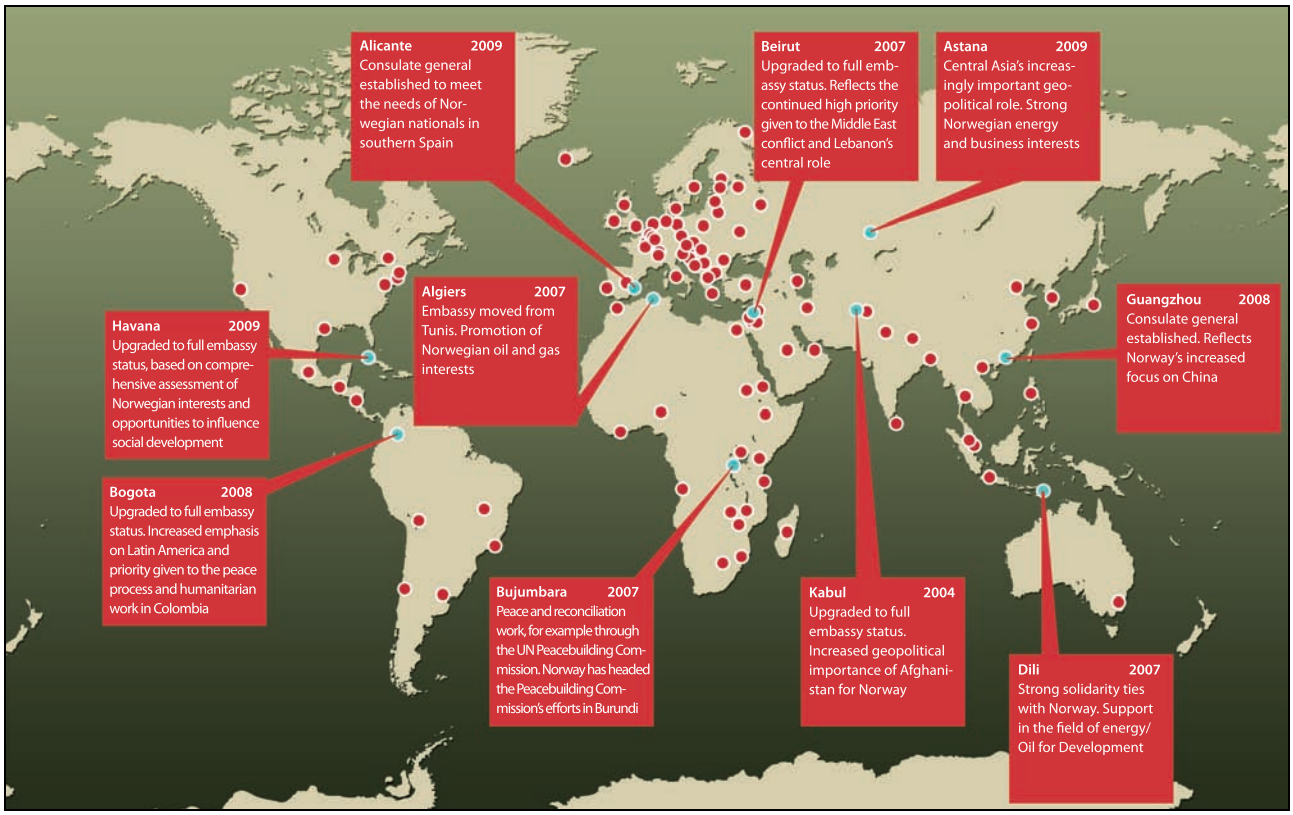


Figure 21.1 Norway's diplomatic and consular representation abroad reflects a changing world

Overview of Norwegian diplomatic and consular missions, with examples of missions established during the period 2004–2009. Several foreign missions have been closed down, moved or have changed status during this period.
Source: Ministry of Foreign Affairs

both with a number of other Norwegian civil society actors and with various international actors. These civil society actors are engaged in areas that were previously more exclusively the province of the foreign service. This requires that all parties have a good understanding of their respective roles.

Globalisation and other international changes are placing greater demands on the foreign service as a knowledge organisation. New challenges are leading to a new and greater demand for language and cultural skills, regional expertise, expertise in macroeconomics, trade relations, international development policy, the functioning of international organisations, social development in new and old major powers, negotiation techniques and security and emergency preparedness. Foreign service employees have extensive knowledge, experience and skills in the field of foreign policy. This expertise is continually being developed in the Ministry and between the Ministry and the diplomatic and consular missions, and in cooperation with other actors. It is important that this collective knowledge is maintained systematically. This will require strategic, coherent planning and at the same time openness on the part of the Ministry towards other parts of the public administration and society. Cooperation with research communities abroad must also be expanded beyond the Euro-Atlantic axis to include key actors in countries such as China, India, South Africa and Brazil.

It should be possible to strengthen cooperation between the diplomatic and consular missions and the rest of the public administration and with centres of expertise by giving the foreign missions a stronger coordinating role in foreign policy issues and ensuring that they report to and work for the public administration as a whole to an even greater extent. This will help to ensure the coherence and consistency of foreign policy.

Employees from different parts of the public administration work for periods at Norwegian diplomatic and consular missions as special representatives or other representatives. The number of such postings has increased dramatically over the past few years, partly as a result of the increased need for specialist expertise at a number of diplomatic and consular missions. Today some 10% of the staff posted abroad are special representatives or other representatives, and the need for specialist expertise is ever-increasing, not least in the field of immigration. We should consider whether the number of special representatives can be increased further as a result of the new demands for expertise associated with globalisation. However, it will be necessary to analyse in detail specific needs, actual numbers, areas of expertise, professional backgrounds and working methods at certain diplomatic and consular missions.

21.1 Ongoing changes and reforms

An extensive reform process has been under way at the Ministry of Foreign Affairs for some time. The most recent large-scale reorganisation of the Ministry was carried out in 2006. The organisation must at any given time reflect the Government's policy priorities, while fulfilling the administrative tasks of the foreign service. The changes have helped to create a more flexible organisation with greater emphasis on strategic leadership. The reforms have been broad in scope and have involved both structural changes and changes to working methods and the working environment.

In recent years the Ministry of Foreign Affairs has given priority to efforts to make the activities of the foreign service more open, accessible and user-friendly for the general public. This policy of

Box 21.1 Special representatives posted to Norwegian diplomatic and consular missions

Of the total 648 employees posted abroad (person-years) at Norwegian diplomatic and consular missions (embassies, delegations/missions, consulates general), 69 are special representatives from ministries other than the Ministry of Foreign Affairs. The greatest number of special representatives are posted to the Mission of Norway to the EU in Brussels (25) and to the embassies in Washington (5), Moscow (5) and Nairobi (4).

Example: Special representatives in the field of immigration

The increasing number and complexity of tasks have led to a need for special expertise in the field of immigration at a number of diplomatic and consular missions. There are at present 12 special representatives from the Ministry of Labour and Social Inclusion, the Directorate of Immigration, the Ministry of Justice and the Police and the Police Directorate at Norwegian diplomatic and consular missions. These representatives carry out key tasks related to the administration of immigration matters.

openness has led to the establishment of a separate communication unit and greater emphasis on information and communication activities in general.

Continual adjustments are necessary to ensure that resources are directed to the most important tasks, both politically and geographically. The foreign service must at all times have a clear idea of the tasks required to safeguard Norway's interests abroad in the best possible way. The Ministry of Foreign Affairs has carried out a review of how resources and tasks are distributed between the diplomatic and consular missions and the Ministry, with a particular focus on achieving closer integration between the two. The aim is to free resources from lower priority tasks for tasks that have higher priority both politically and thematically and to ensure that the foreign service is equipped to deal with today's challenges, as well as to meet the objectives set by the Government.

Alternative forms of presence abroad have been discussed, and more flexible forms of representation have been set up and are being tested.

Efforts to introduce alternative working methods at the Ministry of Foreign Affairs with increased emphasis on project management, use of temporary and permanent interdisciplinary working groups and teams, and ongoing cooperation between the diplomatic and consular missions and the Ministry will also continue to be given priority in the future. The purpose of these reforms is to achieve the level of flexibility necessary to be able to respond quickly and effectively to the increasingly rapid changes associated with globalisation. For several years, the Ministry has given priority to leadership development. This will continue to be a priority, as will performance management. The Ministry of Foreign Affairs will also continue to focus efforts on improving the working environment in Norway and abroad.

21.2 Managing growth

The Norwegian aid budget has increased considerably over the past few years, which poses clear

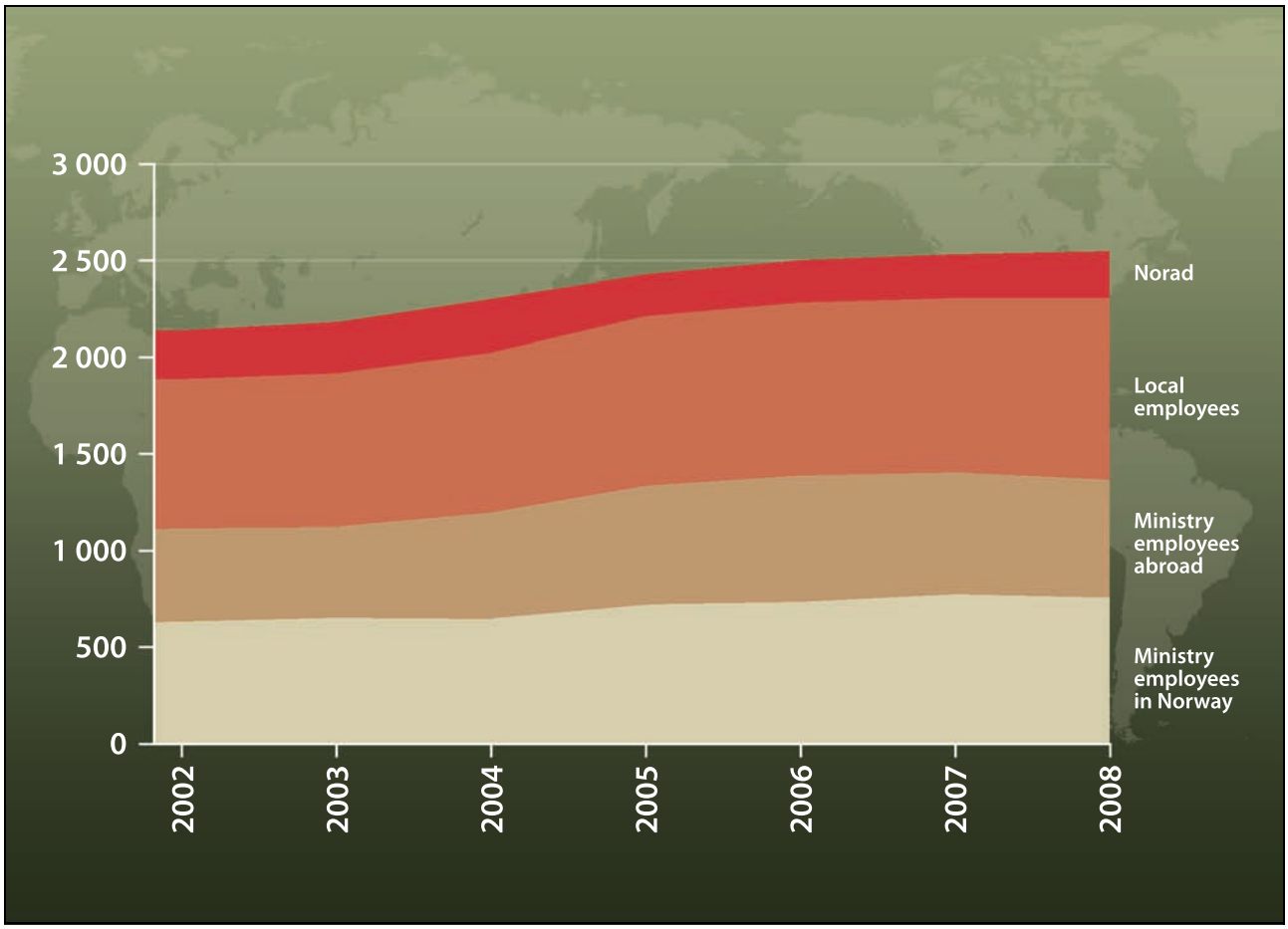


Figure 21.2 Number of person-years in the foreign service, 2002–2008

Source: Proposition No. 1 (2008–2009) to the Storting

challenges in terms of aid management. There is a need to assess channels and systems for managing aid on an ongoing basis, and to focus on striking a balance between tasks and resources.

At the same time growing aid budgets, increased political complexity and more stringent performance requirements mean that the organisation of aid management must be assessed continually. One challenge highlighted in the OECD Development Assistance Committee (DAC) peer review of Norwegian development assistance in the autumn of 2008 concerns the ability of the Ministry of Foreign Affairs to maintain and strengthen expertise on aid management. Another potential problem is the risk that foreign policy tasks could be overshadowed by the focus on aid management.

Immigration – a rapidly growing area

There are also considerable challenges related to another rapidly growing area, namely immigration. This is the general term for the administrative tasks connected with entry to and residence in Norway and the Schengen area. The work ranges from dealing with visa applications for short-term visits, to processing applications for student visas, labour immigration, family reunification, permanent residence permits, asylum and much more. The Ministry of Labour and Social Inclusion is reponsible for developing policy and legislation on immigration, but the administrative responsibility is shared between the Ministry of Labour and Social Inclusion, the Ministry of Justice and the Police and the Ministry of Foreign Affairs, with the Directorate of Immigration, the police and the diplomatic and consular missions acting as administrative bodies. This is an example of close administrative cooperation between various ministries in matters related to foreign affairs.

The general increase in international migration and mobility has been accompanied by an increase from year to year in the number of immigration matters dealt with by the diplomatic and consular missions, which poses considerable challenges. The foreign service has an important role to play in this area. The diplomatic and consular missions take decisions regarding visa applications, and some also take decisions regarding residence cases. They also prepare matters for further processing and check information. In terms of the number of decisions taken on immigration matters, the diplomatic and consular missions rank first in 2009, ahead of other administrative bodies such as the police, the Directorate of Immigration and the Immigration Appeals Board. The Ministry of Foreign Affairs is giving priority to strengthening efforts in this field, for example by increasing staff levels and ensuring that the diplomatic and consular missions have the necessary expertise.

Developments in the field of immigration call for a professional and coordinated approach in cooperation with other bodies involved in the administration of immigration matters. The Ministry of Foreign Affairs, the Ministry of Labour and Social Inclusion and the Ministry of Justice and the Police are all seeking to develop a coherent, efficient and user-friendly immigration administration system and are cooperating on a broad review of case processing procedures in the field of immigration (the SVAR project).

Nordic cooperation on reciprocal representation agreements, whereby the Nordic countries represent each other in selected countries, is to be continued. The purpose of these agreements is to provide a better, more professional, service to users and improve the efficiency of administrative procedures.

21.3 Services for Norwegian citizens abroad

Globalisation is leading to new migration flows and a demand for new types of services. While many people come to Norway to find work and use their resources in Norway, a large number of Norwegians travel abroad as tourists, or to study, work, carry out research, do business or to settle. This increased mobility is changing the composition of our society, which in turn is changing our traditional perception of what it means to be Norwegian. We are also noting increased travel and consular activity, as well as an increase in the number of refugee, asylum and visa cases. Increased travel activity also poses considerable challenges in terms of crisis management and changing demands for public services, such as health, security and other services for Norwegian citizens abroad. We are also seeing significant changes in terms of what is required and expected of the Norwegian authorities and the Norwegian public administration.

Providing assistance to Norwegian citizens abroad is one of the foreign service's key tasks. According to section 1 of the Foreign Service Act, the foreign service is to provide advice and assistance to Norwegian nationals vis-à-vis foreign authorities, persons and institutions. It is also to provide assistance to Norwegian nationals abroad,

for example in connection with criminal prosecutions, accidents, illness and death.

An increasing number of Norwegians receive consular assistance from Norwegian diplomatic and consular missions. It is a constant challenge to find a balance between Norwegians' growing expectations of help from the Norwegian foreign service and the assistance that can be provided within the legal parameters and resources available, in the light of the other priority tasks of the foreign service. In addition to the diplomatic and consular missions, the foreign service also has a broad network of honorary consulates all over the world that provide assistance to Norwegian citizens. Moreover, plans are being made to establish a situation centre at the Ministry of Foreign Affairs. The centre will be operational 24 hours a day and will improve preparedness and enhance consular services.

21.4 Security and emergency preparedness

The Ministry of Foreign Affairs is now facing more extensive security challenges than previously. Due to Norway's engagement in conflict areas, the expansion of Norwegian business interests and changes in travel habits, the Ministry of Foreign Affairs must be prepared to deal with complex situations. Norwegian diplomatic and consular missions and representatives of the Norwegian authorities must be prepared for the possibility of a terrorist attack. This is why top priority is being given to the Ministry's security efforts and to strengthening the general security of employees at Norwegian diplomatic and consular missions.

The foreign service has the primary responsibility for dealing with civilian crises abroad and has developed a crisis management organisation that brings together expertise from various relevant authorities. This has worked well. A more detailed account of the Government's crisis management system can be found in the white paper on the tsunami disaster in South-East Asia and the central crisis management system (Report No. 37 (2004–2005) to the Storting). The Ministry attaches great importance to further developing the crisis management system with a view to being as well prepared as possible for any crisis that may arise. Particular emphasis will be given to preventive security measures, as well as preparation for crises that could also affect foreign service employees or participants in official delegations.

In order to raise awareness of these challenges, the Ministry of Foreign Affairs is giving priority to security in its day-to-day activities and has divided its security efforts into four categories: 1) the security of its own employees and their families, 2) the security of Nowegian citizens abroad (assistance), 3) information security, and 4) Norway's image abroad and the reputation of the Norwegian foreign service.

A risk-based approach to security management based on coherent risk analyses is required to meet the constantly changing security challenges. A great deal of effort is being devoted to training in crisis management and personal security and to conducting emergency preparedness exercises.

In order for the Ministry of Foreign Affairs to be able to continue to meet the challenges associated with the changing security situation, it is important that it has an organisation that has the capacity and expertise to deal with the new security challenges at all times. In addition there is a need to promote closer contact with other centres of expertise that have relevant experience of the new security situation.

21.5 Strengthening foreign policy expertise

The foreign service possesses extensive knowledge and expertise related to international affairs and is a centre of expertise for such issues in Norway. The Government is seeking to develop this role further. The aim is that the foreign service should be an open, dynamic and future-oriented knowledge organisation, and a foreign policy knowledge base for the public administration and the whole of Norwegian society. Globalisation poses a number of challenges to a knowledge organisation of this kind, accompanied by a greater demand for knowledge, insight and understanding in a wide range of fields.

The Ministry of Foreign Affairs has and is continually developing expertise in a number of thematic areas that are important for safeguarding Norwegian interests. The following are examples of areas that the Ministry of Foreign Affairs defines as core areas of expertise:

- Issues of international and constitutional law related to a number of thematic areas
- International negotiations and related processes, often of a cross-sectoral nature
- EU-, EEA-, and WTO-related issues, activities, processes and expertise

- Security policy and policy towards Russia and the High North
- Country expertise, language skills and foreign policy analysis
- Issues related to the policy of engagement, including peace processes, human rights and humanitarian issues
- Aid administration in a broad sense
- Administration of immigration matters

At a time when more and more of the premises on which foreign policy is based are set outside the Ministry of Foreign Affairs, the foreign service cannot see its expertise in isolation, but must view it together with that of other centres of expertise in and outside the central government administration and also beyond Norway's borders. The Ministry must be able to talk to, draw on and cooperate with expert groups that have expertise relevant to foreign policy that it would not be expedient to develop within the Ministry. Cooperation with research institutions and centres of expertise outside the public administration helps to raise the general level of expertise on foreign policy, and to ensure that questions of domestic and foreign policy are viewed in conjunction with one another.

The Foreign Service Institute is a key tool for further developing expertise in the foreign service. The Institute organises both the the foreign service trainee programme and other other courses for the employees, including employees from other ministries. The Agency for Public Management and eGovernment (DIFI) also offers courses on international topics and languages, which are open to the whole of the public administration.

This white paper has emphasised the fact that foreign policy is expanding into new areas and that the boundaries between domestic and foreign policy are becoming less distinct. This means that the Ministry of Foreign Affairs will have to give priority to strategic skills planning and more mobility within the foreign service and between the foreign service and other institutions/organisations. These factors must be seen together and as a consequence of globalisation. Increased mobility between the various ministries, companies, research communities, and national and international organisations would be mutually beneficial to the various organisations and would strengthen networks and dialogue across sectors and disciplines. It would enhance both the breadth and depth of foreign service employees' sectoral knowledge and would provide an opportunity for others to acquire knowledge of foreign policy and diplomacy.

The employees are our most important foreign policy resource

Securing access to highly qualified personnel who possess the necessary expertise is a challenge for all ministries. Therefore, it is important that the Ministry of Foreign Affairs continually assesses the expertise it needs, and identify areas of expertise and skills that should be strengthened and/or developed. The employees are our most important foreign policy resource. Efforts are being made to introduce tools for skills mapping and planning in the Ministry and they will continue in 2009. Competence building is particularly important for the Ministry of Foreign Affairs. The organisation has a relatively low turnover of employees. Annual turnover in the foreign service is approximately 3% of the permanent employees, compared with an average in other comparable ministries of about 10%. At the same time the foreign service has an extremely high staff rotation rate, both in the Ministry and between the Ministry and the diplomatic and consular missions. This helps to create a dynamic organisation that is able to deal with change, new knowledge and new initiatives, but at the same time meets the need for continuity, transfer of expertise and utilisation of available expertise.

Priority given to gender equality and diversity

Ensuring gender equality in the foreign service involves creating an environment in which both sexes are able to use and develop their expertise, at all levels and in all phases of life. Gender equality is essential if the foreign service is to develop as a knowledge organisation and be a dynamic and modern part of the public administration. The foreign service has adopted a gender equality strategy as part of its personnel policy, which is designed to ensure a good gender balance at all levels of the organisation. Active efforts are being made to recruit more women to management positions both in the Ministry and at the diplomatic and consular missions.

The Ministry of Foreign Affairs will give priority to recruiting Norwegians with an immigrant background. This is important to ensure diversity in the organisation. It will reflect the Norwegian population more closely and will provide expertise that is important for the foreign service, such as knowledge of countries, regions, languages, cultures, religions and multicultural experience. It could also help to promote integration in Norwegian society and enhance Norway's international image as an open, inclusive and dialogue-oriented society.

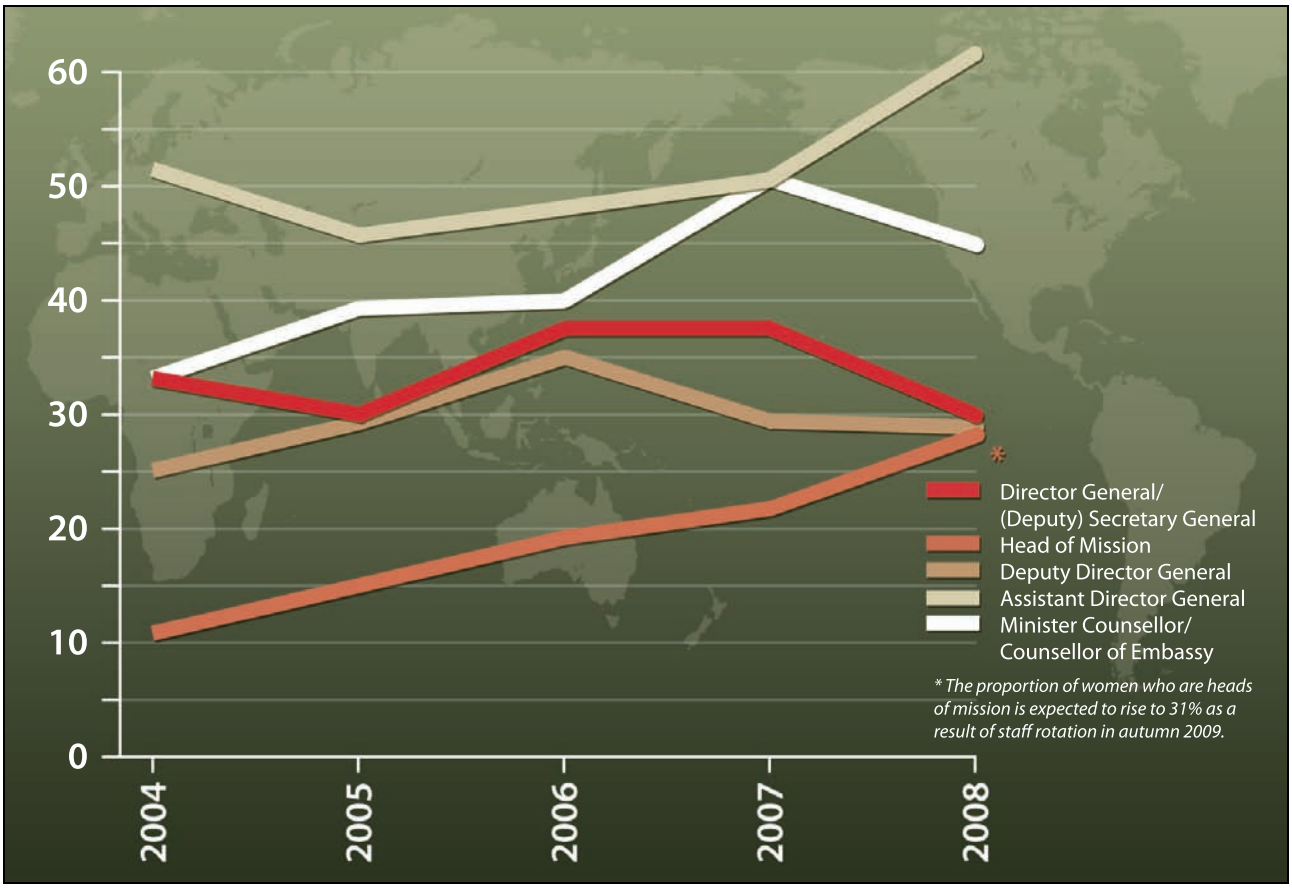


Figure 21.3 The number of women in management positions in the foreign service, 2004–2008

Source: Ministry of Foreign Affairs

22 Making active use of public diplomacy to take advantage of the freedom of manoeuvre offered by globalisation

This white paper has drawn attention to the large number of new actors, arenas and political issues that have significance for Norway and Norwegian foreign policy. Norway and Norwegian actors need to communicate their policies and message through channels other than the usual diplomatic ones, by means of public diplomacy. In the discussion of public diplomacy policy presented in this white paper, as, for example, in Chapter 9.2, emphasis is given to the importance for Norwegian interests of presenting a clear and positive image of Norway. Mention is also made of the wide range of Norwegian actors that are involved in shaping Norway's public image and the importance of this for Norway's economy and prosperity, cf. Chapter 14.7.

The purpose of public diplomacy is to understand, inform, influence and build relations directly with populations, or with specific social groups. This requires a proactive approach towards foreign media that can help to convey information about Norwegian political priorities to broader target groups, with a particulate focus on building knowledge, relations and confidence. This has significance for a country's interests, both directly in terms of trade and business interests and more indirectly, for example in preventing and reducing conflicts, including indentity-related conflicts of the kind we saw in connection with the Muhammed cartoons in 2006.

Public diplomacy is a set of instruments, which includes efforts to promote Norway and cultural cooperation, that must be linked to Norway's political objectives on the basis of Norwegian interests, just like any other foreign policy tool. In other words, public diplomacy efforts must be consistent with Norway's interest-based policy, which the Government has defined in this white paper as policy that systematically safeguards and promotes Norwegian security, welfare and the fundamental interests of Norwegian society. More specifically, public diplomacy efforts must be in keeping with Norway's priority interests as they are presented in this white paper. The Government will continue to attach importance to public diplomacy as an important and necessary foreign policy tool.

Close contact with research communities

Close close contact with research communities is essential for obtaining up-to-date knowledge and analyses for developing a coherent foreign policy designed to safeguard Norwegian interests in a globalised world (cf. Chapter 21). International cooperation on research and education is now more important and more extensive than ever before. Contact between experts across national borders is helping to create networks and knowledge of relevance to our own national policy and to global developments. International research cooperation is also essential for developing national knowledge and technology. The global flow of knowledge and Norway's position in this global knowledge pool are of great importance for achieving Norway's objectives of improving the quality of Norwegian research, generating relevant innovation and ensuring continued welfare and value creation. Challenges related to climate change, the environment, poverty and health must be addressed through international research cooperation, and the results must be applied on a global scale. Norway will contribute to international knowledge development in areas where it is particularly well qualified and has special expertise (cf. Report No. 14 (2008–2009) to the Storting, *The Internationalisation of Education*).

Research communities play a key role in shaping public opinion in their respective fields. By providing up-to-date knowledge and analyses, they help to promote critical debate and a public exchange of views on global issues. This is crucial for putting important foreign policy issues on the international political agenda.

22.1 Systematic public diplomacy efforts as part of Norwegian foreign policy

The growing complexity of the foreign policy arena, combined with the challenges and opportunities presented by the media and communications society (as discussed in Chapter 9), makes it

increasingly important to give priority to public diplomacy efforts as a foreign policy tool. Effective public diplomacy efforts require a coherent approach. The various Norwegian actors should know more about each other's activities. This would enable us to create synergies and ensure that the measures implemented complement each other.

Norwegian diplomatic and consular missions are well placed to play a coordinating role in these efforts. But the need to reach, and influence, opinion-makers and the population in general is placing new demands on them. Efforts to build networks both with Norwegian actors and with target groups in the host country should therefore be intensified and professionalised.

Networking generates greater knowledge of the strategies and initiatives of the various actors, both Norwegian and foreign. The task of the Norwegian diplomatic and consular missions is to use this knowledge to draw up strategies that promote Norwegian interests, by communicating, confirming, refuting and supplementing information about Norway and perceptions of the country, and by dispelling stereotypes.

Cooperation with other Norwegian actors is essential if these strategies are to be successful. Cooperation is useful, but it cannot be standardised. Countries are too complex to be reduced to mere slogans, but we could coordinate the messages we send out more closely. We must raise awareness of the importance of public diplomacy among all partners in Norway.

The Ministry of Foreign Affairs and Innovation Norway with their international presence are at the core of the authorities' public diplomacy efforts, and must intensify their cooperation.

Geographical focus of public diplomacy efforts and efforts to promote Norway abroad

Norwegian actors will benefit from carrying out reputation surveys and image-building initiatives, irrespective of the country or region where they have interests. This applies particularly to the foreign service. All Norwegian diplomatic and consular missions must be aware of the impact on Norway's reputation of any strategies and initiatives implemented. But Norway's image is more important for Norwegian interests in some countries than in others. By increasing the geographical focus of its public diplomacy efforts, the Government will be able to channel the limited resources it has at its disposal to those places where the impact will be greatest.

This is a follow-up to one of the conclusions of the Norwegian Public Diplomacy Forum that was set up by the Foreign Minister in 2007 to advise the Foreign Ministry in its efforts to promote Norway abroad. An analysis has been carried out to determine those countries in which Norway has interests that would particularly benefit from a better Norwegian image up to 2025. The study is based on all Norway's national interests in the areas of trade and industry, resource management and international environmental cooperation, research and education, culture, migration and foreign policy priorities.

The result of the study is that 19 countries are being given priority in our public diplomacy efforts. These countries are primarily our traditional partners in the Nordic region, Europe and North America. In addition the BRICS countries (Brazil, Russia, India, China and South Africa) will be increasingly important.[1] It is increasingly from these highly different countries that new policies, consumers, tourists, investors and importers will emerge. Public diplomacy is particularly difficult when we have to compete for attention in countries where there is very little knowledge of Norway. The task is to ensure that decision-makers in these countries look to Norway in those areas where Norway can make a difference.

Funding from the Ministry of Foreign Affairs for public diplomacy efforts will to a large extent be channelled to these 19 countries. The Government will attach extra importance to establishing good cooperation projects between the diplomatic and consular missions and Innovation Norway representatives in these countries.

The public diplomacy measures of the consular and diplomatic missions include everything from information on the portal Norway – the official site, contact with local press representatives and press visits to Norway and participation in trade fairs, to scientific seminars, business-related workshops and image-building initiatives in connection with sports events and various cultural events. As a rule the measures are organised in cooperation with local partners who know the market and are familiar with local issues.

[1] The 19 priority countries are: Sweden, Denmark, Finland, Iceland, Germany, the Netherlands, France, Spain, Poland, the UK, Italy, Turkey, Russia, the US, Canada, Brazil, Japan, China and India.

22.2 International cultural cooperation in public diplomacy

A civil society based on freedom of expression and broad popular participation is essential for a real democracy, and this presupposes the existence of free media, open debate and independent experts. Free artistic expression and a broad and active cultural scene (art, design, architecture, sport, etc.) are indications of democratic progress, and actors in the cultural field can be seen as agents of social change. Moreover, cultural programmes and cooperation raise Norway's profile in other countries, and cultural activities can enhance dialogue and mutual understanding. This also applies to education and research cooperation and the exchange of students and researchers. In addition to having an intrinsic value, cultural activities must be viewed as a part of public diplomacy, and as such are increasingly important for safeguarding Norwegian interests in a globalised world. Priority must therefore be given to cultural activities in Norwegian foreign policy.

The Foreign Ministry's cooperation with cultural organisations also includes projects, such as "Nora's sisters," a series of Ibsen seminars at selected embassies that examined Ibsen's work from a gender perspective, as well as cooperation on more complex international issues such as human rights, the Millennium Development Goals and climate change. The Government's efforts to promote culture include the internationalisation of Norwegian cultural activities. The significance of this for foreign policy lies in the value of culture as a tool of public diplomacy.

Box 22.1 Expert visits

Norwegian cultural actors such as organisations and festivals frequently invite representatives of the foreign media and foreign experts to Norway. A large number of foreign experts attend cultural events in Norway each year, or stay in the country for long periods in order to study. This has resulted in an increasing range of international contacts and a growing interest in Norwegian culture abroad. These exchanges of visits are an important tool in efforts to promote the internationalisation of Norwegian culture.

How can opportunities in the cultural sphere be used to best advantage?

International cultural dialogue, which is in essence universal and based on equality between the parties, must be strengthened. Dialogue between cultural and academic communities and individuals provides opportunities to put forward Norwegian views and interests. This enables progress in deadlocked situations where there is no direct political participation, but where the cultural dialogue can be used to raise critical issues and identify possible paths towards political dialogue.

In order to make maximum use of the potential of culture as a foreign policy tool, it is essential that the ministries work well together. Strategy must be coordinated and roles assigned in accordance with the current situation. There is a need to clarify the roles and responsibilities of the Ministry of Foreign Affairs and the Ministry of Culture and Church Affairs as regards the promotion of Norwegian culture abroad. This is important, on the one hand, to ensure that both the cultural perspective and the foreign policy perspective are taken into account and, on the other, to enable cooperation between international and national cultural actors to develop freely. A coordinated government policy for cultural exchanges between Norway and other countries would benefit both artists and cultural institutions, and it is vital that national and international cultural activities are seen in conjunction with one another. The two ministries are seeking to develop a common strategic framework for activities in which their respective roles are clearly defined. They will also employ an integrated policy implementation system, in which national cultural institutions, institutions with strategic responsibilities in the various art forms and diplomatic and consular missions will play a central role.

The role played by artists and other cultural actors in foreign policy has at least two basic components. The first is the initiative they take themselves to become involved in international activities. It is important that a good economic and organisational framework is provided for this. Cultural activities free from government involvement are a potential source of new, often unexpected views and social analyses. Such independent activities also highlight Norway's commitment to freedom of expression.

The other basic component is the voluntary participation of artists and other cultural agents in cross-disciplinary initiatives related to foreign policy objectives and strategies. The High North Strategy and cultural cooperation with countries in

the South are good examples of this. In both cases considerable funds have been allocated and useful contacts between expert groups established.

Public diplomacy and cultural cooperation are important tools in questions concerning identity, conflict and dialogue

Crisis communication, such as during the cartoon controversy, must be based on knowledge and trust that is built up before the crisis hits. In a transnational world this applies both at the national and at the global level. For Norway it is important first of all to make use of confidence-building measures and dialogue, which have long traditions in Norwegian society, to take account of the composition of Norway's population today and the Norwegian "we". This should be done not least by showing trust by encouraging the involvement of new population groups and making use of their expertise. Secondly, it is important to continue Norway's focus on dialogue in foreign policy and to increase knowledge, for example in Muslim countries, of Norway's views on democracy and human rights, diversity and freedom of expression.

What kind of expertise do we need to achieve foreign policy objectives using culture as a foreign policy tool?

Cultural cooperation has great potential as a foreign policy tool. It is important to raise awareness, both in Norway and elsewhere, of the importance of efforts to promote Norwegian culture abroad, and to enhance expertise in this area. The international contacts established by Norwegian artists and other cultural agents, as well as their audiences, are important in this context. The diplomatic and consular missions will have to play a more central role in efforts to promote cultural dialogue and to increase contacts between Norwegian and foreign cultural actors. The networks and close ties to civil society established through this work constitute an important resource for modern diplomacy. This network-oriented method fits in well with the image many people have of of public diplomacy in foreign policy, precisely because it does not directly and exclusively target political leaders. Many processes have succeeded precisely because they involve other key stakeholders, in addition to politicians and civil servants. Insight into and understanding of such processes will be crucial for diplomacy in the future.

22.3 Public diplomacy at the national level – the Refleks project

The reach of foreign policy and public diplomacy must be extended to encompass domestic society as well. The Ministry of Foreign Affairs will seek to provide knowledge and analysis as input to the public debate with a view to counteracting stereotypes and tabloid portrayals of reality. See box 22.2.

Box 22.2 Openness, analysis, debate – the activities of the Refleks project

In the autumn of 2006 the Foreign Minister initiated the project "Refleks – globalisation and national interests" in order to stimulate debate and reflection about the challenges for foreign policy posed by globalisation, shifts in the balance of power and changes in Norwegian society . The need for an open debate on the international challenges and foreign policy dilemmas facing Norwegian society and the desire to involve and engage new groups in this debate were at the core of the project. This white paper marks the final phase of the project, and is based on input and analyses generated throughout the process.

Books and publications for analysis and discussion

Through the series of publications *Globale Norge – hva nå* (Global Norway – what now?), more than 200 independent experts, social commentators and activists from Norway and abroad have been invited to examine Norwegian foreign policy in a number of different areas. The publications, which include papers and articles in English and Norwegian, are available under the following headings at www.regjeringen.no/refleks, or may be ordered from the Ministry of Foreign Affairs:

- *Sikkerhetspolitiske interesser og utfordringer* (Security policy interests and challenges)
- *Energipolitiske interesser og utfordringer* (Energy policy interests and challenges)
- *Økonomiske interesser og utfordringer* (Economic interests and challenges)
- *Norske miljø- og ressursinteresser i en globalisert verden* (Norwegian environmental and resource-related interests in a globalised world)
- *Våre interesser i en bedre organisert verden* (Our interests in a better organised world)
- *Globale utfordringer for norsk engasjementspolitikk* (Global challenges to Norway's policy of engagement)
- Diversity, identity and foreign policy challenges (heading on website: *Innvandring, integrasjon, identitet: utenrikspolitikk for hvem?*) (Immigration, integration, identity: Who is foreign policy for?)
- Africa: Political partner and global actor – opportunities and challenges
- 60th anniversary of the Universal Declaration: Reflections on human rights

The project drew up a background report on the basis of these papers and articles entitled *National interest. Foreign policy for a globalised world – the case of Norway*, which was published in book form in September 2008 and which has also been translated into English. So far some 7000 copies of the book have been printed. This was followed up the same autumn by Foreign Minister Jonas Gahr Støre's book *Å gjøre en forskjell* (Making a difference, available in Norwegian only), which was published within the framework of the Refleks project and has sold close to 30 000 copies.

Debates, discussions and lectures: Refleks seminars

The Refleks project has held more than 40 events in Oslo, Bergen, Trondheim, Tromsø, Stavanger and Lillehammer, in cooperation with a wide range of partners. More than 200 people from Norway and abroad have presented papers and participated on panels. The project has sought to bring new voices into the debate and has attached importance to diversity and gender equality. The political leadership of the Ministry of Foreign Affairs has taken part in most of the seminars. Politicians, researchers, students, representatives of the business sector, civil society and the UN, and experts from various fields have been involved in the debate. Most of the meetings were attended by 200–500 people, and some by well over a thousand. A separate presentation entitled *Norge i en ny tid* (Norway in a new era) has also been produced, which the Foreign Minister and other representatives of the political ledership have held at universities with the aim of encouraging debate. The following are the themes of some of the seminars:

- *Norwegian Foreign Policy in the Age of Globalisation: Views from the Outside*
  With the participation of Christoph Bertram (former Director of the German Institute for International and Security Affairs, Berlin), Ulla Gudmundson (Swedish diplomat and writer), C. Raja Mohan (Strategic Affairs Edi-

Box 22.3 continues

tor at *The Indian Express* and member of India's National Security Advisory Board) and Ivo Daalder (The Brookings Institution, Washington)

- *Politics and transparency in global financial markets – new trends, challenges and the role of the Norwegian pension fund global*
  With Martin Skancke (Ministry of Finance), Karin Lissakers and Yahia Said (Revenue Watch Institute, New York) and Karina Litvack (F&C Asset Management, London)
- *Transnational organised crime – the dark side of globalisation. The case of human trafficking*
  With Antonio Maria Costa (Executive Director, UNODC), Misha Glenny (journalist and writer), Ingelin Killengreen (National Police Commissioner) and Ellen Beate Langehaug (CARE Norway)
- *A new strategy for Afghanistan? The international community's responsibilities – what is Norway's role?*
  With Daniel Korski (European Council on Foreign Relations), Maryam Azimi (Afghan writer and human rights activist), Astri Suhrke (Chr. Michelsen Institute, CMI) and Espen Barth Eide (State Secretary, Ministry of Defence)
- *Gender Equality and International Development. Rights of sexual minorities and access to safe abortion*
  With Fikile Vilakazi (Coalition of African Lesbians, South Africa), Dr Ejike Oji (Ipas Nigeria) and Erik Solheim, Minister of the Environment and International Development
- *Freedom of Expression – Missing in Action?*
  With, among others, Omar Faruk Osman (National Union of Somali Journalists, NUSOJ) and Dr Agnes Callamard (ARTICLE 19)
- *The municipal sector in a globalised world – engagement and obligations*
  With, among others, Minister of Local Government and Regional Development Magnhild Meltveit Kleppa and Vice Chair of the Norwegian Association of Local and Regional Authorities (KS) Bjørg Tysdal Moe
- *Roundtable discussion on diversity and foreign policy*
  With Enver Djuliman (The Norwegian Helsinki Committee), Mohammad Usman Rana (student) and Raheela K. Chaudhry (journalist)
- *The Responsibility to Protect – Genocide, ethnic cleansing, war crimes and crimes against humanity*
  With General Wesley Clark (former NATO Supreme Allied Commander, Europe), Cheryl Carolus (former South African High Comissioner to the UK and Secretary General of the ANC, South Africa) and Professor Ghassan Salamé (former Minister of Culture of Lebanon, Professor of International Relations, Paris)
- *Can fundamentalists be democratised?*
  With Ulrika Mårtensson (Norwegian University of Science and Technology (NTNU)), Jennifer Bailey (NTNU) and May Thorseth (NTNU)
- *Towards a new world order? The UN's role and Norwegian interests*
  With Minister of Foreign Affairs Jonas Gahr Støre
- *Norwegian security – the international legal order and alliance policy*
  With Ragnhild Mathisen (Political Adviser, Ministry of Defence) and Stina Torjesen (Norwegian Institute of International Affairs (NUPI))
- *What does China think?*
  With Mark Leonard (Executive Director of the European Council on Foreign Relations), Henning Kristoffersen (BI Norwegian School of Management), Cecilie F. Bakke (University of Oslo), Wei Chen (Norwegian Confederation of Trade Unions (LO)) and Ågot Valle (Member of the Storting, Socialist Left Party (SV))
- *The Art of Influence. The role of culture in modern Norwegian foreign policy*
  With, among others, Khalid Salimi (Horisont Foundation and the Mela Festival), Luba Kuzovnikova (Pikene på Broen), Kjartan Fløgstad (writer) and Malika Makouf Rasmussen (composer, Women's Voice International Music Network)
- *The 60th Anniversary of the UN Universal Declaration of Human Rights: What are the dilemmas for foreign policy?*

The Ministry of Foreign Affairs

h e r e b y r e c o m m e n d s :

that the recommendation from the Ministry of Foreign Affairs on Interests, Responsibilities and Opportunities. The main features of Norwegian foreign policy, dated 13 March 2009, be submitted to the Storting.

Published by:
Norwegian Ministry of Foreign Affairs

Internet address:
www.government.no

Cover illustration: Torbjørn Vagstein and
Norwegian Government Administration Services

Printed by:
07 Aurskog AS – 11/2010