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FILE TITLE: <i>REATIONS</i>		SERIES  <i>NORWAY</i>
		PART:  <i>2</i>
PART BEGINS: <i>28 October 2000</i>	PART ENDS: <i>05 February 2001</i> <del>XXXXXXXXXX</del>	CAB ONE:

**LABOUR ADMINISTRATION**

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PART

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7 JUNE 2001

Series : **NORWAY**  
File Title : **Relations**  
Part : **2**

Date	From	To	Subject	Class	Secret
28/10/2000	SS/DTI	CH/EX	Amendment to the Frigg Treaty: Vesterled	U	0
30/01/2001	FA/PS	FCO	Visit by the Norwegian Prime Minister	U	0
05/02/2001	FCO	FA/PS	Norway : Rise of the Progress Party	U	0



Foreign &  
Commonwealth  
Office

London SW1A 2AH

5 February 2001

Dear John,

**Norway: Rise of the Progress Party**

Thank you for your letter of 30 January about your conversation with the Norwegian Ambassador. You asked for an assessment of the Progress Party and its prospects in the general election this September.

The Progress Party is best described as "populist right". Essentially a protest party, it has successfully capitalised on discontent over issues such as tax, bureaucracy, immigration and care for the elderly. In 1997 they became the joint second largest parliamentary party (with 25 out of a total of 165 seats).

Support for the Progress Party shot up last summer. Stoltenberg, who had come into office in March 2000 on a wave of personal popularity, faced discontent from within party ranks over his "modernisation" policies. Protest voters flocked to the Progress Party. But Stoltenberg stuck to his guns. The Labour Party Conference approved the core of his reform programmes and the 2001 budget was approved shortly before Christmas. The Progress Party has sunk back in the Polls from 35% to 22%.

The Progress Party's astute, articulate, if authoritarian leader, Carl Hagen, has sought to rein in (or oust) more extreme or recalcitrant party members in an effort to improve the party's prospects as a potential coalition partner. But Hagen's high-handed, autocratic approach has left the party deeply divided. And its share of the vote in elections has tended to be much less than its showing in pre-election polls.

Both Labour and the Centrists have ruled out any prospect of formal alliance with the Progress Party after the September elections. In the improbable event that parties on the right held a majority, the Conservatives might be tempted to form a Government in coalition with, or with the explicit support of, the Progress Party. In that respect, one might draw comparisons with the pivotal role played by Haider's Freedom Party. But the similarity ends there: the Norwegian Progress Party is a very much diluted version of its European far right counterparts.



Labour currently holds a 7 point lead over the Progress Party. It has a good chance of being returned to (minority) government as the largest party. But there is no room for complacency. Labour still has to transform its modernisation vision into concrete results with voter appeal. Labour's policy of deregulation and partial privatisation is also in UK interests (eg in the North Sea). A meeting with the Prime Minister in London in June would be timely.

Yours aye

(Mark Sedwill)  
Private Secretary

John Sawers  
10 Downing Street



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From the Private Secretary

30 January 2001

Dear Mark,

### VISIT BY THE NORWEGIAN PRIME MINISTER

I talked to the Norwegian Ambassador in London today about Stoltenberg's proposed visit. I regretted that the dates suggested by Stoltenberg's office (27 February or 29 March) were difficult for the Prime Minister and that we would be better placed to look at dates in the second half of June. The Ambassador thought this would be fine for Stoltenberg, as it would come after The Queen's State Visit to Norway and several months before the Norwegian elections. He agreed to go back to Stoltenberg's office on this basis.

The Ambassador highlighted the startling rise of what he described as the extreme right wing Progress Party in Norway – apparently now registering up to 25 per cent in the polls. He likened the Progress Party to Haider's Freedom Party. It would be helpful to have an assessment of the reasons behind their rise and the prospects of them gaining a share of power.

I am copying this letter to Richard Dales (Oslo).

Yours ever,

JOHN SAWERS

Mark Sedwill  
FCO

The Rt Hon Stephen Byers MP  
Secretary of State for Trade and Industry

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cc: 2014  
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Chancellor of the Exchequer  
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28 - Parked?  
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Dear Gordon,

#### AMENDMENT TO THE FRIGG TREATY: VESTERLED

**Official level negotiations on amendments to the Frigg Treaty to accommodate a new Norwegian gas pipeline project ("Vesterled") have been completed. EA colleagues' agreement is sought for the amendments to be brought about. Replies are sought by 10 November.**

The Frigg Treaty between the UK and Norway covers, among other things, the construction and operation of two offshore gas pipelines (one UK owned and one Norwegian owned) carrying gas from the transboundary Frigg field to St Fergus in Scotland. The Treaty was revised in 1998 in order to continue to allow the two pipelines to carry gas from other fields beyond the life of Frigg, so giving the UK long-term access to Norwegian gas. The Treaty came into force on 17 June this year.

The Norwegians want to build a new gas export pipeline across the UK/Norway maritime boundary to link their Heimdal field with the Norwegian owned Frigg pipeline on the UKCS (the pipeline is largely empty due to declining output from Frigg). The project ("Vesterled") will allow the central objective of the Frigg Treaty to be met by providing for non-Frigg gas to be carried to the UK via the Norwegian pipeline.

For various technical and drafting reasons, neither the current Frigg Treaty nor our Framework Agreement with Norway (which relates to the construction and

Frigg.doc

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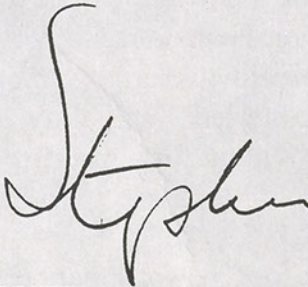


operation of new transboundary pipelines) provides cover for the Heimdal connection. The Norwegians had therefore proposed that Treaty cover be provided by amending the current Frigg Treaty such that the Norwegian pipeline would effectively begin at both the Frigg and the Heimdal fields. The amendments will enable the Norwegian Frigg pipeline to be utilised once the Frigg field is depleted, which could provide pipeline capacity for future UK Continental Shelf developments and will ensure longer-term gas supplies to the UK as our own supply/demand gap opens up over the next few years. Helen Liddell therefore agreed in March this year to officials entering into negotiations with the Norwegians to bring about the necessary amendments (and to correct some minor inaccuracies in the Treaty).

The text of the amendment is shown in the enclosed Annex. The amendments to Article 30(6) clarify the starting point of the existing Norwegian pipeline and provide for the Norwegian pipeline to run from both the Frigg and the Heimdal fields. The amendment to Article 30(7) corrects an inaccuracy in the Treaty and identifies the starting point of the UK pipeline. The amendments to Annex A are simply consequential, clarificatory changes as a result of the amendments to Article 30. The amendments will ensure that the new Heimdal connection is subject to relevant approvals, environmental, health and safety and taxation provisions.

The amendments will be brought into effect by way of an exchange of Notes through the usual diplomatic channels. My officials are consulting on the drafting and mechanics for that.

I am copying this letter to the Prime Minister, Members of EA Committee, Henry McLeish and Ross Finnie, and to Nigel Sheinwald and Sir Richard Wilson.

Yours,  
  
**STEPHEN BYERS**





ANNEX

VESTERLED: PROPOSED AMENDMENTS TO ARTICLE 30 AND ANNEX A OF THE FRIGG TREATY (**new text in bold**)

1. Article 30(6) to be replaced with the following:

6.a “Norwegian pipeline” means the pipeline to be built and operated from **its hyperbaric welded connection with the export riser at the platform known as TCP2** situated on the Continental Shelf appertaining to the Kingdom of Norway up to and including metering instruments onshore at St Fergus, and also including associated installations serving this pipeline on an intermediate platform or platforms, **and the Heimdal Connection.**

6.b “**The Heimdal Connection**” means **the pipeline to be built and operated from its hyperbaric welded connection with the export riser at the Heimdal Riser platform situated on the Continental Shelf appertaining to the Kingdom of Norway, up to its tie-in weld to the part of the Norwegian Pipeline situated on the Continental Shelf appertaining to the United Kingdom.**

2. Article 30(7) to be replaced with the following:

7. “United Kingdom Pipeline” means the pipeline to be built and operated from **its hyperbaric welded connection with the export riser at the platform known as TP1** situated on the Continental Shelf appertaining to the United Kingdom up to and including metering instruments onshore at St Fergus, and also including associated installations serving this pipeline on an intermediate platform or platforms.

3. In Annex A, add to the end of 1(b) “**(TCP2)**” and add to the end of 2(b) “**(TP1)**”

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