



## **Extractive Industries and the Undermining of Greenlandic Self-Determination**

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*A Policy Brief Addressed to the Greenlandic Ministry of  
Business, Trade, Mineral Resources, Justice and Gender  
Equality.*

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## Executive Summary

Greenland's pursuit of economic independence through resource extraction presents a sovereignty paradox: while mining supposedly promotes the notion of external sovereignty, it risks undermining internal sovereignty by increasing dependence on transnational corporations.

As arctic shipping lanes become more accessible, the interest in Greenlandic mineral resources—especially for the ones used in the Green transition—is increasing (Wilson, 2017). However, Greenland's small population and constrained administrative capacities make it vulnerable to exploitation by transnational corporations who seek, and are the only ones able to, develop those mineral resources (Wilson, 2017; Ivanova & Milne, 2025). Current policies, such as Impact Benefit Agreements (IBAs), focus more on attracting than regulating transnational corporations, exposing Greenland to undesirable private influences (Government of Greenland, 2024).

To resolve this, the brief proposes a multifaceted strategy to control the transnational actors that will involve themselves in a Greenlandic extraction industry. The Greenlandic Ministry of Business, Trade, Mineral Resources, Justice, and Gender Equality should, pertaining to the extraction industries:

- establish a regulatory body guided by EITI transparency standards to enhance monitoring capabilities;
- democratize Impact Benefit Agreements to enhance monitoring capabilities;
- prioritise ESG-aligned firms to facilitate a smooth public-private cooperation;
- incorporate exit and review clauses in all mining concessions to keep public control;
- form a sovereign wealth fund to create financial independence, over time;
- partner with the International Senior Lawyers Project (ISLP) for excellent legal support during concession negotiations.

These measures aim to maximise local benefits, facilitate good governance, and protect Greenlandic self-determination. While administrative constraints remain, this strategy utilises domestic participation and existing institutional networks to ensure Greenland can govern its resource industry without significantly compromising its internal sovereignty.

## Problem Statement

Greenland holds significant amounts of relatively untapped natural resources that have become and will become more accessible due to the profound impacts of global warming in the Arctic Circle (Wilson, 2017). Multinational corporations have increasingly sought access to Greenland as the international "green transition" stimulates demand for rare earth minerals, of which Greenland has an untapped



reserve. After its share of turmoil, Greenland has generally adopted a positive outlook as a future mining nation (Bjørst, 2016). It is seen as a prerequisite and a means to gain effective independence from the Kingdom of Denmark (Thisted, 2020). Even if we accept that an economically independent Greenland creates a politically independent Greenland, questions of internal sovereignty do arise, which have remained unaddressed in the Greenland Mineral Resources Strategy 2025-2029 (Government of Greenland, 2024).

In line with the Self-Government Act of 2009, Greenland holds authority over its national resource policy (Statsministeriet, n.d.). Yet, its limited population, natural challenges and risky infrastructure constrain Greenland from developing its extraction industry single-handedly—developing a mining sector will depend intensely on the capabilities of a transnational private industry if it is done by Greenland ‘alone’ (Wilson, 2017; Ivanova & Milne, 2025). Historically, transnational corporations have exploited such economic asymmetries for private gain, thereby undermining the nation's and its people's internal sovereignty (Harvey, 2007; Stiglitz, 2003; Klein, 2008; Khalili, 2025; Gamu & Soendergaard, 2024), the capacity through which the (local) Greenlandic community can govern themselves domestically. However, contemporary policies suggest that developing the extraction industry (and, in particular, the rare earth industry) is *the* path towards ‘Greenlandic sovereignty’ (Thisted, 2020). Thus, a contradiction arises. Greenland is at risk of conceding *internal* sovereignty through the very route deemed essential to establish *external* sovereignty, the capacity in which the Greenlandic state can act independently from other states. This *sovereignty paradox* has been unaddressed in the Greenland Mineral Resources Strategy 2025-2029, but is a very real concern, as pointed out in contemporary academic literature (Wilson, 2017; Branka, 2018).<sup>1</sup>

### Current Policy

Presently, excessive influence from transnational private actors within the extraction industry *can be* effectively confronted through the so-called “Impact Benefit Agreement”, an institutional component of the Greenland Mineral Resources Strategy 2025-2029 (Government of Greenland, 2024).<sup>2</sup> When a mine (in Greenland) is established, “cooperation agreements, the so-called IBA (Impact Benefit Agreement), are established between the mining company, the municipality, and the Government of Greenland *with the aim of strengthening* positive development in the local community”. Essentially, the firm, state, and municipality will discuss their concerns until a trilateral extraction agreement has been reached to benefit the local Greenlandic community. Even though I do not want to discredit the efficacy of ‘good-

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<sup>1</sup> In contemporary literature, the *sovereignty paradox* refers to the different values a particular state attaches to to sovereignty of one state over another—the differential treatment of (state) sovereignty internationally (Verma, 2024). In this policy brief, the *sovereignty paradox* is used differently. I use the term to illustrate that the means through which a state thinks external sovereignty is achieved, potentially undermines the internal sovereignty of the state.

<sup>2</sup> Indirectly, excessive influence from transnational private actors *might* be curbed through national business regulations and imposed environmental regulations. Historically however, such (unilateral) *de jure* measures have proven to be ineffective in handling transnational corporate influence—particularly in situations of grave economic asymmetry between state and firm (Raustiala, 2002; Magnuson, 2016).

faith' conversations—they can establish long-lasting cooperation—it offers too little, as a governing framework, to effectively curb transnational private (non-beneficial) influences over Greenlandic affairs; firms simply do not have the same interests as the Greenlandic community—one is out for profit, the other for (local) well-being; a robust, confrontational framework to address these concerns is in place. Again, the economic asymmetries that are arising within the development of a (Greenlandic) extraction industry will be exploited—or, at least, attempted to be—by the private sector, sooner or later (Harvey, 2007; Stiglitz, 2003; Klein, 2008; Khalili, 2025; Gamu & Soendergaard, 2024)

Additionally, the Greenland Mineral Resources Strategy 2025-2029 primarily focuses on attracting, rather than controlling, foreign investments (Government of Greenland, 2024), which is the wrong approach. Over the following decades, companies will want to extract Greenland's resources—Arctic shipping lines will become increasingly accessible, and mineral demand, in particular rare earth mineral demand, will structurally rise (Gricius, 2021; Cho, 2023). Therefore, the government's focus, logically, should instead be on how Greenland will *manage* the inevitable increase in demand and interest.

### Proposed Strategy

Instead, I propose a multifaceted approach focused on minimising the influence of private firms over the Greenlandic government, both in the short and long term. This approach will focus less on attracting transnational private actors and more on *controlling* interested transnational private actors.

### Concrete Steps

To effectively address the sovereignty paradox Greenland is facing through the development of extraction industries, the Greenlandic Ministry of Business, Trade, Mineral Resources, Justice, and Gender Equality is recommended to take the following concrete steps:

- *Establish a specialised regulatory body dedicated to overseeing all extractive industries that works according to and imposes EITI (Extractive Industries Transparency Initiative) guidelines on the Greenlandic government and its extraction industry.*

EITI guidelines, imposed by a regulatory body, guarantee contractual (and operational) transparency of (resource) extraction activities. The EITI is a voluntary initiative that resource-extracting countries can join to make use of the organisation's regulatory framework, which strives to operate extraction industries as transparently as possible (EITI, n.d.-a). The organisation itself monitors whether its participants adhere to the framework, publishing operational misconduct on the website if a country does not adhere to the framework in any way (EITI, n.d.-b).<sup>3</sup>

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<sup>3</sup> As of today, most publicly-benefiting resource-extracting countries have joined the initiative, such as Norway the Netherlands, and Botswana. Furthermore, none of the excessively influential countries, such as the USA or China, have joined the initiative, preventing them to use the initiative as a means to impose a personalised political



Conducting extraction activities transparently greatly facilitates the (highly constrained) public scrutiny over and monitoring of mining activities (Buxan Raposo & Fra Paleo, 2024), thereby mitigating excessive private influences over Greenlandic affairs—the Greenlandic community should be aware of the activities of transnational private actors, at all times.

- *Democratise the Impact Benefit Agreement*

Do not—during contractual negotiations—establish a cooperative agreement between the firm, state and municipality. Let the negotiation be between the firm, the state and local representatives. Use Greenland's small population to the advantage of direct representation in firm-state negotiations over resource rights/extraction rather than *necessarily* letting the municipality do it. If (local) Greenlandic communities engage in economic democracy, an increased political commitment will establish a more watchful eye over mining operations, mitigating excessive private influences over Greenlandic affairs.

- *Only approach mining corporations with a clear and transparent commitment to an ESG agenda.*

Attract value-aligned firms, firms committed to a (sustainable) Environmental, (inclusively) Social and '(Good) Governance' (ESG) agenda for smoother cooperation between the state and the firm. If morally like-minded operators run the extraction industry—private operators who share similar sustainability and governance principles—the Greenlandic government will mitigate the chances of excessive private influence over Greenlandic affairs (Geeraert & van Bottenburg, 2025).

- *Incorporate a readily accessible exit strategy in any contract on resource concession.*

If a resource dispute in the extraction area arises or there is discontent over the extraction of mineral resources to the disadvantage of Greenland, ensure the government can intervene decisively and definitely. Establish an accessible exit strategy within the resource concession<sup>4</sup> to minimise the firm's influence (Buso et al., 2021) over the Greenlandic extraction industry and, thus, Greenlandic affairs—implement an 'emergency brake' in any contract on resource rights and/or extraction.

- *Include multiple review clauses in any contract related to a concession of resources.*

For similar—but more minor—disputes over resource extraction between the state and firm within Greenland, the Greenlandic government should be able to renegotiate contractual conditions whenever it feels like it has to. Contractual

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agenda upon other participants. Denmark has neither joined the initiative—probably due to the lack of a major resource-based industry in mainland Denmark.

<sup>4</sup> According to the European Commission, "concessions involve a contractual arrangement between a public authority and an economic operator (the concession holder). The latter provides services or carries out works and is remunerated by being permitted to exploit the work or service." (European Commission, n.d.).



flexibility for the Greenlandic government facilitates a learning-by-doing approach in managing the extraction industry (Zhang & Xi, 2023). Any (inevitable) resource governance mistakes/oversights should be able to be rectified and addressed immediately within the resource concession.

- *Establish a Sovereign Wealth Fund to minimise private dependence/influence within Greenlandic affairs over the long term.*

Establishing a sovereign wealth fund to manage public revenue from the resource industry is imperative to ensure not only short-term but also long-term benefits from the finite gains of the extraction industry. Independent—and low-risk(!)—management of extraction funds in a diversified portfolio on the international market will build an increasingly resilient Greenlandic economic base, *inherently* mitigating the influence of private (mining) investors within Greenlandic affairs over time because Greenland becomes less dependent upon the mining operation *itself* for financial independence (Frynas, 2017).

- *Approach the ISLP (International Senior Lawyers Project).*

To minimise corporate influence over the extraction industry, the industrial wishes and desires of the Greenlandic representation have to be effectively documented during the negotiation phase. The ISLP is an initiative of the United Nations to support resource-constrained countries in any legal matter with a highly trained legal corps (International Senior Lawyers' Project, n.d.). Greenland can utilise this initiative to minimise the chances of excessive private influence over Greenlandic affairs through the extraction industry—legal experts will oversee contractual negotiations to safeguard Greenlandic interests. Effectively, get a highly trained lawyer corps from the ISLP to stand by the Greenlandic representatives during resource rights/extraction negotiations. Currently, the ISLP merely operates in the 'Global South' (International Senior Lawyers' Project, n.d.). Yet, Greenland is—just like many nations in the Global South—engaged in a (neo-)colonial struggle (Wilson, 2017) and is easily conceived as the 'Global South' within the 'Global North', 'earning' its eligibility for ISLP assistance.

These concrete steps should achieve the following policy goals:

- (1) *Involve the population in the extraction industry to facilitate public monitoring activities, ensuring that the majority of extraction revenues benefit the Greenlandic community.*
- (2) *Enforce a flexible contract for the state between the state and the firm to minimise the firm's influence in the extraction industry, thereby (A) maximising the benefits enjoyed by the Greenlandic people and (B) mitigating the transaction costs of enforcing and monitoring a rigid contract.*
- (3) *Impose contractual and operational transparency on the extraction industry to ensure that most wealth ends up, clearly(!), within the Greenlandic community.*





(4) *Promote an economic democracy in the establishment of a resource industry to facilitate the concept of 'good governance' within a small country like Greenland.*

Ultimately, these policy goals should effectively address the concerns over the Greenlandic sovereignty paradox in establishing an extraction industry.

### Conclusion:

As mentioned in the Greenland Mineral Resources Strategy 2025-2029, Greenland struggles administratively to commit itself effectively to the use of regulatory bodies due to its population constraint (Government of Greenland, 2024). These challenges will not disappear in this policy set, and it is very likely that a few recommendations will be stranded due to these constraints. Yet, I have tried to construct a policy set that either (1) makes use of existing institutional infrastructure—either domestic or abroad—and/or (2) involves the Greenlandic population itself as much as possible, mitigating the administrative constraints the Greenlandic government faces in trying to manage a transnational-powered resource industry.

It is also rumoured that the Greenlandic people have been shifting their opinion over the last years and prefer achieving financial independence from Denmark through the expansion of the tourism industry, rather than through an expansion of the mining industry (Kelemen & Passoja, 2025). If we assume the government will adopt the same view as the population will and fully focuses on the development of a tourism industry—which is a strong assumption given the government has published the 2025-2029 Mineral Resources strategy—transnational influences *will* be mitigated as no mining industry *will* be developed; it makes the policy set, ideally, obsolete; the problem statement never materialises. However, if the government continues the current course and *does* seek to develop its natural resources, the problem statement, and with it, the policy set, will remain inescapably relevant.

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