BRIEF

Denmark, Greenland and the Arctic
Challenges and opportunities of becoming the meeting place of global powers

By Damien Degeorges, PhD
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Foreword

The Arctic: a rapidly changing region at the centre of the 21st century

The Arctic has become a major case study for anyone interested in the interaction between climate change and security. Things are going fast in the High North, as the melting of Arctic sea ice brings new opportunities and challenges that Arctic states have to deal with. Amongst others: monitoring and adapting to the consequences of climate change; applying the highest environmental standards to the exploitation of natural resources; ensuring a safe navigation as new shipping routes emerge; maintaining a low security risk profile by resolving territorial disputes and maritime delimitations peacefully; enhancing regional cooperation and dealing with an increasing interest in the Arctic, especially in Greenland, from global powers.

Greenland could look like from abroad as a domestic issue within the Kingdom of Denmark, but it is actually a central element of the future of the Arctic. Not only due to its state-building process, but first and foremost because of its strategic location and assets (i.e. natural resources) as well as the importance of its icecap.

The Arctic gives to the Kingdom of Denmark major opportunities and challenges. The region has become more and more important for the Kingdom’s foreign and security policy and will continue to be so, given the importance of the Arctic in the 21st century.

Dr. Damien Degeorges, whose long-time experience of Greenland issues has been recognised worldwide, gives an interesting update of the situation facing Greenland and the Kingdom of Denmark on the Arctic.

Rear Admiral Nils Wang
Commandant of the Royal Danish Defence College
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Introduction

While the Arctic has become a new frontier of international relations, the Kingdom of Denmark, through Greenland, has become a key to future developments in the region and a new meeting place for global powers. Within a year, an increasing international interest in Greenland has occurred, from America, Europe and the Asia-Pacific. This new situation raises major opportunities for the Kingdom of Denmark (first and foremost Greenland) and at the same time challenges, not only for Greenland but for its relationship with Denmark as well as for future developments in the Arctic and in a more global perspective, for energy security.

Greenland, and thereby the Kingdom of Denmark, have become a meeting place for American, European and Asian interests in the Arctic. China has by far been the rising issue in 2012 when it comes to Greenland, but other Asian countries, like South Korea, are showing an impressive interest in the Arctic territory.

While the Arctic is a ‘laboratory’ of the challenges at stake in the 21st century, Greenland appears as a ‘laboratory’ of the challenges that the Arctic is facing: climate change, natural resources, competition between global powers, shipping routes, security issues, etc.

The Greenland issue has been more than underestimated by Arctic strategic researchers. Not only because it can appear more ‘exciting’ to look at major powers like the United States and Russia in the Arctic, but also because research on Greenland in the field of political science requires to master Danish, which is not common for foreign researchers. While a good collaboration between Arctic states and the main Arctic power, Russia, has often been seen as the key issue for future developments in the region, the need of securing a strong Greenland if the territory becomes independent is a challenge that should be considered at the same level of importance.

Neglecting the possible consequences of a weak Greenlandic state facing economic difficulties would not only be irresponsible for anyone looking at future developments in the Arctic but could also make a risk become a threat. A conclusion brought in 2011 in our doctoral thesis, which the increasing international interest in Greenland in 2012, particularly from China, has only been confirming.

This paper provides an update of the rapidly evolving situation concerning the role of Greenland, a territory as large as four times the size of France and only inhabited by less than 57,000 persons, in the Arctic and addresses issues that appeared central for Greenland’s development in 2012.

Can Denmark follow the rapidly increasing international interest in Greenland? What are the challenges facing the Danish-Greenlandic relationship, internally and with regards to the Arctic? Is Greenland with limited capabilities able to handle further interest from major global powers?
1. The Danish-Greenlandic relationship: challenges and opportunities in the context of a strengthened international interest in Greenland

The evolution of the institutional relationship between Denmark and Greenland had until 2009 been linked to Denmark’s membership to the European Union: Home Rule in Greenland was introduced in 1979 following Greenland’s ‘no’ to the European Community while Self Rule in 2009 resulted of a Greenlandic coalition government’s agreement in 1999 which pointed out the effects of Denmark’s EU membership on Greenland. Since then, the Arctic and Greenland’s natural resources have been the main drivers of a Greenlandic willingness to continue moving towards more self-governance and a possible independence. Sometimes not in a realistic way, and often for domestic political purposes.

Many foreigners may wonder why Denmark has been so generous, compared to other examples in the world, by giving Greenland the full management of the territory’s natural resources and the right to become independent. Particularly in a time where major powers look at the Arctic as a strategic region. Greenland’s right to independence is actually the outcome of a long history between Denmark and Greenland, and a Danish willingness not to be paternalist with its former colony. New challenges may however arise when the extraction of radioactive elements in Greenland will be authorised by Greenland. While the self-ruled territory is in charge of the management of its natural resources, dealing with radioactive elements such as uranium will bring to security issues of which Denmark is still in charge. The development of an uranium industry in Greenland could be a significant part of the Greenlandic economy, given the value of uranium deposits in Greenland. However, the self-ruled territory will have not to see uranium as a potential massive source of income only, but clearly also as a major issue for its own future. As companies in that sector are often state-owned, Greenland will have to choose the right partner in order to avoid a too strong dependence that could have consequences if and when Greenland becomes independent.

The Danish-Greenlandic relationship has been fascinating to follow and will remain so. Setting already a time frame before a possible Greenlandic independence wouldn’t be scientifically based, even if most of our interlocutors agree on a time frame of twenty to thirty years from now. Did people however know in 1979 that Self Rule would be the next step following Home Rule and that it would take thirty years to introduce it? Plans regarding a possible independence have mainly been based

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(1) A zero-tolerance policy on extracting radioactive elements in Greenland, introduced in the 1980’s, still applied in 2012. Changes in this policy is rather a question of time that a question, as a majority in the Greenlandic Parliament is seen to be in favour of such an evolution, while the main party in 2012, Inuit Ataqatigiit, was not in favour, or at least divided, on changing the policy.
on the development of a hydrocarbon sector in Greenland. It was not proven in 2012 that there was enough oil and gas in Greenland to be commercially viable.

The focus has instead shifted to minerals, where the potential is huge and the demand extremely high, particularly when it comes to Rare Earth Elements that are key to the 21st century’s economy. An intensive debate took place in Greenland and Denmark at the end of 2012 regarding mining projects in Greenland. The debate focused on the potential consequences (i.e. social dumping) of an act on large scale projects, passed by the Greenlandic Parliament in 2012. The act, which only applies to the construction phase of large scale projects, aims to respond to the reality of Greenland: foreign manpower will be needed in the development of such projects as the Greenlandic work force is not enough. To enable foreign workers to come to Greenland, the act requires however a Danish act to be passed as Greenland was still not in charge of regulating immigration to Greenland in 2012. A competence that Greenland is able to take over as part of the Self Rule Act, but which was still of the responsibility of Denmark in 2012. It shows that Denmark is still having ‘technically’ its word to say in the development of Greenland, as the Danish Parliament is able to block such a development and as Greenland has no real capability to become independent now. The debate in Denmark led to a much stronger (and needed) Danish interest in Greenland, from potential investments from Danish pension funds in Greenland (instead of letting foreign powers doing so) to a willingness to have a stronger dialogue between Denmark and Greenland on raw materials. Some well-experienced Greenland watchers from Denmark, Greenland and abroad found Denmark quite amateur, compared to other main Arctic actors, in its way to handle such foreign interests in Greenland and the Arctic issue. Denmark has been slow to react, either by fear of paternalism or simply because such high international interest in Greenland is new. However, Denmark got involved quite intensively in the end. Perhaps too late for some.

Securing a possible independence relies for Greenland on three major pillars: ensuring economic independence on the long term (not only for some decades), an always stronger focus on education, and a change in mentalities, particularly through a much stronger focus on international affairs in the public debate, in the media and through education. Greenland’s future partly relies on raw materials, a sector that has mainly to do with global politics. While the public debate on natural resources in an experienced mining country such as Australia looks at the country’s ability to remain a reliable provider of raw materials to foreign economies, taking at the same time the geopolitical dimension seriously into consideration, particularly when it comes to issues like uranium and a very evolutive and strategic region such as the Asia-Pacific to which it belongs, public debate in Greenland has on the opposite mainly been focusing on local politics, which is of course of great importance for a small society like Greenland. However, we think that it would be in the interest of Greenland to further look at the global dimension of raw materials in the public debate. Especially because Greenland is also located in a very evolutive and strategic region, the Arctic. Looking at a short term perspective to gain an economic
independence from Denmark as soon as possible without having further looked at potential long term consequences for the development of Greenland could be a disaster and lead Greenland to a much stronger and unfriendly dependence that it is experiencing today.

Australia, a resource rich country economically and regionally closely linked to China, has been able to refuse a Chinese attempt to take a majority stake in the leading Australian Rare Earth company Lynas Corp. in 2009. The refusal was based on national interest purpose, as Australia aims to remain a reliable provider of Rare Earth Elements. Greenland and its large potential of Rare Earth Elements have regularly been a topic of discussion in Danish media in 2012. The Australian case was highlighted in a feature in Danish daily Politiken. The case of Australia shows that saying 'no' to an investment (here from China) doesn’t mean that Australia can’t have a good relationship with China. The case of Iceland, an Arctic state that faced huge economic difficulties following the 2008 financial crisis, is a pertinent example for Greenland. Iceland’s economic difficulties met China’s interest in the Arctic. Despite a closer cooperation between Iceland and China, Iceland was able to say ‘no’ to a Chinese investor. It hasn’t changed the fact that Iceland and China are having an increasing closer relationship, as shown by the visit of China’s Premier Wen Jiaobao to Iceland in April 2012. Greenland should therefore not fear to say ‘no’ to an investment, wherever it may come from, if it leads to a reduction of its attractiveness. Chinese investments in the Greenlandic Rare Earth sector would lead to a dramatic loss of attractiveness for Greenland, as China is having a quasi-monopoly on the global production of Rare Earth Elements (more than 97% in 2012). On the other hand, huge opportunities are offered to Greenland to collaborate with China, notably in the fields of polar research and renewable energies.

Given that Greenland is in charge of managing its natural resources and Denmark is in charge of the Kingdom’s foreign and security policy, we think that it would be in the interest of the Danish-Greenlandic relationship, in order to have a closer and more frequent dialogue on such strategic issues, that Danish authorities take their responsibilities further when it comes to foreign investments (especially on natural resources and infrastructures) in the Kingdom of Denmark and reserve themselves the right to veto a project for national security purpose, to avoid potential long term major consequences. That would of course be an exceptional case, but it would be an extra security for Greenland to develop its raw material sector without facing any difficulty due to a possible wrong appreciation of the risks. It would not give Denmark any further right on Greenland’s natural resources. It would simply reaffirm the current situation under the Self Rule Act which is that Greenland manages its natural resources and that Denmark remains the state, in charge of the Kingdom’s foreign and security policy. The Danish experience on foreign and security issues

can only benefit Greenland in its state-building process while the best option for the defence of an independent Greenland clearly remains a defence agreement with Denmark, as it would maintain a status quo and not disturb the balance in Arctic security. A win-win situation that would benefit Greenland, by maintaining a low geopolitical risk profile for foreign investors, and Denmark, which would have a unique possibility to remain in the Arctic, the new frontier of international relations, after a possible Greenlandic independence. The opening of an Arctic Command in Nuuk, with a liaison element in the Faroe Islands (Tórshavn), in 2012 confirms the priority given to the Arctic by Denmark. While Greenland is the only Arctic territory of the Kingdom of Denmark, such an inclusion of the Faroe Islands was necessary to show that the whole Kingdom is taking part in the future of the Arctic.

The main challenge for Greenland is to get a real independence, which requires much more than a formal independence.
2. Asia in Greenland: China, South Korea and others

While the race to Greenland was about the United States vs. the European Union only a few years ago, another major global player has been taking part in the game: Asia. This region, which is seen to be at the heart of the 21st century, has clearly shown its interest in Greenland: China and South Korea are by far the most significant examples of the Asian interest in Greenland.

The visit in 2005 by then Premier of Greenland Hans Enoksen to China shows that the Middle Kingdom’s interest in Greenland is not new. The Arctic territory has actually everything to attract powers such as China: strategic resources (Rare Earth Elements, Iron Ore, Uranium, oil and gas, etc.), an Arctic costal dimension close to Iceland (which is seen to become a hub for Chinese future shipping activities in the region), fresh water (more than strategic in the long term), the largest climate laboratory of the Northern Hemisphere (Greenland’s icecap) to get the best data to adapt to climate change, one essential vote for China’s bid to the permanent observership to the Arctic Council (Denmark/Greenland being part of the ‘first circle’ of Arctic governance as Arctic costal state), etc.

Given that China deals with states and not autonomous territories (for obvious domestic purpose), the way Greenland’s Minister for Industry and Natural Resources Ove Karl Berthelsen was received while visiting China in November 2011 is more than exceptional. While he was going to attend a mining fair in China, the Greenlandic minister, who does not represent a state but a self-ruled territory that has however the full sovereignty on managing its natural resources, was welcomed by China’s Vice-Premier Li Keqiang. Given also that this level of meeting can sometimes, according diplomats, be hard to reach for ministers coming from G8/G20 countries, it shows the level of importance given by China to Greenland. The follow-up of this meeting was a visit by a delegation of nine persons led by China’s Minister for Land and Resources Xu Shaoshi to Greenland in April 2012. A meeting with Premier Kuupik Kleist was notably on the agenda. The most significant event of 2012 regarding China was by far the first presidential visit ever from China to Denmark: Hu Jintao paid a state visit to Denmark in June 2012 as its only European stop on his way to the G20 summit in Mexico. The focus of this visit was of bilateral purpose between Denmark and China, but many analysts agreed that Hu Jintao was first and foremost visiting an Arctic country, and not just the holder of the rotative presidency of the Council of the European Union. China may remain a dilemma in the Danish-Greenlandic relationship, given that Greenlanders want to seat at the

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(6) Hu Jintao’s visit to Denmark followed the one made by China’s Premier Wen Jiabao to two other Arctic states, Iceland and Sweden, in April 2012 to advocate the Chinese bid to the permanent observership in the Arctic Council.
table if the Arctic is a topic of discussion between Denmark and China. The Arctic was officially not on the agenda for this state visit, but it was actually brought to the discussion by the Chinese delegation with reference to China’s bid to become permanent observer to the Arctic Council. Greenland’s Minister for Industry and Natural Resources Ove Karl Berthelsen went again to China in 2012 and notably met with Xu Shaoshi and China Development Bank regarding the financing (12 billion DKK) of the Isua iron ore project in Greenland.

The visit by South Korean President Lee Myung-bak to Greenland in September 2012 showed that China was not the only Asian power to look at Greenland. This historic visit by the head of a G20 state to Greenland, without a stopover in Denmark, is the start of a new era for Greenland’s foreign relations. The Danish Prime Minister, Helle Thorning-Schmidt, who is in charge of the Kingdom’s foreign and security policy, did not take part in the visit: the reason was that she was going to China. Denmark’s Environment Minister Ida Auken represented the Danish Government and Crown Prince Frederik of Denmark represented the Royal Family. Seen from abroad, it could seem as an almost worrying fear of paternalism from Denmark not to be taking part in such a visit at a higher level (if not the Prime Minister, the Deputy Prime Minister) while then Danish Prime Minister Anders Fogh Rasmussen was in Greenland together with German Federal Chancellor Angela Merkel in 2007, only five years earlier. One could ask if the Danish Prime Minister would still have been going to China at that time if it was about a visit by the U.S. President to Greenland: the response would certainly be negative, and that make the case even more surprising, given that Denmark has a strategic partnership with South Korea, which is furthermore a G20 country. Going to China when the official Greenland is meeting such a foreign dignitary is at the same time twice positive for the Danish Prime Minister: it prevents her from critics coming from a busy Greenlandic side for not bringing the official Greenland with her to China as well as from critics in Denmark for not being in Greenland while the head of a G20 state is visiting the territory. As a follow-up to the South Korean presidential visit, Greenland’s Premier Kuupik Kleist paid a visit to South Korea in December 2012. Greenland’s Minister for Industry and Natural Resources Ove Karl Berthelsen and Greenland’s Minister for Education, Research and Nordic Cooperation Palle Christiansen as well as a business delegation took part in the visit. The first ever of that kind from Greenland to South Korea. The cooperation in the field of education and research has been strengthened during this visit by the signing of a Memorandum of Understanding (MoU) between the Greenlandic Department of Education and Research and the Korea Foundation. Greenland and South Korea emphasised the importance of following up. Consultations at the level of high officials will in that regard be held. Apart from education, research, mineral and natural resources, the focus of the

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visit has also been on climate change and environmental issues, Arctic issues as well as trade and investment promotion between Greenland and South Korea.

Other countries from the Asia-Pacific region are interested in Greenland, especially Australia through its mining sector that is heavily investing in the Arctic territory. Japan seems surprisingly less active than China and South Korea when it comes to Greenland’s Rare Earth Elements. Japan has however a long relationship with Greenland in the field of culture, as shown by the visit of Prince and Princess Takamado of Japan to Greenland in 1996.

Greenland now rises the interest everywhere, even in places rather tropical than polar such as Singapore, where meetings on the Arctic take place. Basically, China’s presence somewhere is seen as the sign that something strategic may be happening there: it is true with Greenland and that is why the world is looking at Greenland, the new meeting place of American, European and Asian interests in the Arctic.
3. The European Union and Greenland: towards a stronger co-operation in a mutual interest

The relationship between the European Union (EU) and Greenland is far from being new: Greenland was part of the then European Community from 1973 to 1985 and is now one of the most strategic Overseas Countries and Territories (OCTs). The new dimension in this relationship has been the recent shift of some Greenlandic politicians towards more cooperation with the European Union, particularly from Premier Kuupik Kleist’s side, notably on the European currency, stating in an interview with Danish daily Politiken that “it was very stupid that Denmark stands outside the Euro”.

The younger Greenlandic generation, born after Greenland’s withdrawal from the European Community, is seen as one of the most pro-EU part of the population in Greenland and looks notably at EU’s potential in terms of education. Entrepreneurs are also among the most pro-EU in Greenland as well as the Greenlandic socio-liberal party Demokraatit, which was in 2012 part of the coalition government. The increasing interest from the European Union in Greenland, notably due to the Arctic and Greenland’s raw materials, has given Greenland more influence in Brussels and opened the way to a stronger cooperation with the European Union, as part of the EU-Greenland Partnership Agreement. The EU’s willingness to cooperate with Greenland on the strategic issue of Rare Earth Elements has been one of the most significant examples in 2012, with the visit by Vice-President Antonio Tajani of the European Commission to Greenland in June 2012 and the signature of a letter of intent.

While the European Union has often been seen as a ‘disturber’ for Arctic developments, the partly supranational entity of which three Arctic states are members should rather be seen as a ‘stabilizer’ for future Arctic developments given its potential to secure an economically safe Greenland, if the self-ruled territory becomes independent. Given its strategic assets, an independent Greenland will need to keep an economic ‘safety net’, understood as an ‘insurance’, in order to prevent its development from the consequences of a foreign economic assistance. The Danish yearly block grant provides the self-ruled territory this needed economic ‘safety net’. A partly supranational entity, like the European Union, could provide an independent Greenland this ‘safety net’. The main challenge will then be to know how the European Union will look like if and when Greenland becomes independent.

By securing the development of an economically safe Greenlandic state, the European Union would play a constructive role in the Arctic, in the interest of Greenland,

(9) Author’s translation. Ibid.
(10) Denmark (however through a non-EU territory, Greenland), Finland and Sweden.
the Arctic states and global energy security. That would prevent, or at least reduce, the consequences of an economic assistance to a potential weak Greenlandic state from a non-Arctic state willing to both position itself or strengthen its presence in the Arctic and to gain a privileged access to Greenland’s strategic assets.

Even if the European Union and Greenland have shown clear signs of mutual willingness to move forward in their cooperation, the EU’s ability to deliver results more rapidly when it notably comes to the critical issue of Rare Earth Elements remained the main challenge in 2012. Competition is high between the U.S., the E.U. and Asian rising powers, and Greenland may not be willing to wait too long, even though the self-ruled territory highly values its relationship with the European Union.
Conclusion

Rapid developments in the Arctic rise opportunities and challenges for the Kingdom of Denmark, particularly for Greenland. This major international focus is something new for both Greenland and Denmark. Some, in Denmark, Greenland and abroad, wonder if Denmark is able to follow this very high profile and massive interest from major global powers in Greenland. Denmark was the last Arctic state to get an Arctic strategy in 2011: while Norway seemed to be far ahead on the Arctic compared to its other Nordic neighbours, Denmark has been heavily and successfully strengthening its Arctic profile on the international scene.

The cooperation between Denmark and Greenland needs to be closer and more frequent, particularly on Arctic, foreign and security issues. It is notably important as the Kingdom of Denmark, through Greenland, has become a new U.S.-China meeting place: in other words, Greenland, which is home to a U.S. military base, will have to balance rising ties with China and the Kingdom’s old relationship with the United States.

Denmark needs never to forget that it is Arctic only because of Greenland, and that the Arctic territory can become in theory independent whenever it wants since the Self Rule Act. At the same time, some in Greenland have to understand that the realities of being a state are still the responsibility of Denmark, which means that Denmark is still responsible for the Kingdom’s foreign and security policy. Misunderstandings from both partners or potential communication mistakes from Denmark could lead to a stronger willingness from Greenland to become independent more rapidly. And that would be highly damageable for Greenland itself as the self-ruled territory may not be ready for it.

The business sector has also a large role to play in the Danish-Greenlandic relationship, as it would be a win-win situation for growth and employment on both sides, given that both people share a common language (Danish) and are used to work together. The risk of having a weak Greenlandic state in the Arctic has to be considered much more seriously, before it eventually becomes a threat. Foreign assistance to a Greenlandic state facing economic difficulties could have major consequences on developments in the Arctic and on global energy security. A fast independence risks also to be dramatic for Greenland itself, as the territory may no longer have the control of its destiny. Something that Greenlanders, according to some, would clearly not be likely to accept.

When Greenland will have taken over all the areas of responsibilities mentioned in the Self Rule Act, it will broadly look like a state. The very few areas of responsibilities that will remain under the control of the Danish state will be the ones that a Greenlandic state may never be capable to take over. One is for sure, given that a country such as Iceland doesn’t have its own army: defence. The main challenge facing Greenland’s state-building process is probably to define which level of independence Greenlanders want. The debate has to take place already now and it
is positive to see that constructive ideas are emerging. Given Greenland’s limited institutional resources, some mean that an independent Greenland could work as ‘Kingdom of Greenland’, on the basis of what Iceland experienced as independent state between 1918 and 1944 (before becoming a republic). Greenland would keep the Danish monarch as head of state, would decide its own foreign policy and use the Danish Foreign Service to advocate its policy abroad. Pragmatism shown by some Greenlandic politicians vis-à-vis the fact that Greenland may not be completely independent has to be noted. The more Greenland will remain pragmatic and avoid populism in its state-building debate, the greater will be its chances to succeed. And that is all one can wish to a territory that may become “the first sovereign nation created by global warming”\(^{11}\).