



China in Greenland: Mines, Science, and Nods to Independence

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OE Watch Commentary: Although China's recent Arctic white paper, a document primarily intended for foreign consumption, avoids direct mention of Greenland, the island plays an important role in the PRC's Arctic strategy, due to its abundant natural resources, importance as a scientific research base, and possible emergence as an independent state that could give China more influence in Arctic affairs. Little actual Chinese investment has taken place in Greenland to date, but Chinese companies are expected to be involved in two of the island's largest planned mining projects (including one of the world's largest rare-earth mines), while plans to build research facilities have also been announced, among them a year-round research base and a satellite ground station.

Greenland enjoys a high level of autonomy as a constituent country of the Danish Kingdom. Most of Greenland's political class is committed to leaving the Kingdom, although economic independence remains unfeasible in the medium term. Denmark's annual block grant provides for more than half of Greenland's state budget. The government sees developing transportation infrastructure as a way of expanding other industries, in particular tourism. Possible Chinese involvement in infrastructure development has been under discussion for years. In 2015, then-minister Vittus Qujaukitsoq talked about airport, port, hydroelectric and mining infrastructure development to representatives of companies including Sinohydro, China State Construction Engineering and China Harbour Engineering.

Given the generally favorable attitudes toward China in the Greenlandic government, however, its independence could be geopolitically advantageous to the PRC. China has consistently avoided showing any form of support for such ambitions, and has taken care to treat Greenland as a sub-national entity, but despite this caution, the issue of independence is now openly discussed in Chinese academia.

Greenland has abundant mineral reserves, but low commodity prices and high development costs have hindered development. Only one mine is currently active, and another one is expected to come online in summer of 2018. Four sites in Greenland have attracted serious interest from Chinese companies; two have a realistic chance of coming online in the short term. Once in operation, they would make Chinese state owned enterprises the top foreign investors in Greenland's natural resources.

The most important mining project in Greenland is also the most controversial: the uranium and rare-earth site at Kuannersuisut (Kvanefjeld), one of the world's largest rare-earth deposits. The license owner, ASX-listed Greenland Minerals and Energy (GME), had signed non-binding agreements with China Nonferrous to develop the mine, but in 2016 rare-earths processor Shenghe Resources bought an eighth of GME and stated its interest in increasing its stake to a controlling one once the project enters production. Although listed on the Shanghai Stock Exchange, Shenghe is ultimately controlled by the PRC Ministry of Land and Resources (MLR).

As in Antarctica, mineral prospecting is the main goal of China's scientific activities in the Arctic; many of Greenland's major mineral sites have been visited and studied by Chinese scientists.

Plans for a permanent research station in Greenland were discussed as a priority by Chinese polar program leaders in 2015. In May 2016, the State Oceanic Administration (SOA) signed an agreement with a Greenlandic ministry that included the construction of a station. Two possible locations have been hinted at: one seemingly near Kangaamiut or Maniitsoq in the island's southwest, and another near the Citronen Fjord zinc project of interest to China Nonferrous. Its location could provide a unique vantage point, being farther north than Denmark's Station Nord and the US Thule Air Base (Pituffik).

Last May, a ceremony was held in Kangerlussuaq, Greenland's airport hub, to launch a process intended to lead to the establishment of a satellite ground station to be used for climate change research, which could also be used for the dual-use Beidou navigational system. The ceremony was led by Professor Cheng Xiao of Beijing Normal University, a leading polar scientist, specializing in remote sensing, and featured Zhao Yaosheng, a Beidou pioneer with a military background. They traveled to Greenland as part of a contingent of 100 'elite' tourists, including Rear Admiral Chen Yan, former political commissar of the South China Sea fleet, who served as an audience for the ceremony. The ground station project was reported on Chinese media, but was not known to Greenland's authorities, whose authorization would be required, until it was reported on by the author and local media. It's unclear if and when construction will start.

The Greenlandic government is enthusiastic about China as a key investor in mining and infrastructure projects, as well as a source of tourism and a customer for seafood, with a foreseeable central role in reducing economic dependence from Denmark. Such enthusiasm has not been reciprocated through major investments, although that might be about to change. Chinese companies remain cautious, as the development of the mining industry is hindered by high costs, low commodity prices, a lack of infrastructure and financial uncertainty. Although it remains unstated, an independent Greenland with China as a key trade and investment partner and good political relations would be a valuable geopolitical asset in the context of China's long-term Arctic strategy. **End OE Watch Commentary (Martin)**

Source: "Michael Allan McCrae, "Zinc project in Greenland receives Chinese backing," *Mining.com*, 11 August 2017. <http://www.mining.com/zinc-project-greenland-receives-chinese-backing/>

Ironbark's Citronen base metal project in Greenland has the support of China Nonferrous Metal Industry which signed a memorandum of understanding with the junior for potential funding of the zinc property...China Nonferrous Metal Mining Group is a state-owned Chinese corporation with mines in Zambia, Mongolia and Thailand.