

# Norway: Labour Party moves to strengthen global drive of country's energy sector

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Norway's ruling Labour Party has reaffirmed the country's orientation to the European Union (EU) and agreed to the partial privatisation of the state-owned oil company Statoil. The 300 delegates took the decision at the party conference held November 9-12.

Disputes over whether Norway should join the EU underlay the removal of the previous coalition government in March, led by Christian Democrat Kjell Bondevik. Under Jens Stoltenberg, Labour came to power through manoeuvres in the *Storting* (Norwegian parliament) with the support of both the Conservatives and the extreme right Progress Party.

Labour's conference decisions reflect the urgency with which the oil and energy-related interests that dominate the Norwegian economy are seeking to refashion leading national corporations and institutions as European and global players.

The largest of these is Statoil, which developed in the tightly state-controlled environment of 1970s and 1980s to exploit the Norwegian areas of the North Sea. At the time, the North Sea fields were among the most lucrative in the world. Norwegian governments were able to dictate the terms of exploration to the oil companies, and create a large oil-based industry.

Through such national champions as Statoil, State Direct Financial Involvement (SDØE)—which controls oil licensing and owns 40 percent of the present oil and gas fields—and oil and gas exporter Norsk Hydro, a proportion of the vast wealth extracted from the North Sea was channelled into Norwegian government coffers. In part, this benefited the working class in the form of social concessions.

Over the past two decades, however, the world oil industry has developed in a manner that has left the Norwegian industry isolated. Firstly, the trend towards global consolidation, greatly accelerated by the 1998 slump in oil prices, has created a small number of giant

oil companies—Exxon/Mobile, BP/Amoco, Shell, Texaco, Chevron and Total-Fina—which monopolise much of the world's oil resources.

Against them, Statoil is too small, insufficiently profitable, and devoid of international partners. Employing 18,000 workers, it controls only five billion barrels of extractable oil, and returned \$2.82 billion profit in the nine months to September 2000. Were Statoil and the SDØE's holdings to be combined, however, the joint group's wealth would rival the world's largest oil companies.

At the same time, Norway's North Sea oil fields are either reaching exhaustion or are situated in geological terrain necessitating comparatively expensive extraction. The cold and deep waters of the Norwegian Sea and the Barents Sea—the location of the recent *Kursk* submarine tragedy—are extremely hostile environments in comparison with fields in the former Soviet Union, Africa and South America now becoming available.

Nor are the governing cliques around the Caspian Sea and Angolan fields, in which Statoil is developing its interests, able or willing to extract the sort of tax revenues once cornered by the Norwegian state. The Norwegian ruling class is focussing on how to best to shape Statoil, SDØE and Norsk Hydro to meet up to the global competition. Labour has put itself forward to lead this change; the November conference voted overwhelmingly for the government to sell off one-third of Statoil shares and to allow Statoil to buy 40 percent of the SDØE's holdings.

Labour is also overseeing the privatisation of Telecommunications Company Telenor and the Olvin minerals company, but has backed away from a railway sell-off.

The conference also agreed to delay a new application to join the EU until 2005 at the earliest. The decision was a partial setback for the Labour leadership, who wanted

an early application, but two referendum's in Norway—in 1972 and 1994—rejected EU membership and public opposition remains strong.

Ex-Labour leader Thorbjørn Jagland told the conference that both eastern European and West European nations long opposed to joining, like Switzerland and Iceland, were reconsidering their stance. “If Iceland is thinking about it, we must dare to do so,” he said.

Energy is a prime consideration in Norway's possible EU membership. Under the European Gas Directives, ongoing liberalisation of the EU's natural gas resources, estimated to be worth around \$250 billion annually, promises a lucrative market to those companies able to provide continent-wide gas delivery schemes. European energy policy is aimed at allowing access to the previously nationally isolated gas and electricity energy supply grids for all the big energy players—granting huge profits at the expense of tens of thousands of energy workers' jobs across the continent.

Norway retains very significant gas reserves—around 40 percent of the European total. It currently exports large quantities, principally to Germany, France, Netherlands and Belgium—around 9 percent of total European consumption. Under existing contracts this is set to increase to around 17 percent by 2005.

But the Russian giant Gazprom, Gaz de France, Germany's Ruhrgas, and ENI from Italy are contesting the market along with the large British operators and Algeria's Sonatrach. For the Norwegian suppliers, political influence over the direction of EU energy policy and the pace and orientation of infrastructure integration is crucial.

*See also:*

Progress Party overtakes Labour in Norwegian opinion polls

[6 September 2000]

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[15 March 2000]



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