

## **The EU, Norway and the Northern area**

The Arctic area is enormous – about twenty five times the size of France. In comparison, the Barents Sea is quite small, but still three times the size of France. This enormous area represents a great opportunity and a great responsibility, particularly for the states bordering this area, but also for Europe in general.

The area is rich on natural resources, such as fish and petroleum, but it also has a particularly vulnerable environment, which needs protection and high environmental standards. We can also add that operating in this area, with its cold and windy weather and long periods of dark, represent a particular challenge for man and machine. I have only experienced this myself when climbing scared up a ladder on a trawler in open sea. Luckily, I was told that this was the nicest day that year.

In this talk I will put forward three main arguments:

The first argument is that the EU and its member states have to a large extent neglected its Northern border region. Although the EU has a Northern Dimension programme and has had some attention towards this area since the middle of the 1990s, there is still potential for further development.

Second, I will argue that Norway, has also failed to give sufficient priority to this area after the end of the cold war. Despite some important initiatives, such as the establishment of the

Barents cooperation in 1993, it is only very recently that this area has once again become a priority in the Norwegian foreign policy, and we now observe a call for a comprehensive approach towards this area. I will also argue that Norway has perhaps not used in full its close ties to the EU, as an EEA member and Schengen member, to build bridges with the EU and to attract the Union's interest.

Last but not least, I will argue that the importance of this area goes far beyond the region itself. The good governance of such a region is of great importance for the European and international community and not only the immediate neighbours. In my presentation, I will argue that there is an unused potential for closer cooperation between the EU and Norway in securing good and sustainable development of the region.

Before going into the details supporting my argument, let me just say that my views must be taken as my own, and not as part of any Norwegian official policy.

## **Why the Northern Area should be important for the EU**

Let me start by the question: Why is the Northern area important for the EU?

First of all, although none of the EU member states border the sea area, we must remember that the Northern border of Schengen and the European Economic Area (EEA) is found in the Barents Sea Area.

This region is also important for developing a well functioning partnership with Russia. In this area there has been a long history of cultural and economic exchanges, which was suspended in much of the 20<sup>th</sup> century, and which has now been re-established and increased

significantly in recent years. There are many benefits of the fall of a superpower, but there are also some problems arising. One of them is the urgent need for a nuclear clean-up on the Russian side of the border. Not only do the many nuclear installations represent a threat to the vulnerable environment in the region, but there is also a real danger that nuclear material could fall into the hands of terrorists. Europe and Norway therefore has a significant environmental and a security challenge located just a few kilometres away from the Schengen border.

The Barents Sea is also of particular importance for its resources and environment. An environmental catastrophe in this area is likely to have major global and regional consequences. The important fishing stocks need protection both from over-fishing and pollution. The nature and its vulnerability make the area important for research on climate change. This means that it should be in the interest of the EU, as well as other actors, to monitor the development in this area closely and to ensure sustainable exploitation of the resources, safe sea transport and, in general, that high environmental standards are applied for all activities in this area.

Last but not least, the Barents Sea Area is perceived to be one of the most important remaining petroleum provinces in the world. This is important for the EU, which is increasingly focusing on how to secure and diversify its sources of energy supply.

*So what we have here is a region that reflects the broader global and European agenda, including geopolitics and security of energy supply, as well as new threats to mutual security from terrorist networks, migration, organised crime, environmental or nuclear hazards, and*

other sources. As you know, these challenges arise in an area where borders are disputed and where there is no shared agreement on legitimate and effective regulative regimes.

### **The EU's policy towards the Northern Area**

Given all these factors, one would expect a lot of international and European attention towards this area. When I now turn to discuss EU's policy towards the Northern Area we find that this is not the case.

The Union has focused its attention mainly towards member states, or states that wish to become members, and to its immediate neighbours. And since the EU has no member bordering the Barents Sea, this area has lost in the competition for attention. The limited attention to the North, is particularly evident if we compare with the strong interest in the EU towards the challenges facing the Eastern and Southern Borders of the EU.

It was first when Sweden and Finland became member of the EU in 1995, that the EU started to pay more attention to the Northern area. In fact, one of the first initiatives of the Finnish government in the EU was to propose the development of a Northern Dimension similar to the already existing southern dimension (or the so-called Barcelona process). The Northern Dimension was adopted in 1997 and later two action plans have been adopted and implemented.

While there have been several important achievements - especially in relations to the protection of the environment and cross border cooperation, I will argue that the Northern Dimension has not really lived up to its original intentions. At least, it has not managed to make the EU a strategic actor in the North.

As you might know, the Northern Dimension aims at raising the Union's profile in Northern Europe. It was an instrument for furthering cooperation with the countries of the region, to increase prosperity, strengthen security and to combat dangers such as environmental pollution, nuclear risks and cross-border crime. The ambitions were high and the activities reflected EU's relations with Russia in the Baltic Sea and the Arctic Sea Region.

But as to the instruments of the Northern Dimension, it was decided that no new institutions were to be established. Rather, it should be implemented within the framework of the Partnership and Cooperation Agreement with Russia and that it should develop through four already established regional forums and organisations, such as the Council of Baltic Sea States, the Barents Euro Arctic Council, the Arctic Council and the Nordic Council of Ministers. In addition, the Northern Dimension does not contain any independent financial instruments, even though it is possible to use the Union's regional fund (Interreg and Tacis) for certain projects on the Russian side of the border.

This "no new money – no new institutions"- approach might explain why the EU has not become a strategic actor in this area. This means that the EU does not have the authority over the diverse field of actors involved in the Northern Dimension (Haukkala, 2002). In addition to this, the EU has limited co-ordinating capacities. The fact that there is only one person in the Commission responsible for this, and that this is not his only area of responsibility, confirm this view.

One may also add that the legal basis for the Commission's involvement in regional initiatives such as BEAC and CBSS is weak. While this is a general problem for EU foreign policy, it

gets even more problematic when the involvement concerns the sub-national level (Myrjord, 2003).

It is also interesting to note that the focus of this programme has changed over time. Instead of being a policy towards the broader region, it has come to be seen as a regional component of EU's policy on Russia (Myrjord, 2003; Haukkala, 2002). In addition, there has been a change of focus from the wider region to the more narrow focus on the Baltic Sea Area at the expense of the high north and the Barents Sea. This is also mirrored in the allocation of funds. For instance, the last annual progress report on the Northern Dimension and the allocation of the funding through TACIS and INTERREG, which shows that a clear majority of the funds is oriented towards the Baltic Sea Area (see for instance p. 28 in the latest Progress Report).

So, in spite of the existence of the Northern Dimension programme since 1997, it has been insufficient for establishing EU as a major actor in the region (Haukkala, 2002; Browning & Joenniemi, 2003). The limited systematic attention to the region is also illustrated by the newly adopted European Neighbourhood Policy (ENP). This policy aims at developing a close relationship between the enlarged EU and its neighbours to the East and to the South in order to avoid new dividing lines in Europe. But the north is not even mentioned.

This is strange, given the fact that the Neighbourhood policy builds upon initiatives such as the Euro-Mediterranean Partnership (EMP) in the South, and various agreements with the neighbours in the East, and that the Northern Dimension was initially constructed as an instrument to replicate these initiatives in the North (Arter, 2000). Part of the explanation the Commission has given for leaving out the Northern Dimension is that Russia has not wished to join the ENP, since it preferred to develop further its bilateral cooperation with the EU.

Still, I believe that this just proves my point, namely that the Northern Dimension is primarily seen as a policy towards Russia, and that attention has increasingly been oriented away from Barents Sea Area and towards the Baltic Sea Area (which is also covered by ENP).

Of course, this development is not surprising given the fact that the Baltic States have recently joined the EU and the strategic importance of Russia. However, it still leaves the EU without a proper policy for the region that we address here today.

This being said, let me make it clear that there are many initiatives from various states, firms and organizations in the EU in this region. For instance, we have observed an increased interest especially due to the expected petroleum resources in this area, as well as the environmental challenges. We also know that there is a long story of research initiatives in the region.

My point is simply to say that in spite of these initiatives the EU lacks a coherent and coordinated policy aimed towards this region.

### **Norway's policy towards the Northern Area**

Let's now move on to look at Norway and its policy towards this area. As a non-member, Norway has since the early 1990's developed a particularly close relationship to the EU. Until recently, however, I will argue that Norway has not taken sufficiently advantage of this opportunity to develop co-operation with the EU in handling the challenges of the Barents Sea. As I see it, there are two main reasons for this:

First, Norway has not had a comprehensive and co-ordinated policy towards the Barents region itself. Norway has been slow in adapting to the post Cold War context, and therefore also slow at recognising the need for new and different approach to the region. With the many military bases at the Kola Peninsula, on the East side of the border, and Norway as a NATO country on the West side, this was a highly “militarised” zone during the Cold War. This situation prevented economic cooperation across the border, and constrained the exploration and exploitation of natural resources in the area. But at the same time, it created an American and European understanding – or at least tolerance – for the Norwegian positions and demands in the disputed areas. However, with the end of the Cold War both the limitations and the Norwegian privileges have disappeared. For Norway, the strategic environment has changed radically. To put it simple, both former “enemies” and “friends” are changing, and the interest constellations are complex. Instead of a new co-ordinated policy, “demilitarisation” was followed by ignorance to this area. In fact, it took various Norwegian governments until 2005 – more than fifteen years since the end of the Berlin Wall and the Collapse of the Soviet Union – to publish its first white paper on Northern region and the Barents Sea. (In 1999, a white paper on Spitsbergen was published, but it concluded that despite recent changes in international politics, there was no reason to change the Norwegian official policy.)

The second factor is that Norway has not had a consistent policy towards the EU. Norwegian politicians have not dared to, or have not been able to, frame Norwegian policy towards the high North in ways that also included the larger Europe. Since 1994, when the Norwegian people for the second time said no to membership in the EU, there has been a passive Norwegian policy towards the EU. While we had to wait until 2005 for the first white paper

on the northern area, it took eight years since the referendum and the implementation of the EEA Agreement to see a first white paper on Europe.

The main reason for this is that Norwegian politicians have found it hard to separate between developing a policy towards the EU on the one hand, and to develop a policy for promoting membership in the EU on the other. The fact that the current, as well as the former, government has been a coalition of political parties that are partly in favour and partly opposed to Norwegian membership in the EU does not make it any easier. The result of this policy is that it is often ad-hoc and sector oriented, rather than systematic and coordinated. Sometimes opportunities offered are left unused. Let me just illustrate this with an example (and since this may be blamed on the former government, I dear mention it here). In the last progress report on the Northern Dimension action plan we can read that the Norwegian government declined an invitation from the EU to participate in a high-level group on Sea Transport in the area. This was surprising since such cooperation could contribute to exactly increase the focus on the Barents Area in the Northern Dimension.

However, in spite of the absence of a co-ordinated policy towards the high North, and the absence of a clearer strategy towards Europe, we have observed several interesting policy developments. The end of the Cold War has opened up for greater economic cooperation with Russia and led, for instance, to the establishment in the Barents Euro Arctic Council (BEAC) in 1993 – a cooperation which has led to a much closer cooperation with Russia in the Northern Area on matters ranging from nuclear safety, managing fish stocks in the Barents Sea, reducing pollution and increasing energy efficiency, to health care, culture and commercial co-operation. (As you know, BEAC later became a partner in the Northern

Dimension initiative.). But while the Barents cooperation has been important, it was not given the priority it perhaps deserved.

*But are we now observing changes to this?* I believe so. The launch of the White paper in 2005 marked a significant shift. The new approach is further developed and intensified by the new government. In the agreement among the coalition partners the new government made the Northern Area one of its key priorities. In addition, it argues that this policy should be developed in a close cooperation with the EU and the individual European countries. This very meeting is an expression of this change. The strengthening of the role of the EU is not only a concern for Norway, but is shared by all the Nordic states, as confirmed by the Nordic Council of Minister meeting in august 2005. However, since the other Nordic countries are primarily interested in the Baltic Sea Area, the challenge for Norway is still to get the attention of the EU to the Barents Sea Area – and to keep it there.

### **Potential for increased cooperation between the EU and Norway**

Let me now move on to say something about the potential for a greater EU involvement and co-operation in this region. I have discussed some obstacles to co-operation in the past, for instance that the EU have primarily given priority to Russia, and that the political laws of gravity attracts attention to the Baltic Sea rather than the Barents Sea, as well as the obstacles mentioned on the Norwegian side, for instance, the lack of a coordinated policy towards both the High North and the EU.

I still believe that, given the magnitude of challenges and opportunities of this area, one should be able to overcome, or at least, handle some of the obstacles, and be able to promote a more fruitful co-operation. Co-operation should be encouraged by the fact that it could be

beneficial and help to secure some joint policy goals, but co-operation should also be encouraged in order to avoid some problems.

Let me consider two positive benefits of co-operation.

First, I believe that a stronger co-operation and involvement from the EU in this region will help to strengthen the partnership with Russia, and further develop cross-border cooperation between Russia, the EU and Norway. In order to do this it is important that the Northern Dimension is seen as a pillar in EU's policy towards the EU, and that the Northern Dimension is "broadened" to, not only focus on the Baltic Sea, but also covers the Barents Sea. In order to facilitate this adjustment the Northern Dimension could perhaps be better harmonised with the EU-Russian Partnership regarding the four "common spaces" (economy, security, justice and home affairs and knowledge and culture). The first step of this reformulation might have already taken place (as a result of the informal ministerial meeting 21.11.2005).

Second, I also believe that increased co-operation in this region could help to secure energy supply for the EU. In order to develop the natural resources in the region enormous investments is needed. In order to reduce risks in these investments, the operators need capital, they need markets for selling the products, and perhaps equally important, they need predictable legal and institutional frameworks. The involvement of the EU in the region might contribute to facilitate all of these factors.

So far energy has not been seen as an important part of the Northern Dimension. However, there are rapid changes in the region and in EUs energy policy. Energy is likely to be one of the main priorities for the EU in the years to come, and Tony Blair recently spent much of his

time in the European Parliament discussing the challenges of energy supply in the EU. The ongoing work on the EU's green book on Energy could provide an important tool for increasing the involvement in the EU.

At the outset the Treaties does not give much power to the EU in energy policy. In relation to the negotiations on the constitutional treaty the parties agreed to some adjustments. The treaty confirmed the importance of energy policy for ensuring the functioning of the market, for securing supply in the Union, and for preserving and improving the environment. The Union policy on energy shall in principle not affect a Member State's right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply. Nevertheless, we can argue that the scope for national policies to ensure adequate levels of energy security of their own has decreased due to the integration and liberalisation of the EU energy markets. Although the EU's formal powers are perhaps limited, the EU still plays an important role in the field of energy policy. It plays, and can play an even more important role in the future, for instance research, environment, promoting dialogues with companies, and energy producing countries, as well as developing and promoting voluntary cooperation and coordinated policies in the field of energy supplies among member states and non-member states.

But in addition to these two positive benefits from a closer cooperation between the EU, Russia and Norway in this area we may also point to a set of common problems that may be avoided through increased cooperation. In fact, some of the challenges in the North remind us of the "Tragedy of the Commons" problem. As you know, the tragedy of the commons is a situation where individual actions, each justifiable, lead to an outcome that none of us prefer. The tragedy of the common situation can be seen as a kind of collective prisoner's dilemma.

Where individuals or states within a group have two options: either to cooperate with the group or defect from the group. Cooperation happens when individuals or states agree to protect a common resource to avoid the tragedy. By cooperating, every individual or state agrees not to seek more than his share. Defection happens when an individual decides to use more than his share of a public resource .

One example, which has been characterized as a tragedy of the common problem in the Northern area is of course the risk of over-fishing and pollution of the maritime areas (Oran Young, 1989). It is in the interests of all that there is a sustainable exploitation of the resources in this area and that the vulnerable environment is protected. As I have already mentioned, an environmental catastrophe in this area may have consequences far beyond the region and for Europe at large.

Environmental development has been a key component in the Northern Dimension. For instance, a Northern Dimension environmental Partnership has been established and important efforts have been made in relations to nuclear waste management and nuclear safety in North West Russia. The Environmental Partnership refers to both the fragile Arctic ecosystem as well as the specific pollution problems in the Baltic Sea. In other areas, the EU has advocated a policy of creating a regulatory regime and the need to protect maritime areas. Recently, the European Commission has argued that there is the need for a new maritime policy for the EU since nearly half of the Union's population and GDP is to be found in coastal areas. It argues that the management of the maritime eco system and the fishing resources cannot be handled by member states alone, and that the EU already is regulating a whole range of areas that have consequences for maritime activities. The challenge is to create synergies between different policy areas. The intention is that this initiative shall lead to a new green paper on a

comprehensive maritime policy. The announcement emphasises the need for a comprehensive policy to ensure among other things a sustainable exploitation of the maritime resources and safe sea transport. In my understanding, these proposals could also serve as a source for furthering the cooperation between the countries in the Barents Sea Area.

So, to avoid the tragedy of the commons and to promote co-operation, far-sighted groups are able to impose some sort of sanction on members that overexploit a resource, making it unprofitable or undesirable. Such mechanisms can for instance involve enforcement by an authority, which may be an outside agency or selected by the resource users themselves, who agree to cooperate to conserve the resource.

However, in this situation we must also be aware that not all of the resources are common. Some states have a well-established and accepted ownership of some of the resources, and in some instances the ownership problem is not finally settled. This being said, I still believe that the analogy of the tragedy of the common is helpful for furthering the way the actors in the region perceive and approach the issue of co-operation.

## **Conclusion**

Based on this argumentation, there should be strong incentives on both sides to establish a multilateral regime for sustainable exploitation of the resources – both fishing and petroleum resources. While the dialogues and discussions have started, it is now necessary to move beyond dialogue and to agree on the concrete form for co-operation.

In a book called “Le Spitsberg dans l’histoire diplomatique”, which was published here in Paris almost a hundred years ago – in 1912 (8 years before the treaty on Spitsbergen was signed), Arnold Ræstad has an interesting story to tell. He writes that Norway has claimed sovereignty over the “no mans land” (or “terra nullus”) in the Arctic area since 1618 and that few countries (with the sole exception of France!) acknowledged this claim. He further argues that also at that time it was primarily a question of resources. In that period it was the whales and whale hunting that was the attraction. But interestingly, when the whales left the bays of Spitsbergen, the international interest for the island also dropped. Based on Raestad’s story, Martin Conwey writes in a book review the same year that:

...what the future has in the store for Spitsbergen remains to be seen, but once again it appears that accomplished facts are going to override political theories, and the lands of Spitsbergen that are worth anything will be found to belong in practice to those who first make a practical use of them (Conwey, 1912).

It is interesting to note that a similar situation seems to be valid today. This shows that in order to avoid an uncontrolled exploitation of the resources in the area, the most important thing is to have a well functioning regime that ensures a sustainable and environmental friendly exploitation of the natural resources – both fish and petroleum. Precisely how this objective is best achieved, however, must be up to the politicians to decide.

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