

Russia and Norway in the High North

Petroleum, Security and the Room of Manoeuvre

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Preface

This thesis is inspired by an essay I wrote on petroleum cooperation between Norway and Russia with connection to a course on international energy policy, in the fall of 2008, at the University of Oslo. Writing this thesis has been a tough challenge and a great learning experience.

I would like to thank my two supervisors, Anders Kjølberg and Kristian Åtland for their time and their helpful advice. They gave me the encouragement and motivation to complete this work.

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Table of Contents

- 1 Introduction..... 1**
 - 1.1 *Background* 1
 - 1.2 *Research Question* 7
 - 1.3 *Operationalization of the Concepts* 7
 - 1.3.1 “Room of Manoeuvre” 8
 - 1.3.2 The High North 8
 - 1.3.3 Russia and Norway 10
 - 1.4 *Outline of the Thesis* 12
- 2 Method..... 13**
 - 2.1 *Data*..... 14
 - 2.2 *Validity* 15
 - 2.3 *Reliability*..... 17
- 3 Theoretical Framework 19**
 - 3.1 *Applying Theory* 19
 - 3.2 *Neorealism*..... 20
 - 3.3 *Neoliberal Institutionalism*..... 23
- 4 Empirical Background 25**
 - 4.1 *Oil and Gas Cooperation* 25
 - 4.2 *The Security Situation in the High North*..... 31
 - 4.3 *Differences in Interests and Values*..... 34
- 5 Russia 35**
 - 5.1 *Russia in the High North – a Historical Perspective* 35
 - 5.2 *Russian Interests in the High North* 35
 - 5.3 *Room of Manoeuvre in the field of Security Policy* 38
 - 5.4 *The Link Between Russian Aspirations and Russian Resources*..... 42
 - 5.5 *Summary of Russia’s Room of Manoeuvre* 45
- 6 Norway 47**
 - 6.1 *Norway in the High North – a Historical Perspective*..... 47
 - 6.2 *Norwegian Interests in the High North*..... 48
 - 6.3 *Norway’s Room of Manoeuvre vis-à-vis Russia* 51
 - 6.4 *Summary of Norway’s Room of Manoeuvre*..... 56
- 7 Theoretical Perspectives on Cooperation and Room of Manoeuvre 57**
 - 7.1 *The Perspective of Neorealism*..... 57
 - 7.2 *The Perspective of Neoliberal Institutionalism* 64
- 8 Concluding Remarks 71**
- Bibliography..... 75**

1 Introduction

This thesis will analyze the relationship between Norway and Russia in the High North, in relation to security policy and oil and gas cooperation. More precisely it will seek to examine whether, and how, potential oil and gas cooperation will affect the room of manoeuvre in the field of security politics for Norway and Russia.

1.1 Background

Norway and Russia share a common border in the High North. Despite the fact that the two countries are neighbours, they do not share many other similarities. Norway and Russia differ greatly in terms of language, history, culture, religion, economy and the political system. Another important variable is size, as Russia is much larger than Norway. Moreover, this concerns the political dimension as well. Whereas Norway is a medium-sized Western state, Russia is a Eurasian great power and a former Cold War super power. This lays the ground for differences in their foreign policy approach.

Even though the two countries are very different from one another, traditionally they have had a peaceful relationship with each other, and it was not until the Cold War that the two countries began to perceive each other as enemies. Even then, this was due to the strained relationship between the free West and the communist East, rather than the bilateral relationship between Norway and Russia (Kjølborg 1997: 347). Today the situation seems quite different compared to the days of the Cold War, with less tension between the West and the East. This makes it possible for the countries to interact more freely and peacefully with one another, though Russia and Norway managed to interact peacefully on a number of issue areas even during the Cold War, when the relationship between the West and the East was at its most tense.

In 1977 Norway and the Soviet Union began drawing the borders of their exclusive economic zones. The borders marked the countries' sovereign rights over the natural resources within 200 nautical miles from their coastlines. Problems occurred when Russia and Norway could not agree on where and how to draw these borders, which would separate their economic zones and continental shelves (Hønneland and Jensen 2008: 10). Norway claimed the border should be drawn based on the equidistance principle, while the Soviet Union advocated the use of the sector principle. The negotiations have still not reached an end, and the result is a disputed area located between the equidistance line and the sector line. The continental shelf in the disputed area is likely to contain large measures of petroleum resources (Åtland 2003: 27).

The fish resources of the Barents Sea represents an important part of both Russia's and Norway's economic interests. To ensure that the existence of the disputed area did not lead to disagreements concerning fishing and the fish stock, the countries reached a compromise concerning fishing in the disputed area. Russia and Norway made a bilateral agreement in 1979, called the Grey Zone Agreement, which gives fishing vessels from both countries access to the area. The Grey Zone includes an area of 67,500 square kilometres, whereof 41,500 square kilometres lie in the disputed area. Thereby the Grey Zone encompasses both the disputed part of the Barents Sea, but also areas that are undisputedly Russian and Norwegian. This agreement has been renewed several times since 1979 and the borders have still not been finally settled (Young 1994: 59, Elfernik 2001: 186, Åtland 2003: 28). Though the disagreement has not yet been resolved, the compromise shows willingness for cooperation between the two countries. It also shows that compromise and cooperation was possible at a time where peaceful, political interaction between the West and the East was seen as nearly impossible. An interesting fact is that 23,000 square kilometres of the Grey Zone are located on the undisputed side of the Norwegian economic zone, whereas only 3000 square kilometres are located on the Russian undisputed side (Åtland 2003: 28). This illustrates the asymmetrical relationship between Russia and Norway, and illustrates how Norway often finds itself in a position where it has to give in to Russia's demands

in order to reach an agreement. The Grey Zone agreement may therefore be seen as beneficial to Russia, as it protects Russian economic rights to a greater extent than it does Norwegian. Russia thus prefers the delimitation issue to remain unsolved, as opposed to entering into new negotiations and possibly having to modify its demands (Blakkisrud 2008: 8). Therefore, Russia's willingness for cooperation and compromise must be seen with connection to the fact that Russia is the strongest party and not necessarily the one gaining the most by cooperation. As this thesis will show, a cooperation based on terms that are dictated by power, will be beneficial to Russia. However, cooperation based on institutional rules and laws will most likely be advantageous to Norway.

In 1987 Mikhail Gorbachev gave his famous Murmansk speech, advocating cooperation and stability in the northern areas of Russia and the Nordic countries. Five years later, in 1992, the Norwegian foreign minister Thorvald Stoltenberg proposed the establishment of a Barents Region. This idea was primarily inspired by the Baltic Sea Council that had been created earlier in 1992, a few months prior to the Barents Region. The Baltic Sea Council was aimed at promoting cooperation between the people of the region (Kjøllberg 2009a). The foreign minister of Russia, Andrej Kozyrev, also supported the proposal, and consequently Stoltenberg's initiative resulted in the establishment of the Euro-Arctic Barents Region in 1993. The purpose of establishing the Barents Region was to secure stability in the northern regions (Hønneland and Jensen 2008: 11).

The agreement is based on three principles. First of all, the Barents Region is meant to have a *normalizing* effect on the region. It is supposed to wipe out the old differences between the West and the East, and make Russia a "normal" neighbouring country for the Nordic nations. Secondly, the Barents cooperation is meant to *stabilize* the region. This was to be achieved by lowering the military tension level that had dominated the northern regions during the Cold War. The last of the three principles is the one of

regionalization. The northern regions wanted a stronger feeling of identity and more regional power of influence towards the central governments and the EU as a whole. These three principles were to be fulfilled through regional cooperation concerning the fields of economy, trade, science, technology, tourism, education, culture and the building of infrastructure (Hønneland and Jensen 2008: 11-13). The Barents agreement does not, however, say anything about cooperation in the security field, even though Russia initially wanted it to be included (Kjølberg 2009b). Just like the Grey Zone Agreement, the Barents Region still exists today. The seven members of the Barents Council¹, which is the Barents Region's highest organ, still meet annually to discuss how to develop further cooperation. In addition there are nine observing countries involved, among others the United States (Hønneland and Jensen 2008: 11-13.).

The examples of the disputed area, the Grey Zone Agreement and the Barents Region have been presented in order to show that cooperation between Norway and Russia in the north has a long history. The Grey Zone Agreement was reached during the Soviet Union era, and has managed to endure through a turbulent Cold War period and through the fall of the Soviet. This study, however, aims to explore the prospects for cooperation between Norway and Russia within the increasingly important field of oil and gas, in relation to security policy.

The two non-OPEC countries, Norway and Russia, are two of the world's leading countries concerning the production and export of petroleum resources. During the communist regime, the petroleum production of the Soviet Union was mostly consumed domestically. However, since 1992, Russia has increasingly been exporting its petroleum outside the borders of the former Soviet Union. In the long term, Russia is among the most promising non-OPEC areas for making new petroleum discoveries (Claes 2001: 283).

¹ The seven members are Norway, Finland, Iceland, Sweden, Denmark, Russia and the EU Commission (Hønneland and Jensen 2008: 12).

During the last few decades political issues regarding energy consumption and production have been increasingly stressed in the field of foreign policy. This is the case both for energy exporting and energy importing countries. This is due to the fact that the overall demand for energy worldwide has grown. At the same time there have been very few findings of new petroleum sources. The Barents Sea, however, has proven to possess great potential when it comes to developing more petroleum. As a result, there are a lot of expectations connected to the High North as a new and prosperous area for petroleum extraction. This is due not only to the fact that great amounts of oil and gas that are expected to be found there, but also because energy deliveries from the High North might become a good alternative to deliveries from the volatile and politically unstable Middle East (Rottem et al. 2008: 12).

The situation in the High North today is not as tense as it was during the Cold War and the area has gained a different political and security profile in the post Cold War years. Today, the High North has the status of a *geopolitically* important area (Rowe 2009: 1). "Geopolitics" is a term used to describe the effect that geographical factors have on politics, or if you will, the interplay between geography, interests and power. Geopolitics has also evolved around the relationship between sea and land where the best and quickest way to get from one place to another used to be by sea. It was therefore important to have access to the ocean and be able to travel safely. Therefore, whoever controlled the ocean routes also possessed political power (Lodgaard 2005: 31).

Today's technology has come a lot further, much due to energy that has provided us with everything from heat and electricity, to enabling us to travel quicker and has given us more effective weapons and vehicles to use in warfare. This has led to a situation where much of the power lies with those who control the sources of energy.

With the scarcity of petroleum getting bigger, countries seek to find ways of gaining access to oil and gas, either through import or production. Energy supply and energy security dominate the geopolitics of our time. As the High North has petroleum and the potential of providing the world with new energy sources, the area has gained status as geopolitically important (Lodgaard 2005: 31-32). In addition to the petroleum resources, the High North's geopolitical importance further increases with the areas unresolved sovereignty issues (Johnsen 2006: 9).

The field of energy policy is a complex one, bringing implications to other policy issues. Energy policy is an important area of "high politics", as it encompasses issues of economic growth and national security (Keohane 1978: 932). Petroleum is connected to the concept of security through the fact that there is a growing demand for energy supply and for new sources of energy. The increase in this demand escalated after the Second World War. This growth has led to an increase in the price level of petroleum and has made petroleum resources an attractive and vital asset to its owners (Claes 2001: 56-57). Due to the high demand for petroleum, the countries possessing such resources build their economy, and thereby their survival, on exporting the much needed good. Moreover, having large amounts of power increases the security of a country. This power may be physical, such as being in the possession of oil and gas reserves, or it may be financial, technological or political. A state's petroleum resources thereby become a part of the country's survival. Survival is ultimately the main goal of any sovereign state (Claes 2001: 99-100). Kenneth Waltz points out that cooperation between states is not favourable, due to the danger of closeness. He writes that the more linked two countries are in their affairs, the larger is the chance of conflict (Waltz 1970: 152). Thereby, according to neorealist view, petroleum cooperation between Russia and Norway may easily result in conflicts. Adding the variable of a scarce good as petroleum into cooperation, the risks of cooperation might increase.

Moreover, petroleum can easily be used as a political tool, to either punish or reward others, both with regard to price and amount. An example of how Russia has used gas to punish countries is evident in the case of Ukraine. Though Russia has operated with market prices when exporting to many European countries, the gas prices demanded from Ukraine have always been politically motivated. In 2005 Russia suggested tripling the gas prices, before shutting off the Ukraine gas supplies on January 1st, 2006, as a way of punishing the Ukrainian President Victor Yushchenko for his pro-Western orientation (Helm 2007:23-24).

1.2 Research Question

The research question for this thesis is:

How can potential oil and gas cooperation between Norway and Russia affect the countries' room of manoeuvre in the field of security politics in the High North?

Before being able to examine this research question, it is necessary to operationalize certain concepts. When performing research, it may be difficult to connect a theoretical concept with the phenomena one wishes to study. In order to have a clear idea of how to measure and examine theoretical concepts empirically, it is necessary to give the theoretical terms operational definitions. Operational definitions make the research more accurate by narrowing or broadening a given theoretical concept to fit the research (Hellevik 2002: 50-51).

1.3 Operationalization of the Concepts

The central concepts in need of a thorough definition relevant to the research presented here are “room of manoeuvre in the field of security policy” and “the High North”. It is also necessary to specify who and what represents Russia and Norway in this study. The definition given for “room of manoeuvre” will in the first place be a general one.

Later in the thesis we will return to what this concept means for the two countries in particular.

1.3.1 “Room of Manoeuvre”

The political room of manoeuvre a country has regarding security policy, or foreign policy issues, depends on two factors. These factors are the costs and the benefits of a given country’s available political actions. The more alternative actions involve high benefits and small costs, the wider the room of manoeuvre and vice versa. It is important to remember that these costs and benefits must be seen in connection to the countries’ internal political systems and their public opinions. Also, the room of manoeuvre must be seen in connection to other countries and actors on the international political arena. A way for a country to increase its room of manoeuvre is to make its political ambitions more attractive to other countries. By having similar political goals as other states, one may gather support for one’s agenda and thereby increase the political room of manoeuvre. Furthermore, the room of manoeuvre can be affected by the dependency relationship between countries. Additionally, a country’s resources can shape its room of manoeuvre, these resources being either material or ideological. A country’s room of manoeuvre is a variable, hence under constant change. In other words, the term “room of manoeuvre” is a relative one. This means that a country’s political room of manoeuvre varies in relation to time, policy area and even geographical area (Knutsen et al. 2000: 38-39).

1.3.2 The High North

When trying to define the High North, one cannot avoid running into ambiguities concerning what exactly separates the label of the High North from the labels of the Far North, the Eurasian Arctic, the Barents Region or the North Calotte, to mention a few. Defining the High North from a Norwegian point of view also causes some conceptual problems, as Norway’s definition differs from that of the EU. Moreover

internally in Norway there has also been disagreement on the issue, which has led to changes in the definition over time. In the early 1990's it was common to use the term "the Barents Region" about what is today known as "the High North". "The Barents Region" was used as a political rather than geographical term, reflecting the regional cooperation between the northern parts of the Nordic countries and the northern parts of Russia. During the mid 1990's, "the Northern Areas" largely replaced the term "the Barents Region". "The Northern Areas" is a term that is still used in Norway when discussing the Norwegian northern politics and it tends to include the northern parts of Norway and the nearby land and sea areas. In 2003, however, Norway defined the Northern Areas as the entire circumpolar Arctic. This was in order to bring about a more internationalist view of the Northern Areas. Two years later, the second Bondevik government introduced the concept of the High North. When translating official Norwegian documents into English, the Norwegian term "nordområdene" is now translated into "the High North" (Sawhill 2008).

As "the High North" has become the appropriate term to use when talking about Norwegian politics up north, this will be the term used in this research project. However, the definition of the High North will not encompass the entire circumpolar Arctic. For the sake of this thesis, the High North will refer to a far smaller geographical area. Here, the term "High North" will be used as a reference to the northern parts of Norway and the Norwegian Sea, stretching across the Russian border to include the Russian part of the Barents Sea. More specifically, these are the parts where a potential oil and gas cooperation between the two countries may be likely to occur in the future. In order to narrow down the research, the definition of the High North will be limited to the area where one may expect Norwegian-Russian petroleum cooperation to take place, thereby leaving out the rest of the Arctic. The map below may give a clearer idea of the area in question.



Figure 1.1 Map Illustrating the Northern Part of Europe²

1.3.3 Russia and Norway

Since the 1970s the world has experienced an increased politicization of petroleum. The private petroleum firms have been outnumbered by states wanting to be in control over their own natural resources. Owning the petroleum companies gave the countries an opportunity to collect larger profits (Claes 2001: 2, Noreng 2007: 100). Consequently the interaction between petroleum producers has become synonymous to interaction

² Reference: http://33-minutes.com/wp-content/uploads/2008/08/barents_sea_map.jpg

between states. This is not to say, though, that the petroleum producing states always act unitary when it comes to energy policy (Claes 2001: 2).

The company of Gazprom is partially owned by the Russian government and partially privatized. Gazprom has often been called “a state within the state” and has close, even direct, links to the Russian government and the Russian President (Stern 2005: 172-173). As a part of Putin’s desire to strengthen the state and provide the state with the leading role in the management of important sectors such as the energy sector, private oil companies were dismantled. Two large state owned companies remain central in the energy business, namely Rosneft and Gazprom (Moe 2009: 108-109). Gazprom is the largest company in the world and controls 90 per cent of Russian gas. Smaller companies are, in reality, not actual competitors on the market, as they need permission from Gazprom to enter Gazprom’s gas pipes. The Russian gas sector is connected to the central political power in such matter that Gazprom may be said to work as a Ministry of Gas (Larsson 2006: 30). The political centralization and the strengthening of the state has led Moscow to become the main advocate for both energy and security interests (Baev, not dated).

Resource nationalism is evident in Norway as well. The Norwegian government has also taken control over the state’s petroleum resources (Helm 2007: 8). The largest oil and gas company in Norway, Statoil, was partially privatized in 2001. Today, in 2009, the Norwegian state owns 67 per cent of the company, whereas the rest belongs to various stockholders (Statoil 2009).

As both the Russian and the Norwegian state operate as representatives of their countries’ petroleum companies and petroleum interests, this thesis will employ the terms “Russia” and “Norway”.

1.4 Outline of the Thesis

In order to answer the stated research question, this thesis will proceed on the following path. First, chapter 2 will lie out the methodological approach that will be used to answer the research question. This will be executed in order to give the reader an understanding of how the research has been conducted and how the conclusions presented in this study have been reached. The third chapter will specify the theoretical assumptions this thesis builds on. Similar to the chapter on methodology, the one on theory will also give a better understanding of how the research question is to be answered. Chapter four will give the reader the broad empirical background needed to gain a larger understanding of the field of research, before proceeding to chapter five and six for a detailed discussion of respectively the Russian and the Norwegian High North policy and room of manoeuvre. The seventh chapter will present an analysis of petroleum cooperation and room of manoeuvre of the two countries, based on the theoretical assumptions of neorealism and neoliberal institutionalism. More specifically it will use the two aforementioned theories to say something about how Russia and Norway's room of manoeuvre in the field of security policy can be affected by petroleum cooperation. Finally, the thesis will end with a conclusion based on its findings.

2 Method

This thesis will use the case study approach to analyze the relationship between Norway and Russia regarding security policy and oil- and gas cooperation in order to give a satisfactory answer to the research question.

When deciding which scientific approach to use for a given research topic, one should first examine the research question. By doing so, the research question may provide an important clue regarding what kind of method one should use. A research question should consist of both substance and form (Yin 2003: 7). The reason for choosing a case study approach in this thesis is that the goal here is to answer a “how “ question.

This research will be undertaken by using a theoretically explanatory case method. This type of case method is appropriate to use when the researcher seeks to view a phenomenon through the lenses of established theories. The most famous example of a theoretically explanatory case study is Graham Allison’s study of the Cuban Missile crisis. In this study, Allison explains the American president’s reaction to the crisis in three different ways, using three different theoretical approaches (Allison 1969). The purpose of the study was to show how a situation might be viewed in several different ways, depending on which theory is being used (Andersen 1997: 68-69). In the case of Russia and Norway, this thesis will use two highly established and acknowledged theories within the fields of political science and international relations. The theories in question are *neorealism* and *neoliberal institutionalism*. The two theories will be explained in chapter 3.

When doing a theoretically explanatory case study, it is important to maintain a clear connection between the theory that has been chosen and the empirical phenomena that are to be examined. Problems may occur if theory and reality are too loosely

connected. In such cases the main theoretical assumptions and concepts may be inappropriate in relation to the phenomena one is studying (Andersen 1997: 68-70). The chapter reviewing the theoretical base for the research will clarify why the two theories chosen are relevant for this study.

2.1 Data

This theoretically interpretive case study will be based on empirical observations. These will not be direct empirical observations made by the researcher, but rather base itself on previous research. The idea is to make conclusions based on previous findings, thereby conducting cumulative research (Hellevik 2002: 17).

The data used is mostly taken from secondary sources such as essays, articles and reports from acknowledged research institutes such as the Norwegian Atlantic Committee, the Fridtjof Nansen Institute, the Norwegian Defense Research Establishment (FFI) and Ocean Futures. The study has also used the information provided by European research centres. Additional data has been collected from various newspaper articles.

Concerning the data collection, a challenge has been to find reliable sources containing information on Russia's security policies, and on Russia's security policy towards Norway. This can to a certain extent be explained by the researcher's lack of sufficient knowledge of the Russian language. It may also be caused by, either the fact that such a policy area contains sensitive information that is confidential, or the fact that studies on relations between the two countries regarding this field of research is not a priority to Russia. However, some sources have been found, and the researcher has made an effort to draw relevant conclusions based on this material.

Supplementing the material from previous research that has been used here with other sources of data, such as data collected by direct observations of interviews with political actors, could strengthen the validity and reliability of the conclusions reached. Due to time limitations this was not possible to do, but the author has had helpful conversations and discussions with Norwegian experts on energy and security policy.

2.2 Validity

There are three different categories of validity one has to pay attention to when doing a case study. These three are constructed validity, internal validity and external validity (Yin 2003: 34). In order to connect these concepts of validity to the thesis, it is useful to first define their meaning. This will be done briefly before proceeding on to discussing validity in respect to this particular research.

Constructed validity is directly connected to the concepts being studied. In other words, the researcher must establish the correct operational measures for the subjects in question (Yin 2003: 34). In order to have a strong constructed validity, one must operationalize central concepts to the research question. This is carried out in order to give a clear idea of what is meant by the subject of study. With regard to the research question of this thesis there are four concepts in need of definition, “room of manoeuvre”, “High North”, and who and what constitutes the Russian and Norwegian state.

Internal validity is a concept used only in relation to explanatory or causal studies. In order to maintain a strong internal validity, it is necessary to establish a causal relationship between the variables being studied. One needs to be clear about how certain conditions may lead to specific outcomes. The danger of attempting to establish a causal relationship between two variables is that one may overlook the

influence of a third variable. Thereby one may wrongly conclude the existence of a relationship where x causes y, without considering the spurious relationship that a given factor z has on y. If one makes conclusions that overlook spurious influence, the internal validity of the research becomes weakened (Yin 2003: 34-35).

The research question of this thesis implies that a relationship may be established between manoeuvre room in security policy and petroleum cooperation. Is there reason to believe that such a causal relationship may exist? To answer this question it is necessary to further explore the employed variables further. This thesis operates with two variables, namely room of manoeuvre in the field of security policy, and petroleum cooperation. In this case, the former is the dependent variable, whereas the latter is the independent variable. The research question assumes, as mentioned earlier, that there exists a relationship between the room of manoeuvre and petroleum cooperation. When making this assumption, it is important to specify the reasons for claiming the existence of such a relationship. This will be carried out later on in this thesis.

The last of the three types of validity is external validity. External validity relates to the ability of generalizing the research results beyond the specific case being studied. Usually, case studies are often criticized for having weak external validity (Yin 2003: 37). Theoretically interpretive case studies, such as this one is, are somewhat more fitted for generalization than other types of case studies. When doing theoretically interpretive studies, the researcher uses general theories to analyze or explain a specific case. The researcher's observations of the case will be systematically connected to an established theory, thereby making it possible to draw general conclusions (Andersen 2005: 97).

This is a case study of the bilateral relationship between two neighbouring countries; Russia and Norway. Generalizations may be possible, as this study can be representative of cooperative relations between other neighbouring countries. However, it is hard to argue that the conclusions drawn here might be relevant when it comes to cooperation and security policies between other countries. It is important to keep in mind that Russia and Norway represents a seemingly unique case. This is because they share a common border, a strained past and they are two of the world's leading energy producers and exporters. Given Russia and Norway's characteristic relationship and qualities, a case study of their cooperative relationship in the energy sector and their room of manoeuvre in the field of foreign policy may be in danger of having a low external validity.

2.3 Reliability

Reliability deals with the accuracy of the study's conclusions. This includes the use of references relevant for the research and the lack of errors or bias in the study. In order to increase the reliability of one's research, it is important to illustrate and document how the conclusions came to be drawn. When testing the reliability of a research product, a fellow researcher should be able to reach the same conclusions by using the same sources and approach used in the initial study. Case studies have often been criticized for having low reliability, as the steps taken in the study often seem to be poorly documented (Hellevik 2002: 471, Yin 2003: 37-38).

This thesis will give accurate references throughout the text and also include a bibliography at the end. This will make it easy to look up the sources of the arguments, thereby ensuring high reliability.

3 Theoretical Framework

In order to find out how oil and gas cooperation in the High North might affect the room of manoeuvre for Norway and Russia regarding security policy, this thesis will use the methodological approach of theoretically explanatory cases. In such cases the analysis depends greatly on the theoretical ground it is based on. Due to the differences between Norway and Russia when it comes to traditional foreign policy approaches, domestic policy, historical background and size of the countries, it is challenging to analyze the two on the basis of one theory alone. Therefore this thesis will use two theories, namely neorealism and neoliberal institutionalism to analyze the two. Using two theories will allow differences between the two countries to be visible, thereby making the conclusions more nuanced.

3.1 Applying Theory

Within the field of International Relations, the theoretical approaches can be roughly divided into two categories, positivist and constructivist. The theories building on positivism lead to research based on material factors, whereas constructivist research values ideational factors (Wight 2002: 39). Robert Cox made the distinction between problem solving theory on one side and critical theory on the other. The problem solving theories are connected to positivism, aiming to take the world as it is and seek to explain it better. This in turn leads research based on problem solving theories to ask how- and why questions. Critical theory, on the other hand, focuses on research aimed at normative questions, asking how situations and conditions may be improved (Cox 1986: 128-129).

The research question of this thesis is aimed at examining how oil and gas cooperation can affect the room of manoeuvre in the field of security. It is evident when looking at the research question and topic that this thesis does not aim to answer normative questions. It seeks however to explore the relationship between Russia and Norway

and illuminate a specific part of that relationship, concerning petroleum cooperation and security policy. This thesis will, in other words, rely on positivism in order to conduct its analysis.

Besides asking "how" and "why" questions, positivism builds on empiricist epistemology. This means that science should be derived from observable evidence from the material world around us. By using such observable evidence, we can develop theoretical assumptions, explanations and predictions (Miller 1972: 798). The two theories that are to be presented both belong to problem solving theories, and they seek to derive their evidence based on observations of the world known to us.

3.2 Neorealism

The theoretical school of realism makes a distinction between classical realism, formulated by Hans Morgenthau, and neorealism, developed by Kenneth Waltz. Among the characteristics separating the two branches of realism is how the two explain the origins of conflicts in international affairs. Both consider states to be power pursuing, and suppose them to be the main actors on the international stage. However, they disagree with regard to what motivates the states' quest for power and why conflicts among states occur. Whereas Morgenthau's classical realism operates with the assumption that international conflicts arise because of the imperfect human nature, neorealism sees international conflicts as a consequence of the anarchic international system that states interact with each other in (Pashakhanlou 2009). This thesis will build on neorealism, as this has been the dominant theoretical approach within the study of international relations the last decades.

The main characteristic of neorealism is that sovereign states coexist in an anarchic world. Anarchy exists due to the lack of a hierarchic structure at the international level as opposed to inside each of the sovereign countries. This in turn, leads to the lack of a

legitimate world government. Hence, countries interact with each other in an anarchic international system. The international anarchy is made out of several similar units. These units are states. Sovereignty is the common trait all states possess, but other than this they differ greatly from each other. The differences among them lie in the fact that they vary in amongst other things, factors such as size, power and wealth. As a result of the international anarchy the states find themselves in a “self – help system”. Each state seeks to act in whichever way it thinks will best serve its own interests. The self-interests may be pursued with or without the use of force. However the states are aware that force may at any time be used against them by more powerful states. As there is no world government to appeal to should such force occur, the states know that they are left to fend for themselves and thereby wish to avoid possible war or military attacks. The constant possibility of military force gives the states an incentive not to provoke each other (Waltz 1979: 103-116).

The most important of the neorealist assumptions is, as mentioned, that sovereign states coexist in an anarchic international system, forcing them to act in whichever way is best suitable to sustain their own sovereignty and other self – interests. As there is a lack of an international government that is superior to the state, the states are seen as being the most important actors on the international arena. These assumptions are all important to keep in mind when analyzing the relationship between Russia and Norway. However, when using parsimonious theories it is easy to get lost in their wide assumptions and fail to connect the theory with the actual phenomena that are being studied. In this lies also a methodological challenge, which has previously been mentioned in the paragraph concerning the method. When doing theoretically explanatory case studies it is crucial to keep a clear connection between theoretical concepts and the phenomena being studied. In order to do so it is useful to go beyond the general assumptions of neorealism and narrow the theory to better fit the research question.

Neorealism has a rather sceptical view on cooperation among states. According to neorealism, the structure of the international system limits international cooperation, because of the system's anarchic nature. As the states are struggling for survival in a self – help system, cooperation is difficult because of the question of gain. If cooperation was to occur, which of the countries would gain the most from it? The fear of which state will gain the most out of cooperation will keep the countries from cooperating. This is because each state will fear that the other will gain more and that it will be inclined to use its increased gain to attack other states. In other words, states worry that a division of possible gain will favour other states more than themselves. Furthermore countries also worry that cooperation might make them dependent on others. This may happen by, for example, increased international trade. The more a state depends on exports and imports in order to survive, the more vulnerable it will appear to other states. In a self – help system dependence on other countries is, according to neorealism, viewed as a weakness. Although neorealism does acknowledge that cooperation might increase a state's economic gain, it does not find cooperation advantageous. Even though it might lead to an increase in economic prosperity, it will also lead to a decrease of state security. Neorealism sees strong security and defence as superior to economic gain. In the anarchic self – help system states will therefore make security issues a priority over economy. This is in order to be able to maintain their sovereignty (Waltz 1979: 105-107).

The end of the Cold War brought a wave of criticism towards neorealism, as it had failed to predict the fall of communism and the end of the bipolar, international system (Mastanduno 1997: 49). Viewing today's relations between Russia and Norway through neorealist assumptions will help give an understanding of whether or not realism still has explanatory power in the field of international relations.

3.3 Neoliberal Institutionalism

Like neorealism, neoliberal institutionalism also builds on the assumption of sovereign states coexisting in an anarchic international system, defined by the lack of a common government. Neoliberal institutionalism, however, does not see the international anarchy as an obstacle when it comes to cooperation among states. Although the theory assumes that the international system is anarchic, it does not see it as completely lacking a form of organization. Where neorealists see the relationship between the states as dominated by the struggle for power and the fear of being attacked, the neoliberal institutionalists see it as much more stable. They argue that by continuous interaction over a long period of time; the countries build up certain perceptions about each other. These perceptions enable the countries to have stable expectations about each other. The expectations they have, in turn, enable them to cooperate with each other (Axelrod and Keohane 1985: 226-227). Whereas neorealists see cooperation as a potential source of power struggle, neoliberal institutionalists see it quite differently. They view cooperation as a way of making parties or states who are not connected to each other in pre-existent harmony, come to agreement in conformity. By entering a state of cooperation the parties change their behaviour in accordance to each other by a mutual coordination of policy (Keohane 1988: 380).

An important factor in the theory of neoliberal institutionalism is international institutions. According to the theory, institutions are necessary in order to facilitate cooperation. International institutions lower the costs of cooperation by providing information to the parties involved. This is information that would otherwise be likely being kept hidden in fear of exploitation. When however the information is open to the parties involved, the transparency of the negotiations is greater and the need for cheating is lowered (Keohane 1982: 346). By providing information, international institutions are able to remove some of the uncertainty and some of the costs of cooperating in an anarchic world. The reliability of the action of other parties, which is

provided by the access to information, removes the shadow of the future, making cooperation possible (Axelrod and Keohane 1985: 233-234).

Seeing as neoliberal institutionalism acknowledges both the presence of international anarchy and the possibility of cooperation, it argues that should cooperation occur, it must do so in consistence with sovereignty and the self – help system. In order to achieve that, cooperation must happen by the principle of reciprocity (Keohane 1986: 1). Shortly explained reciprocity means that the parties involved exchange good for good and bad for bad. The good for good and bad for bad principle refers to the exchange of both values and actions. Cooperation in accordance with reciprocity can be compared to the game theoretical approach of "tit for tat". In a "tit for tat" game the first player cooperates on his first move of the sequence. Then on a subsequent move it does what the other player did prior to him. In this way good deeds are repaid by good deeds and bad are repaid by bad. However one must be aware that domination and exploitation may be hidden in relationships of reciprocity. Even if this is not the case and the cooperation is truly based on reciprocity the actors may face different opportunity costs. This is due to the fact that a relationship of cooperation never is completely equal. There will always be strong parties and weak parties in any given relationship of cooperation (Keohane 1986: 8).

4 Empirical Background

The area defined in this thesis as the High North has the potential to become a new and promising oil and gas region. Though large areas of the High North remain unexplored, there are reasons to believe that it contains vast petroleum resources. Petroleum resources are defined as the whole amount of oil- and gas a region might possess, based on geological assessments of the resource potential. This includes both the petroleum that is discovered and the petroleum that is yet to be discovered by further exploration. Petroleum reserves, on the other hand, are the known amount of oil – and gas that an area holds (Ocean Futures 2007).

4.1 Oil and Gas Cooperation

In 2001 Norway experienced that the North Sea oil production reached its peak. In order to maintain the position as an oil-producing nation, the country had to look elsewhere for new petroleum sources (Ocean Futures 2007). Consequently Norway turned to the High North. The Barents Sea, located in the High North, is the least explored part of Norway's continental shelf. There are, however, great expectations for the Barents Sea to become a new province of growing petroleum production. Two petroleum fields are developed in the area, the gas field Snøhvit and the oil field Goliath. Snøhvit is today the only petroleum field in the Barents Sea that is under actual production. The gas from Snøhvit is transported to land through gas pipes, leading to Melkeøya outside of Hammerfest. Here, the gas is processed and transformed into liquid natural gas (LNG) (Rottem et al. 2008 et al.: 69-73). According to estimates made by the Norwegian Ministry of Oil and Energy, two thirds of Norway's undiscovered petroleum resources are expected to be located in the Barents Sea (Utenriksdepartementet 2006: 11).

The largest petroleum resources in the High North have been found on the Russian side of the Barents Sea. The amount of petroleum reserves on the Russian side of the

border exceeds by far those of Norway. This makes Russia a superpower regarding energy resources. Russia is already the world's largest producer of petroleum. Including the reserves in the Barents Sea, Russia's position as a powerful energy state can only be strengthened further. However, there is currently no production taking place on the Russian shelf of the Barents Sea (Rottem et al. 2008: 71-73). The world's largest known gas field, the Shtokman field, was discovered in 1988. This field is located on the Russian side of the Barents Sea, 600 km north east of Murmansk (Gazprom).

With the reserves in the High North, Russia seeks to further strengthen its position as a powerful energy exporter. The terrorist attacks of 9/11 enabled Russia to position itself as more reliable energy supplier to the West, compared to the Middle East. In the aftermath of the attack both the political sector and the corporate energy sector in Russia started portraying the country as an alternative, and a more stable energy exporter than the Middle East. Russia advocated that their oil companies could be trusted to act as stable sources of energy supply. Furthermore, Russia also argued that their companies would act according to the market, keeping the prices reasonable and thus reviving the global economy. The resources in the High North can, in other words, make Russia an even more powerful energy state, overshadowing the Middle East. Should Russia continue to grow to become an energy superpower, the OPEC countries will be the financial losers. Most of the OPEC members are energy producing countries with state monopoly companies, which are not open to foreign investment. Energy producing countries and international companies outside the OPEC will not be as threatened by Russia's increasing energy production (Morse and Richard 2002: 16-17). Currently, the High North is seen as a more reliable source for hydrocarbon, compared to the Middle East. Therefore, both Russian and Norwegian energy has to a certain extent benefited in a world where terrorism and political instability threaten energy supplies from traditional sources, represented by regions such as the Middle East.

On the other hand, Russia is in some ways also seen as an unreliable source of energy. Russian reliability as an energy provider is credible considering that most of Russian petroleum exports have reached their final destination. However, there is a risk that the flow of energy might be interrupted due to political and/or economic disagreements between Russia and a given European country (Larsson 2006: 3), or a transit country such as Ukraine. The Russian energy sector seems to be more politicized than commercial, as the Russians have shown themselves capable of using energy as a political tool. This was recently the case when Russia cut gas delivery to Ukraine (Godzimirski 2009: 3-4). In turn, this gas conflict also affected several West European countries, which also lost parts of their gas supplies. Incidents such as this, may give Norway an advantage concerning energy export. Russia and Norway will continue to compete in the European and global energy market. Should the scepticism towards Russia's reliability rise, and the customers get the choice between Russia and Norway, they might prefer Norwegian petroleum over Russian, as Russia tends to use it as a political tool rather than merely a commercial good (Nore 2007: 43-48). Moreover, Russia suffers from internal instabilities that contribute to making the country an unreliable source of energy. The market economy of Russia is highly dependent of the state in order to function. The Russian market liberalism lacks established institutional framework that guarantees personal safety, property rights, stable business contracts, and a functioning and predictable bureaucracy (Tranøy and Østerud 2001: 13-14, Utenriksdepartementet 2006: 15).

Oil and gas cooperation between Norway and Russia is first and foremost planned to be taking place on the Russian side of the Barents Sea. This is where the potential for cooperation is greatest, because of the technological challenges associated with the development of deep water oil and gas fields in the Arctic waters. Although the Russians have made significant gas discoveries in the area situated on their side of the border, there has not yet been any production, as Russia lacks the technological offshore expertise necessary to engage in such a project. However, the Russians are eager to start developing the Shtokman field. Therefore, Russia needs technological

assistance from foreign companies (Ocean Futures 2007). The intended cooperation between the two countries has created great expectations in the northern parts of Norway. Areas such as Finmark and Troms might benefit from such cooperation, as it is likely to bring economic growth to the region. Though the Norwegian technology is needed in Russia, it is optimistic to assume that Norway will be given considerable access to Russian petroleum development. Russia will, to the extent possible, seek to use its own industry and knowledge (Nore 2007: 50-51).

Furthermore, Norway has also strong incentives for engaging in cooperation with Russia. As previously mentioned, the Norwegian North Sea oil production has reached its peak. Although some new gas fields are in production in the Norwegian Barents Sea, the petroleum industry needs to find additional sources of oil and gas. As the Norwegian production is declining, Norwegian petroleum companies will, in order to survive, need to expand their area of operations and search for new customers abroad. Gaining access to the Russian side of the Barents Sea through cooperation with Russia could compensate for the declining production in Norway (Johansen and Kjølberg 1999: 6). Participating in the development of the Shtokman field could provide Norwegian companies with business opportunities for many decades (Øverland 2008: 132).

The beginning of such a technological cooperation between Russia and Norway was formally started in 2007 when Russian Gazprom and Norwegian StatoilHydro (today called Statoil) signed a Memorandum of understanding. The document states that Gazprom and StatoilHydro will work together in geological exploration, development and production of hydrocarbon resources in the High North. The agreement also makes the two companies partners in Phase 1 of the Shtokman gas condensate field development (StatoilHydro 2009).

In addition to Gazprom and StatoilHydro, the French company Total is also participating as a partner in the Shtokman project. In 2007 StatoilHydro and Total each signed an agreement with Gazprom, concerning the main conditions of cooperation regarding Phase 1 of the Shtokman project. On February 21, 2008, the three parties also signed a shareholder agreement. The shareholder agreement established the Shtokman Development AG special purpose company. The three companies involved in the special purpose company own all the company's stocks. Gazprom is the largest stockowner, having 51 per cent of the stocks. Total owns 25 per cent of the stocks and StatoilHydro owns 24 per cent. The Shtokman Development AG special purpose company gives Gazprom, Total and StatoilHydro ownership of the Shtokman Phase 1 infrastructure for 25 years (Gazprom).

It is worth mentioning that in addition to the proven and estimated amounts of petroleum belonging to each of the two countries, there are also estimated to be large reserves in the disputed area of the Barents Sea. The Russian energy ministry believes there to be approximately 400 million tons of oil and 5800 billion cubic meters of gas in the disputed area. This is, however, not known for sure, as it has not been explored at all. As long as Norway and Russia do not come to an agreement resolving the dispute, there will be no exploratory drilling taking place (Ocean Futures 2007).

It is evident that a cooperative relationship between Norway and Russia is already in existence in the oil and gas sector. Still, the research question asks what kind of effect *potential* oil and gas cooperation can have on the two countries' room of manoeuvre in security policy. The reason for stressing the word "potential" in this context is that although StatoilHydro has engaged in agreements with Gazprom, there is no guarantee that the parties will follow through on the planned projects. Either one of the parties may back away from the agreement, for various reasons. Russia has previously changed its mind about including foreign companies. In 2006, after engaging in talks about cooperation with both Norwegian and other foreign companies, Russia decided

to develop Shtokman without foreign assistance (Oil-and gas.net 2005). Larsson (2006) argues that Russia views energy as a way of securing national interests. Energy should be used to extend Russia's economic reach and influence in order to gain more power security wise. Thereby energy policy gets detached from purely economic or commercial interests and linked to foreign and security policy. As a consequence, conducting energy policy becomes the same as conducting foreign policy. The explanation for reluctance towards engaging foreign companies can be that Russia does not want other actors interfering in their security policy process (Larsson 2006: 68).

Russia is not the only one reluctant to such engagements. StatoilHydro, for one, is not planning on investing in the Shtokman field until the conditions of the agreement and cooperation are set and perceived as firm and stable. It was mentioned above that the Russian internal political and economical structure is characterised by instability. The centralized government and the close ties between the political elite and the commercial sector makes foreign investor reluctant to engage in Russian business, as the political interests of the country seem to dominate and overshadow the commercial interests. Moreover, Russia has no tradition for regarding small states as equal business partners. Russia always considers itself the superior party and expects smaller states to comply with Russian demands. This will probably be the case for Norway as well, should the country choose to engage in cooperation with its large neighbour (Utgaard 2005: 2). Although uncertainties still remain regarding the Shtokman operation, StatoilHydro is showing interest for yet another large gas field development. On the 24th of August this year, the director of StatoilHydro, Helge Lund attended a meeting with the board of Gazprom. This meeting was not to discuss further plans for Shtokman, but for StatoilHydro to express its interest of participation in the development of the gas fields of Yamal – Nenets, located in Northwest Siberia (E24 2009).

The field of Yamal – Nenets leads to another issue regarding the prospects of cooperation between Norway and Russia. Shtokman is, as previously stated; the largest known offshore gas field in the world and it is located on the Russian side of the Barents Sea. In Norway there has been much anticipation regarding whether or not Gazprom will include StatoilHydro in the Shtokman development and there are still uncertainties concerning Russia's eagerness to begin this development. Russia is in possession of large fields located in both Western Siberia and Eastern Siberia. Unlike Shtokman, these are onshore. Hence, the development of these fields involves fewer challenges compared to the ones of Shtokman. In addition Russia has experience when it comes to onshore gas projects, making them independent of foreign assistance. The fields in Western Siberia also have a market waiting for them, as the energy demand in China and other parts of Asia is growing (Austvik 2006: 9). Should Russia choose to prioritize the projects in Yamal, it may have negative effects on the planned Shtokman operation. The Shtokman field may be delayed, as it will be challenging to engage in two large fields at the same time (Socor 2009).

4.2 The Security Situation in the High North

Traditionally security policy has been equal to policy on military matters. In the High North this has been particularly related to potential West – East military confrontations. In recent years, however, the focus on the military dimension in the High North has faded. Norway no longer needs to be constantly prepared for a Russian invasion in the north, as the old Cold War division between the West and the East is irrelevant today. A Russian invasion is not seen as very likely, and the Norwegian military has adapted to this view by no longer prioritising a large defence in the North. Large parts of the Norwegian Army are instead used in international military operations abroad (Rottem et al. 2008: 10). Just as a Russian invasion is considered not likely from a Norwegian point of view, it is also not plausible for Russia to engage in such an operation. The end of the Cold War led to disarmament of the Russian military. Cuttings in the military sector dominated Russia in the 1990s, leading to a

quantitatively weakened military; a less advanced technology and weakened skills (Blakkisrud 2007, Flikke, not dated). At the turn of the millennium, former President Vladimir Putin started reinvesting in, and strengthening all branches of the Russian military. Due to the neglect of the 1990s, the Russian military is still weaker than during the Cold War, but relatively stronger than it was during the last decade (Blakkisrud 2007).

Traditionally, the security policy of the High North was dominated by the fear of military confrontation between the West and the Soviet Union. When dealing with today's security situation, we find it more complex and varied than the one during the Cold War. The complexity of today's High North security status makes it difficult for the High North countries, such as Norway and Russia, to be prepared to face all the threats. Today's security challenges in the High North include environmental hazards, terrorism and excessive exploitation of natural resources such as fish (Rottem et al. 2008: 11). The environmental security problems are mostly tied to the energy production in, and transportation through, the area. The possibility of oil and gas leakage is one of the challenges Russia and Norway must face. With energy production on the Russian side of the Barents Sea emerging, the Murmansk area is set to become an international energy hub. It will be the location from where both Russian and international actors will export energy. This will mean increased ship traffic along the Norwegian coastline, which in turn creates environmental dangers (Godzimirski 2007a: 16). The Disputed Area in the Barents Sea can also be considered a potential source of conflict. The area is likely to contain petroleum resources that might be desirable in a world dominated by energy demands and energy scarcity. Problems can occur if both Russia and Norway were to claim sovereignty of the resources there. In order to prevent such a disagreement, the two countries have acknowledged that no petroleum exploration will take place in the area until the dispute is settled and the sovereignty rights established (Ocean Futures 2006: 2).

The security situation today might appear blurred compared to the one of the Cold War where the military aspect was central. It is important to keep in mind that the military aspect is still relevant, though somewhat weakened. After the end of the Cold War, Russia has shown that it is still both willing and capable of using military force. This was recently shown in August 2008, during the Russo – Georgian conflict (de Haas 2009: 2). Furthermore, as will be elaborated on below, Russia is becoming more and more sceptical and suspicious towards the strong NATO presence in the High North. Consequently Russia sees the West more as a threat, leaning towards the classical “East-West” division that dominated Cold War thinking. Recently, much due to the energy resources of the area, the High North has yet again become an area of potential military confrontation (Holtmark 2009a: 1-3).

If the military situation should develop into something resembling that of the Cold War, the reasons for it would be different. The fall of the Soviet Union removed the variable of communism in the relationship between Russia and the West. New conflicts within the High North will therefore no longer be based on ideological differences, but rather on economical. Tensions may rise with connection to the energy race and the search for new petroleum resources (Blakkisrud 2007). However, some things remain as they did during the Cold War. The relationship between Russia and NATO is, though improved, still tense. Russia’s perception of Norway is not shaped by merely Russia’s impression of Norway as a neighbouring country. Norway is a far smaller country than Russia, and thereby no threat to its large neighbour. But Russia sees Norway as a part of NATO, an alliance that Russia still has a difficult relationship with, and therefore the Russian perceptions of Norway are often shaped by Russia’s perceptions of NATO (Godzimirski 2007b: 5).

4.3 Differences in Interests and Values

A country's perceptions of international politics are not necessarily shaped by the actual conditions at hand. Rather, countries tend to view each other based on their own subjective interpretations (Waltz 1979: 310). As Russia and Norway differ regarding their experience and position in the global world order, they are bound to interpret the international arena, and each other's actions, differently from one another.

Misunderstandings concerning security and intentions occur when actors interpret each other's intentions in the wrong way. Græger (not dated) writes that increased Norwegian military presence in the High North is from Norway's point of view a way of maintaining regional stability and preventing conflicts. It is not intended as a way of militarizing the area. However, she also writes that Norway interprets Russian military activity as a way of aggressively marking their ambitions of power. Likewise, Russia keeps misinterpreting actions from Norway, and the West in general. An example is how Russia sees the Western environmental concerns as an agenda intended to weaken Russia in the High North. Russia also interprets the presence of Norway and NATO in the High North as a way of militarizing the area (Oldberg 2008: 43-44).

This mentality was evident also when Norway at the beginning of the new millennium passed a law intended to protect the environment on Svalbard. Russia saw this law as move Norway took in order to limit the Russian economic activity on Svalbard, thereby weakening the Russian economy (Rottem et. al 2008: 63).

5 Russia

This chapter will begin by giving a brief summary of Russian traditional foreign and security policy approach towards Norway in the High North. Secondly, the chapter will sketch out Russia's main security political goals in the High North. Further, Russia's room of manoeuvre in the field of security will be thoroughly presented and explained. Due to the research question of the thesis, the focus will be on Russia's room of manoeuvre towards Norway.

5.1 Russia in the High North – a Historical Perspective

During the Cold War, the High North marked itself as a politically tense geographical area. The central Russian military tool in the High North, at the time, was the Russian Northern Navy. The area was dominated by military interests and used as a base for submarine presence and nuclear weapons (Oldberg 2008: 42).

The end of the Cold War resulted in a military decrease in the area, due to the lack of funding, at the same time as the economic interests of Russia became increasingly dominant. This was due to high oil prices and Russia's energy production (Oldberg 2008: 42).

5.2 Russian Interests in the High North

When Former President Putin came to power, Russian politics became more centralized. There was also a period of great economic growth, which made the increase in military funding possible. The centralization of power led to closer ties between military interests and economic interests. Today, Russia's High North policy is an integrated part of the country's foreign-, military-, security-, and energy policy

(Oldberg 2008: 41-42). Putin also started using Russia's energy resources as a policy tool meant to restore Russia's position in the international community (Belkin 2008: 85).

Russia is a great power considering the country's nuclear and conventional military potential. Furthermore, Russia's natural resources and geo-strategic position contribute towards promoting Russia as a great nation (Kozyrev 2005: 198). The Foreign Policy Concept signed by President Dmitry Medvedev on July 12th 2008 strengthens the perception of Russia's rising power. The document describes the country as a great power with a full-fledged role in global affairs and one of the most influential actors in the modern world. The document emphasizes that Russia has restored its international position and will seek to pursue national interests and goals rather than being influenced by the desire of other actors (de Haas 2009: 3). Among Russia's foreign policy goals stated in the Foreign Policy Concept, some might be viewed as particularly relevant for Norway. One of these is the statement that Russia will not compromise its political interests in order to seek friendly relations, not even with the West (de Haas 2009: 3, Hedenskog et al. 2009: 16). During recent years Russia has also rejected the West as an ideological and political role model and wish to continue its development on its own terms (Blakkisrud 2007).

Furthermore, the Foreign Policy Concept also states that Russia has privileged interests in certain regions (de Haas 2009: 3). This statement might be highly relevant in the High North, a region where Russia, as we have seen, clearly has special interests regarding natural resource extraction.

In addition to the Foreign Policy Concept, Medvedev also signed a decree approving National Security Strategy of the Russian Federation until 2020. The document was signed on May 2009 and states, among other things, that in order to ensure national

security, Russia will prioritise social – economic concerns, such as improving the standard of living and economic growth (de Haas 2009: 3). Former political documents have also expressed the importance of these goals (Larsson 2006: 50). The focus on economic growth might be seen in connection to Russia's desire to restore its status as a super power. The National Security Strategy reflects a desire to inform the world that Russian economy has augmented considerably and that Russia is back to play a key role in the international community (Hedenskog et al. 2009: 10). A country without sufficient economic wealth cannot appear to be a world super power. Despite the fact that Russia is one of the G 8 countries, it does not have the economic capacity to operate as a super power. Russia is aware of the need for a strong economy in order to once again rise to be great power. The switch to an economy based on capitalistic values can be viewed as Russia's first step to reach a better economic position, as therefore country is greatly dependent on its energy sector to gain economic growth (Neumann 2002: 5, Larsson 2006: 33). The most secure way for Russian economy to continue growing is by exporting a highly needed good, such as petroleum. Not only is it the most secure way; it might be argued that it is the only way.

When looking at what the National Security Strategy says about the High North, the area is clearly mentioned as a place where armed conflict potentially can take place. Russia stresses that it will stand prepared to protect its interests in the High North. Russian strategy is to deploy naval forces to the disputed area in order to protect Russian interests. In addition, it is evident that Russia is prepared to hold on to their national interests in any kind of political and/or military environment. Konstantin Simonov, the director of the National Energy Security Fund goes as far as to predict a military conflict in the High North within the next 20 years. He states that the reason for this is NATO's military expansion in the High North (Solozobov 2009). This argument about NATO's military presence is in coherence with Russia's attitude towards the pursuit of foreign policy goals with no consideration for the interests of the West, and also to Russia's hostile view towards further NATO expansion among former Soviet states (de Haas 2009: 4).

Being a geographically large and militarily capable country and a former super power, Russia pays relatively little attention to Norway. In Russia's eyes, Norway stands as a small country of relatively little political significance. Russia sees Norway as a part of NATO and therefore perceives it in the same way as it does NATO (Godzimirski 2007b: 5). The Norwegian High North, however, still remains of strategic importance to Russia. These interests are not all based on energy resources, but also on issues regarding fishing and disputes over geographical areas.

5.3 Room of Manoeuvre in the field of Security Policy

This study has already defined a given country's room of manoeuvre as conditioned by the costs and benefits of the possible actions available to a country in any political situation or field. It has also been stated that "room of manoeuvre" is a relative concept, varying in regard to time, the political field and geographical area. How then might this concept be transformed to concern Russia in the High North? In other words, how can Russia's room of manoeuvre in the field of security policy in the High North be defined?

When seeking to define a country's room of manoeuvre one needs to have a clear idea of what ambitions a country has towards the particular political situation. This is because the room of manoeuvre is, as already stated, a relative term and must be seen in relation to the various political goals of a country (Knutsen et al. 2000: 38). In this study, the focus is on Russia's security policy towards the High North and Norway. The previous paragraph listed some of Russia's most recent and most important goals when it comes to security policy. Although none of these seem to be aimed at Norway and the High North, in particular, they may nevertheless be applied to the relevant case. Summing up the main goals listed above, it is possible to conclude that the most relevant of Russia's security policy goals are:

- 1) Increased national economy and higher living standards.
- 2) Pursue national interests without regard to other countries or actors, particularly the West.
- 3) Pursue national interests in geographical areas of great importance to Russia.

These goals may all be related to the High North, seeing as this is a geographical area that is able to provide Russia with increased economic wealth. Secondly, Western countries dominate the High North. If we broaden our definition of the High North to include the whole of the Arctic, Russia stands as the only Arctic country that is not a member of NATO. This means that Russia's room of manoeuvre towards Norway in the High North may also be interpreted as Russia's room of manoeuvre towards NATO. This will not always be the case, though. When exercising foreign policy in the High North, Russia will be interacting either bilaterally or multilaterally with Norway. This is because Norway in some situations will stand alone, and in other situations act as a part of NATO (Berggrav 2004: 12, Holtmark 2009b: 6). Norway is aware of the fact that should it come to a confrontation with Russia in the High North; it would be reassuring to have NATO on Norway's side. Hence, it has been argued that Norway's participation in NATO operations is a strategic one, since Norway is trying to guarantee support from NATO if a crisis arises with Russia in the High North (Rottem 2007a).

Looking at Norway's alliance with NATO one can argue that Russia's room of manoeuvre in the High North depends on Norway's relations to NATO. More precisely, it is tempting to argue that Russia's room of manoeuvre might become broader if Norway's ties to NATO get weakened, and it might become limited should NATO and Norway stand together. In the Norwegian Military's Long-term Proposition no. 42 and 48, it is stated that Norway cannot expect support from all NATO countries should a minor conflict occur in the High North (Rottem et al. 2008: 105). When it comes to pursuing national interests that might not be compatible with Norwegian interests, Russian room of manoeuvre can be said to be relatively large,

given the assumption that NATO will not support Norway in a potential conflict with Russia.

A given country's room of manoeuvre is further influenced by other countries' acceptance towards its actions. The question posed here is how other countries might react towards Russian foreign policy actions. Support from other states might contribute to the widening of a country's room of manoeuvre. This is because support from the world's countries help to legitimize one's goals and actions, thereby making it easier to follow through with one's intentions (Knutsen et al. 2000: 38-40).

Gathering support for one's political actions, particularly in the field of security policy, is easier if one has allies. In Russia's case, the country does not have any military allies (Schröder 2009: 6-7) Also Russia is standing against NATO, the largest military allied organisation in the international system. Looking at these factors it is inclining to argue that Russia's room of manoeuvre is limited when it comes to gathering support for its policy or policy actions.

Another variable, which needs to be discussed when establishing Russian's room of manoeuvre towards Norway, is dependency. The idea here is that a country's room of manoeuvre towards another country is dictated by their dependency of each other. A strong dependency decreases the room of manoeuvre (Knutsen et al. 2000: 40). If Russia finds itself dependent on Norway either politically or economically, Russia's room of manoeuvre would become smaller than it would have not Russia been dependent on Norway. This argument is deeply rooted in the liberal school of international relations. The idea here is that dependency and integration among countries generally decreases the chance of conflict. Such dependency is possible to be created by, for example, some sort of cooperation between states (Rottem et al. 2008: 25).

Looking back at the discussion presented above, concerning Norwegian participation in the Russian energy sector, it is obvious that energy cooperation between Russia and Norway may contribute to establish a dependency relationship between the two. The question remains: To what extent will this dependency be relevant, and who will turn out to be the more dependent party? Summing up the arguments, we can conclude that Russia is currently more dependent on Norway, as the Shtokman field production has not yet taken place. If the Shtokman cooperation becomes a reality, this tendency might change. The main reason for this potential change would be that Russia needs Norwegian technology. However, after the Russians gain access to the technology, their dependency of Norway is likely to disappear. Then again, not having the technology at the moment makes Russia dependent on Norway in order to be able to start developing the Shtokman field. Russia has been hesitant to engage in cooperation with Western companies, perhaps precisely in order to avoid ending up in a dependency relationship. The Russians also wanted to prevent Western countries from gaining economic wealth from Russian resources. Russia's Former President Putin made it clear that Western companies would only gain access to Russian fields if they could provide Russia with something that was not within Russian capability (Godzimirski 2007a: 7). This way of political reasoning is clearly in accordance with the neorealist notions of a zero-sum game.

Finally, the room of manoeuvre is determined by a country's internal opinion. Russia is as shown, a highly centralized state and also a state of internal instability. Furthermore, though Russia is formally a democracy, there does not appear to be a tolerance for democratic expressions from the Russian people as well as the freedom of speech seems to be considerably limited (Utgaard 2005: 2). These characteristics could point to the conclusion that Russia's room of manoeuvre is broad, as it does not have to take as much concern to its citizens' opinions as a fully democratic country would.

5.4 The Link Between Russian Aspirations and Russian Resources

There is another significant variable concerning the room of manoeuvre in the field of security policy, which is material power. This variable is particularly important when trying to analyze security policy by the use of neorealism. The large military forces of Russia during the Cold War made the country capable of maintaining a wide room of manoeuvre, thereby enabling it to maintain the status as one of two great powers in a bipolar world.

When looking at Russia's room of manoeuvre towards Norway, in the field of security policy, it is important to keep a balanced view of Russia. This means that it is important to neither underestimate nor overestimate Russia's will and ability to use traditional military force. We have already discussed that Russia has proven to be capable of military use, and also that its National Security Strategy states the country's will to do it again, should they find such measures necessary. However, although Russia portrays itself as a great power, the country fails to be convincing regarding certain important issues. It is far from evident that the actual situation of Russia is enough to support its international ambitions. The Russian military is undergoing a process of modernization, but it is also struggling with internal disagreements, shortage of staff and insufficient funding (Flikke, not dated, Hedenskog et al. 2009: 21). The economic growth of Russia is still under a lot of pressure and there are doubts to whether Russia will manage to sustain the rearmament it has begun, as the military capability will be dependent on economic growth (Hedenskog et al. 2009: 28, Holtmark 2009b: 5).

As shown, Russia is militarily weaker now, compared to the days of the Cold War. Russia's national economy and the average living standard is far below that of a medium sized West European country. Russia also has a geographically large territory

to defend, though its military forces are relatively weak for a country aspiring to restore its hegemonic status (Schröder 2009: 6-7). Even though the Cold War has ended and the tensions between Russia and the West have declined, the National Security Strategy sketches a rather traditional view of the West. The document portrays the West as an external military enemy. This view of the West is also reflected in the resistance Russia is showing when it comes to further NATO expansion among the former Soviet states (de Haas 2009: 4). This shows that even though the Cold War has ended, Russia still regards the West as a potential enemy, though perhaps no longer for the same reasons.

Although Russia's status and position during the 1990s was significantly weakened, compared to the days of the Cold War, Russia is slowly restoring its old status as a great power. When it comes to material power, Russia has increased its military. The military is however not sufficiently large to give Russia global capabilities, but it is large enough to make Russia a regional superpower. However, if putting aside the size of the Russian military, Russia still stands out regarding its material power. What gives the country a unique status when it comes to material power is the fact that Russia is a nuclear power (Rottem et al. 2008: 103).

It was stated above that there are uncertainties related to whether or not NATO would support Norway in a conflict with Russia. Should NATO decide not to get involved, Russia's room of manoeuvre vis-à-vis Norway would probably increase. There is, however, no certain way of knowing when NATO will support Norway, therefore Russia needs to consider the possibility of NATO's involvement, before acting aggressively towards Norway. According to "Healey's Theorem"³, a 95 per cent likelihood of NATO's involvement in a crisis between Russia and Norway would not be reassuring enough for Norway to feel safe. However, only a 5 per cent possibility of

³ Denis Healey is a former Labour chancellor and was the British secretary of state for defense from 1964 to 1970 (Openvault 2006).

NATO's engagement would be enough to deter Russia (Sharp 1985: 660). This shows that Russia's inclination to attack Norway is not as great. Moreover, in order to employ military use, the costs of doing so must be lower than the costs of choosing not to do so. It is important to stress that military use is not the only approach to a disagreement or conflict, and is not the only imaginable outcome if a confrontation between Russia and Norway occurs in the High North.

The "Elektron" incident from 2005 is an example of how a crisis that had the potential to escalate into a military conflict between Russia and Norway was resolved through the use of diplomacy. On October 15th 2005, the Norwegian coast guard arrested the Russian trawler Elektron for fishing illegally in the Fisheries Protection Zone outside of Svalbard. The captain of the Elektron, Valery Yarentsev, objected to the arrest, arguing that Norway had no right to arrest the trawler, as its activities were under Russian, not Norwegian, fishery law. Two Norwegian coast guard inspectors boarded the Elektron, and captain Yarentsev was given orders to follow the Norwegian coast guard cutter KV Tromsø, to the port of Tromsø for criminal proceedings. The captain of the Elektron did not obey the orders, and on October the 16th, the Elektron changed its course and headed for the Cola Peninsula instead of Tromsø. This was the beginning of a several days long chase, where KV Tromsø, along with other Norwegian coast guard vessels and helicopters followed the Elektron until it reached Russian territorial waters. Russia's response to the incident was restrained and calm, both from the Russian Navy and from the Russian Defense Minister, Sergei Ivanov. They did not react in an aggressive manner to the arrest, but rather highlighted that this did not represent a threat to Russian-Norwegian relations and that it would not lead to an armed conflict between the two countries. The crisis was resolved through diplomatic consultations at the foreign minister level (Åtland and Bruusgaard 2009: 340-343). The Elektron example illustrates that even though Russia is investing more in its military capabilities in the north, the military option will not always be the one employed. However, Russia's non-use of power must be seen with connection to Norway's non-use of power. The situation could have played out very differently, had

Norway mobilized its special forces to recover the two Norwegian coast guard inspectors who were onboard of the Elektron.

Russia is evidently developing its economy, thereby enabling itself to invest more money in the nation's armed forces. Nevertheless, it is not given that Russia will be able to fulfil its military ambitions, concerning stronger presence in the High North. There are still uncertainties regarding Russia's long-term economic growth. As shown above, the Shtokman field is the largest gas field in the world and Russia's source to increasing economic wealth and political power. However, Russia is unable to develop the field without assistance from foreign companies. Should these companies withdraw from the cooperation or be excluded from it by Russia, it is not certain that Russia will have the capacity to develop the gas field, at least not for a long period of time. Such an incident would undoubtedly slow down the Russian economic development. Should the economic growth be hindered, this would also decrease Russia's ability to sustain its ambitious rearmament programs (Holtmark 2009a: 8).

5.5 Summary of Russia's Room of Manoeuvre

So far we have explored Russia's room of manoeuvre towards Norway on the basis of three variables: Support from other countries, dependency and material power. The extend of the manoeuvre room seems to vary from variable to variable. When it comes to increasing one's room of manoeuvre by seeking support from other countries and legitimizing one's purposes, Russia is apparently scoring low. This is because Russia does not have any allies, while Norway has NATO. Moreover Russia broadens its room of manoeuvre by stating in the Foreign Policy Concept of 2008 that they do not seek to attain accept for their policy actions or to please other states. In order to maintain such an attitude, Russia needs to obtain sufficient resources when it comes to the third criterion that has been discussed: the material power. With regard to material power, Russia is weakened compared to the days of the Cold War. However there is an

increasing focus on building up the military to be able to protect Russian interests in the High North. Also, as mentioned above, Russia's material strength lies in the fact that it possesses nuclear weapons.

One can conclude that in terms of material power, Russia's room of manoeuvre towards Norway is relatively wide. This is especially the case if Norway does not receive support from NATO in a potential conflict. In order to sustain strong military power, Russia needs sufficient funding and economic growth. The largest and most reliable source of further economic growth is continued development of the energy sector, such as the beginning of energy production in the Barents Sea. As long as Norway does not enter energy cooperation with Russia, the Russians will not have the needed technological expertise to start production. This makes Russia dependent of Norway to help them develop their gas fields in order to secure further economic wealth. Although Russia's room of manoeuvre seems relatively broad on the basis of the first and the third factor, it is currently reasonable to argue that it appears narrow when it comes to the second factor.

6 Norway

This chapter will examine Norway's policy towards the High North. First it will give a historical overview of Norway's role in the High North. Secondly, it will highlight Norway's interests in the High North, in terms of foreign policy, security policy and also energy policy. In the third section of the chapter, there will be a discussion on Norway's room of manoeuvre in the field of security policy towards Russia.

6.1 Norway in the High North – a Historical Perspective

The High North adopted the status of securitized area during the Cold War, as it became a strategically important geographical area. Norway's place in international affairs was defined as being a small NATO country and the neighbour of the clearly labelled Western enemy, the Soviet Union. As Norway was the Soviet Union's closest northern neighbour, the country needed to be constantly prepared and ready to respond to a Soviet threat. Through the prioritizing of the High North regarding military presence, Norway contributed to the NATO alliance and was considered a significant ally. NATO, in return, supported Norwegian High North policy and guaranteed support to Norway in a potential conflict. The alliance also spent considerable amounts of money to finance Norwegian policy measures in the High North (Berggrav 2004: 3).

Norway's strategy towards Russia, at the time, can be summed up with two concepts, deterrence and reassurance (Skogan 2001: 22). Through its alliance with NATO, Norway used the organisation as a tool of exercising "Realpolitik". NATO provided Norway with the capacity to have a large defence present in the High North. Secondly, Norway practised a policy of reassurance. This was done by limiting the military

activity in the country and also by being a territory free of nuclear weapons (Rottem 2007b: 64-65).

6.2 Norwegian Interests in the High North

Like Russia, Norway has vast energy interests in the High North. But unlike Russia, Norway has not yet found reserves as large as those of Russia. Therefore, Norway has an interest in cooperating with Russia, as they are the ones with the largest undeveloped petroleum fields. Though Russia has large petroleum resources, they lack the technological ability to develop these. Norway, on the other hand, has the technological opportunities needed in the offshore petroleum industry, but limited internal markets. By engaging in pioneer projects such as Statfjord, Ormen Lange and Snøhvit, Norway has gained technological skills required when developing petroleum in the north. Moreover, Norway has built firm infrastructure needed for the petroleum industry. Additionally, Norway possesses knowledge concerning the environmental issues in the High North. Such knowledge is needed in order to prevent accidents that might lead to environmental hazards. Russia lacks both the technology and experience needed to engage in projects such as Shtokman (Johnsen 2006: 13-14).

Though Norway has an interest in cooperating with Russia in order to get access to Russian fields, it is important to highlight that this is not the only Norwegian interest in the High North. When regarding Norwegian interests in this area, it should be stressed that the various interests need to be viewed as a whole. Norway has territorial interests, energy interests, interests regarding fishing and environmental interests. As a consequence it is crucial for Norway to maintain a policy that will look after all of its main concerns.

One of Norway's main interests in the High North is to assert its sovereignty and sovereign rights in the area. Chapter 1 showed that Russia and Norway still have failed to reach an agreement on where to draw the line between the countries' economic zones, which has resulted in the establishment of two temporary agreements, namely the one of the disputed area and the Grey Zone agreement. Another territorial disagreement is the one of the Svalbard continental shelf. The Svalbard Treaty of 1920 gave Norway sovereignty over the land area of Svalbard. Additionally, the Treaty provided all the signing nations and their companies the right to residence, industrial and maritime activity, fishing and hunting (Governor of Svalbard 2008). There are all-together 39 countries associated to the Svalbard Treaty, among these Russia, the US and several EU states (Fife 2009). Today's disagreement concerns whether or not the principle of equal rights should apply to the continental shelf and waters beyond the territorial waters of Svalbard as well (Raaen 2008:25). Norway's official respond to this issue is that the Treaty's equal treatment provisions only apply on the mainland of Svalbard and not offshore. Russia, on the other hand, holds the view that the continental shelf of Svalbard is part of the international seabed and therefore that the privilege of engaging in fishing and petroleum activity there, is not a right belonging exclusively to Norway (Jensen and Rottem 2009: 6).

The end of the Cold War considerably lowered the possibility of Norway being invaded by Russian forces. Today, an invasion is seen as unlikely, and Norway is continuously making efforts to strengthen its relationship to Russia and to further develop cooperative bonds between the two countries. However, Norway is not blind to the fact that Russia is a great power and that Norway is a small country in comparison. Consequently, the relationship between the two, though friendly, will develop asymmetrically, and therefore be a challenging task for Norwegian security policy (Godzimirski 2007b: 7). The striking differences between the two countries, in both size and power have traditionally made Norway reluctant about making bilateral agreements with Russia, as the factor of asymmetry is unavoidable (Hønneland 2005:44). In order to even out this tendency of asymmetry, Norway seeks for NATO

to confirm their support of Norway in the High North and to re-establish its focus on the High North. Norway has expressed concerns connected to the High North, and oriented NATO of the challenges the country could be facing there (Strøm-Eriksen 2009).

Another important issue area for Norway is the environment. In order to get the most out of the natural resources, such as fish and petroleum, it is necessary to keep the area free of environmental accidents. It is therefore in Norway's interest to make sure that the Russian petroleum industry operates in a way that protects the environment. An environmental crisis on the Russian side of the High North will have large consequences for the Norwegian side of the High North as well (Johnsen 2006: 9-10). Russian oil and LNG tankers may pose an environmental danger for Norway, and it is thus in the country's interest to keep from operating too close to Norwegian shores. Norway will in such case need support from NATO, as it is challenging for Norway to approach Russia alone, on such a matter. This is to an extent related to Russian reluctance towards Norwegian environmental concerns, as shown above, as Russia often considers these to be a way of suppressing Russian economic and industrial growth, for instance on Svalbard. Though Norway's economic and commercial interests might benefit from Russian cooperation, the country's security and environmental interests might be jeopardised (Jaffe 2007: 16).

In order to help prevent environmental disasters, Norway also participates in the work of securing the Russian nuclear power plants located near Norwegian borders. Norway assist with the means needed to provide measures that will lower the chances of accidents on the plants. In addition, Norway is also involved in the work of storing nuclear waste (Lodgaard 2005: 38).

6.3 Norway's Room of Manoeuvre vis-à-vis Russia

Norway's room of manoeuvre in the field of security policy has been described as a triangle, with the three corners containing of Russia, the U.S. and the EU (Neumann 2002: 2, Rottem et al. 2008: 33). This will imply that although Norway's room of manoeuvre is, as previously stated, relative, Norway at the same time needs to take these three actors into consideration when making its foreign policy. Moreover, the corners of the U.S. and the EU are crucial when it comes to Norway's dealings with the corner of Russia. This is the corner we are interested in here, as the purpose is to define Norway's room of manoeuvre towards Russia, in particular. The way of looking at Norway's room of manoeuvre differs somewhat from the way of looking at Russia's room of manoeuvre. This relates mainly to the fact that Norway is a part of a larger alliance, and needs to consider its room of manoeuvre in the field of security policy accordingly.

In order to widen its room of manoeuvre towards Russia, Norway needs to be reassured that it has support from NATO. This support will not necessarily be granted as Norway's position and relevance in NATO has been marginalized after the Cold War (Græger, not dated). Norway should therefore seek to act in a way that will appear beneficial to the largest NATO country, namely the US, in order to secure their backing. This takes us to the point of widening one's room of manoeuvre by making one's policy compelling to others, thereby gaining their support (Knutsen et al. 2000: 38-39). It is important for Norway to lead a policy towards the Russians that will be attractive to NATO and the US.

Norway strives to make sure that the relations it makes with Russia are compatible with USA and NATO's Russia-policy. This is so that NATO and the US do not feel alienated and end up abandoning Norway in the High North (Neumann 2002: 3).

Moreover, it is also important to maintain a policy that will not create distance between Norway and the EU. Russia's relations to the EU might affect EU's support for Norway's High North interests, should Norway pursue a policy that prioritises relations with Russia over relations with the EU (Mitchell 2007: 91). In order to reassure support against the Russians in the High North, should such be needed, Norway needs to approach Russia in a way that will offend neither the US and NATO, nor the EU. At the same time, Norway must make sure that it does not prioritise any bilateral relation to such a degree that it weakens other bilateral relations. In other words, the US and NATO must not feel that Norway chooses EU relations over relations with them, and opposite. Should Norway distance itself from both its allies, it may find itself standing alone with Russia (Neumann 2002: 3-4). Though the EU is a part of Norway's security policy triangle, it is plausible to argue that Norway under current conditions should seek to prioritize its relations with NATO, and especially the US, over its relations to the EU. This is because Norway, not being a member of the EU, cannot count on much support from the EU in the first place (Godzimirski 2007b: 6-7, Ulriksen, not dated). NATO, on the other hand, is legally committed to assist its allies should such assistance be needed. This idea is rooted in NATO's Article 5, stating that the attack of one NATO country should be considered as an attack on the whole alliance (The North Atlantic Treaty 1949). Whether or not the USA, which is the strongest of the NATO countries, will follow through on their commitments and how, is another question.

Alliances can both increase and decrease a country's room of manoeuvre. As was shown in chapter 5, Russia has no allies it needs to consider when pursuing its national interests. This increases the country's room of manoeuvre, as it is not dependent on other actors to enforce its policy. Likewise, Norway's room of manoeuvre in the field of security policy towards Russia might increase with the proper reassurance that NATO, especially, will give Norway support in a potential conflict with the Russians in the High North. The widening of Norway's room of manoeuvre towards Russia in the field of security policy by securing support from NATO, will consequently narrow

Norway's room of manoeuvre in other policy fields. It may not stand as freely when pursuing foreign policy interest in the High North, as it has to take the interests of others into consideration as well as their own.

The chapter on Russia stated that a country's room of manoeuvre might further be widened or narrowed by its dependence, or lack thereof, on the country it is interacting with. We saw that Russia has a dependency relationship towards Norway, as Norway possesses the technology Russia needs to develop their offshore gas fields. This dependency was considered to be rather significant, as Russia needs the incomes of new gas fields in order to continue growing economically and thereby sustain its position as a great power. Thus, it is probably fair to say that there is a *reciprocal* dependency between the two countries. Norway has experience with offshore operations in the Arctic waters and possesses the technological tools, while Russia has large natural resources on their side, which Norway wants access to. The question to be posed is whose dependency is the strongest? The country with the strongest dependency on the other state will have the least room of manoeuvre.

We have seen that what makes Russia's dependency on Norwegian technology severe is that Russian petroleum industry is closely connected to the country's vital interests of being a great power. In relation to Norway, one must differentiate between Norway's vital interests as a *country* and the commercial or economic interests of Norwegian *companies*, such as those of Statoil (formerly StatoilHydro). Norway is a country with an oil consumption that is considerably lower than the country's output potential. Moreover, Norway has still ongoing production in the North Sea, as well as considerable resources in the High North, though they are not as large as those of Russia. Contrary to Russia, Norway is not trying to position itself as a great power. Neither does Norway need Russian petroleum to meet the needs of its citizens at home. Thereby, Norway's interests in the Russian High North are not directly connected to vital national interests, such as energy security. Norway's interests in the

Shtokman and the Yamal – Nenets fields can thus be viewed as either purely commercial or as a way of strengthening the Norwegian-Russian foreign policy relations through cooperation (Jaffe 2007: 17-18). This makes Norway's dependency of Russia less strong than Russia's dependence of Norway, as Russian interests in Norwegian technology are closely connected to the country's national interests as a whole. Considering these factors, Norway's room of manoeuvre seems larger than Russia's.

The room of manoeuvre is also determined by the power a country possesses, being either material, like in Russia's case, or revolving around soft power. "Soft power" is the ability to affect the political agenda in a way that shapes the political preference of other actors. It is the ability a country has of attracting others to agree with their policy direction. Soft power is about making one's values appealing to others, so that they choose to follow your example. Soft power is an alternative to the material power consisting of military, weapons and economy (Nye 2002: 552). Norway has positioned itself as having considerable soft power on the international stage. Here Norway has taken the lead of being a country encouraging to peace negotiations, understanding, diplomacy and the promotion of human rights (Knutsen et al. 2000: 39, Rottem 2007b: 81).

Though strong when it comes to soft power, Norway is also in possession of a certain amount of hard power. This is where Norway's position as an energy power matters. Natural resources also matter when it comes to the room of manoeuvre (Knutsen et al. 2000: 39). Although Norway is a rather small country compared to Russia and other great actors on the international arena, the country is a great power when it comes to energy (Noreng 2007: 95, Rottem et al. 2008: 30). As economic power is a part of hard power, Norway gains hard power through their strong economy built on petroleum resources. Russia, on the other hand, only possesses hard power. The combination of both soft and hard power might increase Norway's room of manoeuvre in the field of

security policy towards Russia in the High North. It is important to stress that soft power in itself may not necessarily be of great importance: it is rather the *consequences* of soft power that might help widen Norway's room of manoeuvre. Nye specifies that soft power lies in the ability to make one's policy attractive to others. Therefore, the soft power that Norway has might contribute towards attracting support for Norway's High North policy, as indicated above.

When it comes to hard power in terms of military capabilities, NATO is Norway's best tool. Since NATO's interest of the High North region has declined in the years after the Cold War, so has Norway's ability to practice Realpolitik in the area. Though Norway and the US are still in alliance, Norway cannot be certain that the US will follow up on their commitments through NATO and support Norway against the Russians (Rottem 2007b: 70). Norway therefore needs its own military power. It is important to have military presence in strategically important areas such as the High North (Lodgaard 2005: 40).

One of Norway's central tools here is the Norwegian Coast Guard, patrolling the northern waters. The Coast Guard's duties include presence in the area in order to mark Norwegian sovereignty, controlling the fishing activity in the area, rescue services and environmental control. Though the Coast Guard is an integrated part of the Norwegian military system, it is responsible for civil duties as well as military. This tones down the Coast Guard's military agenda and presents the institution as a less aggressive military source. Their presence is therefore, though noticed, not viewed as aggressive (Rottem et al. 2008: 39-50, Rottem 2007b: 72-74). However, it is important not to undermine the importance of the Norwegian Navy as a whole, when talking about the High North. The Norwegian Navy's main responsibilities include asserting Norwegian sovereignty and preventing crises. This is to be achieved by close surveillance of the area and by maintaining a strong presence in the High North (Christensen 2006: 3). The focus on the High North has received increased attention

the recent time, and in 2009 the Navy conducted a large military exercise in the area, called “Presence in Northern Norway” (Trøtt 2009).

6.4 Summary of Norway’s Room of Manoeuvre

The section above has shown that Norway’s Room of manoeuvre depends greatly on whether or not NATO (and particularly the US) will support us in a potential crisis. This again depends on Norway’s ability to make its policy in the High North attractive to NATO. Norway possesses a great power status when it comes to being an energy producer and exporter, in addition to having considerable soft power. These are qualities one can argue should enable Norway to get NATO on its side. As the analysis will show, however, this will depend on how one chooses to angle the situation. The material power of Norway, in terms of military power, is weak without NATO. This makes Norway’s manoeuvre room fairly limited, should the country find itself without NATO’s support. The one variable where Norway scores high and which broadens Norway’s room of manoeuvre, is that of dependency. Norway has its own petroleum reserves and the ability to exploit them. Thus, it is not of vital importance to Norway as a country to get access to Russian fields. It is, though, necessary for Russia to get access to foreign offshore technology, the Norwegian being the leading.

The analysis below will broaden the understanding of how, why and which of the two countries will have the largest room of manoeuvre, based on the theoretical assumptions that have been employed. It is important to stress that the two applied theories concentrate on states as sovereign and unitary actors and therefore have their ontological focus on the state as a whole. Therefore, the variable on the public opinion inside each country will not be visible through the analysis.

7 Theoretical Perspectives on Cooperation and Room of Manoeuvre

This chapter will use the analytical tools of neorealism and neoliberal institutionalism to make an estimation of how the respectively Russian and Norwegian room of manoeuvre towards the other might be affected by petroleum cooperation.

7.1 The Perspective of Neorealism

The chapter on theory sketched the neorealist view on cooperation between states. To sum up, neorealists find cooperation between states hard due to their emphasis on relative gains (Powell 1991: 1303). The focus on relative gains has been deeply rooted in Russian foreign policy since the Cold War. In the Cold War period, the international structure was dominated by a bipolar system, in which each of the two sides considered their own gain to be the other one's loss. Foreign policy was, in other words seen as a "zero-sum game" (Donaldson and Noguee 2005: 229). As previously mentioned, Russia is now a highly centralized state, a characteristic that was introduced during Putin's years as President (Helm 2007: 20). Russia thus appears as a state in accordance to the neorealist definition emphasizing that countries operate as unitary actors, with a primary goal of survival (Grieco 1988: 488). The zero-sum perspective is still evident in Russia's policies in the High North, and there is widespread concern among Russian policy-makers that outside states or non-state actors may try to take control of valuable natural resources belonging to Russia.

Neorealism applies the relative gain assumption for both economics and security. These two are connected since economic gains may in the end result to gains in the field of security (Snidal 1991: 703). This relates to what was previously discussed about Russia needing economic growth in order to restore its status as a great power

and pursue and protect national interests. Thereby, Russia seeks to develop its petroleum resources in order to restore its economy. As we have seen in the High North, conflicts of interests tend to occur when Norwegian environmentalists protests against or hinder Russia's approach regarding natural resources in an environmentally fragile area. In such situations, Norway is often perceived as having a hidden hard security agenda. The Russians, seeing the world through the eyes of realism, view this as a way of lowering Russia's relative gains and weakening their chance of development.

Chapter 5 and 6 gave a discussion of respectively Russia and Norway's room of manoeuvre vis-à-vis the other, in the field of security policy. The analysis below will use neorealist assumptions to investigate which of the two countries would have the broadest room of manoeuvre in the field of security, given cooperation in the energy sector. The assumptions of neorealism will emphasise the importance of some of the factors, while not granting much importance to others.

When it comes to the criteria of dependency, we concluded that Norway's room of manoeuvre is broader than Russia's, due to Russian dependency of Norwegian technology in order to go ahead with their offshore production. When two states are cooperating, dependency among them will never be absent. According to neorealism, dependency makes states vulnerable (Waltz 1979). In this case, Norway is dependent on Russia because of their gas fields, whereas Russia is dependent of Norwegian technology in order to develop the fields. As Russia's security policy and national interests evolve around their energy production, it is possible to argue that Russia to a certain extent is dependent on Norway to bring about economic growth, and therefore indirectly national security as well. If the Norwegian offshore technology wishes to develop further it needs to expand its markets, as the domestic market is too small. On November 4th, 2009, Aftenposten wrote that Norwegian petroleum technology suppliers are struggling due to the credit crunch and the lack of domestic customers.

One company, specialized in providing offshore technology, had to dismiss over 500 employees because of the lack of orders (Harbo 2009).

The Russian energy market is an option Norway can turn to in order to find new projects where Norwegian petroleum technology can be utilized. Should, however, large parts of the Norwegian petroleum industry get too involved in Russia, this could alter the dependency relationship between the countries, making Norway more dependent of the Russian market than Russia is on Norwegian technology. The Norwegian companies could become victims of Russia's vague laws, rules and diffuse business agreements. This could lead Norwegian industry down the same path that the Norwegian company Telenor had to walk. Telenor invested in the Russian telecom company VimpelCom, and was later accused by Ferimax, a small VimpelCom investor, of preventing VimpelCom from expanding in Ukraine, thereby causing the company to lose large amounts of money. The case was taken to the court in Siberia, where Telenor's stocks in VimpelCom were confiscated, as compensation for the alleged loss. Telenor suspects their Russian partner Alfa, and its owner, the oligarch Mikhail Friedman to stand behind the small investor Ferimax and their claim of Telenor's stocks (Haugnes and Mørch Larsen 2009, Hagen 2009). Recently, the disagreements have been ended, and solved by a merger between Telenor's Russian and Ukrainian assets with those of the Alfa Group. The merged assets will form a new company worth \$24 billion (White and Bland 2009, The Economist 2009). Researcher Arild Moe argues that the Telenor affair should be a warning for Statoil when considering engaging in cooperation with Gazprom on Shtokman (Trellevik 2009).

Norway needs to consider its costs and benefits when it comes to cooperation with Russia. It is therefore necessary for Norway to reconsider if its short-term commercial interests would be gained at the expense of more vital long-term interests. In this regard it is important to take into account long-term economic and security interests, as well as the long-term interests of Norwegian companies operating in Russia.

Moreover, it is important to emphasize that while Norway needs Russia primarily for its petroleum fields, Russia needs Norway primarily for its technology. The difference between these two goods is that the latter is portable while the former is not. What happens to the dependency relationship when Russia eventually attains the technology that it is now dependent on? Statoil might enter the Shtokman field with anticipations of working together with Gazprom throughout both the starting phase and the production phase of the project. However, there is no guarantee that Gazprom will keep Statoil as a partner in the production phase if they acquire the technology they need in the first phase. Statoil would then risk being excluded from the Shtokman project after the Norwegian technology finds its way into Russian hands. This could cause Statoil considerable economic loss, and also broaden Russia's room of manoeuvre, as the dependency relationship would shift. Russia would probably be more dependent on Norway and Statoil in the start-up phase than in the production phase. In the long run, this may put Norway and Statoil in a vulnerable situation.

The leader of the Norwegian environmental agency Bellona has warned Norwegian companies from entering cooperation with Russian Gazprom. He also stresses the possibility of Russia using the Shtokman project as a way of gaining access to Norwegian technology, so they can use it on other fields where Norway is not involved as a partner (Leirset 2006). The Norwegian Police Security Service points out in their annual report from 2009, that there is ongoing activity of intelligence gathering in Norway. This is mostly in order to obtain information concerning the Norwegian petroleum industry and petroleum research. The goal of the espionage is, according to the Police Security Service, to collect information that will strengthen Russia's position, while potentially weakening Norway's (PST 2008).

Both of these examples show how cooperation can turn the dependency variable, making Norway more dependent of Russia than the other way around. The examples also show the essence of neorealism's relative gain and zero-sum assumptions. The

largest state is often the most likely to gain from cooperation whereas the smaller and weaker party loses. Here, the loss in connection to cooperation is interpreted as a narrowing of the room of manoeuvre. Receiving access to Norwegian technology will automatically lead to a situation where Norway's loss becomes Russia's gain.

Gathering support for one's actions increases the room of manoeuvre in the field of security policy (Knutson et al. 2000). The chapter on Russia showed how the country explicitly states that it will pursue its own interests in the High North, no matter what other countries, particularly Western, may say about it. This is a typical example of neorealist policy, where the sovereign state seeks to fulfil national interests, disregarding the wishes of others (Waltz 1979). Moreover, Russia can rely on its own military capabilities, making the country independent of foreign military assistance (Hedenskog et al. 2009: 10).

Norway, on the other hand, is eager to oblige other states, particularly the US. This is not surprising, as it is more important for small states to maintain good relations with their allies than it is for larger states or great powers (Græger, not dated). By making Norwegian interests and actions attractive to the US, Norway hopes to gain their support and thereby enlarge Norway's room of manoeuvre vis-à-vis Russia. Neorealism stresses that states, particularly powerful ones seek to fulfil their own national interests. With such an assumption one could conclude that if it is in US' and NATO's interests to support Norway, they will.

This thesis has previously stated that the US primarily seeks to ensure its own interests. Securing one's own interests is one of the core assumptions of neorealism. This is a characteristic deeply rooted in the mentality of US foreign policy and will probably not be greatly altered by the election of a new president (Ørnhøi, not dated). The most important variable in the eyes of neorealism, when it comes to power are

material power assets (Waltz 1979). Thereby it is unlikely to assume that Norway's soft power will have any affect on a large, goal-pursuing state like the US. The chapter on Norway pointed out that Norway does have a certain amount of hard power as well. This is mostly in the form of natural resources. One must, however be careful and not assume that power resources are the same as power itself. Though sitting on vast amounts of petroleum resources may be powerful in some situations, it also may be a liability in other (Baldwin 2002: 179). An example of how the resources may turn out to be unfortunate for Norway is if there were to be a race over the natural resources in the High North, potentially destabilizing the region. A scenario such as this, though not expected in the near future, cannot be ruled out completely (Granholt 2008: 14).

A similar scenario could occur in relation to the question of sovereignty and sovereign rights on the Svalbard continental shelf. Several of the countries that have signed the Treaty argue that rules regarding foreign presence on the Svalbard land area also should apply also to the continental shelf. Norway, however, holds another point of view, claiming that these principles only refer to the land area of Svalbard, whereas the continental shelf belongs solely to Norway (Rottem et. al 2008: 52). Rising energy demands worldwide could eventually lead to a desire to investigate whether there are petroleum resources located in the continental shelf around Svalbard (Raaen 2008: 28).

If a conflict between Russia and Norway should arise concerning possible petroleum resources on Svalbard's continental shelf, it would not be certain that Norway would receive support from NATO. As the US and several other European NATO countries also have potential interests on the Svalbard continental shelf, neorealism would argue that the states would pursue their own interests in preference to help protect Norway's national interests. Protecting Norway, in such a matter, would lead to a zero-sum result, where the NATO countries associated to the Svalbard Treaty lose possible petroleum resources whereas Norway gains them. This would make Norway an even stronger petroleum nation, making the other countries additionally more dependent on

the Norwegian petroleum. After the Cold War, NATO has, according to neorealism, lost its task of protecting Western Europe from the Soviet Union. Instead, the US uses NATO as a tool of controlling the foreign policy of West European states (Waltz 2000: 208). According to neorealist assumptions, the US and NATO will support Norway against Russia in the High North, if such an action is viewed as favourable to the US. Moreover, this is not just a question of national interest, but also one concerning relative gains. Neorealists would say that, particularly in such a politically sensitive area, the US would fear what Norway might gain if they were to cooperate against Russia in the High North (Keohane and Martin 1995: 45). Hence, Russia appears to have the wider room of manoeuvre of the two in relation to material power. It is important to once again stress that this depends on the direction NATO decides to take, namely if the organisation supports Norway or not.

Should Norway change its Svalbard policy and meet the policy interests of the other Treaty states, this could lead to a guarantee that NATO will follow up on its commitments in a confrontation between Norway and Russia. Though Norway thus could gain international support against Russia, the country would also suffer a great loss regarding sovereignty and possible petroleum resources. Even though a country is capable of altering its policy in order to gain a larger room of manoeuvre, it needs to consider the costs and benefits related to such actions (Knutsen et al. 200: 38).

It seems that an absent NATO would increase Russia's room of manoeuvre, as this would leave Norway to face Russia alone. Likewise, should NATO, and mainly the US, stay loyal to their commitments and stand by Norway, Russia's room of manoeuvre would shrink. The certainties regarding USA's will to follow up on their obligations through NATO are small, should we believe Norwegian scholars. NATO is argued to be a tool of US foreign policy, used by the US to be applied in their favour. Furthermore, the USA is viewed as a country seeking to promote and achieve its own interests. In other words, NATO will support Norway only if it is in US' interests to do

so (Rieker, not dated, Ørnhøi, not dated). This belief relates to neorealist considerations of sovereign states as being the main actors on the international arena, thereby limiting the power and influence of institutions. States seek to maximize their own power and achieve national objectives (Waltz 1979).

Considering the countries' room of manoeuvre through the lens of neorealism, Russia's room of manoeuvre appears wider than Norway's. Russia is larger and more powerful than Norway, and the bilateral relationship between the two is fundamentally asymmetrical. Russia does not necessarily have to pay attention to Norway's security and economic interests in the region, whereas Norway, being the smaller of the two, has to be more sensitive to the interests of its big and powerful neighbour. It is important to stress that this interpretation is based on the theory that has been used, and its basic assumptions. Neorealism has traditionally been focused on great powers, such as the US and the Soviet Union (Mastanduno 1997: 50).

7.2 The Perspective of Neoliberal Institutionalism

Where neorealists see cooperation among states in an anarchic environment as difficult, neoliberal institutionalists consider cooperation between states to be possible, despite anarchy due to the neoliberal focus on absolute gains as opposed to relative gains. It does not matter what the other countries involved will gain, as long as absolute gains are reached individually by all the states involved. Not being motivated by zero – sum game mentality allows for cooperation to successfully take place (Powell 1991: 1303). In order for cooperation to take place, there must not exist harmony between the parties involved. Neoliberal institutionalism defines cooperation as an adjustment of behaviour vis-à-vis the expectations of others. To achieve such adjustment, the states that wish to enter cooperation need to have both common and conflicting interests (Axelrod and Keohane 1985: 226).

Where as Russia, as shown, is driven by its pursue of power and operates with a zero-sum mentality, Norway conducts its foreign policy more within the lines of neoliberal institutionalism. This has largely to do with the fact that Norway is not a large, great country, and therefore has to rely on institutional norms and rules when seeking to promote its national interests. This is evident, especially in the High North and in Norway's relations to Russia. Here, Norway relies in the United Nation's Convention on the Law of the Sea from 1982. This is the convention that grants countries the right to establish exclusive economic zones and the sovereign right take advantage of the natural resources within these zones (St.mld.nr 15 (2008-2009): 43). The institution of the UN therefore acts as a protector of the rights of small states, such as Norway, and broadens Norway's room of manoeuvre vis-à-vis Russia. If a cooperative relationship between Norway and Russia is rooted in an institutional framework and involves several other partners, this could widen Norway's room of manoeuvre. This is because Norway would have multilateral and legal support, should Russia try to use its power status to try to squeeze Norway out of the cooperation or attempt to change the terms of the cooperation.

Altering its own behaviour to achieve cooperation based on compromises with Norway is not something Russia portrays itself as willing to do. Looking back at chapter five, it was stated that Russia seeks to promote its own interests, regardless of the interests of others. This typical zero-sum approach can easily relate to neorealism, whereas neoliberal institutionalism assumes that states will give in to certain demands from others, in order to achieve cooperation. Will a cooperative situation between Russia and Norway become an arena where Russia, as the larger party can avoid adjusting its behaviour and interests whereas Norway, as the smaller part must give in to Russia's demands and condition? When considering Russia's cooperation with Sweden and Finland regarding gas pipelines, it is possible to argue that Russia is willing to accept the conditions of smaller states in order to make cooperation possible.

Sweden and Finland have recently agreed to let Russia install gas pipes through the countries' economic zones down to Germany. The agreement was made after Russia had consented to accept several additional claims and conditions made by Sweden and Finland, than were originally intended (NRK 2009). It could thereby be likely to claim that Russia will consider Norway's interests in the same way, an argument that would be in line with neoliberal assumptions. There is however no guarantee that Russia will follow up on all of its potential promises. It is also important to stress that Russia is likely to give in to the demands of smaller states only when the costs of not doing so appear higher than giving in.

Neoliberal institutionalism states that in a situation of cooperation there will always be an asymmetrical form of dependency between the parties involved, in this case between Russia and Norway. Keohane and Nye write that the least dependent actor has the possibility to take advantage of its dominant position. They can use their power as the least dependent party, to twist the cooperative situation to their benefit, but also to achieve their goals in other policy areas (Keohane and Nye 1973: 160). The situation of today, which is prior to cooperation, may point to the assumption of Norway being the least dependent party, as it has the technology needed to develop Russia's fields. But, as stressed above, this could change in an actual cooperative situation, leaving Norway as the more dependent of the two. Thereby, in line with neoliberal institutionalism, it would be in Russia's power to take advantage of the situation. Using the same example as above, it is not unlikely to expect that should Norway get too involved in the Russian market, Russia will see this as an opportunity to take advantage of Norway's weaker position. Hence, neoliberal institutionalism also argues in favour of a wide Russian room of manoeuvre, based on the dependency variable.

Regarding the loyalty of NATO, the neoliberal institutionalists see the situation somewhat differently than neorealists. Mearsheimer has criticized neoliberal institutionalism for making a division between economic and security policy, where

the explanatory power of neoliberal institutionalism only applies to the latter. This has, in turn been answered, arguing that the theory is suitable when approaching cooperation regarding both economic policy and security policy (Keohane and Martin 1995).

Neorealism saw NATO as a tool that the US uses to achieve its own interests. This turns the institution into an instrument of the powerful member states. Neoliberal institutionalists, though, see institutions as more than reflections of the member states' interests. They see institutions as an arena where its members shape and develop their own, common interests together (Keohane 1988: 382). Neoliberal institutionalists would argue that NATO would support Norway in a potential crisis with Russia. This will not be due to the US' moral obligations or the belief in, and respect of, international norms (Keohane 1988: 380). It would be done simply out of the US' own interest which will be shaped by NATO. It is hard to judge whether or not NATO will support Norway, as the organisation cannot be said to have a clear unitary foreign policy interest in the High North. Though the US is the largest of the NATO countries, the alliance has 27 other member states, many of which are EU countries (NATO 2009). A large part of these EU countries import pipeline-delivered gas from Russia. As a consequence, they are highly depended of Russia and will probably not want to risk their relationship with Russia by supporting Norway in a potential High North conflict. On the other hand, the EU is eager to increase its import of Norwegian petroleum and keep Norway as an alternative source of energy. This wish is mainly a result of Russia's unreliability as an energy provider, as was illustrated during the Ukraine – confrontation, where Russia stopped gas supplies to the country and consequently affected the gas delivery aimed at other European states (Løvås 2009). Paragraph 6.3 mentioned that it is unlikely for Norway to count on large support from the EU, as Norway itself is not a member of the union. Should Norway accept a EU membership before engaging in cooperation with Russia, it would receive support from the rest of the European countries and therefore gain a larger manoeuvre room.

Furthermore, the theory argues that international institutions provide an arena where sovereign, self-interested states may exchange information; lower transactions costs and build up certain expectations towards each other (Keohane 1989/1990: 737). This would remove the shadow of the future, in other words some of the uncertainty that dominate international relations because of the anarchic structure. It is, of course necessary that the information exchanged is reliable. As this thesis is dealing with energy and security policy, there will always be uncertainties concerning whether or not the information exchanged is reliable. However, Axelrod and Keohane argue that no matter the policy area, the most important is that the members of an institution build up certain expectations between them. Assuming that the rules of the institution are followed, rewards will be given in the form of a guarantee that other members will follow the same set of rules (Axelrod and Keohane 1985). This assumption reflects Norway's motivation when it comes to contributing troops to Afghanistan through NATO. As earlier stated, Norway's participation in Afghanistan may in turn provide US' and NATO support in potential High North issues. Should the assumptions of neoliberal theory hold, it could be concluded that if Norway will stay loyal to NATO, NATO will in turn be loyal to Norway, and that Norway may count on the support of the institution. Thereby, neoliberal institutionalism has widened Norway's room of manoeuvre in this regard and narrowed the one of Russia.

This thesis has previously stressed that NATO has traditionally been seen as Norway's hard power, whereas Russia has always relied on its own military forces. Considering the conclusions above, it can automatically be argued that Norway's material power will be widened by NATO's participation. It has on numerous occasions throughout this thesis been expressed that, though the Russian military capabilities are growing, they are not as large as they were during the Cold War. It is thereby questionable if Russia can stand against a united NATO and therefore reason to argue that Russia's room of manoeuvre would shrink in case NATO involves itself heavily in a potential

conflict. Furthermore, Healey's theorem assumes that merely a 5 per cent chance of NATO's involvement would deter Russia and thereby enlarge Norway's room of manoeuvre.

As opposed to the result of the analysis based on neorealism, the one based on neoliberal institutionalism widens Norway's room of manoeuvre and narrows Russia's considerably. This is mainly due to the assumptions made by the neoliberal institutionalist theory. The result also reflects on the fact that by including institutions in its studies, neoliberal institutionalism has a wider ontological ground than neorealism. While neorealism has its ontological focus on states, neoliberal institutionalism also includes international institutions, thereby widening its explanatory area.

8 Concluding Remarks

The task of this thesis was to examine how potential petroleum cooperation between Russia and Norway in the High North could affect the countries' room of manoeuvre in the field of security policy. In order to accomplish the assignment, the thesis was conducted by using the method of theoretically interpretive case study. Empirical data was presented and analysed through the use of two theories, namely neorealism and neoliberal institutionalism. A clearly visible conclusion deriving from the neorealist and the neoliberal institutionalist analysis is that petroleum cooperation may influence the countries' room of manoeuvre due to the nature of the dependency relationship between Russia and Norway, which is likely to be altered by cooperation.

Both neorealists and neoliberal institutionalists see cooperation as something that will alter the structure and intensity of dependency relations. The exchange of technology can change the dependency relationship in several ways. First of all because once Russia has received the technology, it will no longer need Norway's assistance and might thereby exclude Norway from the cooperation.

Secondly, the relationship might turn to Russia's favour if the Norwegian technology industry becomes too involved in, and therefore highly dependent on, the Russian market in order to continue growing. Norwegian petroleum companies might become vulnerable to the unpredictable Russian way of doing business, as has previously been experienced by foreign companies such as Telenor. Thereby, Norway's manoeuvre room would shrink while Russia's would increase.

The countries' room of manoeuvre will be affected by the role played by NATO. A NATO that stands united with Norway will contribute to shrinking Russia's room of manoeuvre vis-à-vis Norway, while widening Norway's vis-à-vis Russia. If NATO

should choose not to follow up its obligations and support Norway in the High North, Russia's room of manoeuvre would become greatly enlarged. Furthermore, Healey's theorem assumes that merely a 5 per cent possibility of NATO's involvement would deter Russia and shrink its room of manoeuvre, while enlarging Norway's.

According to neorealist assumption, NATO may not necessarily be willing to back Norway up in a potential confrontation with Russia, as doing so could run contrary to the national interests of at least some of its member countries, particularly those that depend heavily on Russian energy supplies. Neoliberal institutionalism, on the other hand, holds that NATO will support Norway. This support will be given, as neoliberalism stresses the importance of institutional rules and expectations among allies. If institutional assumptions hold, NATO will assist Norway in the High North as a return service for Norwegian military contributions in Afghanistan, among several other NATO operations. This conclusion is, of course, entirely based on theoretical assumptions, holding other variables fixed, not considering the actual, empirical situation of the day, in which it may be argued that the US will not be able to assist Norway as they are otherwise engaged in their own conflicts abroad.

There is no way of determining exactly how the countries' room of manoeuvre can be affected by petroleum cooperation. However, both theories indicate that the asymmetrical relationship between Russia and Norway could lead to the enlargement of Russia's manoeuvre room. In any event, the safest way for Norway to limit the expansion of Russia's room of manoeuvre is to either not engage in cooperation or to engage in a multilateral cooperation, where the US or the EU can act as a Norway's partner vis-à-vis Russia. This thesis has thereby concluded that bilateral petroleum cooperation between Russia and Norway in the High North can result in a widening of Russia's room of manoeuvre, as the asymmetrical relationship between the two

countries would dominate the situation. However, if cooperation is entered within a multilateral, institutional framework, it could be less likely that Norway would become exposed to Russia's vague laws and changing terms.

In addition to the form of the cooperation, namely whether it is bilateral or multilateral, the timing of the cooperation is also important. Even though Norway may appear to gain a lot of advantages during the start-up phase of cooperation, the country could be excluded from the project in the production phase. A scenario like this would leave Russia as the one gaining the most, as they would have gained access to the technology they needed and afterwards could continue production without Norwegian assistance. Also here, it is important for Norway to consider the cooperative terms before engaging in cooperation. An agreement built on norms and laws within an institutional framework would widen Norway's room of manoeuvre, as the possibility of getting excluded from the project would be smaller. A cooperation not rooted in an institutional framework could give Russia a wider manoeuvre room, as they could use their position as a great power to manipulate the rules of the cooperation to their advantage.

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