

Wrestling in Greenland Denmark, the United States and China in the land of ice

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International interest in Greenland has been growing for several years. This trend is a result of the increasing global competition between the US, China and Russia (including in the Arctic) and the acceleration of climate change, which is opening the region up to commercial and military activity. The independence aspirations of the island's inhabitants are also of note in this context. Copenhagen seeks to maintain sovereignty over Greenland because it strengthens Denmark's significance in the world and provides access to the Arctic. The US has increased its visibility in Greenland due to Chinese investments and has even considered buying it. For Beijing, the island represents a potential area of economic expansion, providing a valid argument for China to become a major player in the Arctic. This growing interest pleases Greenlanders, who see balancing between Denmark, the US and China as an opportunity for new investments and building the economic foundations of sovereignty.

The characteristics and importance of Greenland

Located in North America, Greenland, with its capital Nuuk, is an autonomous part of the Kingdom of Denmark. This largest island in the world, covering more than 2 million km², is inhabited by only 56,000 people, 90% of whom are indigenous Inuit. Greenland went from being a Danish colony (1721–1953) to home rule (1979) and self-government with the right to self-determination (2009). Copenhagen's powers were limited to foreign, security and monetary affairs. The majority of the society and parties in the local parliament support independence.

Although the main wealth of Greenland is based on fish and seafood (fishing generates 90% of exports), the interest in its mineral resources is rapidly gaining prominence. This is a result of global warming (which facilitates their exploitation) and the desire of some countries to diversify the supply chains of strategic minerals. The island has significant metal resources (including rare-earth elements and uranium) and oil and gas deposits.¹ Although Nuuk predates its economic development strategy

¹ T. Boersma, K. Foley, *The Greenland Gold Rush. Promise and Pitfalls of Greenland's Energy and Mineral Resources*, Brookings, September 2014, www.brookings.edu.



on plans to extract them, local mining is, for various reasons, still in its infancy.² The military importance of Greenland stems from its location. Should war break out, the local airports and seaports could be useful in deploying US and Canadian forces to Europe. The island also provides additional possibilities to track Russia's military activity in the Arctic Ocean and to counter its submarines penetrating to the North Atlantic through the maritime choke point between Greenland and Iceland. An important US radar station is also located on the island. In the future, Greenland's ports could play an important role in international trade. Many forecasts predict that the melting of the Arctic ice will facilitate the development of Arctic sea routes, which are the shortest connection between East Asia, Europe and the east coast of the United States. Two of the three prospective routes – the Northwest Passage and the Transpolar Sea Route – run along Greenland's coastline. The development of shipping in this region would lead to investments in infrastructure in Greenland (to facilitate and monitor cargo flows) and increased naval activity. Finally, Greenland features starkly on the map of the climate crisis as the area most strongly contributing to the rise in ocean levels. The international community is anxiously monitoring and studying the melting rate of the Greenland ice sheet which covers 81% of its territory.³

For these reasons, all major players in the region are closely following Greenland's quest for self-determination. However, Nuuk is holding off on declaring independence until it becomes more self-reliant in the sphere of the economy, fearing the loss of subsidies from Denmark, which are used to fund welfare programs, among other things.

” **The thawing of the Arctic could bring a flourishing of sea routes there – the shortest link between East Asia, Europe and the east coast of the US.**

Denmark: defending the status and *status quo*

For Denmark, with a population of 5.8 million, maintaining sovereignty over Greenland has mainly prestigious and political dimensions. It is an entrance ticket to the club of the most important actors in the Arctic (the Arctic Council) and strengthens its position on the international stage, especially in the transatlantic context. Its custody of the foreign and security policy of Greenland raises the status of Copenhagen's relations with America due to the US military presence on the island (on the basis of the 1951 agreement). This is reflected in Danish-American consultations on Arctic issues, often involving Greenland and the Faroe Islands. Copenhagen also presents its military activity in the Arctic and hosting of the US military in Greenland as an important contribution to the defence of NATO's northern flank.⁴ The responsibility for Greenland's defence, just like the significant participation of Danish soldiers in overseas operations, is meant to compensate for Danish shortfalls in defence spending (which amounted to 1.3% of GDP in 2019) and military capabilities. Copenhagen does not enjoy economic benefits from its relationship with Greenland. Nuuk exercises full control of Greenland's natural resources, and the Danish grant to the island's budget is more than €0.5 billion per year (which is a quarter of Greenland's GDP and a third of its budget).

In response to the growing interest in Greenland, Denmark is expanding its military presence there. Denmark's Defence Agreement for 2018–2023 provides 955 million Danish krone (€128.5 million) to strengthen the military posture in the Arctic. In February 2021, this amount was increased by 1.5 billion krone (€200 million), mainly for the expansion of reconnaissance and surveillance capabilities in

² There are only two mines operating on the island. In the coming years, three more may be launched: gold (Canadian), zinc (Australian) and uranium (also Australian). The sector is struggling with: hard-to-reach deposits, a harsh climate, the decreasing profitability of extraction, the lack of a qualified workforce, and infrastructure. In addition, residents are concerned about the negative impact investments have on the environment and local communities.

³ It also has an adverse effect on local communities and infrastructure. M. Paul, *Greenland's Project Independence. Ambitions and Prospects after 300 Years with the Kingdom of Denmark*, SWP, January 2021, www.swp-berlin.org.

⁴ Copenhagen has been playing the "Greenland card" for decades. T. Bramsen, 'Dansk indsats i Arktis har stor værdi for NATO', Danish Ministry of Defence, 22 October 2020, www.fmn.dk.

the Arctic and the North Atlantic, but also for the introduction of basic military training in Greenland.⁵ The priority here, however, is not deterrence, but rather exercising sovereignty, patrolling, search and rescue, pollution control, environmental surveillance and fishing inspections. Although Denmark sometimes identifies itself as an Arctic power, the area is of secondary importance to its armed forces compared to the Baltic Sea or the Middle East. About 300 Danish soldiers are detached to Greenland and the Faroe Islands, which is the same number as in Iraq. Denmark does not intend to “flex its muscles” in the Arctic, as it is aware that it would not be able to go toe to toe with the other countries participating in the arms race in the region.

Copenhagen will strive to maintain some form of control over Greenland. Aiming at mitigating the independence aspirations of

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its inhabitants, it has the following options: to increase investments on the island, involve Nuuk in the decision-making processes of the Danish government (e.g. by creating a Ministry for Arctic Affairs headed by a Greenlandic politician), extend its autonomy in foreign policy matters (e.g. by establishing Greenlandic representations to international organisations) or to greenlight the adoption of the Greenlandic constitution. Another scenario would involve a political reform – a transition from a unitarian to a federal form of government. Greenland and the Faroe Islands would become equal subjects of a federal state, bound by a royal family, a currency and an army.⁶ Some Greenlandic politicians claim that the interests of Nuuk and Copenhagen would be reconciled by Greenland declaring independence and then concluding an association agreement granting Denmark similar powers to the current ones. The diversification of Greenland’s foreign relations will pose a challenge to the Danish government. Nuuk claims it does not need a broker in contacts with the US or China.

The US: bolstering the Arctic flank

Over the past three years, the United States has intensified its activity in the Arctic, shifting from having little interest in the region to including it in its policy of containing China and Russia globally.⁷ The Arctic strategies adopted by the Department of Defense and military branches during 2019–2021 define the Arctic as an area “of immense geostrategic significance” and “a key location for global power projection” (into the Indo-Pacific and Europe) and “vital for national security interests” – directly related to homeland defence.⁸ Greenland plays an important role in these documents. It concerns military power projection due to the seaports and airports on the island, as well as early warning and satellite communications. The US’s northernmost ballistic missile early warning radar station (with an airfield and seaport) is located in Greenland – at Thule Air Base. The other four radar sites of this type are located in the US (three) and Great Britain (one). The US also gathers valuable meteorological data there. In the future, military facilities on the island could be used by the US to strengthen surveillance of the maritime passage between the Greenland and Iceland (part of the so-called GIUK gap), or to monitor transpolar shipping which, according to US estimates, could revolutionise global trade in 20–30 years. The US predicts the growth of competition for resources and sea routes in the Arctic, fearing a further expansion of the Russian military presence and Chinese influence in the region. American discussions indicate that enhanced US military activity in Greenland

⁵ ‘New political agreement on Arctic Capabilities for 1.5 billion DKK’, Danish Ministry of Defence, 11 February 2021, www.fmn.dk.

⁶ M. Breum, ‘Complex questions about Greenland’s independence are at the center of upcoming elections’, *Arctic Today*, 12 April 2018, www.arctictoday.com; M. Jacobsen, ‘Denmark’s strategic interests in the Arctic: It’s the Greenlandic connection, stupid!’, *The Arctic Institute*, 4 May 2016, www.thearcticinstitute.org.

⁷ M. Pompeo, ‘Looking North: Sharpening America’s Arctic Focus’, United States Department of State, 6 May 2019, www.state.gov.

⁸ J. Tallis, ‘Focusing the Military Services’ Arctic Strategies’, *War on the Rocks*, 20 January 2021, www.warontherocks.com.

could encompass more frequent naval patrols, the repositioning of military equipment for the Marines for anti-submarine warfare (as part of a new force design), or preparing infrastructure for submarines and P-8 and F-35 aircraft.⁹

Thus, in recent years the US has invested in political and economic cooperation with Greenland. This is motivated in part by concerns

” For the US, the prospect of a Chinese company winning a tender to upgrade Greenland’s airports appeared to cross a red line.

about Chinese plans to purchase dual-use infrastructure on the island, meaning facilities that it could utilise for both civil and military purposes (e.g. for intelligence operations against local US military installations or even directed towards US territory). For the United States, a red line was crossed with the looming perspective of the state-owned China Communications Construction Company (CCCC), involved in various Chinese Belt and Road Initiative projects, winning a tender to upgrade airports in Greenland (2018). As a response, the US Department of Defense put pressure on Denmark, which thwarted the investment which the authorities in Nuuk had supported.¹⁰ At the same time, a new agenda towards Greenland, not limited to blocking Chinese companies, was taking shape in Washington. In April 2020, the Department of State allocated \$12.1 million for joint projects in tourism, mining and education in Greenland.¹¹ The amount is not impressive, but it could trigger broader US-Greenland development cooperation (by comparison, the EU supported education in Greenland with €216 million between 2014 and 2020).¹² Then, last June, the US consulate in Nuuk, which had been closed since 1953, was reopened, and shortly thereafter the Department of State appointed a Coordinator for the Arctic region, whose mission includes developing relations with Greenland. The culmination of Washington’s diplomatic offensive came in October 2020 when the United States, Denmark and Greenland signed a comprehensive agreement on the Thule Air Base, investment and trade, energy and mining, education, tourism and environmental protection.¹³ With these actions, the Americans managed to cover the false start of the new policy towards the island, namely the return to the idea of buying it in 2019. In 1917, the US, fearing German expansion, acquired from Denmark the Danish West Indies – the US Virgin Islands of today. In 1946, the US offered Denmark \$100 million for Greenland, over which they exercised actual control during World War II (developing military infrastructure and protecting shipments of strategic minerals). However, the offer was rejected.

It is possible that when dealing with US activity in the Arctic, the presidency of Joe Biden will mean an emphasis shift from geopolitics to climate. This could result in a conflict of interests with Nuuk, which wants to invest in mining. Regardless of that, the Americans will seek to further strengthen their influence over the island by using the aforementioned toolbox inherited from the Donald Trump administration. The untapped potential lies in trade and tourism, which may be developed due to new ferry and air connections. It is also possible that in the future the US, for strategic and economic reasons, will return to the idea of taking Denmark’s place in relations with Greenland. If Nuuk declares independence, this idea could emerge in the form of an association.

⁹ D. Berger, ‘Marines Will Help Fight Submarines’, United States Naval Institute, November 2020, www.usni.org; H. Conley, N. Tsafos, I. Williams, M. Melino, *America’s Arctic Moment: Great Power Competition in the Arctic to 2050*, CSIS, 30 March 2020, www.csis.org.

¹⁰ The Danish government deemed the investment to be a security issue lying within Copenhagen’s responsibility. Eventually, Denmark bought some stakes in the Greenlandic company established to operate the airports and provided loans for the project, which *de facto* eliminated the Chinese bid. This also led to the collapse of the government in Nuuk. D. Hinshaw, J. Page, ‘How the Pentagon Countered China’s Designs on Greenland’, *The Wall Street Journal*, 10 February 2019, www.wsj.com.

¹¹ ‘Projektmidler fra USA til Grønland’, Naalakkersuisut, 23 April 2020, www.naalakkersuisut.gl.

¹² Greenland withdrew from the European Community in 1985. It is associated with the EU as an overseas country and territory.

¹³ For Nuuk, it was crucial to establish new rules for tenders to provide services and maintenance for the Thule base, allowing contracts to be awarded exclusively to Greenlandic and Danish companies.

China: Belt and Road through Greenland?

China adopted an Arctic Policy in 2018. Despite being 1,500 kilometres away from the Arctic Circle it proclaimed itself a “Near-Arctic State” and announced the inclusion of the Arctic in the Belt and Road Initiative (the so-called Polar Silk Road). China recognises the “growing global significance” of the area and also wants to participate in Arctic governance and act as a spokesperson for the non-Arctic states, defending the principle of equal access to the region.¹⁴ In the Arctic, Beijing is interested in: the development of bilateral and multilateral cooperation with Arctic states (in 2013 China gained observer status in the Arctic Council), imports of natural resources and infrastructure investments, fishing, scientific activity, environmental protection and climate change monitoring, telecommunications (submarine cables and satellite communications) and maritime trade. Chinese ships are increasingly using the Russian-controlled Northern Sea Route.¹⁵

Greenland is not a priority area of China’s activity in the Arctic. Northern Russia (Yamal LNG investments, gas imports) and even

” For China, cooperation with Nuuk is part of its policy to gain recognition as an Arctic power and a new direction for the import of raw materials.

neighbouring Iceland (Free Trade Agreement) play a more important role. Nevertheless, it could possibly become a bridgehead of the Polar Silk Road, and Beijing is thinking about investments in Greenland in the long term. Firstly, the projects carried out there and the cooperation with Nuuk are part of China’s policy to gain recognition as an Arctic power with extensive interests in the region. Attempts such as these to invest in Greenland’s aviation and seaports also indicate that China perceives the island as a potential regional logistics and transport hub.¹⁶ Secondly, China views Greenland through the prism of its own food security (fish and seafood imports) and demand for raw materials (minerals, including uranium). Currently, however, China’s mining portfolio on the island is modest (see Appendix). It mainly consists of shares in projects of companies from other countries, primarily Australia. In its relations with Greenland, China also relies on political contacts and soft power. Greenlandic prime ministers visited China in 2005 and 2017, and the Chinese minister of Natural Resources visited Nuuk in 2012. China’s soft power includes scientific cooperation and the promotion of Chinese culture. A Greenlandic declaration of independence would create new opportunities for bilateral cooperation.

Beijing missed the opportunity to gain a stronger foothold in Greenland between 2009 and 2017. Back then, after obtaining self-government, Greenland was courting Chinese investments and the West was not so suspicious of them. Meanwhile, in the era of rivalry with the US, it will become increasingly difficult for China to expand its political and economic influence on the island. The Arctic is generally an inhospitable area for China, as there is a consensus among the Arctic states (including Russia) on limiting the role of other players in the region. On the other hand, one advantage China has in Greenland will be its ability to finance long-term projects, which are not aimed at making fast profits (e.g. in the mining sector). In this field it will use the sentiments of some local politicians, who see exports to China and Chinese investments as an opportunity to become independent from Denmark.

What about the Greenlanders?

It is not expected that Greenland will declare independence in the near future. After the initial hopes related to the exploitation of raw materials, it turned out that Greenland’s decision-makers believe that building economic independence from Denmark will be a long-term process and the majority

¹⁴ ‘China’s Arctic Policy’, The State Council Information Office of the People’s Republic of China, 26 January 2018, english. www.gov.cn.

¹⁵ There were 6 ships between 2012 and 2017, and already 12 between 2018 and 2019. Based on the data from the Centre for High North Logistics, www.chnl.no.

¹⁶ In 2016, a Chinese mining company tried to buy the defunct Danish naval base in Grønødal.

of the political scene has taken a realistic stance on breaking away from Copenhagen. The islanders' appetite for independence may also be tempered by the growing international competition in the Arctic. Greenlanders realise that they are a micronation living on a vast area and therefore would not be able to build armed forces that could secure their territorial integrity and control the exclusive economic zone. This may increase the popularity of maintaining a union with Denmark, providing a greater sense of stability and security. Moreover, the colonial past enables Greenland to pursue a "policy of embarrassment" in its relations with the former metropole (i.e. reproaching the Danes for unfair treatment and illegal activities in the past), which strengthens its negotiating position.¹⁷ Denmark is a small country with a political culture based on compromise, which allows Nuuk to maintain a more partnership-like relationship with Copenhagen than with Washington. Greenlanders are keen on economic cooperation with the US, but the image of the Americans is still weighed down by the 1968 crash of a B-52 bomber (near Thule Air Base) which was carrying thermonuclear bombs and the local environmental contamination caused by the US military presence. The same is true of China, perceived by Greenland on the one hand as a future crucial investor and the largest sales market for fish and seafood,¹⁸ and on the other as an authoritarian country. There are also concerns about the possibility of an influx of Chinese workers arriving with the capital.¹⁹ Nuuk, planning to open a diplomatic representation in Beijing, will seek to use its interest in Greenland as a bargaining chip in talks with the Danes and Americans. Therefore the most likely scenario for Greenland does not seem to be the course for accelerated independence, but a balancing between Denmark, the US and other players in the Arctic (including China) in order to win their interest for extending Greenland's autonomy and its own economic benefits.

APPENDIX

Table. Chinese investments in mining in Greenland

Companies	Projects	Details
China Nonferrous Metal Industry's Foreign Engineering and Construction (state-owned)	Citronen Fjord zinc mine of Australia's Ironbark Zinc (start of operations expected in 2022)	MoU with an option to acquire 19.9% stake (2014)
Shenghe Resources Holding (state-owned)*	Uranium mine at Kvanefjeld deposit of Australia's Greenland Minerals (planned)	10.5% stake (2016)
Jiangxi Zhongrun (private)	Carlsberg Fjord copper mine (planned)	Partnership with Nordic Mining, 20% stake (2008)
General Nice (private)	Isua deposit iron mine (planned)	Full ownership, purchase of deposit from London Mining (2015)

* Chinese state-owned company CCCC was involved in upgrading the port at nearby Narsaq. Uranium mining is the subject of heated public debate in Greenland and one of the important axes of political divisions.

¹⁷ K.S. Kristensen, *Greenland, Denmark and the Debate on Missile Defense. A Window of Opportunity for Increased Autonomy*, Danish Institute For International Studies, Copenhagen 2004, as cited in: www.ethz.ch.

¹⁸ *Annual Report Royal Greenland A/S 2019*, Royal Greenland, 13 May 2020, www.royalgreenland.com.

¹⁹ Opinion polls show that the Greenlandic public is in favour of expanding cooperation with the US (69.1%) and Denmark (68.2%) rather than with China (38.7%). 'Måling: Ambivalent holdning til Kina', Sermitsiaq, 18 February 2021, www.sermitsiaq.ag.

Map. Greenland – military facilities, mining projects and Arctic sea routes



Military bases and outposts:

- US
- Danish

- airfields
- naval bases
- radar stations

- mines:
- active
 - under construction (advanced stage)

* Investments with the participation of Chinese companies.

Sources: *The Department of the Air Force Arctic Strategy*, United States Department of the Air Force, July 2020, www.af.mil; *Forsvarsministeriets fremtidige opgaveløsning i Arktis*, Danish Ministry of Defence, June 2016, www.ft.dk; websites of the mining projects.