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# Greenland's Dilemma and its 'Reluctant' Alliance with China

While Greenland once welcomed Chinese investment, particularly in its natural resources, Bhavna Singh believes Nuuk is now using growing domestic unease with foreign workers to realign its diplomatic relations with Beijing and other states.

By Bhavna Singh for ISN

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China's growing demand for natural resources has prompted Beijing to extend its geopolitical interests way beyond its immediate neighborhood. Yet, while China's increasing footprint in other parts of the world has often been portrayed as a cause for concern by some media outlets - as in the case of Africa - Beijing's growing interest in Arctic only began to receive similar attention over the past few years. Once believed to be inaccessible due to severe environmental constraints, climate change has helped to reveal the Arctic's natural resource potential and offers China new Sea lines of communication (SLOC).

Having gained autonomy from Denmark in 2009, Greenland is also keen to advance its economic development. Nuuk's economic strategy envisions the tapping of Greenland's vast natural resources, while at the same time balancing development with traditional forms of subsistence and environmental protection. Yet, a fledgling government also faces the dilemma of how best to balance its economic interests with the aspirations of foreign powers who also covet Greenland's natural resources. In this respect, China's influence over Greenland is formidable.

## In the Midst of China's 'Arctic Strategy'

Beijing believes that the rapidly melting ice sheets of the Arctic serve to benefit China's growing economic prowess. An ice-free Northern Sea route traversing Russian territorial waters, the East Siberian Sea and Barents Sea offers the potential to drastically reduce the shipment times of Chinese goods to European markets. This, in turn, would enable China to decrease its reliance on problematic sea routes through the Straits of Malacca and Gulf of Aden.

Yet, while it remains to be seen whether China actually has a calibrated 'Arctic Strategy', Beijing's involvement in the affairs of the region is far too assertive to be ignored. China's claim to be a legitimate Arctic state has not only challenged the regional status quo, it has also startled the likes Denmark and Canada, who are gradually recalibrating their respective strategies in order to reflect the growing Chinese presence. Copenhagen, for example, argues that China should be made a permanent member of the Arctic Council on the basis that Beijing has "[natural and legitimate](#)

[economic and scientific interests in the Arctic.](#)” Likewise, other Nordic countries are also weighing up the perceived economic benefits and political consequences of China’s growing interest in the region.

Concurrently, Greenland’s desire to stimulate economic development beyond its traditional ties with Denmark has prompted Nuuk to look outside the Eurozone. While Greenland remains dependent (for now) upon the European Union (EU) for economic assistance, Chinese firms are increasingly becoming active in the country’s mining sector. In 2009, for instance, Jiangxi Zhongrun Mining joined Britain’s Nordic Mining in its bid to find and extract copper and gold located in southern Greenland. An iron ore deposit discovered in the Isua region is currently being targeted for future investment by the Sichuan Xinye Mining Investment Co.

## **Domestic Concerns**

Not only have these and other projects worried other overseas investors, they have also become a cause of domestic concern. Fears of Chinese encroachment and a sudden influx of workers were key issues in Greenland’s recent general election. According to some observers, [Aleqa Hammond’s centrist Siumut party’s victory over incumbent Premier Kuupik Kleist’s left-leaning Inuit Ataqatigiit](#) reflects the schism between Greenlanders willing to let foreign labor gain a foothold in the country and those who oppose their excessive involvement in Greenland’s economic development.

In particular, many locals (mostly Inuits) believe that overseas companies should prioritize the recruitment of Greenland’s indigenous population as opposed to bringing in their own labor pool. And despite the recent introduction of the Mining Projects Bill - which sets the framework for large scale foreign projects and daily minimum hourly wages for foreign workers at 80.40 Danish Crowns - it is still a widely held belief that Greenland’s labor market remains skewed in favor of foreign workers.

Yet another matter of concern is the rapid acceleration of environmental degradation. While Chinese efficiency in executing allotted projects is undeniable, doubts have been raised about the impact of excessive drilling and mining on Greenland’s ecosystem, most notably around the south-western part of the island. In response, the incumbent government announced that no further licenses would be granted for offshore oil exploration. This has, in turn, prompted some observers to declare that Nuuk is becoming increasingly determined to legislate in sync with the will of most common citizens of Greenland. Some analysts further speculate that government agencies in Greenland are keen to curtail foreign investment out of [fear of losing financial](#) support from the Danish government. Coming in at \$576 million per year, Copenhagen’s contribution to its autonomous territory still accounts for two-thirds of Greenland’s economy.

Hammond’s newly-elected government is expected to continue along this path. It has already declared, for example, that companies will need to discuss staffing plans ahead of new projects. Similarly, the new government has also vowed to carefully scrutinize Chinese mining investments in Greenland.

## **‘Outside’ Worries**

Meanwhile, the United States and European Union have both voiced concerns about China’s growing strategic and economic involvement in Greenland and the wider region. According to some Chinese media outlets like *the Global Times*, both have alleged that [Beijing intends to build military bases](#) in the region and may use its growing ties with Greenland towards achieving this aim. Washington’s and Brussels’ fears are apparently based on recent voyages by Chinese vessels engaged in [scientific research, geo-exploratory missions and fishing](#). Yet, attempts by the EU and US to voice their concerns are often overlooked by policymakers in Nuuk authorities who remain keen to balance the strategic interests of all outside actors in Greenland’s natural resources.

By and large, however, China's interest in Greenland is indicative of two distinct trends. First, Beijing will not let any opportunity for resource extraction slip out of its reach. Second, an interest in the Arctic's natural resources is largely driven by China's inherent need to cement its status as a bona fide global power. Consequently, the challenge for all future administrations in Greenland will be to walk the fine line between safeguarding its political and economic autonomy and balancing outside actors' interests in its resource potential. This is likely to require policies that are carefully attuned to the interests of, most notably, the United States, China and European Union. They may eventually need to take into account a tussle for control of polar sea routes and claims over disputed natural resources made by the more established Arctic powers.

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For additional reading on this topic please see:

[Fuelling the Dragon: Natural Resources and China's Development](#)  
[Should Greenland Mine its Uranium?](#)  
[Greenland on the Way to Independence?](#)

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