

**The Arctic Summit**  
**Speech by Premier Aleqa Hammond**  
**Open for business – developing the Arctic’s economic potential**  
**London, 4 March 2014**

Excellencies, Ladies and Gentlemen,

My focus today will be very much on current developments within the oil and gas and minerals sectors taking place in Greenland these years, and what they mean for the Greenlandic people. As you are probably aware, a likely scenario for the future of Greenland is an economic growth supported by new large scale industries and oil and mineral extraction. This will profoundly affect Greenlandic society and the way in which we view our own role in the world.

I was asked recently by a journalist, why oil and mineral developments are taking place in Greenland now and not ten years ago? It is a reasonable question, as Greenland together with Denmark have been working since the 1980s to develop these sectors.

I think the answer is at least two-fold.

First of all, climate change is having a more significant and faster impact in the Arctic region than it is in other regions of the world. In the Arctic, climate change is transforming geography, wildlife conditions and plant growth. The extent to which climate change is shaping developments in the Arctic these years should not be underestimated.

Currently boundaries between climate zones are being pushed almost 2 kilometres to the North every year. Greenland now has three climate zones. In less than a decade, we will only have two climate zones left.

The consequence of this is that traditional lifestyles, hunting and fishing are being fundamentally affected. But these changes, also create opportunities - big opportunities for a population of only 56,000 people.

Climate change means that now an area equivalent to Germany is ice-free, and this area is increasing every year.

Oil, gas and hard minerals - including rare earth elements, gold, uranium, iron, copper, zinc and nickel - to name only the most important - are becoming available in quantities and qualities which are unique internationally.

Greenland has the potential in the coming decades to become one of the most important suppliers of some of these hard minerals to the world market.

The other major reason, I believe, that oil and mineral developments are taking place now in Greenland and not ten years ago, is the very important constitutional changes that took place in the relationship between Denmark and Greenland in 2009 and 2010.

With the Self-Governance Act of 2009, adopted by both the Danish and the Greenlandic Parliaments, the people of Greenland gained a form of very extended autonomy from Denmark.

The present constitutional setup of the Kingdom of Denmark is a very particular one. In many respects, it is perhaps unique internationally.

With the Greenlandic-Danish Self-Governance Act, Greenland is able to take over almost all areas of competence from the Danish State. This is already now the case in most areas of importance to everyday life for citizens in Greenland.

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In 2010, Greenland took over the sole competence from Denmark over our own oil and gas and mineral resources.

The Self-Governance Act freezes in nominal terms the annual Danish block grant which still forms a very significant part of the Greenlandic budget. This means that my Government has as an imperative responsibility to identify new sources of income for the development of our economy if the Greenlandic population are not to experience real welfare losses in the years to come.

With this responsibility in mind, we have as a nation risen to the challenge, and we have for the past four years worked very hard to develop these sectors, in addition to our significant fisheries sector – which continues to make up more than 90% of our exports.

It is my clear political priority to ensure that the people living in Greenland will benefit from developments within the oil and minerals sectors in Greenland which are taking place these years, and also that the traditional lifestyles and culture of Greenland should not be compromised by current developments.

I want Greenland to have a self-sustaining economy based on our own resources with a greater degree of integration into the world economy. These developments will also have wider implications for the Arctic as a whole.

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When investors look at Greenland they are sometimes perplexed. With good reason.

We are a frontier mineral and oil nation. Frontier investors who are used to investing in places like Africa, Latin America or Central Asia, find that Greenland is nothing like any of those places.

Because of our common 300 year history within the Kingdom of Denmark, Greenland has developed a society, institutions and legal framework similar to that of its Nordic neighbours.

GDP per capita today in Greenland is somewhere between that in Denmark and that in the UK. Democratic institutions and the legal framework are strong.

This also partly accounts for how Greenland could win an award for "being the best country to do mining in in 2013 - 2014" here in London, at Europe's largest conference for mining investors and finance: "Mines & Money", and for how Greenland in last year's mining survey from the Canadian Fraser Institute now ranks 14<sup>th</sup> out of 96 mining jurisdictions surveyed - in terms of policy attractiveness.

This is remarkable for a frontier mining nation, taking its first steps towards an oil and minerals based economy.

Current investor interest in Greenland is very much from Canadian and Australian based companies, with some interest from Chinese financial institutions. Interest from Europe, the UK and the US is negligible, except in the Greenlandic offshore oil sector.

I wish it were otherwise. In particular for rare earth elements – where Greenland has the largest deposits in the world outside China – and for uranium, where a European long-term interest should be natural.

I believe, there is a current lack of real European thinking on the long-term strategic interests of Europe in securing the necessary basis for future European mineral needs.

In Greenland, where there are no roads connecting any two towns –all transport is carried out by boat, helicopter or fixed-wing aircraft – where there are no ports in any of the major locations where mineral deposits are situated, and where most often, no populations are living where mines will be constructed, there is also a real need for long-term European investments in sustainable infrastructure. Also in the minerals sector. And also in Greenland.

Together with an international group of policymakers under the World Economic Forum, I have promoted the idea of creating an Arctic regional investment vehicle for sustainable development.

Securing Arctic investments overall is challenging – not only for Greenland. Particularly for large institutional investors - such as pension funds and sovereign wealth funds -

there are often constraints – for example, they may only be able to invest in parallel with commercial banks or multilateral development banks.

The resulting lack of Arctic investment could be overcome by establishing a cross-border financing institution. Such an institution's mandate could be to finance projects around the Arctic region, including cross-border infrastructure investments. Such dedicated Arctic funds could help mobilize private equity in close cooperation with institutions such as the European Bank for Reconstruction and Development, the International Finance Corporation or the Nordic Investment Bank.

I think it is initiatives such as this that would be necessary, in order to secure a long-term role, also for Europe and the UK in an Arctic economy, based increasingly on its own resources. European investors, often have an environmental profile and a focus on sustainability in terms of social development, that matches our needs and sensitivities.

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My Government has, over the past year, taken some difficult, but necessary decisions to make this happen:

On 24 October, the Greenlandic Parliament decided to abolish a “zero-tolerance policy towards uranium and other radioactive minerals”, which had been in place for the past 25 years in Greenland. This decision has now paved the way for us to fully exploit our rare earth mineral deposits, which are often in Greenland linked with radioactive minerals.

The Greenlandic Parliament also during its fall session approved a revised version of the “Large-scale Projects Act”, which amongst other things will enable the use of foreign labour in Greenland while fully protecting labour rights - both for foreign labourers coming to Greenland and for the Greenlandic labour market as a whole.

At the upcoming spring session of Parliament, we will adopt the latest of our five-year oil and minerals strategies, setting out the objectives and the means for the period until 2018.

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To those of you who know Greenland, you will realise that Greenland is characterised by its unique natural environment and the extreme conditions the population has always lived under. Centuries of life as sealers and hunters in small isolated communities is, still today, reflected profoundly - not only in our subsistence hunting practices, which continue to be the mainstay of the economy of most families - but also in our language, in our music, in our myths, clothing, food, and homes.

Greenland is not only a country of icebergs and our famous massive inland ice sheet, which in European terms covers an area seven times the size of the UK.

Greenland today has green mountains with beautiful wild flowers, long fjords and hot springs, animal husbandry and new vegetable crops in its South.

It is a country, which has always belonged to the animals who thrive here - at sea and on land - and its people.

Our traditions have been developed from the materials available in an Arctic environment. The seal, the whale, the reindeer, the musk ox and the polar bear are all bearers of cultural meaning and tradition – also for me personally.

I am very much aware that our new mining and oil activities are taking place in some of the vastest and most pristine environments anywhere in the world.

For the past 4500 years, Greenland has been the land of the Greenlanders. My people understand and belong to this land. We treasure the preciousness of nature's wealth, because it feeds us, clothes us and sustains us every day.

The Arctic environment is incredibly sensitive. Protecting nature and its living natural resources, has throughout our history always been a priority for my people.

Protecting the Greenlandic environment is the top priority of the Greenlandic Government, as it will always be for any Greenlandic Government. On this there can be no compromise. This is why my Government has put in place and will apply the highest standards when it comes to environment and human health for all mineral and oil activities within our jurisdiction.

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However, we cannot protect the Arctic environment from new commercial activities on our own. Much more is needed – in particular in terms of international cooperation.

The Arctic Council's Search and Rescue Agreement from 2011 and the Oil Spill Agreement of last year are only first steps. We need collectively in the Arctic to do



much more to deal with the risks that new activities and pressures in the Arctic pose, in particular regarding maritime safety, mapping, oil spill preparedness and providing regional cost-effective solutions to surveillance, which are necessary for effective oil spill and search and rescue activities.

Also at the global scale, more can be done. The work in the IMO on an ambitious Arctic shipping code needs to be completed.

Present measures are simply not enough.

I am glad that just last week, we were able to achieve consensus among the five Arctic coastal States to protect the Central Arctic Ocean against unregulated fisheries, which are becoming possible due to climate change.

It is of vital importance for Greenland that a precautionary approach to prevent commercial fishery in the Arctic High Seas is taken, until such a time, that a scientific basis is in place that could allow for any future fully regulated fisheries.

This is a very good example of how the Arctic States together can find the necessary solutions, to ensuring that our common resources are protected. The five Arctic coastal States will lead the way, while other parties will be invited to join these efforts in order to protect Arctic resources.

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Our relations with international partners are important for the Arctic. And this is why key countries - also the UK, as well as the new observer-states to the Arctic Council that

we accepted at the Arctic Council Ministerial in May 2013 - have a very important role to play and contribution to make in ensuring a sustainable development in the Arctic region.

But that being said, developments in the Arctic, should ultimately continue to be driven by the needs and aspirations of the peoples of the Arctic. Anything other than this would be wrong.

The Arctic peoples have for too long been only at the receiving end of developments elsewhere in the world. This applies to climate change, to the spread of industrial pollutants contaminating marine mammals, and to the disastrous near-eradication of our large marine mammals caused by European commercial whalers.

My culture – that of the Inuit people of North America - is a living culture in Greenland. It is a culture that has survived 300 years of European colonisation, it has survived rapid modernisation, and it is a culture that will also endure the transformation of our economy from one based only on living resources towards a more broad-based economic foundation which will include living resources and oil and mineral resources and which will see Greenland gradually enter more fully into the world economy.

At the heart of Inuit culture, is the preservation and long-term protection of the living resources, on which life in the Arctic has always depended. These living resources are key to my identity and to that of my people.

With these words, I would like to wish you a great conference.

I look forward to having productive discussions today.