STATSMINISTER KARE WILLOCHS
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Mr. Chairman, Ladies and Gentlemen,

It is a great privilege for me to be with you today in the National Press Club.

Let me first remind you of some basic facts about the recent history of my country, since our solidarity with our Allies in North America and Western Europe is mainly a result of shared experiences of fairly recent origin.

After our full independence was achieved in 1905, our smallness and remoteness from the dangerous vortexes of the world, seemed to make it quite natural for Norway to conduct a policy of neutrality. The strategic situation during World War I made this possible, and created the unrealistic feeling that we could avoid being involved in the power struggle of the world.

The occupation and the experiences shared with our

Allies in World War II and its aftermath, caused a dramatic change in attitudes in the generations that made these experiences. Among the events that were most instrumental in shaping the attitude to the emerging east-west conflict, the Communist take-over in Czechoslovakia deserves special mention.

Following the unsuccessful negotiations of a Scandinavian defence Alliance, Norway therefore became a founding member of NATO.

The debate of today is, however, increasingly influenced by the - quite naturally - growing influence of generations who have not been so intensely impressed by war, by foreign occupation and by aggressive dictatorships as those who formulated the policies in the first decades after World War II. On the other hand, we feel that the basis for these policies are stronger than ever.

But we should realize the need for an up-to-date and a realistic explanation of these policies.

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Norwegian foreign policy is necessarily very much dominated by the relations with - and between - three countries or groupings: the United States, the European Communities and the Soviet Union.

The United States is our most important ally in security matters. The relationship to the United States is the lifeline in Norwegian foreign policy.

Traditionally there have been much more limited contacts with Russia. Historically the common border has been a peaceful one. However, with the Soviet Union emerging as a global superpower, the geopolitical pressure against the Northern region, and thus the security problems of Norway, have increased considerably.

This does not imply that we in any way think that
the build up next-dooor of one of the largest
military complexes in the world, the Soviet Kola
base, is to any considerable extent aimed at Norway.
But these forces are in our immediate neighbourhood,
and it would certainly be of great strategic value
to our neighbour to control Norway. And he has
indeed shown willingness to achieve strategic
advantages, when that has seemed possible without
too heavy cost.

In this connection I can mention that when the Norwegian foreign minister Halvard Lange in 1961 visited Moscow, Mr. Gromyko told him that the relationship between USSR and Afghanistan could serve as an example of an excellent relationship

between a superpower and a small neighbour. When the Norwegian foreign minister Mr. Frydenlund visited Moscow in 1980 Mr. Gromyko did not repeate this example.

The oil and gas activities on Norway's continental shelf is a new factor influencing our domestic situation as well as our relations with other countries. Prospects for new oil and gas finds under the sea bed off Northern Norway and in the Barentz Sea, add to the significance of this particular northern area.

These facts lead to the conclusion, which I have already mentioned, that the reasons which led Norway to join NATO in 1949, have been reinforced over the years. Our security situation has become still more exposed since then.

Our objective to safeguard national security, advises us to strive to maintain low tension in the North. However, the nature of the Soviet build-up must have great consequences for our national defence planning. The main part of our standing land forces are deployed in Northern Norway. But that is indeed no formidable force to frighten anyone.

The reasons why we can concentrate much of our

limited defence forces in the North are that
well-armed neutral Sweden lies between the rest
of Norway and the East, and that the southern
approaches are protected by our NATO-allies Danmark
and Germany. Finlands neutrality and Icelands
NATO-membership thus fit into a Nordic balance
which has contributed to peace and security both
in the Nordic area and in Europe more generally.

But we can, of course, not establish any regional balance of forces ourselves. This requires a demonstrated alliance capability and willingness to reinforce our defences in case of a crisis. We are confident that all the Allies realize the common interest of maintaining the territorial and political integrity of Norway, as a strategically particularly important part of the free western world. This alliance guarantee is of vital importance to our security and gives credibility and sense to our national efforts, which will always constitute the main contribution to the defence of our country.

Allied reinforcements must be planned and exercised to be credible. We have therefore, with valuable allied assistance, developed an infra-structure sufficient to receive and to support allied forces, should the need arise. We also hold regular exercises with Norwegian and allied participation.

The continued Soviet naval build-up has also made it necessary to supplement the previous reinforcement plans with the prepositioning of allied heavy equipment. Agreements to this effect have been made with the United States, Canada and the United Kingdom. We highly value the cooperation of our Allies in this field.

The areas surrounding Northern Norway are strategically very important. While maintaining a defence posture capable of providing security and political independence, it is important to reassure the Soviet Union of the defensive character of the Alliance and of our declared policy to maintain the present status of low tension in the North. As you will know there are no foreign forces permanently stationed on Norwegian territory in peacetime; nor do we allow the deployment of nuclear weapons. The reinforcement plans and the joint exercises with our allies are also a necessary prerequisite to give credibility to this policy.

On the basis of the NATO security guarantee we are also firmly committed, in close cooperation with our Allies, to work for arms control and disarmament. We fully support the NATO decision of December 1979. It must be made clear to the Soviet Union that the planned modernization in Western Europe of US intermediate range nuclear weapons will have

to take place to re-establish the necessary balance, if the Soviet Union do not dismantle, or at least substantially reduce, their deployment of a large number of SS 20s. As these Soviet-weapons can reach targets all over Western Europe, even from Asia, it is of limited use only to have them moved out of certain areas or "nuclear free zones".

Under its new leadership, the Soviet Union now has a historic opportunity to demonstrate in practice the seriousness of its repeated expressions of a desire for disarmament. At the same time, in order to convince the Soviet Union that they must reduce their forces, the Western countries must all stand firm in our continued support of the two-track decision. If we do, there will be a reasonable prospect of achieving results. But if the Soviet Union should get the impression that because of domestic opposition in member countries, the West will under no circumstances modernize its forces. then there is no reason to assume that the Soviet Union will make any substantial concessions. Why should they make concessions to achieve results, if they believe that they can get the same results without concessions?

The Allies are agreed that the zero option as presented by President Reagan in his speech in November 1981, remains the ideal and optimum outcome

of the negotiations. At the same time the Allies have declared their readiness to consider carefully any serious Soviet proposals, and to put forward proposals at appropriate moments.

Mr. Andropov's speech of December 21 1982, could be taken as an indication that the Soviet Union is now prepared to take up serious negotiations in Geneve. Mr. Andropov's initiative is interesting. But it lacks in clarity and it remains to be seen whether the Soviet Union is prepared to accept such reductions which are necessary to give Western Europe reasonable security.

It is symptomatic for parts of the atmosphere surrounding the Geneva negotiations that Secretary General Andropov's speech was immediately taken as an honest expression of the Soviet Union's willingness to negotiate in good faith, whereas the US is criticized by many not only for lack of flexibility, but by some even for lack of dedication.

In this incredible situation it is therefore more important than ever to demonstrate allied solidarity and firmness to implement if necessary both elements of the double track decision.

considering the vital security interests of both parties in the INF negotiations, we have to realize

that the battle of the minds, i.e. the battle of public opinion, in the Western democracies will be just as important for the outcome as the negotiations themselves. In this battle it is of the utmost importance to stress in the most convincing way that our goal is to get rid of the nuclear threat, which can only be achieved by a balance of forces at the lowest possible level.

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Norway has her closest cooperation, also in the economic field, with the countries of Western Europe and North America. About 90 percent of the goods we export go to them and Norwegian shipping is at least as dependent on the same markets. The United States is today not only the world's largest user of shipping services, it is also the largest market for Norwegian shipping services. In fact, almost 40 percent of our merchant fleet is engaged in transport to and from the United States of a substantial part of US foreign trade. Against this background, you will easily understand why we follow with keen interests the review of US shipping policies. We hope that the transport of US foreign trade will continue to be open also for Norwegian shipping companies, in line with our commitments to adhere to non-protectionist policies and free and fair competition.

I was pleased to note that President Reagan in his State of the Union Address on January 25 stated, and I quote:

"America must be an unrelenting advocate of free trade. As some nations are tempted to turn to protectionism, our strategy cannot be to follow them, but to lead the way toward freer trade."

We are in Norway, as a world trader, very seriously concerned about the international economic situation and the rapidly increasing unemployment. We are particularly worried about the potential social and political implications when so many able and willing people, especially young people, are denied the possibility to normal work. This situation presents us with a major challenge. If we fail, we will suffer much more than economic losses. We may also be faced with a situation affecting the social and political stability of many countries, and in the longer run the security of the Western world as well.

How shall we make the business community and the public to regain confidence in our system and policies? Economic growth must be restored and unemployment reduced through coordinated economic

policies. That is why the Norwegian Government has taken an initiative in the Organization of Economic Cooperation and Development in Paris. Member countries, together with international organizations, should jointly formulate a strategy for economic recovery. We can manage to turn developments in the right direction, if we manifest a real determination to change present policies. Clearly the United States, a main driving force in the world economy, must play a key role if the necessary progress is to be achieved and mass unemployment is to be reduced.

One of the numerous causes of the global economic crisis is the measures adopted my many countries to restrict imports. Their stated purpose is to improve the domestic employment situation. But experience shows that such trade barriers usually do more harm to others than good to oneself. For the western world as a whole, therefore, the results are serious. The fight against protectionism is therefore at the same time part of the fight against international recession.

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The discovery of oil and gas on the Norwegian continental shelf has focused increasing international interest on Norway. In 1981 Norway supplied nearly

15 percent of Western Europe's total gas consumption, and 40 percent of its net import of gas, thus corresponding to the deliveries from the Soviet Union.

As for the rate of exploration, our policy is aimed at a relatively constant level of activity, while pursuing the process of mapping our resources as quickly as possible.

On the basis of decisions already taken, there will be some increase in the production of oil and gas from the Norwegian continental shelf already through the 1980s. However, the more substantial quantities are not to be expected before the 1990s.

We will then within the limits of technical and economic constraints, be both able and willing to increase present deliveries so as to become a substantial supplier of gas to Western Europe and thereby contribute to European security of gas supplies over a longer period.

While Norwegian offshore industries have developed a considerable domestic capacity, we will continue to be interested in a close cooperation with the international oil-companies for years to come.

Mr. Chairman, ladies and gentlemen of the Press,

I would like to thank you for your attention and for the opportunity to address you this afternoon.

I am now ready for your questions, which may of course also relate to matters which I have not included in my introduction.

In short, I have wanted to stress the importance to Norway of our membership in the North Atlantic Defence Alliance with the US Security Guarantee. We are confident that all allies realize the common interest of maintaining the integrity of Norway as part of the free western world. In the field of disarmament and arms control it is now mandatory that all NATO countries stand firm in the support of both elements of the two track decision. While the zero-option remains the ideal and optimum outcome, we are ready to consider carefully serious Soviet proposals and to put forward proposals at appropriate moments.

I have also pointed out that within the limits of technical and economic constraints Norway will be both able and willing to increase present gas deliveries so as to become a substantial supplier of gas to Western Europe in the 1990s and thereby contribute to European security of gas supplies over a longer period.