China’s engagement in Greenland: mutual economic benefits and political non-interference

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Abstract

With China becoming more active in Greenland, worries abound that China might have hidden intentions. Despite that, the Greenlandic government is showing an increasing interest in deepening its cooperation with China. This article explores Greenland’s motivation behind its positive attitude towards China and examines whether China will be a threat to Greenland’s independence. For Greenland, China is both a deep-pocketed investor and a huge consumer market, especially in the mining, fishing and tourism industries. Greenland, therefore, views China as an important partner in its economic development, which is necessary for its independence from Denmark. Considering China’s relationship with Denmark, its foreign policy and its affairs vis-à-vis Tibet, Xinjiang and Taiwan, it is not in China’s interest to interfere with any affairs related to Greenland’s independence.

Introduction

The biggest island in the Arctic, Greenland is very rich in resources. As the climate rapidly changes in the Arctic, Greenland may facilitate access to oil, minerals and other resources; commercial fisheries and shipping may also be affected by climate change in economically positive ways (AMAP 2017). In that event, it is believed that Greenland will provide enormous business opportunities in the energy, mining, fishing and even tourism sectors. This has led to China’s increased focus on emerging business opportunities in Greenland. China’s activities in Greenland have intensified and expanded steadily in recent years. However, as China’s activities have increased, there are more and more concerns over China’s interests in Greenland. Anxieties abound about the hidden intentions that China may have, and some even regard China as a threat to Greenland’s independence. Despite that, the government of Greenland has a positive attitude towards China and welcomes China and its investments. Greenland Premier Kielsen stated that “the mandate we have from our people says that we must work towards independence. There should be no doubt that everything we do is part of this preparatory process” (Breum 2020: para. 2). The Greenlanders who are ready for independence view China’s huge investments as their path towards breaking free of the financial support Greenland receives from Denmark and thus an opportunity to leave the Danish Realm (Hansen 2018). Increasingly, in sharp contrast to Danish narratives of China in Greenland, Greenland seems to be casting China as a constructive force in the process towards economic and legal independence (Gad et al. 2018).

Much has been said among scholars and observers about the threat of China to Greenland, but less has been said about Greenland’s interests in China. Therefore, this article will explore why Greenland welcomes China and views China as an opportunity. It will also consider China’s effects on Greenland’s political independence from Denmark.

Economic independence: a precondition to political independence

After the colonization by Denmark over more than two centuries, in 1953–1954 Greenland was officially ceased being a colony, instead of becoming an integral part of Denmark through the new Danish constitution of 1953. Greenland also gained a two-seat representation in the Danish Parliament (Kleist 2010). In the years around 1970, the relationship between Greenland and Denmark came to a watershed. Greenlanders aimed to take greater responsibility over their affairs, especially the fisheries (Sørensen 2007). This determination was strengthened in 1972 when a referendum on Danish membership in the

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Abbreviations

DKK: Danish krone
GDP: gross domestic product

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European Community was held. Greenlanders voted against the membership (70.8%) but, as a constituent part of Denmark, Greenland had to join the Community (Floistad 1988). The desire to leave the European Community and take over the fisheries greatly impels Greenland’s struggle for home rule (Gad 2014). In 1979, after nearly a decade of political mobilization and ethnic radicalization, the Home Rule Act was established in Greenland, and it became a self-governing region within the Danish Realm. Greenland established the first Greenland Parliament and Government, attained a degree of legislative and administrative power, and began to take over some affairs. Since the establishment of the Home Rule Act in 1979, the Greenlandic government has had high aspirations for independence.

On 21 June 2009, the Greenland Self-Government Act was established. This act empowers Greenland with more autonomy and transfers most powers to the Government of Greenland, except foreign, defence and monetary policies. More importantly, the act recognizes the right of the people of Greenland to self-determination, according to international law; Greenland can withdraw from the Kingdom of Denmark and proclaim independence at any point, should the Greenlandic population demand it. However, political independence would first require Greenland to become economically independent, since Denmark would no longer provide it with block grants. This means that Greenland will need to gradually assume more and more financial responsibility over its affairs. It also means that Greenland will have to start generating more income to take over the financing of these areas (Kleist 2010). The Government of Greenland remains dependent for almost 60% of its revenue on a 3.5 billion DKK annual block grant, which was frozen with the implementation of self-government, and other transfers it receives from Denmark (Nuttall 2015). Although the establishment of the Self-Government Act gives Greenland the possibility of full independence, Greenland’s political future is dependent on its economic performance and development, namely, assuming complete responsibility for its government, including the ability to cover the costs of sectors such as justice, law enforcement and immigration (Olsen & Shadian 2016). Achieving economic independence is a necessary precondition to future political independence, a goal that has been articulated in different versions by nearly all of Greenland’s elected leaders since 1979 (Boersma & Foley 2014).

**Mining**

Because of the broad political aspiration for more independence from Denmark, and as economic independence is an essential precondition to political independence, Greenland’s politicians are searching for alternative ways to generate revenues for the country (Hansen 2013). As a resource-rich region, Greenland’s extractive industry is the most promising in the country. Many Greenlandic politicians and business leaders believe that the exploitation of oil, gas and minerals will be the answer, and the development of extractive industries is now a firmly stated aim of the Greenlandic government (Nuttall 2015). Relevant research, such as the report written by the Committee for Greenlandic Mineral Resources to the Benefit of Society (2014), has confirmed that Greenland could achieve economic independence in the relatively short term on the basis of the extractive industry. However, a certain number of large-scale projects are required to operate simultaneously. This is a great challenge to Greenland. For example, the Isukasia iron-mining project would require an investment on the order of 11–12 billion DKK and require 2500 workers in the construction phase and 800–1000 in the production phase. Since the total number of employed persons in the country is about 25 000, the project would substantially boost employment. But the investment the project needs is roughly equal to Greenland’s annual GDP (Andersen 2015), making it evident that Greenland is not yet capable of handling large-scale projects on its own. Greenlandic politicians widely agree that attracting external investment is the key to the development of the extractive industry. Greenland is actively looking for investment partners and particularly welcomes investments from China.

In 2011, led by the then Minister for Industry and Mineral Resources, Ove Karl Berthelsen, the Government of Greenland participated in the annual China Mining Conference and Exhibition for the first time. The government held a special session to introduce Greenland mineral resources. Berthelsen held a bilateral meeting with Wang Min, then China’s Vice Minister of Resources and Land and Director of the China Geological Survey Bureau. As one of the four major world mineral fairs, the China Mining Conference and Exhibition covers all aspects of the mining industry chain, including geological prospecting, exploration and development, mineral rights trading, mining investment and financing, smelting and processing, technology and equipment, and mining services. It not only serves as a trading platform for the mineral business but also serves as a forum for communication and cooperation between domestic and foreign mining companies and government institutions. Through participation in this conference, Greenland aimed to attract Chinese investment and open the Chinese market for Greenland’s new large-scale projects in the mineral area. As Denmark’s then Foreign Minister Villy Sovndal stated, the visit heralded a new chapter in Greenlandic–Danish–Chinese
cooperation, with great future prospects (Wildau 2011). The next year, the Greenland delegation, led by Ove Karl Berthelsen, again participated in the China Mining Conference and Exhibition. In October 2013, Greenland repealed its zero-tolerance policy that bans the mining of uranium and radioactive waste material. One month later, Jens-Erik Kirkegaard, Greenland’s new Minister of Industry and Mineral Resources, visited China’s giant mining and metals company Jiangxi Copper and then participated in the China Mining Conference and Exhibition of 2013. The ministry extended a warm welcome to Chinese mining enterprises, inviting them to invest in Greenland.

Since 2013, China’s presence and investment in Greenland’s natural resource arena have gradually become more visible. In 2013, Ironbark Zinc, a company based in Australia, and the Chinese company China Nonferrous Metal Industry’s Foreign Engineering and Construction Company agreed to work together to develop the Citronen mine in northernmost Greenland, one of the world’s largest undeveloped zinc mining projects. In 2015, China’s private trading company General Nice Group replaced London Mining Plc and took over a large iron mine at Isua in south-western Greenland. In addition, the Chinese state-owned enterprise Shenghe Resources became the largest shareholder of Greenland Minerals in 2016 and thereby became involved in the Kvanefjeld project—at a site that may contain the largest multi-element deposits of its kind in the world—in southern Greenland.

With increased Chinese investments, China’s influence became one of the core issues in Greenland’s elections in 2013 (Scrutton 2013). Chinese investment in the mining sector of Greenland has led to deliberations over what does and does not constitute a security issue (Lanteigne & Shi 2019). The European Union even requested that Greenland restrict Chinese access to Greenland’s rare earth minerals. Greenland’s premier rejected the European Union’s request, saying “Greenland is open for investments from the whole world” (Briscoe 2013: para. 3). The governments of Kleist, Hammond and Kielsen have all shown positive attitudes towards Chinese investment in Greenland’s mining sector and have generally favoured Chinese enterprises.

For Greenland, different investment sources would be ideal; Greenland would benefit from both western investment and Chinese investment. Investment bids from the Chinese in Greenland’s mining projects could intensify the bidding competition, leading to Greenland getting more economic benefits. Moreover, Greenland can use Chinese investment as a bargaining chip to obtain greater benefits from the United States and Denmark if these countries oppose Chinese investment. The mining industry would be the most realistic and promising industry to achieve Greenlandic economic independence, and there is wide political consensus to develop it into a leading industry in Greenland (Government of Greenland 2020). However, the goals set out in the Oil and Mineral Strategy of 2014–18, including the establishment of 5–10 producing mines, and 2 oil and gas fields, with production capacity reaching 500 million barrels in 2020, have not been achieved (Government of Greenland 2014). At present, there are only two producing mines in Greenland and no oil and gas projects are in production. Mining could produce enough profits to offset the Danish block grant and achieve Greenlandic economic independence, but that will not happen in a short time: “The dream that mining could be a quick fix for the economy—that’s not going to happen” (Rosen 2016: 298). The Government of Greenland has adjusted its goals in the new Greenland Mineral Strategy of 2020–2024. In addition to the mining industry, Greenland seeks to develop other industries simultaneously, especially fishing and tourism, to further diversify its revenue sources.

**Fisheries**

The Greenlandic economy today is highly dependent on two sources of income. The first is the annual block transfer from the Danish government, and the second is the fishing sector. For decades, the fishing industry has been a major pillar of Greenland’s economy (Hansen 2013). Fishing is still the single most important trade to Greenland, providing 93% of Greenland’s export. About one-third of the revenue generated by Greenlandic companies is created within fisheries and fishery-related industry and trade (Statistics Greenland 2020). At present, the Government of Greenland is eyeing the expansion of Greenlandic fishing markets in China (Lanteigne 2020).

China is a key consumer of seafood globally. In recent years, the import of seafood products in China increased steadily from 9.186 billion USD in 2014 to 11.346 billion USD in 2017, with a compound annual growth rate of 7.29%. On 1 June 2018, the Chinese government reduced the seafood import tariff rate from 15.2 to 6.9%, fuelling increased consumption and imports. According to the China Seafood Imports and Exports Statistical Yearbook, China’s import of seafood products increased to 14.861 billion USD in 2018, with a year-on-year rise of 30.99% (Ministry of Agriculture, Fisheries and Fisheries Administration 2019). By 2019, China’s imports of seafood further increased to 18.7 billion USD. The trend of China increasing seafood imports will likely remain for a relatively long time. By 2030, China is
Greenland is looking to attract more visitors and the Chinese tourism market is a priority. This is partially because continued Greenlandic governmental interests in Chinese investments also enable tourism marketing activities towards a Chinese market (Martin & Ren 2020). At several of Greenland’s visits to China aiming for mining cooperation, tourism was also raised, including the visit led by Jens-Erik Kirkegaard, the minister of Industry and Mineral Resources, in November 2013. The surge of Chinese tourists in Iceland, Greenland’s neighbour, illustrates the enormous economic potential of the Chinese tourism market. Between 2011 and 2016, the number of Chinese visitors to Iceland increased by 660%, amounting to 66 781 visitors in 2016 (China Daily 2016). In the same period, Chinese tourists in Greenland were only around 1300. Recognizing the huge potential of the Chinese tourism market, “Greenland is eager to promote the image of Greenland as a unique and ideal tourist destination, and a mix of Nordic and Arctic elements, among Chinese outbound tourists,” Premier of Greenland Kim Kielsen said (Ministry of Foreign Affairs of Denmark 2017: para. 5). Because of the late attention to the Chinese tourism market and the limits of its own tourism development, in the short term, it is hard for Greenland to attain Iceland’s numbers of Chinese tourists. However, for a destination receiving a little over 100 000 visitors a year, even a modest increase in tourist numbers is significant (Martin & Ren 2020: 141). The Chinese outbound tourism market is important to Greenland’s tourism interests, especially in a long-term perspective; there is no doubt that China’s tourists can at least double Greenland’s tourism revenue.

**Non-interference**

To promote its process of independence, Greenland is trying to attract foreign investment and regards China’s investment as an important source. At present, Chinese mining activities in Greenland are rather limited, and there are few bilateral cooperation projects, but, as Greenland strides towards independence, China’s role and influence on Greenland have been watched from the outside with growing apprehension. There are fears in Denmark that China’s presence would infringe upon the sovereignty of Greenland and be a potential security threat to the entire Kingdom of Denmark (Dams et al. 2020).

Since the foundation of People’s Republic of China in 1949, the Chinese government has adhered to a principle of non-interference in other states’ internal affairs, based on the idea of sovereign equality (Hirono et al. 2019). The issue of Greenland’s independence is sensitive for China, and China is cautious about it and tries to avoid...
conflict with Denmark. In China’s diplomatic partnership network, Denmark has the same importance as the UK, Germany, France and the wider EU and is the only Nordic country that China considers a “comprehensive strategic partner.” On a European level and even a broader international level, Denmark’s role is of great importance to China (Wang & Lidegaard 2015). China values Denmark’s support for free trade relations between China and the EU. Denmark is also the European country with the largest per capita investment in China. At the global level, there are many promising areas of cooperation between China and Denmark, including trade, climate change, food and agriculture and renewable energy technology. In addition, Denmark has a prominent strategic position in China’s Belt and Road Initiative, and its importance will continue to rise as this initiative goes forward. On the issue of Greenland’s independence, China does not want to offend Denmark and damage bilateral relations between the two nations. It cannot be denied that with climate change, the strategic importance of Greenland has grown enormously but Denmark is still much more important for China than Greenland is. It is important for Beijing not to jeopardize its strong political relationship with Copenhagen (Sørensen 2019). At the same time, as a rising power, China cannot be indifferent to the opportunities offered by Greenland. It benefits China to expand its presence in Greenland as much as possible without offending Denmark. To do this, China must adhere to its principle of non-interference and not be dragged into the internal affairs between Denmark and Greenland.

The principle of non-interference as an indicator of China’s peaceful rise has become China’s diplomatic charm offensive and an important source of so-called soft power (Kurlantzick 2007). From China’s perspective, the principle of non-interference can be a good tool to help establish a favourable Chinese image in the Arctic region. Greenland’s independence provides an opportunity for China to use this tool. By adhering to non-interference in the issue of Greenland’s independence, China will ease Denmark and Greenland’s concerns that China might be a threat to their sovereignty. This will help China to gain trust gradually, which is crucial for China to launch cooperation projects with Greenland.

More importantly, the principle of non-interference is vital to defending China’s sovereignty from foreign interference. If China interferes with Greenland’s independence, it could cause a chain reaction. It could undermine China’s efforts to defend its own state sovereignty and territorial integrity from foreign interference and provide grounds for countries to interfere with what China considers its internal affairs, especially in relation to Tibet, Xinjiang and Taiwan. In the Arctic, Chinese interference in Greenland’s political affairs would confirm previous concerns about China, weakening China’s reputation in the Arctic and perhaps even leading to an anti-China trend in the region. Clearly, it is better for China to insist on the principle of non-interference and not interfere in any affairs related to Greenland’s independence.

However, the matter is not quite that simple. Greenland’s government has chosen the path of “gradual independence” (Xiao 2018). The pace of its economic growth and capital accumulation will play a decisive role in the process of Greenland’s independence. This means that even if China does not interfere with Greenland’s independence politically, the Chinese investments in Greenland or any commercial cooperation projects will have an important impact on Greenland’s economy and will therefore promote Greenland’s independence. There are therefore worries that China’s economic activities in Greenland may have hidden political intentions. Just adhering to the principle of non-interference in politics is not enough for China to allay outside worries and convince Greenland and Denmark that China’s intentions are neutral. Therefore, supplementary strategies should be considered by China. China needs to be patient and keep a low profile until the time is right. “For instance, buy a license to a giant iron ore deposit and then put the license to sleep. It is nothing like: ‘Now we want our investment back!’ No, instead it is ‘nice and easy’ and then suddenly one day will come when it is strategically interesting to make use of this license,” as former Premier of Greenland Kuupik Kleist (2019) stated. In other words, China should gradually unfold and develop cooperation projects in Greenland rather than rush them into production, leaving enough time for both China and Greenland to prepare. Also, there will be considerably fewer concerns about China if there are only one or two projects operating at the same time. For China, operating projects in Greenland immediately is not a judicious choice; waiting and seeing and taking enough time before operating would be better.

Conclusion

Economic independence is the precondition to political independence: Greenland has to develop a self-sufficient economy first. Given Greenland’s economic structure, the mining industry would be the most promising to achieve economic independence, with fishing and tourism as two other pillars. China, a deep-pocketed investor with a huge consumer market, could play a key role in the development of Greenland’s three industries, particularly considering that other major economies’ growth more or less came to a halt in recent years. Cooperation with China could bring in enormous income for
Greenland and substantial benefits to its residents and communities and could propel the process of its economic independence. The potential economic opportunities in Greenland are undeniably enormous and attractive to China, but Denmark, as China’s comprehensive strategic partner, is more important than Greenland at this stage. China does not want to offend Denmark on the issue of Greenland’s independence, and China adheres to the principle of non-interference in other state’s internal affairs. This is not only a need for China’s foreign policy and traditions but also China’s national interests.

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