



ROYAL DANISH DEFENCE COLLEGE

BRIEF

Greenland and the New Arctic

Political and security implications of a state-building project

By Rear Admiral Nils Wang and Dr Damien Degeorges

BRIEF

Greenland and the New Arctic

Political and security implications of a state-building project

By Rear Admiral Nils Wang and Dr Damien Degeorges

Rear Admiral Nils Wang is one of Denmark's leading experts on Arctic Security issues. In 2011, the Danish Minister of Foreign Affairs included him as a special advisor on Arctic Security during the finalization of the Kingdom of Denmark's Arctic Strategy. Rear Admiral Nils Wang frequently comments on Arctic matters in national and international media, and he is often invited as guest speaker at conferences dealing with Arctic security and climate change. Prior to his present position as Commandant of the Royal Danish Defence College, he was Head of the Royal Danish Navy from 2005 to 2010. As a junior officer, Nils Wang performed more than five years of sea duty in the Arctic waters around Greenland, including two years as Commanding Officer.

Dr Damien Degeorges is one of the leading experts on Greenland and its relations to Denmark and the Arctic. He is a graduate in Nordic studies (Danish) from Sorbonne University, Paris, and has written a doctoral thesis in political science at Paris Descartes University on "The Role of Greenland in the Arctic". Dr Degeorges visited Greenland for the first time in 1998, spent several years as a freelance foreign correspondent for the Greenlandic newspaper "AG/Grønlandsposten" (2003-2007), and taught international politics at the University of Greenland (2012). He is the founder of the Arctic Policy and Economic Forum.

The Royal Danish Defence College is the Danish armed forces' powerhouse for education, training and research-generated consultancy. Our research is conducted within a broad range of military-related topics. Our research priorities, such as topics and resource allocation are determined by the Commandant of the Royal Danish Defence College, who is aided by a research council.

Research at the Royal Danish Defence College should enlighten and challenge the reader, whether they are in the armed forces or in the surrounding environment. This is only achievable if the employees have the freedom to administer their own research projects and draw their own conclusions. This is a principle, which is honoured at the Royal Danish Defence College.

We hope you enjoy reading the Royal Danish Defence College's publications!

© Royal Danish Defence College

All rights reserved. Mechanical, photographic or other reproduction or photocopying from this book or parts thereof is only allowed according to agreements between The Danish Defence and CopyDan.

Any other use without written consent from the Royal Danish Defence College is illegal according to Danish law on intellectual property right. Excepted are short extracts for reviews in newspapers or the like.

Copenhagen January 2014
Royal Danish Defence College
Ryvangs Allé 1
DK-2100 Copenhagen
Denmark
Phone: +45 3915 1515
Fax: +45 3929 6172
Editor: Dean Ole Kværnø
Layout by B-O. Kure
ISBN: 978-87-7147-046-8
Royal Danish Defence College Publishing House

Introduction

1. The Regional and Global Perspective – Cooperation or Conflict?

2. The National Perspective – From Colony to Self-Rule

3. Role Models – Size Matters

4. Domestic Challenges – Money and Prudence

Conclusion

Introduction

For many years, Greenland has been one of the most important reasons for the traditionally strong bonds between the Kingdom of Denmark and the United States. During the Second World War, Greenland played a strategic role as a military base, a source of mineral resources for the war, and was an ideal location for meteorological forecasting stations to support operations. Over the course of the Cold War, Greenland became an important part of the US Early Warning System, resulting in the establishment of Thule Airbase in 1951. Today, this base is a vital node in the US Missile Defense System, and an important reason as to why Greenland continues to be considered an integral part of the US security sphere. According to a map¹ shown in 2013 at a National Security Agency Senate briefing in Washington D.C., Greenland is in some contexts considered part of the US “Homeland”.

Moving from Cold War to Global Warming, Greenlanders are experiencing growing international interest in their island; especially since Greenland took over the full management of its natural resources in 2010 as part of the 2009 Self-Rule Act. Together with Denmark, the 2,166,086 km² large Arctic island, inhabited by less than 57,000 people (the workforce represents less than 27,000 people), finds itself in the middle of a geopolitical power game as part of both the “Arctic Eight” (the eight Arctic states who make up the members of the Arctic Council)² and the “Arctic Five” (the five Arctic states bordering the Arctic Ocean)³. With an abundance of natural resources, Greenland has everything to attract everyone, and the huge island has become an international meeting place, creating both opportunities and challenges for the Greenlandic people on their road to becoming a sovereign state.

Greenland achieved self-rule in 2009, just as the Arctic was starting to draw global attention. This was by no means the beginning of the state-building process, but an important step on a long journey towards increased sovereignty and independence. The big challenge for Greenland is to achieve economic independence and become a respected sovereign actor in the international system, capable of standing up to other regional actors such as Norway, Canada, Russia and the United States. After nearly 300 years of economic and political dependency on Denmark, economic independence now seems to be achievable within a foreseeable future. However, the growing international interest for the Arctic in general is compounding the challenges for Greenland’s small population and its plans to develop a robust state apparatus, with the necessary institutional volume. This paper focuses on the challenges Greenland faces on its journey to possible statehood, and offers an answer to the question of whether it is possible for Greenland to fulfil the ambition of being an independent sovereign nation in its own right.

(1) Sermitsiaq.AG (redaktionen), “USA betragter Grønland som deres territorie”, 3 August 2013, <http://sermitsiaq.ag/usa-betragter-groenland-territorie>

(2) Russia, USA, Canada, Norway, Sweden, Finland, Iceland and the Kingdom of Denmark

(3) Russia, USA, Canada, Norway and the Kingdom of Denmark

1. The Regional and Global Perspective - Cooperation or Conflict?

In May 2008, the five Arctic coastal states - the United States, Russia, Canada, Norway and the Kingdom of Denmark, including Greenland⁴, signed the Ilulissat Declaration. The declaration established that the "Arctic Five" will lay claim to the sea territorial rights awarded to them by the 1982 United Nations Convention on the Law of the Sea (UNCLOS)⁵, and that they will settle disputes within the framework of existing international law. This was a very strong message to those NGOs and non-Arctic states arguing that the Arctic should be governed by its own protective treaty, just as the Antarctic.

All five of the Arctic coastal states, as well as Sweden, Finland and Iceland, are members of the Arctic Council⁶, a high-level intergovernmental forum established in 1996 to promote cooperation, coordination and interaction among member states. This included the involvement of permanent participants representing Arctic indigenous communities and other Arctic inhabitants. The growing geostrategic importance of the Arctic region is rapidly increasing the prominence of the Arctic Council. The Kiruna ministerial meeting in May 2013 was a pinnacle of this development when the eight member states agreed to grant permanent observer status to China, India, Japan, Singapore, South Korea and Italy. Six European states (France, Germany, Poland, Spain, the Netherlands and the United Kingdom) have previously been granted this status.

A "final decision on implementation"⁷ regarding the affirmatively received application of the European Union to become a permanent observer was blocked by Canada, due to the existing EU ban on seal products. The Kiruna meeting thus demonstrated that the Arctic Council has become a substantial international organization, capable of conveying important political messages to other international actors. The downside of this development, however, is an increasingly state-centric Arctic Council that might unintentionally reduce the influence of the NGOs representing the indigenous people from the region.

With the two first legally binding agreements on "Cooperation in Aeronautical and Maritime Search and Rescue in the Arctic" and "Cooperation on Marine Oil Pollution, Preparedness and Response in the Arctic", the Arctic Council has demonstrated that it can also be an effective decision-making forum for operational-level issues. Although some might consider this a relatively limited achievement, it clearly indicates that coast guard functions, such as Search and Rescue and Oil Spill Response, are becoming increasingly important.

(4) The Faroe Islands are part of the Kingdom of Denmark's delegation to the Arctic Council (Arctic Eight) but did not take part in this Arctic Five meeting in 2008 in Ilulissat.

(5) The Declaration does not explicitly refer to UNCLOS but to the law of the sea, as the United States has not ratified UNCLOS.

(6) Arctic Council, <http://www.arctic-council.org>

(7) Arctic Council Secretariat, "Kiruna Declaration", Kiruna, Sweden, 15 May 2013, p. 6.

The United States Geological Survey (USGS) estimates⁸ that about 13% of the undiscovered oil, 30% of the undiscovered natural gas, and 20% of the undiscovered natural gas liquids in the world are located in the Arctic region. Though the discovery of shale gas might reduce immediate demand, the Arctic resources constitute a valuable future global energy reserve, and a viable alternative for reducing dependency on the Middle East. In addition, the Arctic region contains an abundance of other natural resources, such as minerals and fish. These natural treasures are becoming increasingly accessible due to the retreating ice; enabling maritime transport to and from hitherto frozen and remote resource locations. This will inevitably lead to an extensive exploitation of resources in the Arctic region, driven by ever-increasing demand for mineral and marine resources by the growing global middle class and their increased buying power. Nobody can really afford not to. It is a widespread perception that this “scramble for resources” will take place in an ungoverned and unregulated region. However, it is estimated⁹ that 97% of the oil and gas reserves in the Arctic Ocean are located within the already-determined and, until now, unquestioned Exclusive Economic Zones of the Arctic coastal states. As the majority of the known minerals in the region are located ashore, almost all known natural resources in the Arctic region are already legitimately owned by a state. This does not exclude the possibility of conflicts and disputes, but it certainly reduces the risk significantly, and the “scramble” is likely to be commercial in nature, not military. Despite global warming, the Arctic is still a very remote part of the world with almost no infrastructure, making exploitation of fossil energy and minerals, a technically challenging and very expensive endeavour. The ability to attract significant long-term investments is therefore of paramount importance, and this will only be possible in a stable security environment. Consequently, a “commercial scramble” for the Arctic resources could arguably have a mitigating effect on outstanding territorial conflicts, promoting the resolution of old border disputes and other disagreements, using internationally recognized rules and judicial processes.

In 2012, the Northern Sea Route was navigated by 46 merchant ships. In 2013, 71 merchant ships sailed through this waterway¹⁰, including the “Yong Cheng” from China, the first container ship ever to transit via the Northern Sea Route¹¹. If the dwindling of multi-year ice in the polar seas continues as forecasted, this will allow for a more systematic use of the polar seas and their related sea routes, as the sailing distance between Northern Europe and the Far East would be considerably reduced in comparison with the traditional route through the Suez Canal. A likely

(8) USGS, “Circum-Arctic Resource Appraisal: Estimates of Undiscovered Oil and Gas North of the Arctic Circle”, Fact Sheet 2008-3049, 2008, <http://pubs.usgs.gov/fs/2008/3049/fs2008-3049.pdf>

(9) The Danish Minister of Foreign Affairs’ Speech on the Arctic Strategy, <http://um.dk/da/~media/UM/Danish-site/Documents/Politik-og-diplomati/Nyheder/udenrigspolitik/2011/UMerens%20tale220811.pdf>, 22 August 2011.

(10) Northern Sea Route Information Office, <http://www.arctic-lio.com>

(11) Atle Staalesen, “First container ship on Northern Sea Route”, 21 August 2013, <http://barentsobserver.com/en/arctic/2013/08/first-container-ship-northern-sea-route-21-08>

development in the short term may be a significant increase in the regional maritime activities associated with oil and gas extraction, mining, fishing and cruise-ship tourism. Evidence of this trend can already be seen off the coasts of Greenland.

When looking at a map centred on the North Pole, it not only becomes obvious that Greenland is geographically located at the very centre of the Arctic region but also that it is situated in the middle of a regional geopolitical system with significant global implications. The Ilulissat Declaration from 2008 and the inclusion of new permanent observers in the Arctic Council in 2013, which added China, together with the huge economic interests in a peaceful development of the region, have created what could be characterized as a fragile but stable equilibrium. Granted, this stable environment might be conducive to the further development of Greenland's statehood aspirations. However, rushed independence and the cessation of Danish institutional support could leave Greenland unable to articulate its sovereignty sufficiently in the relevant political forums. The ensuing competition between regional countries or actors for influence could quickly become a source of regional instability.

2. The National Perspective - from Colony to Self -Rule

Greenland began its state-building process with the introduction of "Home Rule" in 1979. It was the negative result of a Greenlandic referendum in 1972 on Denmark's membership of the European Economic Community (EEC) that, in turn, led to this process. Until that time, Greenland was an integral part of Denmark (1953-1979). Despite the outcome of the referendum, Greenland followed Denmark when it joined the EEC in 1973. Greenland, though, was reluctant to accept EEC regulation of fisheries, which led to a new status for Greenland in 1979, similar to the one obtained in 1948 by the Faroe Islands: "Home Rule" within the Kingdom of Denmark. However, due to the impact of the EEC's regulation on the local economy, Greenland decided to withdraw from the EEC in 1985, following a referendum. The Greenland Treaty of 1985, declaring Greenland as a "special case"¹², has since then been the foundation for Greenland's relationship to the current European Union (EU). Today, this "special case" status is reinforced by the fact that Greenland is considered as one of the most strategic Overseas Countries and Territories (OCTs) associated with the EU, and Greenland will keep this status as long as it is a self-ruled territory. In 1999, a coalition government agreement between two leftist Greenlandic political parties, *Siumut* and *Inuit Ataqatigiit*, pointed out the undesired effects of Denmark's EU membership on Greenland. This was the starting point of a process that led to the introduction of "Self-Rule" in Greenland in 2009. Today, however, Greenland considers the EU as an important and necessary economic partner, but the historic reluctance to be part of the EU and the long-lasting EU ban on seal products have embedded a profound scepticism towards Brussels in the Greenlandic population, which should not be underestimated. Just like Iceland, Greenland is equally oriented toward the North American trade sphere, and the recent relegation of the

(12) "The European Union and Greenland", Greenland Representation to the EU, <http://eu.nanoq.gl>

Icelandic EU member-state aspirations to “stand-by”¹³status will most likely bolster the Greenlandic reluctance toward the EU.

The current self-rule status, which notably gives Greenland the right to assume authority for 33 new areas of responsibility, including the management of natural resources, for which Greenland assumed authority in 2010, is generally considered as the last step before independence from Denmark. Only very few areas of state responsibility will remain under the control of Denmark, the most important of these includes foreign and defence policy.

The Self-Rule Act states that resource management is under Greenlandic control, as are the potential profits from their exploitation. However, significant income¹⁴ will be split between Greenland and Denmark until the yearly block grant (about 500 million euros) is nullified. After this point, negotiations will decide the new economic relationship between Denmark and Greenland.

As mentioned earlier, the Greenlandic scepticism toward the EU was a catalyst for the evolution of the institutional relationship between Denmark and Greenland from Home Rule to Self-Rule. However, the continued Greenlandic efforts towards more self-governance, and possibly independence, are being energized by an increasing international interest in the Arctic in general, and the Greenlandic natural resources in particular. Thus, the domestic Greenlandic political debate about the future is often focused on economics. This has led to a relatively short-sighted and shallow “independence-narrative”, where some of the more complicated layers of nation-building are left out of the discourse.

Technically, Greenland could decide to become independent through a referendum, and then be recognized as a state by other states, and treated *de jure* as such in the international system. This independence option is explicitly mentioned in the Self-Rule Act. The main issue, however, is not whether or not Greenland technically may secede from the Kingdom of Denmark, but how to define the degree of independence Greenland is capable of enforcing. The strategic location in the Arctic and the huge potential of natural resources have already given Greenlandic self-rule a prominent “near-state” status in global affairs. The visit to Greenland in 2012 by the head of a G20 state, then South Korean President Lee Myung-bak, without a stop-over in Denmark and without the presence of the Danish Prime Minister¹⁵, was for the self-ruled territory a clear sign of recognition on the world stage. This was further highlighted in 2011 when then Greenland Minister of Industry and Natural

(13) Iceland’s application to become a member of the European Union has not been withdrawn, but negotiations are no longer taking place.

(14) The first DKK 75m (about EUR 10m) of the income goes to Greenland. The stated amount is subject to inflation adjustment.

(15) The royal family was represented by the Crown Prince and the Danish government was represented by the Minister of Environment.

Resources Ove Karl Berthelsen visited China, and was received by China's then Vice-Premier, now Premier, Li Keqiang.

Given this rising, and undeniably intense international activity, Greenland has repeatedly claimed more independence in the management of its foreign affairs. Greenland already does deal directly with foreign states in areas where Greenland has fully assumed authority. Transactions concerning minerals such as uranium, or Rare Earth Elements (REE), however, may have rapid and substantial implications on sensitive foreign and security policy issues. This factual and political problem is not covered by the Self-Rule Act, leaving a very important issue open for discussion between Nuuk and Copenhagen. The heated discussion about the possible export of Greenlandic uranium, following the removal by the Greenlandic Parliament of a zero-tolerance policy on extracting radioactive elements in Greenland, is a very clear example of this ambiguity in Danish-Greenlandic relations. Increased international interest in Greenland in 2012, and a heated domestic political debate in Denmark, led to a political intervention, whereby the Danish Ministry of Foreign Affairs decided to negotiate an agreement¹⁶ with Greenland to cooperate much closer in order to coordinate the Kingdom's common foreign and security policy.

Finally, the role of the royal family in the future of the Danish-Greenlandic relationship should not be underestimated. A substantial majority of the Greenlandic public feel extremely connected to the royal family and even more so to the current Crown Prince Frederik. His twins, Prince Vincent and Princess Josephine, born in 2011, were the first in the royal family to receive Greenlandic names, and the Crown Prince has demonstrated his personal affection for the Greenlandic people on numerous occasions. This special relationship between the Greenlandic people and the royal family might be considered an anachronism by some in the political elite, or amongst intellectuals, but it could become an important, or even determining, factor in a potential future referendum on full independence from the Danish Kingdom.

3. Role Models - Size Matters

Iceland, another former integral part of the Kingdom of Denmark is often held up as a potential role model in the Greenlandic political debate about independence. Iceland's first steps as an independent country were as the Kingdom of Iceland in 1918, before becoming a republic in 1944. Given Greenland's limited institutional resources, the Icelandic model of first being an independent¹⁷ Kingdom could be seen as a potential option for Greenland if it decides to become independent.¹⁸

(16) Andreas Lindqvist, "Sikkerhed: Danmark ønsker tættere samarbejde", 5 February 2013, <http://sermitsiaq.ag/node/147001>

(17) The foreign relations of the Kingdom of Iceland were handled by Denmark until 1940. Iceland established its first diplomatic representation in 1920 in Denmark.

(18) Aalborg University (CIRCLA), "Rasmus Gjedssø Bertelsen at Trans Arctic Agenda, Reykjavik 18-19 March 2013", 14 May 2013, <http://www.arctic.aau.dk/news-list/News//rasmus-g-bertelsen-about-denmark.cid87868>

Iceland is now inhabited by about 320,000 people, compared to less than 57,000 people in Greenland. Iceland has 25 diplomatic representations overseas, including General Consulates. In 2013, Greenland had two representations, one in Copenhagen and one in Brussels. A previous one in Canada was closed for budgetary reasons. In December 2013, Greenland finally appointed its first representative in Washington D.C., starting 1 January 2014. When the announcement was made public, the representative was also expected to be side-accredited to Canada. As it is the case in Brussels, Greenland's representation in the U.S. is part of the Danish Embassy.

Iceland's entire foreign service (counting the minister, local and technical staff, as well as representatives from other ministries sent abroad, but excluding agencies), in Reykjavik and abroad, had approximately 263 employees in December 2013. Among these, 38 worked with translation, which is due to the number of EU regulations that need to be translated by Iceland as part of the European Economic Agreement (EEA). A human and economic burden like this would bring the Greenlandic central administration to its knees, with only about 15 people¹⁹ within the Department of Foreign Affairs presently, including the minister and interns. The case of a micro-state such as Monaco, with a smaller population than Greenland and with many more employees within its Department of External Relations, shows, however, that it is not only a question of population size: education and skills are also a prerequisite. Despite a number of highly educated and internationally experienced civil servants, the Greenlandic Department of Foreign Affairs, as well as the Greenlandic central administration in general, will require more educated and experienced staff to deal with the increased international complexity related to Greenland's development. The opening of a General Consulate of Iceland in Nuuk in 2013, the first "professional" diplomatic representation in the recent history of Greenland, and the US plan to establish an American Presence Post (APP) demonstrate that the self-ruled territory is also experiencing a rapid change of the external relations at home.

Given the cost of a diplomatic network and Greenland's limited human capital resources, an independent Greenlandic state would be forced to have most of its diplomatic representatives as non-residents based in Nuuk. Even a wealthy country such as Singapore has to base part of its foreign service on this model of non-resident representatives. Already Greenland's current ambitions to open new representations abroad will be challenged, not only economically but definitely also in terms of human capital resources.

The "Icelandic Model" has also been mentioned in the Greenlandic debate with regard to security and defence perspectives. With no defence forces, and NATO as the security provider, it is tempting to see this model as an ideal and cheap solution to an extremely expensive problem. It is, however, important to distinguish between coast guard functions and military defence tasks. NATO does not provide

(19) Included in this number are employees from the Greenlandic Department of Foreign Affairs stationed in the Greenlandic Representation in Copenhagen.

sea surveillance, fishery protection, Search and Rescue, etc. in the Icelandic Exclusive Economic Zone. That is left to the Icelandic Coast Guard paid for by the Icelandic taxpayers. The territorial defence in case of a military attack on Greenland is already covered by an “Icelandic Model”, through Denmark’s membership of NATO and through the US security interests in Greenland. In Greenland, however, surveillance, enforcement of sovereignty and the coast guard tasks are carried out by the Danish Armed Forces, and financed by the Danish taxpayers. This represents yet another state task, which apart from representing a large expense, requires skilled and educated people on a scale that exceeds the present and any future foreseeable capability of the Greenlandic society. If a Greenlandic state were to become economically sustainable, the only viable option to ensure the defence of Greenland, while maintaining an important status quo in the regional security framework, would be for Greenland to have a defence agreement with Denmark, in principle financially supported by Greenland. Such an out-sourcing construction illustrates, however, how the mere notion of “independence” can easily be challenged in the case of Greenland.

Greenland has many opportunities. Greenland is and will remain part of the Nordic community (“Norden”). The Nordic countries are Greenland’s best allies by far when it comes to its international development. The Nordic Council was Greenland’s first diplomatic arena, long before the Arctic Council. There is a potential for Nordic investments in Greenland, and two main factors should not be underestimated: Greenlanders are used to working with Nordic countries - not only with Denmark but also the West-Nordic region - and it can include a common working language such as Danish. By maintaining ties with the Nordic community, Greenland will also secure its cultural identity throughout its development (Greenlandic is promoted through the Nordic Convention on Languages). In addition, Danish speakers in Greenland will see their language acknowledged in the long term, as Greenlanders will still need to master a Nordic language, such as Danish, in order to deal with their Nordic partners. Neither should historical relations be underestimated as a vehicle for long-term investments. Also, in the case of major investments from Asia and given Greenland’s characteristics, the self-ruled territory could benefit from strong political ties with its direct neighbours and historical partners: not only the Nordic region, but also the European Union as well as the United States (notably through the Denmark-Greenland-US Joint Committee).

4. Domestic Challenges - Money and Prudence

An abundance of natural resources and a geographical location in one of the world’s most strategically important areas make Greenland a very attractive territory with vast potential. One of the most important challenges is quickly to begin one or more large-scale projects, in order to kick-start Greenland’s development. However, the present economic baseline will probably require both oil wells and several mining projects in order to create a stable and long-lasting situation, in which the block grant from Denmark could be rendered superfluous. Without a doubt, an independent Greenland facing economic difficulties would be a worst- case scenario - seen

from a Greenlandic perspective. This scenario would also have a negative impact on the relatively stable Arctic security situation, where dominant actors most likely would try to exploit Greenland's economic weakness to generate more influence in the region.

Further, it might be quite challenging to ensure a stable economic development. The small and aging population, the infrastructural and educational challenges, and the tremendous social problems related to alcohol, drugs and family related abuses, together with a rapidly growing economic deficit, constitute a broad spectrum of domestic political challenges for Greenland.

The increased demand for raw materials stemming from an expanding global middle class indicates that it is only a matter of time before Greenland can capitalize on exploiting its own raw material reserves. However, the mining and offshore industries operate in very competitive markets dependent on long-term investments. With the change in the regulatory framework following the 2013 parliamentary elections in Greenland, doubts could be created amongst potential investors as to whether Greenland, in fact, constitutes a stable long-term investment environment. Furthermore, other market factors, such as the fast changing energy market significantly influenced by the emergence of shale oil - and gas and the rapid global increase in new Rare Earth Element (REE) mining projects, could prevent Greenland from exploiting the immediate window of economic opportunities. The big oil strike has not happened yet and will require years to develop, and the big REE deposit in Kvanefjeld cannot be capitalized upon before Greenland and Denmark have a common uranium export policy. This includes the required control regimes and the expertise to handle uranium in accordance with international treaties, which might take 5-10 years to develop²⁰.

Even with a big oil strike and the ability to handle uranium exportation, investing in Greenland is not without risk. The harsh climate and the lack of infrastructure are critical factors in the competition for investors, particularly with other mining nations such as Canada and Australia. Consequently, Greenland's economic independence of Danish subsidies and the entire state-building project will be highly dependent on relatively few but significant oil and mining projects. With such fundamental importance for the Greenlandic economy resting on single large-scale projects, tremendous pressure will undoubtedly build on the few Greenlandic decision-makers²¹. This pressure will increase even further if the project includes powerful foreign state-owned companies and investors with the ability to muster more lawyers and

(20) Cindy Vestergaard. "The European Union, Its Overseas Territories and Non-Proliferation: The Case of Arctic Yellowcake". Non-Proliferation Papers No. 25, EU Non-Proliferation Consortium, January 2013, p. 6. <http://www.nonproliferation.eu/documents/nonproliferationpapers/cindyvestergaard50f42aa9586fe.pdf>

(21) In December 2013, only 29 people, including ministers, mayors, and the majority of the Parliament, were needed politically to run Greenland.

lobbyists than the staff of the central administration in Nuuk. Applied “soft power”²² like this is a real challenge, and illustrates another facet of the Greenlandic fragility in the new Arctic dynamic. Moreover, the education of the future elite of Greenland and the shaping of its view on international relations might be an important future target for foreign influence.

Greenland is, in other words, at a critical juncture in its transition towards increased independence. The economic independence seems to be within reach, but the fast deteriorating economy and the global market development require a pace of investment that might be unrealistic, due to the factors mentioned above; or, worse, it might lead to hasty decisions with long-lasting, negative ramifications. Nevertheless, the economic side of the state-building process might be the relatively easy part compared to one of the more systemic challenges. Educational standards need to undergo significant improvement if Greenland wants to build a sufficiently skilled workforce that could form the foundation for the required future political and central administrative system. The development of a viable Greenlandic state is heavily dependent on improving the general level of education, as well as the need for a highly educated elite with a deep understanding of global affairs. In the 2001 yearly review of the Greenlandic economy, the Danish Prime Minister’s Office expressed the situation as follows: “Ensuring an educational level like that of Western Europe is not only a gigantic challenge for Greenlandic society, it is probably also a prerequisite if the productivity of the Greenlandic labour market is to reach a comparable level”²³. In 2009, the yearly evaluation stated: “Primary school education is an highly important priority if the gap is to be reduced, and if the Greenlandic economy is to be developed to the same level as in the other Nordic countries”²⁴. Education is one of the systemic areas where Greenlandic society has a very long way to go before possessing a self-sufficient capacity corresponding to the needs of a state. It is an endeavour that - even under ideal circumstances - could last more than a generation.

Conclusion

Developments in the Arctic are currently progressing peacefully, primarily due to common economic interests forming a stable equilibrium in the region. However, the balance remains fragile and Greenlandic independence outside a Danish/NATO defence framework would most likely have a destabilizing effect on the regional security balance. The Ilulissat Declaration and the general expectations from the Arctic Five, as responsible coastal states

(22) Joseph S. Nye Jr., *Soft Power: The means to success in world politics*, New York: Public Affairs, 2004, 191 p.

(23) Authors’ translation. Det rådgivende udvalg vedrørende Grønlands økonomi, “Den økonomiske udvikling i Grønland”, Statsministeriet, 2001, <http://www.stm.dk/publikationer/groenland01/DRUG2001.pdf>, p. 9.

(24) Authors’ translation. Det rådgivende udvalg vedrørende Grønlands økonomi, “Den økonomiske udvikling i Grønland”, Statsministeriet, 2009, http://www.stm.dk/publikationer/groenland09/DRUG_09.pdf, p. 54.

in an ecological fragile region, will place expensive coast-guard-related obligations on the Arctic littoral states. An independent Greenland would also have to meet these obligations. The access to natural resources and new shipping routes might bring Greenland closer to prosperity, but at the same time it will increase Greenland's dependency on someone who can provide the required institutional resources that must include defence/coast guard and a diplomatic service.

Constitutionally Greenland can leave the Danish Kingdom whenever the Greenlandic people decide to do so. However, the close historical ties and the shared values have been and continue to be advantageous to Greenland. It will probably be very difficult for Greenland to find another partner that will accept an agreement that is as economically advantageous for Greenland as the current Self-Rule Act. The European Union has the potential to be a partly supranational alternative to the partnership with Denmark, but EU scepticism in Greenlandic society has been prevalent over the past 30 years, and it might take a generation to change this attitude.

A generation or more is also the likely time horizon when looking at the severe social, demographic and educational challenges facing Greenlandic society. An economic kick-start from oil or minerals might provide a quick cure, if the money is spent prudently, but sudden economic growth also holds the inherent risk of alienating the ordinary Greenlandic people. The economic focus is understandable, but in the case of Greenland it is very dangerous to equate prosperity with the ability to govern independently. Money is only one part of the equation. The question is whether it is at all possible, even under ideal circumstances, for Greenland to reach the required educational level to handle the transition from a fishing- and hunting-based society to an independent nation, whose economy, in addition, would be based on mining and offshore activities.

Greenland can look to Norway, Iceland, Australia, or others to find some measure of inspiration, but there is no fitting precedent for Greenland to study. The combination of a small population, educational deficit, limited pool of political-intellectual elite, enormous territory containing natural resources with global strategic impact, limited infrastructure and a subsidized fishing-based economy is quite unique. The Kingdom of Iceland model (1918-1944, with a separate foreign service from 1940) could serve as inspiration when the present self-rule construction has to be moved forward into the next and maybe final phase. Such a framework could also provide Greenland with the continued institutional back-up from Denmark, in a period where the international commercial pressure on the relatively

few Greenlandic decision-makers will be significant and the risk of nepotism and corruption is enormous.

The question put forward in the introduction of this paper was: Is it possible for Greenland to fulfil the ambition of being an independent nation in its own right?

The answer offered up here is that it will probably remain an unachievable dream for the next 30-40 years, or maybe even longer, if Greenland is to avoid the risk of becoming too vulnerable as a state. For many reasons, the Danish Kingdom and the Self-Rule Act are for now, the most advantageous and stable framework to further develop Greenland into a modern, economically sustainable and “near-independent state”.