

Greenland on the Way to Independence?

Grounds for an Enhanced EU-Greenland Partnership

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21st June 2009 saw the dawn of a new political era for Greenland. The entry into force of the country's Self Rule Act opens the prospect of complete separation from Denmark and full independence. However, it remains an open question how fast the world's biggest island will progress towards independence and whether the process will ultimately lead to sovereign statehood. Greenland, which left the EU in 1985, is confronted with serious problems, which it will not be able to cope with on its own. The European Union, on the other hand, is about to develop its own Arctic policy. It should therefore become aware of both the challenges and chances that accrue from Greenland's new status as a self-governing territory.

Over 4,000 years ago, man first settled on the island – these were the *Kalaallit* as the indigenous people of Greenland call themselves. Over 1,000 years ago the first European settlers, Vikings, arrived. Danish colonial rule began in 1721, and officially ended in 1953. 30 years ago Denmark introduced Home Rule, which has now been upgraded to Self Rule. And in 30 years from now Greenland will be an independent nation state?

Self Rule does not inevitably lead to independence – as an immediate or long-term prospect. The new and enhanced autonomy status essentially is a discretionary provision. Greenland *may* assume sovereignty over an increasing number of policy areas. It *may* also decide to dissociate from Denmark for good. Yet neither the possible extension of self-government nor

the eventual separation from Denmark is fixed by a legal or political agreement of some sort.

Self Rule does not mean unrestricted autonomy either. Certain matters will remain outside Greenland's powers. The Danish government in Copenhagen will retain principal responsibility for foreign affairs, security and defence, the constitution, citizenship, the supreme court as well as currency and fiscal matters. Only if and when Greenland takes the step towards complete independence from Denmark these core elements of sovereign statehood will be devolved to the government in Nuuk.

Self Rule is primarily about international recognition – recognition of the 57,000 Greenlanders as a nation with the right of self-determination, and of Greenlandic as

the official language of the country. Next to that the Self Rule Act is best understood as a roadmap. It lists 28 policy areas, which can be conferred to Self Rule, and it describes the legal and financial obligations connected with the sovereignty transfer.

Moreover, the Self Rule Act also lays down rules for Greenland's possible secession from the Danish Realm. This step will first of all require a decision by the Greenlandic people, presumably by way of a referendum. Copenhagen and Nuuk will then have to negotiate a treaty on the practical organisation of independence. Finally this treaty needs to be ratified by the parliaments of both countries, and confirmed in a second referendum in Greenland.

Greenland's independence is not imminent in the short or medium term, but it cannot be ruled out in the long term. On the one hand, the country is faced with enormous socioeconomic and political problems. On the other, it has tremendous potential for development, which can undoubtedly provide a basis for independent statehood. From the point of view of the European Union, Greenland is of strategic importance anyway, particularly since the EU is set to develop its own Arctic policy, just as one of its members, Denmark, is beginning to lose control over its Arctic territory.

Greenland's strategic importance for the EU

It takes just a brief look at the map to realise Greenland's strategic importance for the EU. The Arctic region, i.e. the area between the polar circle and the North Pole, is located at the interface between three major regions: North America, Russia and Europe. Despite the fact that Europe is home to the biggest number of states involved in Arctic cooperation, the EU is actually situated on the periphery of the North Pole. Parts of Finland and Sweden stretch beyond the polar circle but neither country has direct access to the Arctic Ocean. Norway, with Svalbard, borders the

Arctic Ocean but it is not a full member of the EU. Iceland, on the other hand, could join the Union in the foreseeable future, yet in strictly geographical terms the island belongs to the subarctic sphere. Thanks only to Greenland's affiliation with Denmark does the EU extend to the Arctic Ocean.

Greenland is Europe's gate to the Arctic. It is located at a crossroads into the Northwest Passage, which has already become an attractive destination for cruise ships, and which has the potential to become a competitive shipping route between the European and Asian markets provided that the Arctic ice continues to recede. In view of its strategic location, Greenland offers an ideal place to build up the required infrastructure for transport through the Arctic Ocean in the form of ports, maritime surveillance systems and sea rescue capacities. This is even truer if the North Pole eventually becomes ice-free and navigable. No country comes closer to the North Pole than Greenland. This is why Greenland, together with Canada and Russia, is believed to have a fair chance of proving territorial claims in the Arctic Ocean in the ongoing legal race towards the North Pole.

Greenland's potential of natural resources like oil and gas is also of strategic importance. The emphasis here lies on the word 'potential' because the country's richness in raw materials is not yet proven, let alone exploited. Take oil as an example: the first exploratory drillings were conducted as early as the 1970s – without any result. Neither have current explorations along the northwest and northeast spawned concrete evidence. Experts nevertheless assume, on the basis of geological data, that one of the biggest Arctic deposits of oil and gas is to be found off Greenland's eastern coast. If their assessment is correct, Greenland will possibly emerge as an important supplier of oil and gas in the future and make a relevant contribution to Europe's energy security.

Greenland is certainly rich in mineral resources. Unlike oil and gas, many depos-

its are known and some of them have already been exploited. The most prominent example is the cryolite mines of Ivittuut (1854–1987), the operation of which was highly profitable at least until the Second World War, but also the mining of marble, zinc, gold and silver has proved lucrative in the past. At present, gold and olivine are mined in the southwest. Five more mines are planned to extract zinc, lead, rubies, sapphires, diamonds as well as eudialyte and molybdenum. Although difficult climatic conditions will continue to affect the economic feasibility of exploration projects in and around Greenland, making such enterprises particularly vulnerable to price volatility at global commodity markets, the mining of minerals and metals offers a realistic and promising perspective for economic growth.

More critical is the situation in the fishery sector – Greenland’s economic backbone. 95 per cent of Greenland’s export revenue stems from fish and fishery products. More than 90 per cent of this export goes to Denmark and other EU countries. Additional revenue is generated by granting licences and fishing rights to the EU. In fact, the fishery is practically Greenland’s only self-dependent source of income. It is however highly doubtful whether Greenlandic fisheries have a potential for further growth. On the one hand, the total catch from Greenlandic waters of about 110,000 tons per year appears to be relatively modest, at least compared to such great Nordic fishery nations as Iceland (1.3 million t) or Norway (3.4 million t). For the EU Greenland is one of the main importers of shrimps and other shellfish, but apart from that, it plays only a minor role in Europe’s supply of fish products. That said, it is improbable that the fishery output will increase in the future since Greenland too is suffering from collapsing fish stocks, e.g. cod, due to continuous overfishing. The EU has also been unable to exploit its fishing quotas in recent years, and these quotas are expected to be reduced further in coming years. Therefore, it might be considered a

success if the Greenlandic fisheries were simply able to stabilise production on current levels.

Challenges for Greenland’s Self Rule

The fishery issue is not even the most pressing challenge for Greenland. Greenlandic society is torn between tradition and modernity and it has to struggle with severe social and political tensions. Alcoholism and domestic violence are more widespread phenomena than elsewhere in Europe. The country also holds a sad pole position when it comes to suicide statistics. Politically, the social misery is reflected in obvious deficits of good governance. Greenland’s inherently small political class has brought itself into public discredit because of corruption and cronyism. The sustained loss of credibility came to a head in the general election in June. The governing coalition, led by the social democratic party *Siumut* (“Forward”), experienced a dramatic defeat and, for the first time since the introduction of home rule in 1979, the party was forced into opposition. Kuupik Kleist, of the socialist *Inuit Attaquatigiit* (“Inuit Community”) became the new head of government, based on a coalition with the Social Liberal *Demokraatit* (“Democrats”) and the Conservative *Kattusseqatigiit* (“Association of Candidates”).

The new government indicates the advancement of a new generation of politicians, which perhaps is just what Greenland needs if it wants to rise to the challenges facing it. After all, many policy areas designated for Self Rule are particularly critical in view of the country’s social and political development. This applies, for instance, to the creation of a Greenlandic police force and judiciary, or of national legislation on criminal, civil, family and commercial law.

In its present state, Greenland’s society is unable to realise Self Rule to its full extent. For one thing there is a shortage of skilled workers and, perhaps more important, of educational institutions required to pro-

duce qualified labour. For another thing there is a lack of money. The Self Rule Act stipulates an important legal reservation with regard to Greenland's pursuit of independence. In marked contrast to the old Home Rule arrangements, Greenland cannot expect additional funding from Copenhagen in the case of taking over additional tasks and competences. Instead, the annual state grant has been frozen at the current amount of 463 million euros, and it will henceforth only be adapted according to the general inflation and income development.

It is difficult to gauge the additional cost of Self Rule. The annual transfer from Copenhagen amounts to over 40 per cent of Greenland's state budget, or 6,700 euros per capita. Experts calculate that Greenland needs to generate an extra 41 million euros in order to fund Self Rule in all 28 policy areas. However, this is a conservative estimate because it does not take into account certain services hitherto offered free of charge by Danish authorities, e.g. maritime surveillance, or the cost of building and maintenance of new prisons and other facilities.

The exploitation of natural resources offers the most promising means for Greenland to achieve financial self-sufficiency. However, this prospect is compromised by another important stipulation of the Self Rule Act. Additional resource revenue is to be used to reduce Danish subsidies. While Greenland may claim the first 75 million euros, any surplus higher than this amount will be divided between Greenland and Denmark, with the Danish half being offset against the annual state grant. Only if and when the annual transfer from Denmark is reduced to zero, Nuuk will be financially self-reliant and entitled to negotiate a new agreement with Copenhagen on the distribution of income generated from the extraction of natural resources.

Greenland and the EU

The new Self Rule arrangement does not affect Greenland's status under international law. This means that Greenland has no powers of its own in foreign affairs, but a certain room for diplomatic manoeuvre and the right to conclude treaties on matters that fall under Greenland's competence. Against this background, Greenland has already gained international visibility, particularly as a founding member of the *Inuit Circumpolar Council* (ICC), a multinational organisation representing the indigenous peoples of the Arctic, and as associate member of the Nordic Council and Nordic Council of Ministers. Greenland also constitutes, together with Iceland, the Faroe Islands and parts of Norway, a distinct forum of cooperation – the Nordic Atlantic Cooperation (NORA). In 1992 Greenland opened its own representation to the European Commission in Brussels. And in the United Nations Greenland is represented, among others, in the Permanent Forum on Indigenous Issues.

Although Greenland belongs to North America in geological terms, the country is oriented towards Europe as a result of Denmark's cultural and political influence over several centuries. Interestingly, this did not change in 1985 when Greenland, in an unprecedented move, left the European Community. To the contrary, Greenlandic society has become increasingly open-minded towards the EU ever since. This can partly be explained by the positive development of bilateral relations. In 1985 the country's membership was transformed, on the basis of the so-called Greenland Treaty, into an associated status as an Overseas Country and Territory of the Community. For Greenland this solution turned out to be advantageous because it did not entail financial losses. As in times of full membership, the annual transfer from Brussels amounted to 42.8 million euros. In 2007 this amount corresponded to over six per cent of Greenland's state budget. In the same year the bilateral cooperation, which until then had largely been confined to the

fisheries sector, was extended to the fields of education and training. Thus 60 per cent (25 million euros) of EU funds for Greenland is channelled into the educational sector, whereas the remaining 40 per cent (17.8 million euros) is used to compensate Greenland for EU fishing rights in Greenlandic waters. In addition, Greenland is eligible for several EU programmes, such as the Seventh Framework Programme or the Northern Periphery Programme (formerly INTERREG), with the latter placing 10 million euros at the disposal of third countries in the period 2007–2013.

Greenland has also become less hostile towards the EU as a consequence of a dialectic effect. Initially Greenlanders perceived their country's involuntary accession to the EC in 1973 as an act of post-colonialism. However, when Greenland left the Community, this perception began to change. The EU was gradually discovered as a means of developing diplomatic relations and international recognition, thereby emancipating Greenland further from Denmark. In Greenland's domestic discourse voices in favour of the country's re-entry into the EU nowadays make themselves heard again.

The seal trade issue

Greenland's increasingly positive attitude towards the EU is however strained by a delicate issue: the seal trade. In late July the EU Council of Ministers finally adopted a much-anticipated import ban on seals and all products and processed goods derived from seals, including their skins, which are used to make fur coats or leather garments, or omega-3 pills made from seal oil. The EU decision was met with fierce criticism in the countries affected by the ban, particularly in Canada where commercial sealing is by far the biggest worldwide. The Canadian government has declared its intention to launch a complaint against the EU with the World Trade Organisation, a step that is supported by Norway and

Greenland, which have been considering to take similar steps themselves.

Sealing stirs strong feelings among both its proponents and opponents. The EU has justified its trade ban first and foremost with reference to ethical considerations, calling commercial seal hunting 'inherently inhumane'. This point of view is largely in line with public opinion throughout Europe, where sealing is generally perceived as cruel and immoral. But accusations of being 'completely immoral' have also been raised against the EU. Representatives of Greenland and the Inuit fear that hunters will suffer severe economic losses due to the trade ban, which they in turn deem a direct assault on the livelihood and culture of the indigenous peoples of the Arctic.

However, the heat of the debate obscures the reality of the Greenlandic seal hunt. To begin with, it is important to bear in mind that the seal trade between Greenland and the EU is fairly modest. According to government statistics Greenland's average annual kill of seals was about 165,000 in the period 2000–2005. Nearly half of this so-called 'harvest' fails to reach the formal economy, as it is sold on local markets or used for private consumption. The other half is purchased at fixed prices by *Great Greenland*, a state-controlled company engaged in the processing of seals, although part of the 'harvest' is usually disposed of as waste due to a lack of demand. The share of seals made for export is estimated to be less than a third of the annual catch. In 2005 the value of seal exports amounted to 4.4 million euros or 1.3 per cent of Greenland's total export, yet this calculation also includes whale and shark products. Furthermore, the principal markets for Greenlandic seals are not located in Europe, but in China, Russia and Korea. Therefore, the EU ban on seal imports will hardly make an impact on Greenland since about 90 per cent of the Greenlandic seal trade will simply remain unaffected.

It should also be pointed out that Greenland's seal hunt can hardly be depicted as

commercial. Certainly, there are about 2,500 registered hunters. However, the national hunters' association, KNAPK, reckons the actual number of persons whose earnings predominantly stem from hunting and fishing to be below 1,000, with fishing accounting for 90 per cent and sealing for just 10 per cent of the annual income. Thus in all likelihood, only a fraction of the Greenlandic work force is able to make a living from hunting seals.

In modern Greenland, sealing has in reality become a pastime similar to deer hunting on the European mainland. The government issues three times more licences to sportsmen than to professional seal hunters, and three of four killed seals are believed to fall victim to leisure activity. The fact that the Greenlandic state spends about four million euros per year to subsidise the purchase of seals by *Great Greenland* makes seal hunting a costly affair, which is, ultimately and ironically, paid for by Danish tax payers. In other words, Greenland's seal hunt is not a business, but rather an expensive welfare policy scheme with identity-building as a side-effect.

The EU trade ban does not constitute a threat to the Greenlandic seal hunt in its present form. On the contrary, it will possibly provide Greenland with a comparative advantage through privileged market access. This could be the consequence of the so-called 'Inuit clause' in the EU regulation according to which the placing on the market of seal products resulting from hunts traditionally conducted by Inuit communities and which contribute to their subsistence is explicitly exempted from the ban. Although it is debatable whether contemporary hunting methods in Greenland can still be characterised as 'traditional', there is no doubt that, in contrast to Canada and Norway, the Greenlandic seal hunt is almost exclusively conducted by members of the indigenous population. Thus the EU ban seems to make it possible, not only to maintain the seal trade with Greenland on current levels, but even to expand it. This could be achieved,

for instance, by promoting seals as a tourist attraction, be it in the form of 'seal watching', as already practised in Norway, or as a special offer for individual hunters who would also get acquainted with traditional Greenlandic hunting culture.

Outlook

The prospect for Greenland's Self Rule is somehow similar to the dynamics of climate change. Many symptoms of change are already visible, and they seem to unfold with greater speed and more dramatic consequences than expected. Nevertheless we still do not know which of the many possible scenarios will ultimately materialise. This is also true for Greenland's Self Rule, which will indeed depend on the dynamics climate change. While globally rising sea levels threaten coasts, islands and entire states, it is the same development that creates the prerequisites for Greenland to realise its ambition of sovereign statehood. Greenland thus appears to be a paradox in the age of climate change.

If Greenland becomes an independent state today it would be the first and only nation state of an Arctic people. As the 193rd member of the United Nations it would rank number 13 in terms of surface area, but only number 185 in terms of population size. Hence its population density is by far the lowest on earth. Even in the Western Sahara the number of inhabitants per square kilometre is 50 times higher than in Greenland. At the same time, modern Greenland has not much in common with the antiquated image of a primitive people living in a pristine icy environment. Notwithstanding the many social and political problems mentioned above, Greenland has seen a remarkable development in the course of three decades of Home Rule. The available per capita income is equivalent to 60 per cent of the high Danish level. Compared to the EU-27 Greenland would take a mid-position (15), ahead of countries like Slovenia and Portugal. It needs to be added though, that this

assessment would be less favourable without including the substantial financial support it receives from Denmark, particularly since nearly 45 per cent of the Greenlandic work force is employed in the public sector.

Self Rule signifies that Greenland has made considerable progress in the process of nation-building. What the country still needs in order to achieve full independence is to establish a complete set of state institutions and to improve its ability to act both domestically and internationally. Yet Greenland will hardly be able to complete its process of state-building without foreign assistance. Denmark will, for obvious reasons, play a key role in this context. But also the European Union could become an important partner for an independence seeking Greenland.

The foundations of such a partnership are already laid. The EU regards Greenland as a 'privileged neighbour'. In 2007 the EU-Greenland relationship was put on a new contractual basis according to which the existing cooperation in the fishery and education sectors can be expanded at any time to also include the environment and sustainable development, minerals and energy, tourism and culture as well as veterinary safety. In addition, the so-called 'Arctic window' of the Northern Dimension offers a forum for political dialogue. The potential for enhanced relations between EU and Greenland is there. It just needs to be exploited.

As for the EU there are two starting points. One is the mid-term review of the current agreement with Greenland (2007–2013), which is due by June 2010. The other is the EU's aim to develop an Arctic policy in the framework of its Integrated Maritime Policy. Both tasks should be combined with a view to create greater synergy, while taking into account the changed conditions that result from Greenland's Self Rule. This work should include the search for constructive solutions to the seal trade issue, as indicated above. Moreover, EU investment in the Arctic region – be it to combat cli-

mate change and environmental pollution, to promote sustainable use of resources, or to build an Arctic transport infrastructure – should involve Greenland as a 'privileged neighbour' and not only respect its legitimate pursuit of independence, but actively support it. For Europe is an opportunity for Greenland's continuing process of state and nation building. For the EU, however, Greenland is far more than just an opportunity: it is Europe's only strategic bridge into the Arctic Ocean.

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