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Q&A

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Greenland braces for foreign investment, changes after landmark mining decision

By Jax Jacobsen

Greenland, a territory of Denmark which only 5,700 people call home, made news recently when its government pushed through a bill opening up the landmass to uranium mining for the very first time.

The Oct. 24 decision allowed Australia-based [Greenland Minerals Energy Ltd.](#) to move into the permitting stage for its wholly owned [Kvanefjeld](#) uranium and rare earths metals deposit, believed to be one of the world's largest deposits of rare earths and uranium. Kvanefjeld contains 575 million pounds of U3O8 and 10.3 million tonnes of rare earth oxides.

Also on Oct. 24, the Greenlandic government [granted](#) a 30-year license to U.K.-based [London Mining Plc](#) to develop a giant iron ore mine which is expected to produce 15 million tonnes per year.

SNL Metals Economic Group spoke at length with Greenland-based journalist and consultant for extractive resources Naimah Hussain on Nov. 26 to gauge how the local population is responding to these recent developments as well as the impact of the territory's growing mining industry on its economy and politics.

SNL MEG: Why did the Greenland government opt to pass the new legislation to allow uranium mining now? What motivated that decision?

Naimah Hussain: They [the politicians] have been discussing this for quite some time. Greenland Minerals and Energy had been exploring, and were ready with their application, but they needed the go-ahead from the government to find investors. That's basically why it seemed to happen so fast.

There is a need for funding — Greenland gets most of its funding from fishing and money coming from Denmark, and they were looking for investments from somewhere else.

Fishing accounted for part of the economy, but only to an extent. There used to be a lot of cod fishing, then the cod disappeared. Now it's shrimp, but the prices have dived. Greenlandic fisheries have such few species — shrimp, cod, halibut — and prices are falling.

What is the general feeling on the ground toward the attempt by the Greenlandic government to attract more mining projects?

The main issue is, people are worried and they don't know what the consequences will be from the mining activity. The company is saying one thing, but there is a huge [negative] public opinion around uranium. We have a huge iron ore mine in the works, which people are positive about. But with the uranium mine — the area to be mined is the only place where there is a lot of sheep, and locals are expecting to export meat and vegetables grown there.

People are quite worried; they don't know what the implications will be, and they haven't been provided with that information.

Are there any concerns over the entry of foreign investors to Greenland? Are Greenlanders embracing the opportunity, or are they hesitant about welcoming foreign players into their economy?

It's definitely needed — we need foreign investment, no question.

But there are quite a lot of worries for Greenland workers and Greenland society. Denmark came and asserted foreign influence, and people are still licking their wounds from that interaction. There is a small community of Thai, Filipino workers who work in hotels as cleaners, about 150 to 200 people. There is a skeptical opinion towards them, with some Greenlanders feeling they are taking jobs away from unemployed Greenlanders.

An increase in foreign workers might bloom into an issue.

In terms of money, Greenlanders don't care whether the money comes from Denmark or China or wherever, but migrant workers may worry some people.

The concern is, the [mining] companies are obliged to provide housing for workers, but what about health care? There are a lot of negotiations going on as to what the company will provide and what Greenland will provide. If people pay taxes in Greenland, then they are entitled to receive services.

But these workers will be based very far from anywhere. Will companies provide their own doctors? This is an issue. Even for workers entering the country — Denmark has the power over immigration, so it's not even a Greenland issue. So there's a big fuss in Greenland over who will pay for extra workers to process migrant workers.

In terms of interaction with the locals, the iron ore mine will be so far from the city of Nuuk, so we won't see them a lot and we're not going to have to interact with them much.

But the other uranium mine will be closer to Nuuk, so workers there will become part of the city.

We saw it with Cairn Energy — workers had shifts, they would go to the sites for a few weeks, then had days off in Nuuk. You can definitely sense when there are 100 Scottish men in the city.

There has been a lot of talk that a substantial increase in mining investments could push Greenland further on the path to complete independence from Denmark. Do you expect this to be the case?

It won't be a full independence.

Prime Minister Aleqa Hammond has been pushing for independence, but most people are very pragmatic about it. They know it's not going to happen tomorrow, it won't happen in the next five to 10 years. Once the money flows in, obviously [politicians] will have more to say about it.

I don't think that the realm of the kingdom of Denmark is about to break this very minute. It's mostly rhetoric, and it's completely normal for a former colony to want independence.

Even if we do have independence, we will always have a connection to Denmark — and if it's not Denmark, then it will be to somewhere else.

The police, the justice system, fisheries management — all of these are provided by Denmark, and they will not just disappear. Maybe it will result in some sort of partnership more equal than it is today. But it's not imminent; it's not going to happen right now. Politicians are just saying that because they are being populists and telling people what they want to hear.

I understand the wish for independence. It's a good discussion to have, and a very important discussion on the changing relationship between Denmark and Greenland.

Do you think Denmark is eager to be rid of Greenland, seeing as it pays for a third of all Greenland's expenses?

Politically, they want to hold on to it. The public is not so sure. Their opinion of Greenland is to see it as like a younger brother who doesn't provide for himself and he needs to grow up.

But Denmark benefits from holding on to Greenland. It's a member of the Arctic Council [due to its control over Greenland], it's invited to the White House when there's a new president. A lot of that is due to Denmark being a part of the Arctic, and it isn't eager to give that up. Also, the U.S. holds military bases in Greenland. So Denmark has a lot of influence worldwide because of Greenland.

If you ask [the Danish] people whether they want to give Greenland up, a lot of people aren't too proud of colonialism and feel guilty about it.

What do you wish investors and other mining players understood about Greenland?

It's important to keep in mind that there are actually no active projects yet in Greenland. They are all in development and Greenland is not a mining nation. There used to be an active gold mine in the south, which has since closed, but we're not a mining nation just yet.

People here also don't consider mining to be a reality here yet. They keep wondering if, [or] when it will actually happen. We hear politicians talking about Greenland becoming the fifth-largest uranium exporter, but it hasn't happened yet. Those are just politicians and companies looking for investment.

If you would ask the man on the street, he would say, "We're still living off fishing right now."