

# Norway and the BRICS (II): The Current State of Play

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## Summary

This brief addresses the relationship between Norway and the BRICS. Our aim here is to understand the challenges and avenues for cooperation between Norway and Brazil, Russia, India, China, and South Africa rather than the BRICS as a group.

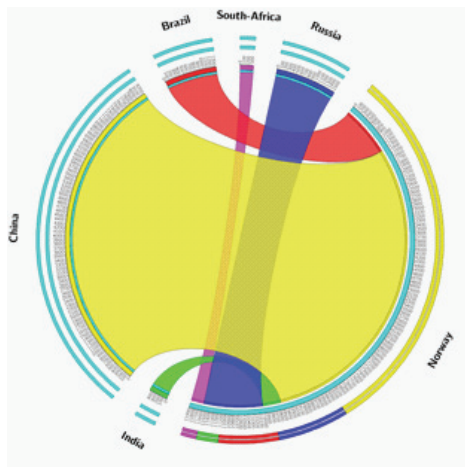
While Norway represents a small market for the BRICS, most of the BRICS are important trading partners for Norway. As we show here, there is a need for Norway to engage strategically with these countries. While some of them, such as Brazil and South Africa represent cases where cooperation is going well, and where mutual interests are served by current arrangements, we need to keep in mind the extent to which such a state of affairs builds on long-term cooperation on key issues of mutual interest.

The situation with Russia is on-going, but points to the need for Norway to strengthen multilateral arenas in which to engage with Russia. Norway has successfully engaged with Russia in low-key cooperation of issues of mutual concern in the past and in this way fostered increased cooperation in other issue-areas. This may be a strategy that Norway should continue. With China, the relationship is normalizing. However, as China becomes more involved in the Arctic, Norway could easily again land in a position where its stated position on a specific issue may lead to a more tense relationship.

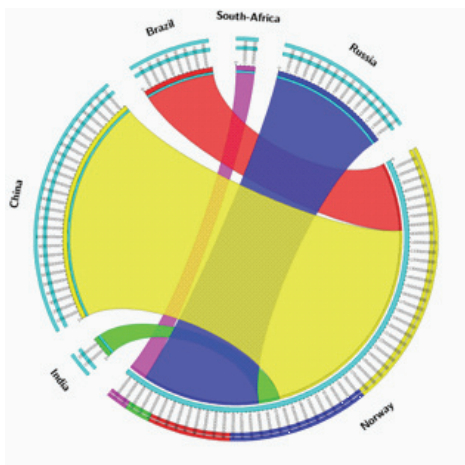
As noted in the first of this series of publications on Norway and the BRICS, the BRICS do not represent a homogeneous group of states. That is not to say that the BRICS do not have common interests or that they no longer share their outlook on the need for a more genuinely multipolar international order. The BRICS are in many respects a group of rising powers with a relatively cohesive reform program for the international community. Yet, given the important role of Russia as a driver of the BRICS cooperation and the current state of uncertainty regarding Russia's role and policies vis-à-vis the West, other avenues for cooperation may prove more constructive for the "democratic three" of the group – India, Brazil and South Africa.

While this uncertainty may make long-term policies towards the BRICS more challenging, it does not follow that the group as a whole will be more difficult to cooperate with. Strengthening ties to the BRICS is one of Norway's explicit foreign policy goals. The present brief is an attempt at understanding challenges and avenues for cooperation between Norway and Brazil, Russia, India, China, and South Africa rather than the BRICS as a group. We proceed by summarizing Norwegian engagement with these rising powers and seek to bring out from their diversity a number of common themes relating to Norway's engagement with them.

The BRICS exhibit diversity across their political systems, economies, military strengths and positions in the international system. They nonetheless form an increasingly institutionalised grouping of regional powers. And while Norway represents a small market for the BRICS, most of the BRICS are important trading partners for Norway. Presented first is the relative scale of Norway's trade with the BRICS. The figures are based on the UN Comtrade Database:



Imports to Norway (11.9 \$B total)



Exports from Norway (5.6 \$B total)

2 Norway’s involvement with the BRICS should therefore not be spread along the foreign policy spectrum as a whole, but rather be issue-specific and concentrate on a few areas where Norway can be an important partner with the BRICS countries. Such policies should in turn be based on a broad overview of issue areas. In providing an overview of Norway’s relationship with each of the five countries, we assess the security, trade and reputational issues at stake. These issues are in some cases complementary and in others conflictual. The table below provides a traffic-light style snapshot of the current situation, with issues highlighted in red assessed as particularly challenging:

	Brazil	Russia	India	China	South Africa
Security	Multilateral partner	Current foreign policy posture a source of concern	Multilateral partner	Potential partner, potential concern	Multilateral partner
Trade	Shared energy interests provide a platform for expanding links	Sanctions having a negative impact on trade, particularly fish exports	Great potential for increased economic ties and investment	Balance of trade and lack of free trade agreement progress are concerning	Low base, but new dialogue on research and economic relations helpful
Reputation and Prestige	Joint working on environmental issues key	Challenge to Norway’s values, NATO commitment key	Potential to improve knowledge of Norway in India	Relations in recovery; balanced approach needed	Joint working on environment and human rights
Interplay	Clear synergies between trade, security and reputation	Negative interplay between security and trade	Clear synergies to be grasped between trade, security and reputation	Negative interplay between reputational issues and trade	Clear synergies between multilateralism and reputational issues

**Brazil: Shared energy interests, shared multilateral outlook**

The relationship between Brazil and Norway is relatively strong, driven in the main by trade and investment matters, with the two countries’ interests in offshore oil and gas providing a platform for cooperation and joint working. In diplomatic and security terms, the two countries share a commitment to international law, peaceful conflict resolution and multilateral approaches (see de Carvalho 2011). Although the Brazilian economy is undergoing a difficult period, the country’s long term prospects remain sound and Dilma Rousseff’s redistribution policies<sup>1</sup> proved popular enough to secure her re-election in October 2014. However, corruption allegations (see for example Romero 2014) and clientelism remain significant issues that affect the operating environment for international companies. Such issues, whilst troubling, cannot obscure the potential benefits of cooperation on trade and investment. In this vein, Norway had a strong presence at Rio Oil and Gas Week 2014, with Deputy Minister for Petroleum and Energy, Kåre Fostervold attending and praising Brazil as “a leading laboratory for global innovation” (NBCC 2014). Bilateral cooperation on oil and gas is underpinned by the BN21 Memorandum of Understanding, which aims to “Strengthen competences and technology developments in oil and gas in both countries” (Engebretsen 2014). Paulo Guimaraes, former Minister Counsellor at the Brazilian Embassy in Oslo, has noted that the two companies’ long-term outlook and responsible approach give them an advantage over other oil companies when seeking partnerships in developing countries (Guimaraes 2012). Norway’s reputation as a major player in offshore technology is clearly helpful here.

One issue that has the potential to impact on security, trade and reputation for both Brazil and Norway is tackling climate change. The issue of climate change is of key importance to both Norway and Brazil, both in terms of their responsibility as major energy nations and as likely affected states. Norway has to date donated 4.55bn NOK to the Amazon Fund in order to aid efforts against deforestation in Brazil (Amazon Fund n.d.). This is to be praised both in terms of the significance of the financial support offered and in terms of legitimising domestic efforts to combat deforestation (Birdsall et al. 2014). The current status of joint working on the environment is beneficial in and of itself, whilst also helping Norway’s international reputation and credibility with regard to tackling climate change.

**Russia: Security concerns key**

Norway’s relationship with Russia must be viewed through the prism of recent events in Ukraine. Concerns about Russia’s increasing assertiveness—even aggression—are important in their own right and in terms of their knock-on effect on trade. As Foreign Minister Børge Brende observed in his Foreign Policy Address to the Norwegian Parliament, “A new phase in Russia’s relationship with the rest of the world has begun” (Brende 2014). Defence Minister Ine Eriksen Søreide has recently stated

1 For example, the *Bolsa Família* is a poverty reduction programme based on financial transfers that “may be the most well-developed national, universalistic and programmatic social policy in Brazilian history” (Montero 2014:141).

that Russia “has demonstrated not only its will but also its ability to use military force to achieve political goals outside its borders. The trust that Russia has broken, cannot be rebuilt in full.” (Eriksen Søreide 2014). Norway’s concerns about Russian foreign policy are of course far from a purely bilateral problem: NATO membership has in the past provided an important foundation for positive engagement with Russia and will continue to be important in this more turbulent phase of the relationship. For example, Norway and other alliance members have observed and responded to increased Russian air activity near the edges of NATO air space.

Trade with Russia remains a priority for Norway, despite sanctions imposed by western governments and, as a response, Russia. Of particular relevance for Norway here is Russia’s ban on fish imports: Russia and France have been the top two importers of Norwegian fish products in recent years (Norwegian Seafood Council 2014). Despite the security concerns and related trade impacts, both governments are conscious of the need to work together on issues of mutual interest. Following his meeting with Foreign Minister Brende, the Russian Foreign Minister Sergei Lavrov summarized these issues as follows: “we confirmed today our mutual interest in developing relations in the sphere of economy, cooperate on environmental protection, on nuclear and radiation safety, as well as on issues of trans-border ties” (ITAR-TASS 2014). This shows that whilst security is currently the key driver of the relationship, creating tensions in terms of bilateral trade and regional linkages in the north, there is nonetheless room for pragmatic cooperation on matters that fall outside the harsh glare of the geopolitical spotlight.

### India: Prioritising increased engagement

Given India’s huge potential, it is no surprise that strengthening bilateral and multilateral cooperation is a priority for Norway. Trade and economic linkages are at present limited. The first state visit by the President of India in October was a useful step, not least given the signing of nine memoranda of understanding on research cooperation and the easing of the visa process for Norwegian visitors to India. The existing bilateral agreements on social security and tax are also useful. The Modi government’s pursuit of greater inward investment provides an opportunity for both Norwegian private companies and the Pension Fund. Telenor’s significant presence in the Indian market is a useful starting point here.

From a security perspective, India’s positive disposition towards multilateral approaches—particularly through the UN—makes it a natural partner for Norway. Indeed, Norway explicitly supports India becoming a permanent member of the Security Council. Linking security with trade, the first joint defence industry seminar held in New Delhi in December 2013. The defence sector was described as “the next logical step” in extending Norway’s engagement with India by State Secretary Øystein Bø at the seminar (Bø 2013). Engaging India in multilateral approaches to protect human rights and improve governance will be important in securing sustainable development and inclusive growth.

### China: Relationship in recovery

Since 2010 Norway’s relationship with China has been affected by the Chinese government’s reaction to Liu Xiabo’s receipt of the Nobel Peace Prize. Foreign Minister Brende has stated that normalising relations with China is a high priority, though acknowledged that achieving the desired “close and constructive relationship” will take time (Brende 2014). As the chart above shows, China is the major destination of Norwegian exports among the BRICS—as well as Norway’s most important trade partner in Asia. It is worth cautioning though that exports to China represented only 1.8% of all Norwegian exports in 2013 (SSB 2014) and that negotiations on a bilateral free trade agreement have stalled as a result of the strained relationship. On the positive side, the maritime sector provides opportunities for solidifying economic ties, with Norwegian shipping companies building 34 vessels and more than 4 offshore rigs at Chinese shipyards (Ayhan 2014).

Turning to security, it is notable that both China and Norway had a presence at the RIMPAC naval exercises for the first time in 2014. In addition to four participating vessels, a Chinese surveillance ship shadowed the exercises (US Department of Defense 2014) in a demonstration of the duality of the rising power’s potential as both security partner and security concern. With regard to reputation, Norway faces a dilemma shared by many states: how to improve trade linkages without handing China a free pass on human rights and freedom of expression. International law and established multilateral structures remain of key importance to Norway and thus China’s assumption of observer status on the Arctic Council is a positive development.

### South Africa

Relations between have been close for many years, with South Africa one of Norway’s key partners in Africa. Norway sees South Africa as an important partner in its own right and as a link to the rest of Sub-Saharan Africa. Whilst trade between South Africa and Norway is the lowest among the BRICS, the two countries recently formalised a mechanism for annual high-level political consultations on research and economic relations. From a security perspective, Norway and South Africa share a multilateral approach to global issues and cooperate closely on human rights issues, on disarmament and on climate and environmental issues. Norway and South Africa have collaborated closely in the area of UN peacekeeping, for instance, and Norway has been an active contributor to rebuilding think tanks in South Africa over the past decades with a view to increase African capacity for handling security challenges (see Solli et al. For example, in 2013 the Norwegian-owned company Scatec Solar opened Africa’s largest solar power plant.

### Conclusion

A high level, state-by-state summary of Norway’s involvement with the BRICS shows the need for Norway to engage strategically with these countries. While some of them, such as Brazil and South Africa represent cases where cooperation is going well, and where mutual interests are served by current arrangements, we need to keep in mind the extent to which such a state of affairs builds on long-term cooperation on key issues of mutual interest

(see the discussion in Domingos and de Carvalho 2012). The situation with Russia is on-going, but points to the need for Norway to strengthen multilateral arenas in which to engage with Russia. Norway has successfully engaged with Russia in low-key cooperation of issues of mutual concern in the past and in this way fostered increased cooperation in other issue-areas. This may be a strategy that Norway should continue. With China, the relationship is normalizing. However, as China becomes more involved in the Arctic, Norway could easily again land in a position where its stated position on a specific issue may lead to a more tense relationship.

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