

Petrodevelopment 2030

Peter Arbo, May 2011

1. Project / publication	Arbo, P., Didyk, V., Hersoug, B., Nilssen, I.B., Nygaard, V., Riabova, L., Sand, J.Y. and Østbye, S. (2007): <i>Petrodevelopment 2030: Socio-economic consequences of an extensive oil and gas development in the Barents Sea</i> . Tromsø: University of Tromsø, 103 pages. http://www.ub.uit.no/munin/bitstream/handle/10037/1242/report.pdf?sequence=1
2. Initiator	The oil company StatoilHydro.
3. Objective	The objective is to analyze and discuss the socio-economic consequences of an extensive petroleum development in the Barents Sea. The work is performed as part of StatoilHydro's preparation of a strategic action plan for future oil and gas development in the Arctic.
4. Geographical focus	There is a regional focus on Finnmark and Murmansk Oblast, however, a broader picture of development is drawn.
5. Time horizon	2030
6. Thematic focus	The regional effects of oil and gas developments in a broad sense.
7. Images of the future	Three scenarios are outlined: <ol style="list-style-type: none"> 1. The frontier: there will be large regional ripple effects on both the Norwegian and Russian side of the border. 2. The marginalized region: regional effects will be small. 3. The shifting balance: activities mainly take place on the Kola Peninsula, while little happens on the Norwegian side. <p>All scenarios are built upon the idea that regional effects will be determined by characteristics of the petroleum industry in the region, the character of the construction projects, regional characteristics, and the general framework conditions for petroleum development.</p>
8. Key driving forces	The report assumes that there will be a race for petroleum resources in the Barents Sea as well as relatively high oil prices, melting ice and new technologies that enable oil and gas development far out at sea. Oil companies and their main suppliers play important roles, together with national authorities, regional stakeholders, NGOs and international regulatory bodies.
9. Uncertainties / wildcards	A set of variable conditions and how relevant actors exploit them, make the scenarios different from each other. Important factors on the international level are the following: peaceful cooperation according to international law versus increasing tension and conflict; close oil and gas cooperation between Norway and Russia versus distance and rivalry. On the national level in the two countries, the following factors are discussed: rule of law and democracy versus arbitrariness and corruption; local influence versus centralized control; open versus isolationist policy towards foreign oil companies; prioritization of growth versus the environment; societal and regional considerations from the oil companies versus no such considerations. On the regional level the following is emphasized: the level of public-private partnerships; the ability to take commercial initiatives and to create clusters; the degree of a common strategy for regional development; and possibilities to

	influence central authorities.
10. Accomplishment and collaboration	The project was carried out by a group of researchers from the University of Tromsø, Norut Alta, and the Kola Science Centre. A reference group consisted of employees from StatoilHydro, IRIS, as well as participants in three other parallel projects (Akvaplan-Niva, FNI, and the International Reindeer Centre in Kautokeino.)
11. Method	The report is based on a large amount of statistical material. The scenarios are however designed as narratives, based on decisive key factors.
12. Sources of information	Accessible Norwegian and Russian statistics.
13. Strengths	<p>The strength of the report is the extensive documentation of development trends and descriptions of settlement patterns, employment patterns, industrial structures, education and skills, physical infrastructure, political-administrative organization, living conditions, and the conditions for the Sami people both in Finnmark and Murmansk Oblast.</p> <p>The report also has a clear analytical model and is based on well-defined conditions and limitations. The scenarios can be characterized as coherent narratives, which describe the state of the future as well as the factors that contributed in generating this state. All three scenarios are rather consistent, probable, and clarifying.</p>
14. Weaknesses	StatoilHydro demanded a study that should build upon the very optimistic development trends outlined in a previous report by Barlindhaug (see <i>Petroleumsvirksomhet i Barentshavet</i>), which concentrated on Norwegian interests. This set clear limitations, even though the Barlindhaug report was also criticized in the study. Another weakness is that the scenarios are built up in a way that implies that external factors are the most decisive, i.e. the region is at the receiving end of external developments and events. The scenarios are based on a number of detailed changes in the environment, while the regional actors have relatively little influence on what happens. This provides few clues for action at the regional level but is probably a relevant approach in the case of a periphery region like this.
15. Attention and significance	The report was largely ignored. There are no indications that it has been used actively by Statoil. The company's contact person for the project left Statoil shortly after the project was finalized.
16. Relevance for the Fram Centre	The report contains some useful background information and reflections on scenario-building. It also indicates how a range of international factors will affect the development of petroleum activity in the Barents Sea.
17. Additional comments	This review must be seen in light of the fact that the author was the project leader of the study in question.