

Ringvirkningsprosjektet

Peter Arbo, May 2011

1. Project/publication	<p>Barlindhaug (2006): <i>Drøftinger av samfunnsutvikling og ringvirkninger av videre petroleumsutvikling i Nord-Norge</i> [A discussion of social development and ripple effects of further petroleum development in northern Norway]. Tromsø: Barlindhaug, 44 pages + three memos from meetings.</p> <p>http://www.aksjonsprogrammet.no/vedlegg/ringvirkn%20petro_nord.pdf</p>
2. Initiator	<p>The Barents Secretariat is mentioned as the delegating authority; however the Ministry of Local Government and Regional Development took the initiative to this project. On 24 March 2006, an article in the Norwegian newspaper <i>Aftenposten</i> was entitled: "Sponsoring a biased oil-report: Statoil and Hydro fund the state's assessment of spin-off effects in the north". It was uncovered that the Ministry of Local Government and Regional Development paid 400 000 NOK of the total project costs of 1.2 million NOK. Statoil and Hydro paid 100 000 NOK each, and the Oil Industry Association contributed with 500 000 NOK. This was considered to be an unfortunate sharing of costs. After the newspaper publicity the Ministry got cold feet and acknowledged that the financial collusion with the oil industry was unwise. The Ministry stated that the project would be finalized as planned, but that it would engage independent research institutions to conduct an expert analysis subsequently. As a result, Norut NIBR Finnmark, the University of Tromsø and Møre Research were commissioned to prepare a separate report (see Arbo, P., Eikeland, S. and Hervik, A. (2007): <i>Regional effects of the oil and gas industry: a summary of previous assessments. In Norwegian</i>, http://www.ffk.no/docs/130b36f7-5d33-4303-a146-87e64d984736.pdf)</p>
3. Objective	<p>The objective is to visualize potential developments as a result of increased petroleum activity in northern Norway, and to sketch the potential that such development can have on business, employment, and society based on conservative prognoses. The aim is to provide information about what needs to be in place in order to create the largest possible regional effects.</p>
4. Geographical delimitation	<p>Northern Norway, north-west Russia, and the Barents Sea.</p>
5. Time horizon	<p>Until about 2028.</p>
6. Thematic focus	<p>The focus is on regional effects resulting from increased petroleum activity in the north. This means that emphasis is placed on deliveries (supply industry), employment, wealth creation, access to capital, infrastructure and the development of attractive working and living environments.</p>
7. Images of the future	<p>The report outlines two images of the future. One is based on the construction of the Snøhvit field and looks at what a similar proportion of the northern Norwegian deliveries may mean for future deliveries, employment and social impacts. The commercial spin-off effects are believed to come in the form of increased competence in large parts of the industry and in knowledge institutions, and in the form of improved societal infrastructure and increased employment.</p> <p>The other future image is a commuter model, which primarily emphasizes a commuting labor force. The only thing that is mentioned here is that regional spin-off effects will be small. It is based on the following development projects: Snøhvit LNG phase 2, Snøhvit LNG phase 3, Goliat onshore facilities, a gas</p>

	processing plant in eastern Finnmark and processing facilities for oil and gas at Vesterålen.
8. Key driving forces	Oil and gas development is the main driving force. Furthermore, the relation between the public and private sector is central in the analysis. The underlying story is that the future will be shaped by what oil companies do as well as the Norwegian authorities at various levels, the Russian authorities, the northern Norwegian companies and the region's centers of excellence. This is however not discussed explicitly.
9. Uncertainties/wildcards	Development is dependent on successful commercial discoveries; these are long-term signals for what can be expected of petroleum activity in the north. Development is furthermore dependent on a long-term and predictable framework for the Norwegian industry. With regard to future developments, uncertainty is largest for Vesterålen (opening of the area) and eastern Finnmark (commercial discoveries). Furthermore, a possible agreement between Norway and Russia on the maritime boundary will influence developments. In addition, there is uncertainty related to the activities on the Russian side.
10. Accomplishment and collaboration	The assessment was carried out by Barlindhaug, with assistance from Bedrifskompetanse and Rana Utvikling on certain topics. The Barents Secretariat was coordinator of a reference group led by the Ministry of Local Government and Regional Development and with members of several municipalities, counties and government agencies, the Norwegian Coastal Administration, Innovation Norway, the Sami Parliament, the Norwegian Confederation of Trade Unions, the Confederation of Norwegian Enterprise, Hydro, Statoil, the Petroleum Directorate and the World Wildlife Fund (WWF). WWF withdrew from the reference group a month after the article in the newspaper Aftenposten.
11. Method	The study is set up as a socio-economic effect analysis, which studies both direct and indirect effects in the region.
12. Sources of information	Reference projects used for this study were Snøhvit, Ormen Lange, Norne, and partly the Kårstø-construction. In addition, statistics from Statistics Norway were used as well as data from the process evaluation of Snøhvit carried out by Norut NIBR Finnmark.
13. Strengths	In comparison with the report presented one year earlier by Barlindhaug, this report is more thorough and formulates problems in terms of the effects that the region can achieve. The emphasis is on what is needed to achieve effects. Keywords include existing business environments and their expertise and capacity, development concepts, requirements for environmental impact assessments, contract strategies, regional arrangements for economic development, infrastructure and communications, new establishments from outside, and local qualities. The report assumes fewer development projects than the Perspective Report does. The report is also clear on onshore solutions: "Regional and local effects of petroleum developments are larger and more visible when onshore solutions are chosen, than in areas where offshore solutions are chosen" (p. 42). Moreover, it is pointed out that if the region is not prepared for regional effects, it will become an arena where labor and resources are commuted in and out, which in isolation may be the most commercially profitable solution.
14. Weaknesses	The report is unstructured and rambling. It contains little about many different things. The work is marked by its many different authors. The presentation of the management plan for the Barents Sea-Lofoten area on 31 March 2006 and the trouble around the project seem to have led to a hasty conclusion. The two future images are not elaborated, and attempts to quantify the effects consist only of a few figures, as in the previous Barlindhaug report. These refer only to

	the Snøhvit model. Shtokman is expected to be forthcoming.
15. Attention and significance	The project received some press attention, which was partly of a negative character. Bellona demanded investigations and said that this was a case that Transparency Norway should look at. Bellona argued that this was a serious example of collusion between policy makers and private actors, who had an interest in portraying the case positively. This weakened confidence in the report.
16. Relevance for the Fram Centre	<p>The study is of little relevance to the Fram Centre. The concluding recommendations however can be relevant for northern Norwegian business strategies:</p> <ul style="list-style-type: none"> • Commercial deposits of oil and gas should generally be brought ashore for further processing • Impact assessment tools are developed and improved to take a broader social perspective • North Norwegian strategies should be developed that highlight industrial cluster thinking and development • Competitive business and growth strategies should be developed for regions that are not directly affected by petroleum development • Contract strategies should be developed that are designed to contribute positively to the strengthening of the north Norwegian companies' competitiveness and ability to supply • A Barents Strategy should be developed with emphasis on Shtokman, where the northern Norwegian side focuses on infrastructure that can support developments in Russia.