An Oil Company as a Force for Good?
How Statoil Put Norway’s Identity as a “Champion of Ideals” to the Test

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Abstract
This article explores how Norway’s quest for moral authority to be recognized as a “champion of ideals” came under strain in the 1990s when the Norwegian state’s oil company Statoil expanded its operations both in Norway and abroad. While we know much about Scandinavia’s international activism after the end of the Cold War, we know less about how Scandinavian businesses responded to or potentially impacted this activism. The aim of this article is therefore to begin addressing this issue by examining Statoil’s response to some of Norway’s moral and ethical aspirations in the post-Cold War global arena. Particular attention is paid to the tension between Norway’s ambition to be an early mover for sustainable development and a human rights advocate, and Statoil’s approach to environmental problems and human rights violations. As such, the article explores the role of state-owned enterprises in profit-making and global expansion during a formative decade when economy became an increasingly important determinant of Norwegian foreign relations, and ethical and moral objectives with roots in earlier decades were revitalized through an unprecedented number of international initiatives.
Introduction

During the last decades, an increasing number of oil-rich, market-seeking national oil companies have expanded outside their domiciles and challenged the previously dominating position of international oil companies (Grayson 1981: 5, Cheon 2015: 2-7). One of these companies is the Norwegian state-owned Equinor, until 2018 known as Statoil. At the beginning of the 1990s, Statoil began to invest actively abroad in order to diversify its upstream portfolio and maximize its downstream market access. Simultaneously, the company maintained its privileged position at home and expanded on the Norwegian continental shelf through investments in new technology, platforms, and plants to extract hitherto unavailable oil and gas resources. An important long-term aim of these strategic choices was gradually to become an internationally competitive, listed company, decoupled from political developments and priorities in Norway. While Statoil’s ambitions had support from its government owner, which in the 1990s saw a general increase in Norwegian state-controlled enterprises’ foreign direct investments and desires for listing and partial privatization, certain dimensions of the company’s growth and expansion strategy became subject to political debate in a way that neither Statoil nor its government owner predicted. These debates formed part of a process of changing relations among the state, the market, and Norwegian society, which in turn triggered discussions about Norway’s international role and self-understanding.

Because Statoil’s expansion occurred during a period when Norway, through its so-called policy of involvement (engasjementspolitikk), took an unprecedented and highly visible role in promoting sustainable development, peace, democracy, and human rights internationally (Tamnes 1997: 341-344, Liland & Kjerland 2003: 81-88), Statoil’s approach to global challenges such as climate issues and human rights violations provoked intense, long-lasting national debates about Norway’s role, responsibility, and image outside its own borders. At issue was the tension between national interests and foreign policy ideals, the role and responsibility of state-owned enterprises, and the future of Norwegian relations between state and market in an increasingly globalizing world. The global backdrop of these debates was an international upswing of interest in sustainable development and related human rights problems, resulting in increased international criticism of oil companies’ malpractices within environmental management and human rights, and a growing focus on companies’ social and environmental responsibility in general (Utting & Ives 2006: 11, Dobers & Halme 2008: 147-193, Jones 2017: 356-386).

This article focuses on Statoil’s responses to political pressure related to the issues of climate change and human rights violations, two matters the Norwegian government identified as foreign policy priorities in the 1990s. Building on
historical sources from Statoil’s corporate archive as well as parliamentary papers, policy documents, articles in contemporary periodicals and interviews with key actors, the article explores Statoil’s reaction to the introduction of a new ambitious Norwegian environmental policy in the late 1980s and early 1990s, and a human rights controversy in Nigeria in the mid-1990s. The article pays particular attention to the interplay between Statoil and its government owner and raises the following questions: Why did Statoil’s approach to climate issues and human rights violations become subject to heated debates that at base dealt with deeper questions of national image and identity? To what extent did Norway’s quest for an image as a sustainability frontrunner and human rights advocate affect Statoil’s attitude toward environmental and social responsibility? To answer these questions, the article is organized in three sections. First, it briefly explains how and why the policy of involvement was an important foreign policy strategy for Norway in the 1990s, and how this strategy related to international political developments and Statoil’s business. Second, it explores Statoil’s response to the Norwegian government’s decision to be an early mover for sustainable development, with particular attention paid to the introduction of the carbon tax. Third, it examines Statoil’s response to a problem at the intersection between the environment and human rights, culminating in the lawless execution of nine human rights activists in Nigeria. In both cases, the focus here is on the ensuing heated public and parliamentary debates. The article concludes by reflecting on how these debates may be understood as parts of a longer process of change where Norway’s national identity and image as a “champion of ideals” (Riste 2005: 10) gradually met competition from a new image, namely that of Norway as parvenu state with increasing global commercial interests.

**Norway’s Status-Seeking Strategies**

Since states are recognized as international players and placed on the map of global politics through their status, status-seeking is a core state activity for both great powers and smaller states. As such, states’ status-seeking is an old activity, and status can be obtained in many different ways (Wohlfert, de Carvalho, Leira & Neumann 2018). In the 1990s, Cerny (2010) observes, status-seeking was reshaped as a fundamental global transformation in concern for national competitiveness that made states act more and more like market players in response to a world that, in multiple arenas, increasingly favored enterprise, free markets, deregulation and competition. The underlying state rationality moved from what Cerny (2010: 5-21) calls *raison d’État* to *raison du Monde*, from welfare state to competition state. This idea of the state as a competitive entity influenced political thinking in many arenas, including in foreign policy. For Norway, reinforced efforts to
promote peace, democracy, human rights and sustainable development served to improve the state's international standing in the new competitive reality of the 1990s. Riste observes that Norway, through these efforts to incorporate its policy of involvement, sought to “bypass [its] lack of power, seeking instead a role as the champion of ideals” (2005: 10). This endeavor was both related to the increased room for maneuver for small states that came with the disappearance of the bipolar world order, and to the fact that Norway remained outside the EU. The search for a role as a “champion of ideals,” which to a great extent resembled Sweden's role as “moral superpower” during the Cold War, had a function, because when a state's status as something is recognized by other states, it may foster recognition. Being recognized as a “champion of ideals” could protect Norway against marginalization and provide access to powerful international players and important international fora that widened the opportunities for political impact. Furthermore, such access was often beneficial to Norway's commercial interests. Knut Vollebekk, the Norwegian foreign minister between 1997 and 2000, explained for example how easy it was for him to “add a little bit about salmon and gas market directives” after he talked to other state leaders about Norway's role in the Middle East peace process (Liland & Kjerland 2003: 86).

Since Norway in the 1990s was on its way to become a nation with a huge foreign exchange surplus thanks to its large petroleum discoveries in the North Sea, the policy of involvement gained extra sympathy in the population. A common perception among both policy makers and ordinary citizens appears to have been that it was morally right for a privileged state like Norway to spend some of its wealth on efforts that in different ways would help less fortunate people (Tamnes 1997: 279-280, 424). For Norwegian business, however, the quest for an identity as a “champion of ideals” could be a dual-edged sword. Norway's small and open economy had always been exceptionally dependent on foreign trade, and ever since it gained independence in 1905 the country's foreign policy had been dictated by the global economic considerations of its shipping industry and merchant fleet. When oil was discovered in the North Sea in the late 1960s, the petroleum industry became decisive for foreign policy development (Riste 2005: 83-105, 127-133, 245-253). Still, Norway was a latecomer to foreign direct investments compared to other Western countries. Unlike Sweden, Norway lacked a big business bourgeoisie and robust private investors that could export business and capital abroad (Lie 2016). Thus, when foreign direct investments finally started to grow during the era of economic liberalization and globalization in the late-1980s onward, new issues came to the fore (Hodne 1993: 128-130). Although the promotion of national business interests abroad had always been a core task of Norway's foreign service, Norwegian companies experienced how their commercial ambitions and the government’s desire to protect economic interests
abroad at times clashed with the same government’s attempts to seek status by playing the role as a champion of ideals. An example of this was the divergence between Norwegian commercial interests and Norway’s public policy toward the apartheid regime in South Africa, a divergence that came to the fore in the 1980s. While the government outwardly pursued an active anti-apartheid policy, almost competing with its Nordic neighbors in being the most anti-apartheid country, Norwegian trade with South Africa increased. 40 percent of the crude oil South Africa imported in the 1980s was transported on Norwegian ships, and Norwegian Elkem smelters imported manganese ore from the country. When the paradox of this practice was pointed out by international pressure groups and MPs on the political left, both the government and the companies in question argued that a unilateral Norwegian boycott would be ineffective (Tamnes 1997: 364-379, Skjæraasen 2013). This type of balancing act between promoting an idealist policy on the one hand, and protecting Norwegian economic interests on the other, became even sharper in the 1990s and was particularly observable through some of Statoil’s investments and business initiatives.

A major reason for this incongruity was Statoil’s state ownership, which added an extra dimension of ethical and political consideration to investments in fragile or conflict-affected countries, and in situations where business plans and actions clashed with official idealist-oriented policies, such as within sustainable development. Since voters were the ultimate owners of state-controlled enterprises in democracies like Norway, these enterprises faced some distinct challenges. Although Norwegian citizens historically had a positive view of the state as a responsible capitalist and as a tool for promoting public interests in the economy and society, their moral sensitivity could be stronger in regard to state-controlled enterprises than to private companies (Knutsen, Rygh & Hveem 2011: 12-14, Lie 2016: 913-914). For the fully state-owned Statoil, Norway’s quest for an identity as a “champion of ideals” became a mixed blessing in the 1990s. On the one hand, the company could use this identity strategically in order to strengthen its bargaining position in the global scramble for petroleum resources. On the other hand, the Norwegian pedigree carried with it stakeholder expectations that could complicate business and potentially restrict the company’s room for commercial maneuver. Two national debates, one on Statoil’s approach to the connection between oil industry CO2 emissions and global warming, and the other on the company’s approach to human rights abuses, illustrate how Statoil and its government owner struggled to find a balance between political ideals and commercial interests. This occurred during an era when a new international engagement for sustainable development challenged traditional industrial policy, at the same time as states increasingly tried to position themselves as market players. On top of this came a growing focus on companies’ social and environmental responsibility, which led
enterprises worldwide to internalize such responsibility in an attempt to forego regulation (Jones 2017).

An Early Mover for Sustainable Development

One of the most significant Norwegian contributions to international society in the early 1990s was the institutionalization of norms regarding sustainable development in global environmental policy (Ingebritsen 2002: 11, 14-16). In 1987, the UN World Commission on Environment and Development (WCED), chaired by the Norwegian Labor politician and prime minister Gro Harlem Brundtland, launched its landmark report *Our Common Future* on sustainable development. This report explored the interconnections between social equity, economic growth and environmental problems and proposed new forms of cooperation to resolve them. Large international companies were singled out as cooperative partners, and the petroleum industry was called upon in particular because of its substantial impact on the environment and resources of countries, as well as on the global commons (UN 1987: 23, 76).

Although dismissed by some as a global buzzword, sustainable development became a shared goal of global development policy. The WCED report pushed sustainable development onto the international agenda and contributed to a shift in international debate. From a Norwegian perspective, the campaign for sustainable development has been described as a "big global crusade" (Riste 2005: 269) in which the WCED chair Brundtland rose to international fame and translated the commission’s report into practical environmental policy at home. During her tenures as prime minister from 1986 to 1989 and 1990 to 1996, Brundtland endeavored to place Norway in the global sustainability forefront and introduced a new ambitious environmental policy (NTB 1989). From an environmental perspective, this indicated that decades of opinion making and pressure from the Norwegian environmental movement, which in the 1960s and 1970s had been the largest and perhaps most radical in the Nordic region, had produced results (Rannikko 1996: 61). As will be shown in the following, however, the prime minister was not only an environmental initiator but also a great pragmatist ready to compromise in order to secure a vital petroleum industry, as this was the prerequisite for a well-functioning Norwegian economy with extensive welfare schemes.

Neither the prime minister, her government nor the economists who advised the government on these issues saw any major contradiction between playing the role as an early mover for sustainable development and maintaining a large oil production. During the early 1990s, Brundtland actively pushed the agenda of global warming reduction and sustainable development when talking to industry
representatives and organizations, while simultaneously stressing the importance of the petroleum sector. Since they considered her a friend of the petroleum sector and a politician who understood the economics of climate policy, the industry representatives listened. Nevertheless, when Brundtland’s government defined the reduction of CO₂ emissions as a national key objective to be reached through new taxes and fees, industry representatives reacted with reluctance and skepticism (White Paper no. 46, 1988-1989, Lafferty, Knudsen & Mosvold Larsen 2007).

Sustainable Oil and Gas?

Around the same time that sustainable development was given greater priority on the international and Norwegian political agenda, Harald Norvik was appointed new CEO of Statoil. Norvik took over after an oil price collapse in 1986 and a huge budget overrun scandal in 1987, and he saw it as his task to gradually depoliticize, commercialize and internationalize Statoil to secure continued growth. This required preparation and due diligence but also capital and corporative leeway. In terms of the latter, it was bothersome with environmental measures that would increase costs related to existing and new investments at home and potentially drain capital that Statoil needed to invest in international markets.

Both Norvik and the rest of the Statoil management knew very well that global environmental issues would increasingly be shaping the energy market of the 1990s. In fact, the global problem of CO₂ emissions from fossil fuels had been on the international oil industry’s radar since the 1970s. Around 1980, the oil majors Exxon and Shell had privately predicted the global damage their products would cause in the near future (Franta 2018). Yet neither the major international companies nor Statoil had focused on climate change, concentrating instead on pollution in local contexts, often in the form of end-of-pipeline problems or other types of marine oil spills. In the 1970s and 1980s, Statoil treated environmental challenges and compliance largely as issues in the safety category together with risks such as fires, explosions and toxic exposure (Lied 1980, Equinor 1972-1989). This changed gradually as sustainable development climbed the international political agenda, and Brundtland’s government announced the introduction of a national CO₂ stabilization target and a new CO₂ tax levied on all combustion of gas, oil and diesel in petroleum operations on the continental shelf and on releases of CO₂ and natural gas (Norwegian Petroleum Directorate 1990).

Together with its Nordic neighbors Finland and Sweden, which introduced carbon taxes in 1990 and 1991, respectively, Norway was one of the first countries in the world to decide on a national CO₂ stabilization target (1989) and introduce such a tax (1991). While perceived as progressive measures in an environmental policy perspective, the target and the tax caused concern among oil industry
representatives, who worried it would reduce the Norwegian oil industry’s international competitiveness. The stabilization target, aiming to stabilize national emissions at the 1989 level by 2000, was particularly problematic since it was completely impossible to reach if CO₂ emissions from the oil industry continued as before. The target implied that planned constructions, such as new gas facilities and onshore gas-based power stations, could not be realized because emissions from these would exceed the target. Consequently, disagreements between industry representatives and policy makers increased (Hovden & Lindseth 2002: 13).

Norvik argued that because most environmental problems were global in nature, it did not make sense for Norway to try to resolve them alone through an overly ambitious environmental policy. Pushing for environmental and social regulation globally was a better solution as this could help balance the competitive edge of oil producers elsewhere. Moreover, Norway risked losing foreign oil companies that would perhaps move to other countries with lower tax burdens. Most problematic for Statoil was the fact that the tax would imply major problems for the large-scale Snøhvit gas project, planned as the first offshore subsea technology project far north in the Barents Sea. CO₂ emissions from Snøhvit were calculated to be very large since its liquefied natural gas (LNG) plant was to be run by a gasworks that would emit around 920,000 tons of CO₂ annually. This implied that with the carbon tax the extra annual expenses at Snøhvit would increase by more than NOK 300 million. Since this would most likely prevent much needed international investments, Norvik presented Brundtland with an ultimatum: Either Snøhvit was to be exempted from the tax, or the project would be stopped (Nordlys 1991, 1992).

For Brundtland’s Labor cabinet, this ultimatum was problematic. On the one hand, the government had to protect its ambitious and prestigious environmental policy, which included an “Environmental Profile of the State Budget” to coordinate environmental goals and reporting across sectors, and which had led Norway to send an exceptionally large delegation to the Rio Earth Summit in 1992 to demonstrate its commitment to sustainable development (Ruud 2009: 146). On the other hand, the government supported further development of the petroleum sector, particularly in regions in need of economic growth and new jobs. This balancing act of environmental and industrial policy led Brundtland’s government to a position where its climate negotiators pushed for the introduction of a emissions trading system that allowed Norway to increase its total power production by purchasing emission quotas elsewhere. Nevertheless, strong pressure from environmental NGOs such as Bellona, Natur og Ungdom, Framtiden i våre hnder, Naturvernforbundet and Greenpeace made it difficult to push forward Snøhvit and the increase in Norwegian CO₂ emissions it would result in.

A long and tense political debate about gasworks and CO₂ emissions followed,
and in 1995 Brundtland’s government became the first government in the world to go back on an agreed national CO₂ stabilization target. The reason was the 1989 target’s incompatibility with offshore emissions and future development of the oil industry. In an attempt to bridge the gap between environmentalists and industrialists, government representatives began to use a well-known two-sided argument: Norway had to allow high emissions offshore because importing Norwegian gas would help other countries reduce their dependence on coal and hence reduce their CO₂ emissions; furthermore, Norway should continue oil production because it produced petroleum “in a more environmentally friendly way than any other country.” Soon, this argument became a political-industrial mantra repeated again and again by both industry representatives and politicians. The fact that the argument only worked if certain conditions were met – chiefly, that there was an annual limit to the world’s total oil and gas production, that all countries cooperated to reduce CO₂ emissions, and that no countries counteracted this rule by maintaining or increasing their production of oil and gas – was ignored by its advocates (Hoel 1996).

Despite the concessions to the oil industry, the Brundtland government’s environmental policy had an effect on Statoil. In combination with general international trends of corporate greening, it contributed to push the company to introduce a more comprehensive environmental management system and develop new technology for carbon capture and storage. Statoil appointed its first environmental director, incorporated environmental responsibility in its business plans and actions and began to publish separate reports on the environment. Internationally, the WCED report had brought sustainable development into a number of international boardrooms, and only a year after the introduction of the carbon tax, Harald Norvik signed the International Chamber of Commerce (ICC)’s Business Charter on Sustainable Development, together with 199 other business leaders. The charter was a follow-up initiative to the report, aiming to make companies commit to better environmental management, albeit with a clear business purpose, namely, to hinder governments from “over-legislating” and to strengthen the business voice in debates on public policy (ICC 1991: 14, Camilleri 2017: 27). In a historical perspective, this move was nothing new. Multinationals had for decades attempted to defend, justify and legitimize their activities by suggesting self-regulation rather than regulation from governments and international organizations (Christiansen 2019). In Norway, Statoil management continued to warn the government against the negative effects of over-legislation, while striving to be in the forefront of legislation by cooperating with the authorities. An example of this was Norvik’s Miljøsok initiative, a committee with members from both the industry and government that aimed to improve environmental results on Norway’s continental shelf while simultaneously
strengthening the offshore sector’s profitability (Statoil 1996: 6).

In an economic perspective, Miljøsok was an expression of concurrent, mainstream green economy models, which saw economic growth not as a problem but as part of the solution to reducing environmental consequences of human activity. From an environmental point of view, however, Miljøsok was only one of many pragmatic within-capitalism solutions countering the paradigmatic social change envisioned by the Brundtland Report (Wilhite 2016: 63-66, 76). Another pragmatic within-capitalism solution applied to the Snøhvit gas installation, which had been under discussion for years as part of a larger debate about gasworks and CO₂ emissions. Environmentalists and the oil industry formed the extreme opposites, while a number of policy makers attempted to create some kind of common narrative about Norway’s environmentally friendly oil. At the heart of the discussion was the balance between protecting and developing Norway’s most important industry and taking environmental responsibility. This debate continued after Brundtland resigned in 1996 and ended with the resignation of Kjell Magne Bondevik’s centrist minority government in 2000 after a vote of no confidence relating to the opposition’s proposal to construct gas-fired power plants without CO₂ capture, a proposal that was backed by a majority in parliament. Bondevik resigned because his centrist Christian Democratic Party (KrF) would not commit to build gasworks that could not guarantee low levels of CO₂ emissions. In the Bondevik government’s opinion, this construction of gasworks thwarted Norway’s attempt to combine its role as major energy producer with its role as environmental pioneer. Two years later, with Bondevik now leading a minority center-right government, a divided parliament approved Snøhvit, this time with the support of Bondevik’s Christian Democratic Party. The premise was a change in the petroleum tax system, which provided extra subsidies to cover the carbon tax. The Labor party, now in opposition, was divided in its votes, a schism that reflected how difficult it was to bridge environmental and industrial policy, despite international optimism about how business and politics could pull together toward a sustainable future.

Oil Human Rights and the Advantageous “Norwegianness”

While the CO₂ emissions debate played out at the intersection between the global and the local, Statoil expanded to a number of countries with fragile systems of government and high levels of poverty, corruption and human rights abuses. This included Nigeria, Angola, Namibia, Azerbaijan and Kazakhstan, to mention a few. In Statoil’s view, the same standards for safety, environmental compliance and social responsibility should apply at home and abroad. The company followed
its own pollution standards and went far to protect workers' rights and allow unionization. During the 1990s, this was observed by the rest of the industry, which recognized Statoil as a company in the forefront of what eventually came to be known as corporate social responsibility (CSR), broadly defined as a company’s voluntary engagement with social and environmental ends beyond what is legally required (Utting & Ives 2006: 23, 26).

According to Utting and Ives, Statoil’s vanguard position could largely be explained by its association to a “‘Nordic’ model characterized by consensus building and a relatively strong corporatist pact between state, capital and labour” (Utting & Ives 2006: 26). Obviously, Statoil was part of a long-standing Norwegian social and political system, and such systems usually influence how companies approach corporate social responsibility. What these systems also do, however, is influence the expectations of stakeholders belonging to the same systems. Since Statoil in the 1990s was fully owned by the Norwegian state, most Norwegian stakeholders expected a corporate behavior in accordance with what they perceived to be Norwegian norms and values (Stortinget 1996: 1390-1400). In the 1990s, this included ideals such as following certain environmental standards, promoting democratic values and protecting human rights. As the focus on sustainable development increased, it also became common to see these norms and values in relation to each other.

For Statoil, the combination of Norway’s global engagement for poverty reduction, human rights and democracy, on the one hand, and its oil model, simply defined as the ability to turn hydrocarbon reserves into economic success while remaining one of the most egalitarian societies in the world, on the other, became relevant in its search for foreign market shares. Since competition was strong and Statoil had limited international experience, the company formed a strategic alliance with the international heavyweight British Petroleum (BP). In most of the countries where the BP-Statoil alliance established business, BP was the operator and Statoil the partner. This implied that BP had the overall responsibility for the joint venture’s operational activities authorized by the license, and that Statoil invested capital, offered input on strategy-level decisions and followed up activities in the license. In the long term, however, Statoil’s plan was to obtain several operatorships on its own. To get there, the company’s strategy was to establish cooperation with national oil companies in host countries in order to win prized exploration objects. In this context, Norway’s international image as a friendly, social democratic and generous country could come in handy. The first actor to advance this argument was not Statoil itself, but the consultant firm McKinsey, which Statoil management frequently took advice from. In 1989, Statoil had hired McKinsey to evaluate its global business opportunities before expanding abroad, and McKinsey had concluded that Statoil could probably benefit from
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Norway’s identity as a generous aid donor, and that its state ownership and role in the Norwegian oil model could be a selling point in countries that did not accept capitalist corporations (Ryggvik 2002: 10).

To Statoil executives, Norway’s pedigree seems to have been both a potential strategic business tool and something they felt obliged to demonstrate in practice. In retrospect, members of the company’s top management explained how they stressed the importance of “proper business conduct” in order to show foreigners “the way we do things in a democratic and transparent country like Norway” and push other countries “a little bit in the right direction.” Perceptions like these contained elements of underlying ideas about the universal qualities and relevance of Nordic values and ideals to the rest of the world. However, many Norwegians found Statoil’s compliance with these values and ideals deficient, particularly in Nigeria, where the international oil companies’ high revenues benefited a suppressive military government (Frynas 1998).

**Statoil’s Nigerian Problem**

In 1992, the BP-Statoil alliance was given exclusive rights to complete negotiations for exploration and production in three blocks off the Nigerian coast. Nigeria was the only country where Statoil was the operator and officially responsible for the alliance’s business behavior and contact with the authorities. From Statoil’s headquarters in Stavanger, the future in West Africa looked bright. Nigeria had large oil reserves and huge unexploited reserves of natural gas (Ryggvik 2002: 7). In a promotion brochure aimed at a Nigerian audience, titled “Opportunity Knocks,” Statoil presented how the alliance “hope[d] to stay for generations” and “further develop Nigeria’s business, trade and industry.”

However, Nigeria was more challenging than Statoil anticipated. The former British colony had a long history of socio-economic problems, war and violence, including the Nigerian-Biafran War between 1967 and 1970. In the early 1990s, an authoritarian, military regime was in control and tensions were seething among different ethnic groups, particularly in the oil-rich Niger Delta (Mähler 2010: 5-6). Shortly after the BP-Statoil alliance completed negotiations with Nigerian authorities, the country turned into a hotspot for oil-related environmental and human rights controversies as tensions rose between the native Ogoni people and the Anglo-Dutch company Shell, which pursued risky reserves in the Niger Delta. At the core of the conflict was the Ogoni people’s long experience with receiving very little of the income from the oil reserves situated in their native areas while local creeks and vegetation were devastated (Sluyterman 2007: 343-355).

Although Statoil operated offshore, the company was not left unmarked by this conflict. In 1993, the organization Survival of the Ogoni People (MOSOP),
led by the Nigerian writer and environmental activist Ken Saro-Wiwa, organized a series of protests against Shell and the Nigerian military government that allowed exploitation of the Ogoni homeland (Manby 1999: 284-86). Following these protests, Shell withdrew from Ogoni areas while the Nigerian military government arrested, detained and eventually executed nine protest leaders in 1995, including Saro-Wiwa. This action was widely condemned in the United States and Europe, and caused global outcries from the United Nations and several international environmental and human rights organizations. Nigeria was expelled from the Commonwealth, while Amnesty International and Human Rights Watch accused Shell of supporting the Nigerian military’s campaign to stop protesters in the increasingly militarized Niger Delta (UN 1995, Human Rights Watch 1995, Amnesty International 2017, Vidal 2010). The Norwegian government also condemned the executions and recalled the Norwegian ambassador (Brundtland 1995).

Because of the oil industry’s highly visible environmental and social impact, such as oil spills, influence on local communities and macro-economic challenges created by the inflow of oil revenues, the media had long followed oil companies attentively, including in Nigeria (Frynas 2009: 178). Since Statoil was state-owned and therefore close to everyday political scrutiny in Norway, a heated, long-lasting debate about the company’s Nigerian presence took off in the Norwegian press (Aftenposten 1995, Bergens Tidende 1995, 1996, Dagbladet 1996). The debate was triggered by Statoil’s immediate reaction to the executions, where the company refused to criticize the Nigerian regime since this was the Foreign Ministry’s job and not Statoil’s. After strong reactions from various stakeholders in Norway, CEO Harald Norvik agreed to "regret" the executions on humanitarian grounds.\(^{12}\) Still, to many Norwegians this was not a strong enough reaction from a company fully owned by a state that prided itself on being a sustainability frontrunner and a human rights advocate. Within a week, the pressure from the general public, politicians and the media exploded. "When Nigeria blew up, it opened a new area for attack – human rights," Norvik recently explained. "Look, people said, the oil industry conducts business in a way that breaks down society instead of building it up."\(^{13}\) For Statoil, which had a more than twenty-year history of building up the Norwegian oil industry in a responsible way and saw itself as a positive contributor to society, these accusations were unbearable.\(^{14}\) To deal with the growing reputational crisis, the company appointed a stand-by Nigeria management group that worked continuously on information strategies and damage control. Both management and board were deeply concerned about the impact of a long-lasting dispute over Statoil’s Nigeria operations.\(^{15}\)

Historically, the Norwegian public had great trust in the state’s role as capital provider and protector of common interests (Lie 2016), but during Statoil’s
expansion abroad, Norwegian stakeholders began to ask whether common interests consisted of more than revenues. Norwegian values and ideals were emphasized when several Norwegian NGOs started a campaign to convince Statoil to withdraw from Nigeria. The NGOs received support from left-wing and centrist politicians in opposition to Brundtland’s Labor government, as well as from prominent individuals such as the profiled publisher and defender of free speech William Nygaard (NTB 1995, Amnesty 2011). Industry unions also reacted strongly. The Statoil department of the Norwegian Oil and Petrochemical Workers Union (NOPEF) condemned the summary executions and underlined that Norway’s identity as “peacemaker and bridge builder” obliged Statoil to be a lodestar in the oil industry and push for an improved human rights situation in Nigeria.\(^\text{16}\) Many of the critics did not see the difference between Statoil and Norway, and pointed to the fact that these were two sides of the same coin. When Statoil helped sustain the authoritarian Nigerian regime, this undermined Norway’s international contributions to peace, development and human rights and weakened its integrity as a country that promoted sustainable business (Viestad 1995).

For Statoil, it was a stated goal to implement the same requirements for integrity and business ethics abroad as at home, and Information Director Arild Steine maintained that Statoil did not have to defend its business in states with authoritarian regimes as long as it stuck to its codes of conduct.\(^\text{17}\) However, it was easier to sit at Statoil headquarters in Stavanger and talk about general requirements than to apply these requirements in countries like Nigeria. Without shared attitudes, commonly understood laws and judicial procedures that defined standards of ethical conduct, these requirements could be illusive even though Statoil thought of them as being absolute. Investing in a country where civil and political rights were violated could in itself be ethically problematic. Even the best-informed, best-intentioned executives may encounter circumstances that challenge their preferred business practice in foreign settings. The executions of the Ogoni Nine was such a circumstance. Although Statoil regularly assessed the situation in Nigeria and was fully aware of the frequent clashes between oil companies and host communities like the Ogonis, files from before the executions reveal that management was unprepared and did not expect consequences for Statoil.\(^\text{18}\)

Time after time, Norvik defended Statoil in the media and rejected that the company indirectly supported Nigeria’s military regime. “It is naïve to believe that Statoil can stand up against Nigeria’s policies. It is not Statoil’s responsibility to conduct foreign policy,” he maintained, leaning on the Brundtland government’s statement that a unilateral Norwegian boycott of Nigeria would be pointless (Dagbladet 1995, Brundtland 1995).\(^\text{19}\) The obvious fact that Statoil’s future business
opportunities could be reduced if Nigerian authorities perceived the company as an idealist actor working to change Nigerian politics was not mentioned, neither by Statoil nor the government. However, Norvik's defense, which had historical forerunners in some Norwegian companies' attitudes toward a potential boycott of the apartheid regime in South Africa in the 1980s, drew a sharp rebuke from the leader of the Norwegian Nobel Committee, the professor of history Francis Sejersted, who characterized Norvik's reasoning as very dangerous and warned against business leaders disavowing their responsibility and separating moral norms. “Everyone has a certain moral responsibility,” Sejersted concluded (Aftenposten 1995).

To counter this criticism, Statoil concentrated on the moral placeholder argument, which maintained that pulling out would only open the door to other less responsible companies. Since this argument required that the average observer believed in the moral superiority of the Norwegian state and Norwegian companies, and since the average observer in Norway had started to doubt Statoil's moral superiority, the company's management emphasized that local union leaders begged Statoil to stay because it offered a more democratic business culture and better working conditions than many other companies. “You can say that was a weak defense,” Norvik contemplated in retrospect, “but that was how we reasoned.”

An Ethical Maze?

Despite the protests and discussions in Norway, Statoil remained in Nigeria, where it in 1996 had invested about 700 million Norwegian kroner. At home, the debate about Norwegian companies' responsibilities abroad and the blurred lines between foreign policy and trade policy had moved from the media to the parliament. Whereas there was general agreement among policy makers that foreigners often mistook state-owned companies for the Norwegian state, there was no agreement on whether this gave such enterprises more extensive social responsibilities than their private counterparts. Centrist policy makers argued that state-owned companies were special because their behavior abroad affected the credibility of Norwegian foreign policy. Disavowal of responsibility from these companies could lead Norway into an “ethical maze” (Stortinget 1996: 1396), of which Statoil's engagement in Nigeria was a cautionary example. It was Norwegian policy makers' job to make sure that “the mercenary soul did not outcompete human rights” (Stortinget 1996: 1398). Policy makers on the radical left, on the other hand, maintained that the same rules and expectations should apply to all companies, whether private or state-owned, whereas liberal-conservatives in line with neoliberal thinking argued that common rules were unnecessary since the market
economy regulated companies through requirements of openness, information exchange and decentralized decision-making (Stortinget 1996: 1395-1397).

This political debate went on for years without closure. When the abovementioned Christian Democratic-led coalition government of Kjell Magne Bondevik took office in 1997, it promised to begin an evaluation of Statoil’s business and future in Nigeria (Stortinget 1998). However, a fleeting promise of transition to civilian rule from Nigeria’s military government made the Norwegian government, which now consisted of several ministers who in opposition had criticized Statoil strongly for not pulling out, dismiss the evaluation and conclude that Statoil could stay. This U-turn caused new resentment among activists and NGOs since the promise was elusive and Nigeria saw little change. Whereas the environmentalist NGO Framtiden i våre hender commented dryly that Norwegian politicians departed from their ideals once in power, young men from Norway’s punk scene damaged six Statoil gas stations by sawing through fuel hoses, spattering countless liters of pig’s blood and painting “Nigeria’s blood on Statoil’s hands” on the walls (Framtiden i våre hender 1998, Aftenposten 1998). Interestingly, this was the same centrist government that resigned on the issue of gasworks only few years later.

A pertinent observation thus concerns the government’s obvious struggle to find the balance between ideals and principles on the one hand, and protection of economic interests on the other, a balancing act that encapsulates some of the tensions imposed on Norwegian society by the 1990s’ zeitgeist of globalization.

To Statoil management, this balancing act seemed less challenging, and solutions to the problem could be found within existing business structures. As with climate change mitigation, the management favored political from-within-the-system approaches to human rights problems. “Statoil needs to work quietly to achieve results,” Vice President Johan Nic. Vold explained at the time. This viewpoint assumed that the mere presence of companies from democratic states had positive effects on undemocratic societies. If Statoil demonstrated high standards of integrity by conducting affairs in an honest and ethical manner, this would change the Nigerian system from within. Besides, democratization was in Statoil’s self-interest, since stable, transparent, democratic governments built on respect for human rights and the rule of law tended to create favorable conditions for business.

Internalization of Social Responsibility

There is, however, very little practical or scientific evidence that multinational companies actually have contributed to democratization or to improve the human rights conditions in host countries through their mere presence (Frynas 1998: 457–478, Giuliani and Macchi 2014: 480, 501). Gradually, this reality presented itself
in Statoil. After years of criticism and debate about its business in Nigeria, Statoil management realized that its approach to human rights and other social matters had severe shortcomings. In 1998, the same year the BP-Statoil alliance dissolved when BP merged with the American company Amoco, Statoil established a new information unit called National Risk and Human Rights. To lead it, the company hired Anne Kristin Sydnes, a political scientist with human rights, development and the environment among her fields of expertise. On the environmental side, Statoil continued to develop its overall environmental management structures and support environmental protection in local communities through NGO projects. Statoil's direct sponsoring of NGO projects in disputed areas started in 1997-1998, and the amount spent on such projects went from around zero in 1997 to NOK 11 million in 1998. When asked why Statoil was doing this, Director of Communication Kai Nielsen answered quite frankly that Statoil was doing what other big oil companies had been doing for years, in order to “help make Statoil the partner of choice” (Iglebæk 1999).

Utting and Ives observe that oil companies’ trajectory of such corporate social responsibility initiatives was closely connected to each company’s perception of the opportunisti and strategic value of such initiatives. What was the initiative’s usefulness for risk and reputation management, for competitive and political advantage? (Utting & Ives 2006: 24-25). For oil companies, partnerships with NGOs or other social organizations could often be very convenient. For example, Frynas observes that ChevronTexaco entered into a partnership with USAID and UNDP in 2002, when the company negotiated with the Angolan government for a long-term oil concession (Frynas 2005). Statoil reveals similar motivations and behavioral patterns. In Nigeria, Statoil partnered with Pro Natura International in 1997 to establish a community development program in Akassa, a settlement whose location entailed that any oil spill from Statoil's nearby offshore installations would drift toward it. The project, which aimed to reduce poverty and empower the local population by developing local institutions, was obviously also established to improve the company’s reputation. Worth noting is that while the project was considered a success in terms of local empowerment, it did not really address Statoil's original concern, which was pollution risks. As pointed out by Rijnierse, “community development does not prevent remediate or compensate for pollution, and one cannot ‘buy off’ environmental risk” (Rijnierse 2016: 69) Nevertheless, the project earned Statoil great international recognition as an oil company in the CSR forefront (Stavanger Aftenblad 2005).

Another direct result of Statoil's Nigeria experience was the establishment of KOMpakt, a Norwegian consultative body with a mandate to strengthen the respect for human rights internationally, and encourage mutual understanding between human rights organizations, Norwegian firms and Norwegian authorities.
KOMpakt was a government initiative whose main task was to strengthen the government's basis for policymaking on corporate social responsibility outside Norwegian borders. The consultative body consisted of representatives from the Ministry of Foreign Affairs, the Ministry of Trade and Industry, the Norwegian Confederation of Trade Unions (LO), the Confederation of Norwegian Enterprise (NHO), various NGOs, research institutes and a number of large companies, including Statoil. Like Statoil’s Akassa project, also this initiative won international recognition and served as an inspiration for UN’s Global Compact, which was established in 2000 and aimed to mobilize a global movement of sustainable companies (White Paper no. 21 1999-2000). Finally, Statoil began to report along the so-called triple bottom line (TBL) concept, which measured performance along the three interrelated dimensions of profits, people and the planet. Here, the company followed in the footsteps of its main competitors BP and Shell, which after several scandals in the late 1990s, including in Nigeria, began to issue annual reports on sustainable development. In its first report, Statoil maintained that it had always been environmentally and socially responsible because international developments from the 1970s onward had “schooled” it in sustainability and because it was Norwegian and accustomed to high social and environmental standards (Statoil 2002: 7-8).

**Conclusion**

This article has explored how Norway’s quest for moral authority, through recognition as an early mover for sustainable development and an advocate for human rights, tangled with the state-owned Statoil’s expanding ambitions during a decade when the economy became an increasingly important determinant of Norwegian foreign relations, even as the Norwegian policy of involvement was pushing ethical and moral objectives to the forefront. The tension between Norway’s role as sustainability frontrunner and human rights advocate on the one hand, and fossil fuel producer on the other, affected Norwegian stakeholders’ perception of Statoil and damaged its reputation. In the 1990s, Statoil’s encounter with human rights problems and climate issues sparked long-lasting national debates about the tension between national interests and foreign policy ideals, the role and responsibility of state-owned enterprises, and the future of Norwegian state-market relations in an increasingly globalizing world. Hovering over the scene was a sentiment of disagreement about the essence of Norway’s national soul, a disagreement that in turn was related to the increasingly globalized economy in the 1990s and what Cerny termed the competition state, which aimed to maintain and promote competitiveness in a world marketplace.

While recognizing the importance of the increasing national wealth
stemming from petroleum revenues, many critics pointed to political hypocrisy and a dysfunctional international image. The debate on greenhouse gas emissions from the oil and gas industry deepened the divide between environmentalists and industrialists as well as between and within political parties. As such, this 1990s debate previewed the extensive climate-and-oil debate that would run as a voltage line through Norwegian politics and public life for decades ahead. The debate about Statoil’s behavior in Nigeria touched on the increasingly blurred lines between trade policy and foreign policy, the potential difference between private and state-owned companies, the connection between environmental degradation and human rights, and more broadly whether the market could function as a democratizer. At base, also this debate previewed more general topics that would dominate political discussions in the 2000s and 2010s, such as the integration of national economies into a global economic system and the actual potential of normative power in international relations.

For Statoil, the debates were pivotal in changing corporate thinking and practice. In combination with general international trends within policy making and corporate greening, the debates pushed the company further toward developing carbon capture and storage technology and encouraged it to establish systematic human rights work and cooperation with local NGOs. Yet the debates did not fundamentally change the company’s business plans or actions. At Snøhvit, Statoil’s ultimatum to the government secured subsidies to cover increased costs related to the CO$_2$ tax, and pulling out from Nigeria was never considered a serious option. The award-winning Akassa project did not change the fact that the international oil companies continued to provide the instable and corrupt Nigerian regime and its associated elites with legitimacy rather than pushing for meaningful change (Frynas 1998). In sum, Statoil’s ability to bypass Norway’s ethical and moral foreign policy objectives was just as noticeable as these objectives’ effect on Statoil. The national debates that sprung from Statoil’s behavior in the 1990s reflected the beginning of a historical process where Norwegian policy makers and the general public gradually realized that Norway’s image as a “champion of ideals” was challenged by its new role as a parvenu with increasing commercial interests abroad. The petroleum sector and the surplus revenues it generated provided Norway with a financial position and status none of its Nordic neighbors could dream of. This position became in itself a motivating factor for continuing and extending the role as champion of ideals.
Author

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1 Statoil was partially privatized and listed on the New York Stock Exchange in 2001. The Norwegian state owns 67% of the shares.


3 “What are the future challenges for the Norwegian oil companies?” speech by Norvik at the 25 Year Anniversary Conference of the Norwegian Oil Industry Association (OLF), Stavanger 30 November 1990, Eaf 0025, Pa 1339–Statoil ASA, Regional State Archives in Stavanger.


13 Interview with Norvik, 14 March 2019.


16 Press release from NOPEF avd. 2 Statoil Stavanger, 23 November 1995, Eaf-0053, Pa 1339–Statoil ASA.


19 Ibid.

20 Ibid.


22 Interview with Norvik, 14 March 2019.


25 Interview with Norvik, 14 March 2019.

26 The recipients were the French NGO Pro-Natura and the British NGO Voluntary Service Overseas in Nigeria (NOK 2.6 million), the Da Nang University, the Ministry of Agriculture and the UNDP in Vietnam (NOK 1.6 million), Instituto Nationale da Crianca, the British Red Cross, the Norwegian People’s Aid and the British Council in Angola (NOK 2.2 million), and the British Council and the Norwegian Refugee Council in Azerbaijan (NOK 2.2 million). Various organizations and government bodies in Kazakhstan (NOK 1.9 mill), Venezuela (NOK 0.4 mill), East Timor (NOK 0.35 mill), China (NOK 0.1 mill) and Thailand (NOK 0.1 mill) also received support. See Iglebæk 1999.

References

An Oil Company as a Force for Good?


