

Varsel om vekst

Peter Arbo, September 2011

1. Project / publication	<p>Hernes, G., Hippe, J.M., Bråthen, M. and Svalund, J. (2007), <i>Varsel om vekst: Fremtidsbilder av olje- og gassvirksomhet i Nord-Norge</i> [Announcements of growth: Future images of oil and gas activity in northern Norway]. Oslo: Fafo, 94 pages</p> <p>http://www.fafo.no/pub/rapp/20036/20036.pdf</p>
2. Initiator	<p>KonKraft, an alliance between the Norwegian Oil Industry Association, the Federation of Norwegian Industries, Norwegian Shipowners' Association and the Norwegian Confederation of Trade Unions, commissioned this project.</p>
3. Objective	<p>The stated aim from KonKraft was to achieve an information base about the economic and social effects of petroleum activity in the three northernmost counties in Norway. That is, they wanted to show the benefits that would accrue to the region by stepping up the oil and gas activity. The authors' aim was to shed light on the realism of the idea that "Norway will be turned upside down" in the next 20-30 years as a result of petroleum activity in the north - a depiction that is much discussed. The authors wanted, in other words, to take a critical look at the view that has been spread by Econ and the Confederation of Norwegian Enterprise.</p>
4. Geographical focus	<p>The main focus is on northern Norway, but the developments on the Russian side of the border are also included.</p>
5. Time horizon	<p>The time horizon is 2025; simultaneously the development in the north is seen in retrospect from the 1960s onwards. Historical parallels are drawn to the development of the hydropower industry and the hydropower municipalities' meeting with external development interests.</p>
6. Thematic focus	<p>The study directs attention to the changes in industrial structure, patterns of employment, settlement structure, and social conditions in northern Norway.</p>
7. Images of the future	<p>In the report, a scenario is defined as a consistent image of a possible future in order to improve today's basis for action. Thus, it is an interpretation for intervention. There are opportunities and decisions that must be taken now in order to realize possible futures, or to avoid them. It is also argued that a scenario can be used to gather and sort information and sharpen views and arguments. The main elements included are facts, trends, projections and risk analysis.</p> <p>Four alternative scenarios are sketched. They are all based on the same expected estimate of future petroleum resources. The report here refers to a sub-report prepared by Steven Sawhill and Willy Østreng at Ocean Futures as well as to the prognoses of the Petroleum Directorate. An assessment of effects is carried out on three levels (northern Norway, Norway in general, and the Barents area), and for five so-called growth-regions in northern Norway: a) Sandnessjøen, Brønnøysund, Mo i Rana, Mosjøen and Bodø, b) the Harstad-region, c) Tromsø, d) the Hammerfest region and Alta, e) Kirkenes. The four scenarios are the following:</p> <ol style="list-style-type: none">1. <i>Boom and bust</i>: Field constructions take place by "flying in, flying out" and provide very few effects in the region apart from some construction of infrastructure. Local businesses only have a minor stake as suppliers. There are some small growth impulses in Sandnessjøen, Hammerfest/Alta, and Kirkenes.

	<p>2. <i>Enclave</i>: In this scenario, some specialized functions related to petroleum activity are developed in the north, however, the multiplier effect on other economic activities in the region is small and concentrated in a few areas: Helgeland, Vesterålen, Hammerfest/Alta.</p> <p>3. <i>Centre 2</i>: Petroleum activity in the north requires a new specialization on Arctic exploitation. A multi-faceted petroleum environment is constructed which takes over Stavanger's current position. There is a strong growth in Bodø, Tromsø and Hammerfest/Alta. Tromsø becomes the petroleum capital in the north.</p> <p>4. <i>World stars</i>: Northern Norway becomes an international hub for an extensive petroleum industry that includes all of the Barents Sea and Russia. A number of companies serve Russia from bases in Norway. The upgrading of the business community goes hand in hand with a comprehensive commitment to higher education and research. Sandnessjøen, Brønnøysund, Bodø and Lofoten/Vesterålen experience significant spin-off effects. Tromsø, which hosted the Winter Olympic Games in 2018, has become an internationally famous city, while Kirkenes has gradually achieved larger significance.</p>
8. Key driving forces	Differences between the scenarios are the political and business decisions that are taken locally and nationally. The greater the ambitions, the greater the consequences.
9. Uncertainties / wildcards	A "shock to the system" will be able to have large effect on what actually happens. Examples of such exogenous shocks can be a significant drop in oil prices, which makes increasing petroleum operations unprofitable. Another exogenous shock could be an environmental disaster in the Barents Sea, which triggers strong reactions and an international halt to petroleum activity. Towards the end, the report discusses resources and oil prices as uncertainties; with reference to the Norwegian Petroleum Directorate's own scenarios.
10. Accomplishment and collaboration	The study is expert-based and conducted by Fafo. For this study, a number of interviews were carried out with a range of national and local informants from oil companies, the oil service industry, business organizations, and central and local authorities.
11. Method	This is primarily a qualitative study. Nevertheless, it uses publicly available statistics; inter alia statistics about demographic trends from Statistics Norway. The most important spin-off effects in 2025 are summarized in tables. Figures for population and demographic changes are used, while the development on several other indicators are highlighted by symbols ranging from +++ via 0 to ---.
12. Sources of information	The study is based on government statistics, interviews, previous research and background analyses. Those background analyses include development trends in Norwegian oil policy and experiences related to previous development projects. Furthermore, they include a list of established oil and gas activities in northern Norway, a review of indicators on employment, industrial structure and social conditions in the three northernmost counties as well as an identification of potential growth areas. Finally, the background analyses consist of a summary of interviews and an assessment of the resource situation in the north. This material is collected in the background report "Requirements for oil and gas industry in northern Norway", see http://www.fafo.no/pub/rapp/10039/10039.pdf
13. Strengths	The study is well structured and well written. Emphasis is placed on the fact that "Resources count, but politics decides". After the scenarios are presented, a more critical discussion follows that looks into the challenging of achieving regional ripple effects of oil and gas development and the experiences thus far. The report points out that the attempts at mobilizing regional enthusiasm and support for oil

	<p>and gas development in northern Norway probably have created expectations that never can be met by means of petroleum spin-effects alone, and that the local actors are too disunited to turn developments in the direction they want.</p> <p>The study concludes with an epilogue which is a script for small players in asymmetric power games, containing eight policy rules. The rules read as follows:</p> <ol style="list-style-type: none"> 1. Acknowledge the power asymmetry 2. Get up early in the morning 3. A bird in the hand 4. Boundaries can curb 5. Play in teams 6. Bad investments are not good infrastructure 7. Real advantages? 8. A development is not only one development <p>The sharp formulations of Gudmund Hernes provide an extra edge and pedagogic quality to the report.</p>
14. Weaknesses	<p>The study is necessarily quite speculative when it tries to say something about what might happen in specific regions. Path dependency in the Norwegian petroleum industry is only mentioned and discussed at the end of the report.</p>
15. Attention and significance	<p>The study received quite some attention, especially from opponents of increased petroleum activity in the north. The study was presented at the Arctic Frontiers conference in 2008.</p> <p>Despite the attention, the conclusions were not in line with what KonKraft had wished for, and therefore Fafo got little help with spreading the main message of the report.</p>
16. Relevance for the Fram Centre	<p>Methodologically, the study is useful and relevant. It is carried out systematically. It is also thorough in its analysis of conditions and development trends, even though the focus is limited to the petroleum industry and northern Norway.</p>