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Abstract

Through the problem formulation *“How do Chinese interests in Greenland possess a threat for Denmark and the US?”* this thesis aims at researching the different reactions by the US and Danish government to the Chinese interests in Greenland. At a time when China is enhancing its capabilities, the Arctic is at the same time becoming available for new opportunities, and Greenland is at the center of it. By using a neorealist theoretical point of departure, I deducted four variables from Stephen Walt’s balance of threat, to use as the structure for the analysis. However, as becomes clear in the thesis, especially threat perception is crucial for understanding US and Danish reactions towards China, and a discussion with basis in the theory is used to further understand how seemingly peaceful intentions by the Chinese government are perceived as a threat to stability and current relations in Greenland.

This thesis concludes that even though the Chinese interests and activities in Greenland are in the early stages, China sees itself as a near arctic state with viable interests in Greenland. On the other hand, the US and Denmark have reacted by balancing the Chinese actions and interests in especially issues outside mining, although that’s where China has its biggest interest at this moment.

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Introduction:

In the recent years, Greenland has become more important in foreign relations. Due to climate changes, the ice is melting at the North Pole, and new opportunities for trade, transportation and tourism in the region present themselves (Breum, 2013). However, new interests within different countries emerge as well. Countries see economical and geopolitical interests in the vast region, and the list of countries and associations with an Arctic policy is growing.

One of those countries is China. In 2018, the Chinese government presented an “Arctic White Paper”, which set out its policy goals with special attention to shipping lanes, science, arctic governance and security (The State Council Information Office of the People’s Republic of China, 2018). China sees itself as a “near Arctic state” and believes it should be more involved in the Arctic and at the same time be respected as a near arctic state.

China sees great opportunities in Greenland, and especially resource extractions have been at the core of its interests. The country currently holds four mining contracts in Greenland. However, mining is not the only interest of China in Greenland. As a nation central in the Arctic, China also sees possibilities in shipping and research stations. China has therefore also wanted to have a contract to a research station in 2017, and in 2018 the Chinese company “Chinese Communications Construct Company” (CCCC) bid on Greenland’s airport project (Avisen.dk, 2018).

At the other end of the table sit the US and Denmark. For several years, the US has had some concerns about the enhancement of China’s international position. Especially China’s massive infrastructure projects the “Belt and Road Initiative” and the modernization and enhancement of China’s military are in US focus (Department of Defense, 2018). Furthermore, the US is also concerned with China’s new military presence in Djibouti and the possible Chinese threat in the South China Sea.

A new report to Congress from the Department of Defense in March, 2019, points to *“a new era of great power competition, with China as a challenge”* (Department of Defense, 2019).

Furthermore, the report also focuses on China’s rising capabilities in the Arctic, paying special attention to Greenland. The report concludes that:

“Civilian research could support a strengthened Chinese military presence in the Arctic Ocean, which could include deploying submarines to the region as a deterrent against nuclear attacks.” (Department of Defense, 2019, p. 114).

Another actor regarding Greenland is Denmark. Denmark is a Realm consisting of Denmark, the Faroe Islands and Greenland. As Greenland strives for more independence, foreign and security politics is still a part of the Danish jurisdiction according to the 2009 Self-Rule Act. Debates in Denmark regarding especially Chinese “non mining” interests have evolved in the last 7 years, and Denmark has had to react to the Chinese interests in Greenland (Jiang, 2018).

This thesis aims at analyzing the Chinese interests and actions in Greenland, together with the Danish and US reactions. My theoretical point of departure is in neorealism.

The end of the cold war saw a criticism of neorealism as a theory. With the European integration, collapse of the Soviet Union, and German unification, scholars criticized neorealism as unable to explain the changes in the world order (Lebow, 1994).

However, with US concerns of a “China on the rise”, scholars have seen China as a new competitor with the United States, thus making neorealism interesting. I will start the analysis by using Stephen Walt’s four variables in his “balance of threat” theory (Walt, 1985). The theory’s extra dimension of threat perception will be used to discuss the findings in the analysis and to discuss whether China is raising its threat level by its actions in Greenland, and furthermore to see how the US and Denmark perceive the threat.

Problem formulation

This thesis will therefore try to answer the following problem formulation:

“How do Chinese interests in Greenland possess a threat for Denmark and the US?”

Further outlining of the problem formulation

Through the problem formulation, I aim at researching the interests surrounding the Chinese projects in Greenland. Furthermore, the thesis aims to analyze whether the Chinese interests in Greenland are to be seen as a threat towards Denmark and the US. And if so, how have they reacted to this possible threat.

Throughout the thesis, my analysis will be guided by the theory of neorealism. As the focus is on systemic changes, distribution of capabilities and a possible threat to the power balance in the region, a theory driven research will serve as a suitable structure for the thesis. The choice of neorealism as my theoretical point of departure also sets some limitations for the research and conclusions. First of all, any theory driven explanations in researching international relations only give one possible explanation. Other theories may have other explanations. However, with arguments rooted in power and threat balance (i.e. China as the “new actor” in the region), Greenland as a potential new political “battle ground”, and the

actions/reactions undertaken by the different actors, the structure of a theory as my guidance to explanations towards the problem formulation may be helpful.

Delimitations:

Although Greenland is an interesting factor in this matter, the scope of the thesis is not to analyze the Greenlandic actions. This is due to the scope of the problem formulation and my research. As I will explain in the literature review, the focus of some other papers regarding new investments in Greenland has been on the Danish-Greenlandic relationship and the future of the Danish Realm. Although an interesting problem, this would also remove focus from my problem formulation.

Governments as the representatives for the units: As I have chosen neorealism as my point of departure, the focus is on governments. Therefore, I will not go into any detail with other actors like international institutions and interest organizations.

The focus of the problem formulation is on Greenland and not the Arctic. However, the relevant official sources for this thesis also show that national policies and reactions are dual on both Greenland and Arctic. Both the US, Denmark and China have "Arctic policies", not a policy for Greenland. Therefore, I will also take these into consideration, however direct the analysis towards Greenland by combining more relevant empirical data on Greenland.

Methodology:

In this chapter, the choice of methodology is outlined. First, by discussing my research design used in the thesis. Second, the ontological and epistemological considerations. Third, the methods used in the thesis and finally the data selection.

Research design:

For this thesis, I will use a case study as my research design. Even though case studies have been criticized by some researchers as being inconclusive (Vaus, 2013 p. 219), I still find it relevant for my research. Here the case will be systemic changes in the Arctic as a possible threat to other actors. The case will involve three different units: Denmark, the US and China.

Furthermore, this research design is also theory testing. The main idea is to have a point of departure in a theory to test in a specific case (Vaus, 2013, p. 220). In this case, I will select four variables from neorealism and test them in the setting. Therefore, this will also be a deductive method. The deductive method of research is used when a theory testing design is applied (Vaus, 2013). Thus the point of departure being a

theory, deducting variables and testing the theory at a given case. This also has consequences for the ontological and epistemological position of the research.

Epistemology and ontology:

As the methods in this thesis are guided by a theory, and given that I have a goal of testing the neorealism theory to see if it can explain the problem formulation, the thesis has a positivistic approach to research (Bryman, 2012 p. 28). I have also chosen a part of neorealism (Stephen Walt's "balance of threat" theory) in which threat perception is central to the theory. This also makes the ontological and epistemological positions more discussable.

Epistemology: On the one hand, neorealism is positivistic in nature. It tries to explain foreign policy behavior through systemic changes and changes in balances. The changes are measurable through capabilities and predict reactions through this. However, with Stephens Walt's capability of "offensive intentions", I will also argue that I have to take a more interpretive position. As mentioned in the theory section, I will argue that threat perception will be crucial in order to understand and explain why (especially) the US and Denmark see China as a potential threat towards Greenland.

Ontology: Regarding ontological positions, I will argue that objectivism is most applicable to the this research. Objectivism means that knowledge is already out there, an object ready to be discovered. The researcher and object is not linked:

"Objectivism: on the basis of the separation of the subject and object of knowledge, the purely theoretical attitude of the uninvolved observer is adopted so that the focus is exclusively on the object, typically accompanied by the claim that there is no such thing as the subject or substantial self." (Delanty and Strydom 2003, pp. 14)

Neorealist scholars as John Mearsheimer and Stephen M. Walt have criticized the heavy use of theory testing by students of international relations (Mearsheimer & Walt, 2013). They argue that in order to gain new theoretical contributions, students and scholars must, to a higher extent, turn away from theory testing papers and head towards theory building (Mearsheimer & Walt, 2013). Even though the argument is valid, I find the theory testing approach relevant for this case. The case of Greenland is relatively new, and with the opportunities in the Arctic region (as mentioned in the introduction), I find it relevant to examine if neorealism is an explanatory factor in the relations between Denmark, the US and China. On the one hand, I recognize that theory and the empirical data often influence vis a vis. With a positivistic epistemology, the testing of a theory often leads to a new phase if the theory is falsified in several cases:

Does one have to change the theory? However exciting this may be, due to the scope of this paper, it is not the aim of the thesis. On the other hand, I will discuss the findings in a discussion chapter, thus covering some of the critique there may be in a theory driven research design.

Data selection:

To answer the problem formulation, I will use a variety of data. The data will mostly be qualitative including official papers, academic analyses and journals. For the theory part, I have used textbooks and the original papers by the relevant theorists. However, quantitative data can also add something to my analysis, as I look at military capabilities and economic capabilities.

Regarding Chinese interests in Greenland, some official documents may be beneficial in the analysis. In 2015, China released a new military strategy plan, and in 2018, the Chinese government released a white paper on Chinese Arctic interests. Although the two papers partly focus on a more general picture (i.e. the military strategy) and Arctic (i.e. the white paper on China's interests in Arctic), I reckon that they will both will be relevant for the problem formulation, as to whether some of the interests mentioned in the two papers transcend into China's interests in Greenland.

As for US responses to the Chinese actions and interests in Greenland, some official documents may be useful. The US Congress has a US-China Commission that annually reports to the Congress about the US-Chinese relationship, focusing on economy and security issues. Especially the 2018 report also has some focus on the Arctic.

As for Danish reactions, there are some official documents on security as well. In 2016, a report by Peter Taxøe Jensen deals with the priorities in Danish foreign policy goals. Furthermore, reports by the Danish Defence Intelligence Service also discuss Greenland.

Official sources may have some information but they are at risk of being biased. Documents want to paint a favorable picture for the government, and there may be an information gap. Therefore I will also include other information, such as peer-reviewed articles, newspaper articles, and statements by politicians.

Theory:

After introducing the methodology; I will now proceed to introduce the theory.

Introducing realism:

Although realism comes in different variations (as I will account for later in the chapter), Tim Dunne and Brian Schmidt have described the main ideas of realism as the "three S's" (Dunne, & Schmidt, 2008, p. 107-108): Statism, survival and self-help.

Statism: For realists, the state is the principal actor in the world and anarchy is the world order. With the nation state, power (and notably the monopoly of force) was centralized at a state level. Historically, domestic security must be achieved before other things can be achieved. There must be some sort of order in a nation. Laws must be effective and a judicial system in force. After order and security is established, civil society can begin.

In realist theory, the same domestic order cannot rule in international relations. This is based on two notions: First, there is no sovereign international/world government with the monopoly of force. Second, the states differ in terms of ideology, government type etc. To get a unity between those countries will not be a viable solution to problems. The result is that states live in anarchy. It is important to note that anarchy is not viewed as a state of chaos, but rather as a state of non-unifying sovereign government and rule of law.

Survival: If states are the main actors and live in anarchy, then the state's goal is its own survival. The way to survive in this anarchy is for the state to accumulate power (although different theorists have different opinions on how much power). The accumulation of power and the goal of state survival also means that there can be no morality beyond borders.

Self-help: If the goal is to survive as a state in international relations by means of accumulation of power, then states also have the possibility to use this power against other states. The notion is then that a state can only rely on itself. Realists define this as "self-help". In an anarchy where every state tries to survive, states will also try to match the capabilities of other states. Herein lies the notion of relative gains and a zero-sum game. It is not only enough for a state to gain more capabilities for itself. It is a relative gain compared to another state (as contrary to absolute gains). The notion of relative gains also limits the cooperation among states for the resources, trade etc., if the gains for an opponent are relatively bigger.

Structural realism:

In 1979, Kenneth Waltz published the book "Theory of International Politics". Contrary to the classical realists like Hans Morgenthau, Kenneth Waltz's grand theory explained changes in international politics as systemic changes (Waltz, 1979). Kenneth Waltz recognizes the main assumptions in realism (as stated above), but distances himself in one very key aspect: The nature of state behavior. Waltz described changes in international politics as:

"The structure of a system changes with changes in the distribution of capabilities across the system's units." (Waltz, 1979 p. 96)

First, international politics is a system. The system is still anarchy. But within the anarchy lie hierarchical tendencies, making some states strong while others are weaker. The hierarchy is determined by their capabilities in relation to other states. In essence: The more capabilities a state possesses, the stronger it is. The distribution of capabilities has two major consequences for international politics. Kenneth Waltz describes the system's units (i.e. states) as wanting to secure themselves through new capabilities. States want to balance themselves against other powers, thus creating a "balance of power" (Waltz, 1979). The balance of power is crucial for Waltz. States strive for their security in the anarchy by reacting to any imbalance in the system. If a state becomes too powerful, other states will counter it by enhancing their own capabilities. For Waltz an imbalance would mean:

"An imbalance of power, by feeding the ambition of some states to extend their control, may tempt them to dangerously adventurous activity. Safety for all states, one may conclude, depends on the maintenance of a balance" (Waltz, 1979 p. 132).

So contrary to classical realism, states will not pursue power endlessly, as this could change the system, with consequences for themselves. The goal is therefore to uphold a status quo:

"... and maintaining the status quo is the minimum goal of any great power" (Waltz, 1979 p. 190).

The behavior is therefore (for any great power), to maintain a status quo, thus creating a defensive approach to international politics. Kenneth Waltz's vision of structural realism has indeed also been renamed "defensive realism" by many scholars.

In order to maintain a balance of power, states tend to strengthen themselves in two ways: with internal means and external means. Internally by strengthening the army, resource endowment and industry. Externally by strengthening their alliance or weaken that of the opponents (Waltz, 1979 p. 118).

Balance of threat

In 1985, Stephen Walt laid forward his modification of neorealism. He agreed with most of Waltz's theories, however disputed his notion of a "balance of power" (Walt, 1985). As mentioned above, Waltz has the idea that in order to balance the power in international relations, the units in the system would align themselves with the weaker part – thus balancing the power obtained by the strongest one.

However, Walt argued that from 1945 onwards, a different picture emerged. He argued that states balanced themselves not to the greater power, but either with or against the greater threat (Walt, 1985 p. 8), thus forming alliances. Herein lies the notion of bandwagoning and balancing. In bandwagoning, a

weaker state will react to a threat, either by ignoring or joining the stronger state perceived as a threat. As an example, Walt mentions the years before the Second World War. Following the rise of Nazi Germany in Europe, several weaker states (to some extent the UK as well) bandwagoned instead of building a coalition to fight the Germans. Stronger states may in turn react to the bandwagoning of weaker states, thus justifying foreign political actions. One of those examples is the actions of the US in Latin America during the Cold War. The US feared that Latin American states might bandwagon towards the USSR if the US didn't act to prevail that (Walt, 1985). If the US did nothing, the Latin American countries may have shifted towards the USSR. Thus, bandwagoning from smaller, weaker states might lead to balancing actions from the greater states (Walt, 1985) .

Contrary to bandwagoning (i.e. allying with the threat), a state may also take balancing actions towards the threat (i.e. allying against the threat). However, contrary to other neorealists, Walt argues that states don't necessarily balance against the strongest power, but rather against the strongest threat (even if that means allying with the greatest power, thus potentially diminishing a state's own IR power).

In order to decide the threat posed by a state, Walt defines four different variables that may determine the threat level (Walt, 1985 p. 9): 1) Aggregate power, 2) proximity, 3) offensive capability, and 4) offensive intentions.

Aggregate power:

This is one of the classical power types, combining different types of resources. Walt mentions population, industrial and military capability, and technological prowess. The more capabilities a state possesses, the more power a country has. States may also react if a state possesses too much aggregated power (i.e. if a country possesses too much of a continent's industrial force, natural resources etc.).

Proximity:

However, a state's proximity/proximate power is also an influence on the threat level. According to Walt, even if state A has a lot of aggregated power but is geographically far away, the threat level will be lower for state B. On the other hand, the proximity threat may also be reversed. If a state is surrounded by hostile states (but with less aggregated power), the threat level is higher. This has an impact on how the state will react (i.e. bandwagoning or balancing the threat).

Offensive capability: This is one of the most classical realist approaches among neorealists. In this variable, if a country possesses more military power, the more of a threat this country may be. Military power is defined as military capabilities (missiles, troops, tanks, nuclear weapons etc.).

Offensive intentions:

According to Walt, states with an aggressive behaviour are more likely to get a balancing action against them (Walt, 1985 p. 12). Even states with less combined capabilities may get a reaction from stronger states or alliances if they appear threatening. With the addition of "perception of intent" as a variable, Walt also distances himself from other neorealists. The perception of intent is more difficult to measure than e.g. resources or military power.

The above variables are all sources of threats that can play into a response from another state - either balancing or bandwagoning. As Stephen Walt mentions in conclusion to the variables:

"However, one cannot say a priori which sources of threat will be most important in any given case, only that all of them are likely to play a role" (Walt, 1985 p. 12).

Neoclassical Realism:

As a response to neorealism, the term "Neoclassical Realism" has emerged in the past 20 years. Professor Gideon Rose mostly dominates the idea in his article "Neoclassical Realism and Theories of Foreign Policy" (Rose, 1998).

In his article, Rose criticizes the debate between neorealism and neoliberalism. The two most dominant theories focus too much on international politics and the systematic changes, thus not focusing on the unit-level's foreign policies (Rose, 1998 p. 145). On the other hand, scholars referring to Innenpolitik (which focus on the domestic factors in foreign policies) also leave out the systematic factors surrounding the anarchy. Therefore, Rose tried to combine the two schools into Neoclassical Realism by including domestic factors into a realism approach to international politics. First by acknowledging that:

"...the ambition of a countries foreign policy is driven first and foremost by its relative material power capabilities" (Rose, 1998 p. 146).

Here is the agreement with neorealism that focuses on the distribution of capabilities.

On the other hand, Rose also argues that:

"...that the impact of such power capabilities on foreign policy is indirect and complex, because systemic pressures must be translated through intervening variables at the unit level" (Rose, 1998 p. 146)

So, on one hand, NCR agrees with both the classical and neorealists that material resources are important and shape the foreign policies. Herein also lies the systemic logic that the more power you have, the more maneuverability you have regarding international politics. On the other hand, NCR disagrees with Waltz and Walt that you can take domestic factors out of the equation when making a power/threat balance. However, the question then becomes which domestic factors to consider. Especially NCR focuses on the state linked to society and ideology. They argue that states with the same capabilities but with different societies/ideologies may act differently (Rose, 1998 p. 147). Thus, a democratic society may not have the same freedom to extract resources, expanding the army or otherwise enhancing capabilities (and subsequently international power). On the other hand, a dictatorship has seemingly more internal power and can change policies at a defined rate or take irrational decisions (Rose 1998). Summing up, factors may include ideology, leaders, internal pressure and civil society.

Discussion of the theories and choices:

After the introduction of classical realism, neorealism and neoclassical realism, I will now discuss the different theories, and discuss the implication for my further analysis.

Both neorealism and neoclassical realism are rooted in classical realism. The system is an anarchy and all states want to survive, thus having to secure themselves in this system. Both Waltz and Walt argue that countries will try to balance other great power but have different capabilities to do so. Whereas Waltz argues they will balance the power, Walt argues they will balance the threat. This leads us to the notion of polarity. After the Soviet collapse, the world has seen a unipolar world with the US as the single pole. This has also been one of the criticisms of neorealism. For Waltz, the most peaceful society will be a bipolar system, in which two major poles balance their respective power (Waltz, 1979). However, since the Cold War, the world has been relatively peaceful. Waltz argues that this will not be the case in the long run. The US will be balanced when a state becomes more powerful. Walt argues, however, that the US has not been a threat to other major countries. I will argue that regardless of it being a case of balance of power or balance of threat, neorealism is still relevant. And in here also lies the justification of China as one of the units in the case. Looking at the Sino-US relationship in the last 5-10 years, there have been some disputes regarding US military presence in the South China Sea, trade sanctions between the two countries, thus restricting the free trade. At the same time, China has become the second biggest economy in the world, has invested heavily in its army and begun the Belt and Road Initiative, which aims for new infrastructure projects around the world, including new shipping lanes.

Perception of threat:

One of the major considerations in this thesis is the perception of threat in a systemic neorealist choice of theory. Although normally considered a constructivist part of IR theories, I will argue that the relevance is also important in neorealism. The first argument is the pessimistic worldview in neorealism. As mentioned above, in neorealism, the world is an anarchy, and the ultimate goal of any state is survival and security. As Kenneth Waltz argues: "States do as they please, from the given structure" (Waltz, 1979, p. 92). In the anarchy, states take action that will be balanced by other actors. The important issue is then to know *what and how* the proper balancing answer is. Hence, a country may not have an intent of pursuing an offensive strategy, however, their actions may cause other countries to react to the given action, thus creating a security dilemma. An action can therefore also be misinterpreted and pose a threat in a given region or globally.

As mentioned above, Stephen M. Walt actively uses a perception element in his four variables (i.e. offensive intentions). He argues in relation to choices of alliances that if states act in a threatening way, then other states will be provoked to balance against that behavior (Walt, 1985 p. 12). Thus, Walt argues that states may enhance their capabilities without other states reacting if they do not feel threatened by the enhancement (Walt, 1985 p. 13). However it may also be reversed: Even if a state is not necessarily in its capabilities, it may still get a reaction if other states feel threatened. Therefore a state that's perceived as threatening and on the rise may still be a threat.

Time and uncertainty also play a role. Walt argues that if states are in an anarchy, they must also react in due time if they perceive a state as a threat. They cannot wait indefinitely if they feel threatened. The units in the system therefore constantly evaluate the threats to take proper actions (Walt, 1985).

Introduction to the analysis:

Before the analysis can begin, I feel it necessary to describe some of the issues relating to the analysis, in order to properly begin the analysis of China's actions and the reactions of Denmark and the US. As the introduction shows, China is a new actor in Greenland, and the US feels increasingly threatened by them. Therefore, I will briefly introduce the projects that China currently has going on in Greenland. As I refer to the projects in the analysis, this short section should serve as an overview.

Chinese projects in Greenland

Current Chinese projects in Greenland are mainly related to two areas: mining industry and science. However, as of 2018, a Chinese company (CCCC) was prequalified to build new airports in Greenland, and the same company has been prequalified to construct a new seaport facility in the Greenlandic town of

Narsaq (Lucht, 2018). In the following section, I will introduce the Chinese projects in Greenland that are used in the analysis.

Chinese mining projects

As of 2019, the Chinese companies have four major mining projects in Greenland (Jiang, 2018): Citronen Base Metal Project, Isua Iron Ore, Kvanefjeld Rare Earth Project and Wegener Halvø Copper Project.

Citronen Base Metal Project: The project situated in northern Greenland is estimated to have one of the world's largest undeveloped zinc resources (Lucht, 2018). The Australian company Iron Bank owns the project in cooperation with Chinese companies. The Chinese involvement in the project is highly related to financing and giving loans to the Australian company (Iron Bank, 2017). Chinese companies own about 20% of the project, while Chinese banks finance 70% of the project through loans.

Isua Iron Ore : The mine of Isua Iron Ore is projected to contain 951 metric tons of iron ore with a relatively high degree of iron, thus making it interesting to process (Mining Technology, 2019). The project is wholly owned by the Chinese company General Nice (Jiang, 2018).

Wegener Halvø Copper Project: The project is still in the initial stages and believed to open in three years by new estimates (Jiang, 2018). The project will produce copper and some byproducts from the mining process.

Kvanefjeld Rare Earth Project: The project is the most promising mining project in Greenland. It's projected to be one of the largest rare earth element projects in the world, and could contain as much as 25% of the possible market for REE (Breum, 2013). The other possibility with Kvanefjeld is uranium that is a byproduct (Nielsen, 2018).

Other Chinese projects:

Chinese research station: In 2017, The Vice-Chairman of the Polar Institute of China revealed that China wanted to build a research station in Greenland, located either in the northeastern part of Greenland or near Nuuk (Breum, 2017).

Grønnedal: Articles show that the Chinese company General Nice tried to buy the old Danish naval base Grønnedal in 2014 . As I will show later, there have been some speculations as to why the Chinese didn't accomplish the purchase, and there are also some disputes as to why the Chinese wanted to buy the facilities in the first place.

Airport project, 2017/2018: In 2017, the Greenlandic parliament (Inatsisartut) agreed to build a new airport in Qaqartot (southern Greenland), and to extend the runways in Nuuk (the capital) and Ilulissat

(north-west Greenland) (Avisen.dk, 2018). Due to the financing and the relatively big scope of the project for the Greenlandic economy, external financing was needed. The Greenlandic government decided to prequalify different companies, including the Chinese company Chinese Communication Constructs Company (CCCC). In 2018, an agreement was reached between the Danish government and the Greenlandic vis a vis, which included Danish investments in the project and leaving out the pre-qualification phase, including CCCC (Jakobsen, 2018).

Analysis:

In the forthcoming sections, I will begin my analysis. As mentioned in the theory section, the structure of the analysis is based on Stephen Walt's four variables: aggregated power, proximity, offensive power and offensive intentions. The variables are used in relation to China to see how China is developing the different variables.

When analyzing the variables, I will first analyze the capability as a whole, and then look at how the Chinese interests in Greenland may influence the variables. At the end of the section, I will sum up the findings.

After the analysis of the four variables, I will then proceed to the reactions to the Chinese interests in Greenland, by Denmark and the US. The findings will be used in a discussion with special attention paid to threat perception.

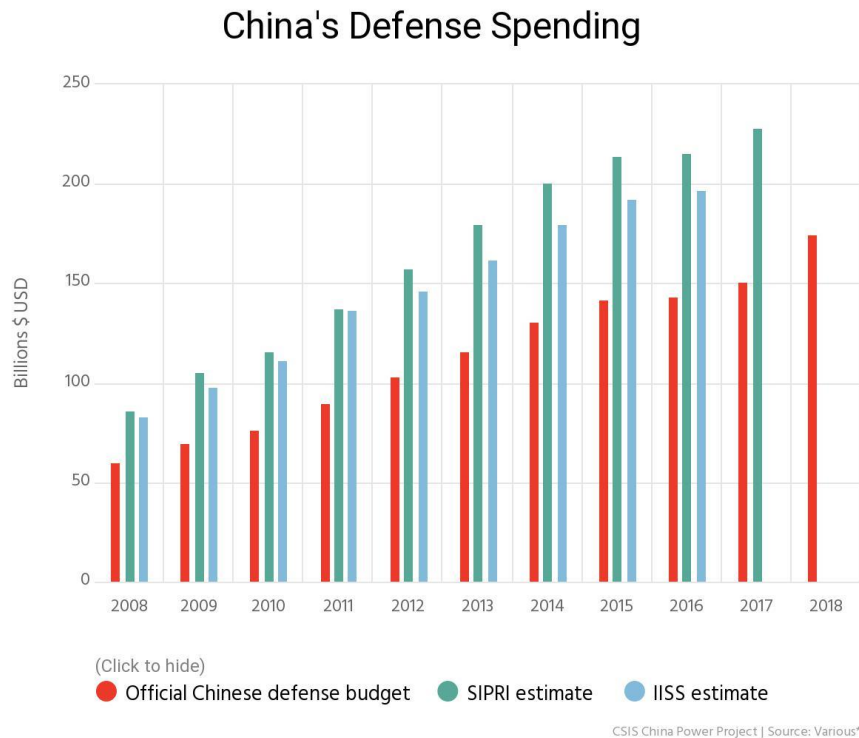
Aggregated power:

As mentioned in the theory section, the aggregated power is measured by combining population, industrial and military capability, thus analyzing the internal strengths of a country. In the following section, I will therefore analyze the development in these capabilities.

Chinese military spending:

The Chinese military spending has a lack of transparency (Erickson & Liff, 2013). The Center for Strategic & International Studies (CSIS) has compared the official spending with other open sources, in order to

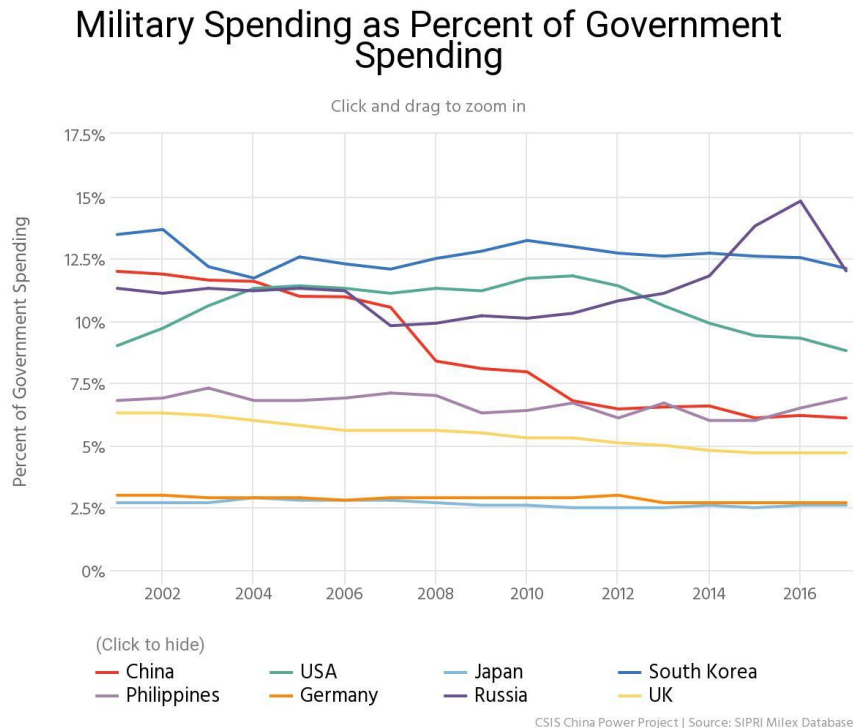
compare different spending numbers in Chinese military.



(Figure 1: China's defense spending, CSIS, 2019).

As the figure shows, there is some inconsistency between the official government numbers and those from Stockholm International Peace Research Institute (SIPRI) and the International Institute for Strategic Studies (IISS). Whatever the “real” numbers may be, the figure shows two things: First, China's military spending has seen an influx in the last ten years from (using the government's own numbers) \$60.2 billion in 1998 to \$176.4 billion in 2018. Second, the Chinese military spending is the second largest in the world, only exerted by the US (CSIS, 2019).

However, Chinese military spending has actually seen a drop in the same decade, if you look at the military spending related to the overall government spending:



(Figure 2: Military spending as percent of government spending. Source: CSIS, 2019)

As figure 2 shows, Chinese military spending relative to the overall government spending has dropped by almost half from 2002 to 2018. The reason may be found in the booming Chinese economy, which has seen a huge influx in the same period (CSIS, 2019). However, as stated in the theory section, the military spending is just one part of analyzing the military capabilities. In the “offensive power” section, I will analyze the development of the Chinese military.

Industry, economy and natural resources:

The Chinese economy has seen a huge boom in the last 40 years, and a major transformation from a communist plan economy to a “socialist market economy” (Ding, 2009 p. 235). The “socialist market economy” means that the state still has a major public sector through part-ownership of Chinese companies, however still allowing a public sector in China that may trade with foreign countries (Ding, 2009).

As mentioned above, China has seen an economic boom since the reforms began in 1979 and up through the 80s and 90s. According to data from the World Bank, China has seen an increase in the GDP from \$178 billion in 1979 to \$12.2 trillion in 2017 (World Bank, 2019), making it the second biggest economy in the world, only surpassed by the US.

At the same time, China has had a GDP growth well beyond those of the US and Japan, with several years of double-digit influx. However, China’s economy has also faced some challenges. The double digit growth in

the GDP has fallen to (still impressive) 7% (World Bank, 2019). The challenges are related to its industry and need for natural resources. The belief is that the slowdown of the economy has to do partly with the developments in the economy and the new need for resources (Balding, 2019). The population issue is the consequence of the "One child" policy that China has had since the 1980s (now changed to a two-child policy). This has led to a stagnation in the workforce, thus creating a situation where the Chinese industry is stagnated as well (Balding, 2019). Furthermore, the economic boom has also had the implication that the population has seen a growth in wages. This has also caused the industry to change. Before the major wage influxes, Chinese industry was regarded as the world's manufacturer. However, with the influx in wages, the competitive advantages in the manufacturing industry have moved away from China and into new markets, in particular other Asian countries and new markets in Africa. The other consequences are the technological problems (Shibli, 2019). To counter the issues with the shift from manufacturing to technological manufacturing (or smart manufacturing), the Chinese government launched its "Made in China 2025" strategy in 2015. The official goals of the strategy is to:

"improving manufacturing innovation, integrating technology and industry, strengthening the industrial base, fostering Chinese brands, enforcing green manufacturing, promoting breakthroughs in ten key sectors, advancing restructuring of the manufacturing sector, promoting service-oriented manufacturing and manufacturing-related service industries, and internationalizing manufacturing" (SCPRC, 2015).

However, there have been concerns with the industrial plan of China, which is perceived as a threat to other countries and namely the US. The major considerations come in two points (Chatzky & McBride, 2019, B). First that the technological achievements in the civilian industry may have a spill-over to the military industry. Second, that the Chinese are stealing US technology by plagiarizing scientific results from American scientists (Chatzky & McBride, 2019, B).

Natural resources:

A major challenge for the Chinese economy is the need for more natural resources if the industry is to sustain the same economical influx as seen in the last years. China has become more dependent on imported natural resources, with official Chinese sources estimating that China needed 95 percent of chrome, 90 percent of cobalt, 79 percent of gold, 73 percent of copper, 73 percent of iron ore and 67 percent of oil (Zhiang, 2018).

However, China also has some advantages when it comes to natural resources. China controls the production of 95% of the Rare earth elements (REE) in the world (Gulley et al, 2018). The REE is important to high technological production, and also the communication industry, thus having importance for the defense industry (Gholz, 2014). The control of REE production also presents possibilities in controlling

exports. After a dispute between Japan and China in 2010, China put a quota on REE exports on Japan (Gholz, 2014). The effect of such a control is however disputed, as it gave incentives to other countries in beginning new productions of the elements (Gholz, 2014).

Andrew Gulley, et al, from Yale University, have studied the competition for resources that enables new technology, using China and US as their case (Gulley et. al., 2018). Their studies concluded that China was becoming more dependent on importing resources that the country could previously export to other countries. Finally they stated that the US is due to lack internal production of minerals:

“(The US is) heavily dependent on foreign resources (many of which come from China) for its manufacturing industries” (Gulley et al, 2018 p. 4113). Thus, for the US the problem is two-fold. First, the US industry relies on Chinese minerals. Second, due to China’s influx in mineral consumption, the US is facing a potential resource import problem (Blaxekjær, et al, 2018).

Aggregated power and Greenland:

After analyzing the aggregated power capabilities in a general view, I will now proceed to the specific Chinese power in relation to their projects in Greenland. Relating aggregated power to the current projects in Greenland, the projects will enhance Chinese aggregated power, namely in resources. As mentioned above, China is becoming more dependent on resource import. This also includes minerals as copper, and iron ore, which is to be mined for in Greenland in two of the projects (Degeorges, 2014). The interests by the Chinese government in Greenland’s natural resources are also shown in the meetings held between the Greenlandic government and the Chinese vis a vis (Degeorges, 2014). In 2013, China and Greenland also agreed upon further cooperation regarding natural resources in Greenland (Naalakkersuisut, 2013). Currently a new agreement is due in 2019, and according to a new foreign policy assessment, it will further strengthen the cooperation regarding natural resources (Naalakkersuisut, 2018).

Furthermore, with the Chinese project in Kvanefjeld, China could also enhance the possession of rare earth elements (REE). As mentioned above, China currently has 95% of the world’s production of REE. With a new mine in Kvanefjeld, China could possess even more REE, which is both important for Chinese industry, however also for controlling exports.

Proximate power:

After describing the Chinese economy and analyzing the challenges, I will proceed to analyze China's proximate power. According to neorealism, geography matters in evaluating threats. A powerful state that is geographically closer will be more threatening than a stronger state far away, thus influencing the response to the threat. In the following subsection, I will therefore analyze the different patterns in China's proximity power.

Belt and Road initiative (BRI):

One of the major projects in China's proximate power is the Belt and Road Initiative (BRI) that is set to connect China and Europe through infrastructure projects (Chatzky & McBride, 2019). The name of the project has also been called "New Silk Road". The project was announced in 2013 by President Xi. The project involves many infrastructure projects, including a new train line (The New Eurasian Land Bridge) from Western China to Western Russia, new energy infrastructure connections in Eurasia, new special economic zones, construction of new ports, highways and airports in Europe, Asia and Africa. The total spending on the projects is estimated to be as high as \$8 trillion (Hurley et al, 2018).

The BRI has raised a lot of concern in the US. The US government is concerned that the real intentions behind the BRI is not related solely to trade relations, but also to military and geopolitical interests. As the US government wrote in their Security strategy from 2017:

"Today, the United States must compete for positive relationships around the world. China target their investments in the developing world to expand influence and gain competitive advantages against the United States. China is investing billions of dollars in infrastructure across the globe" (The White House p. 44) and:

"China's infrastructure investments and trade strategies reinforce its geopolitical aspirations". (The White House, p. 46)

The US fears are two dimensional. First, that the BRI is an example of Chinese "debt-trap diplomacy", tying the countries closer to China away from the US. The main issue is that the financing of the projects are highly based on loans by the Chinese state (Hurley et al, 2018).

Second, that the Chinese government in time will use the BRI projects to gain a military presence. As the former US Secretary of State, Rex Tillerson, stated in a speech in 2018 about the Chinese BRI initiatives in Africa, addressing the possible debt-trap:

“...which encourages dependency using opaque contracts, predatory loan practices, and corrupt deals that mire nations in debt and undercut their sovereignty, denying them their long-term, self-sustaining growth” (Tillerson, 2018).

The fear of the debt-trap diplomacy regarding BRI projects is not farfetched. As an example, Sri Lanka could not pay its loan to China for the construction of a naval port. An agreement was reached, leasing the port to the Chinese on a 99-year lease (Shultz, 2017). Another case involved Tajikistan, who has not been able to pay a \$700 million loan to China. The result being that China used the case to renegotiate an old territorial dispute, giving China a lease agreement on 2,000 hectares (Bustonkala, 2011).

Military base in Djibouti:

In 2017, the first Chinese oversea military base opened in Djibouti, Africa. According to the Chinese Foreign Ministry, it's a support facility that may support the ongoing peace missions in the Bay of Aden (Gao, 2017). The contribution to the Chinese military is considered to be of great importance (Huang, 2017). Its importance is related to China's export interests, and the protection of the merchant fleet, where especially the waters of eastern Africa is troubled with piracy (Huang, 2017).

Some scholars see the Chinese base in Djibouti as part of a “string of pearls” strategy by China, encompassing the South China Sea, to the Indian Ocean. This is worrying for both China and the US, as China will become more powerful in the region.

Second, the Djibouti base is located only 6 miles from an US Navy base (also in Djibouti), thus alarming the US government, due to the new proximity to Europe.

Proximate power and Greenland:

From a European/American perspective, China is geographically situated far away from Greenland. However, with the ice melting and new shipping lanes becoming available, the situation becomes more complicated. The possibility is that within a number of years, a new sea route from China to the Arctic through Northern Russia may be a possibility (Breum, 2013 p. 66).

As previously mentioned, the Chinese government issued a White Paper in 2018 outlining the official Chinese interests in the Arctic. One of the major interesting issues was the justification of China as being a “Near Arctic State”:

“China is an important stakeholder in Arctic affairs. Geographically, China is a “Near-Arctic State”, one of the continental States that are closest to the Arctic Circle.” (SCIO, 2018 p.1)

Furthermore:

“The Arctic situation now goes beyond its original inter-Arctic States or regional nature, having a vital bearing on the interests of States outside the region and the interests of the international community as a whole” (SCIO, 2018 p. 1).

From a Chinese perspective, the Arctic and thus Greenland is not far away from China, judging from the white paper. They consider themselves a “near arctic state”, and argue that they are one of the countries closest to the Arctic Circle. However, the Arctic White Paper was not the first Chinese justification of being an Arctic state. In 2014, the Chinese government issued a new “vertical world map” putting China and the US opposite each other, with Greenland and the North Pole in the center (Brady, 2017).

However, China still has some difficulties with proximity. The possible sea lanes north of Russia (named the Northern Sea Route) still have some unaddressed issues. With the sea lanes going through Russian territorial waters, some agreements still need to be reached between those countries (Cole, 2018). China is therefore heavily dependent on Russian cooperation in the area. Furthermore, with the Northern Sea Route being in a very early state (e.g. only one ship sailed through without icebreaking assistance in 2018) many supportive initiatives are needed. Issues like new harbors and navigational facilities are still unsolved (Sakhuja, 2013).

Offensive power:

As the third variable, I will analyze China’s offensive power. In the subsection regarding aggregated power, I analyzed China’s development in military spending. In this section, I will focus on the development in the Chinese military to analyze their military capabilities to wage war. At the end, I will analyze if and how Greenland may contribute to China’s offensive power.

The Chinese People’s Liberation Army consists of five major branches: Ground Force, Navy, Air Force, Rocket Force and the Strategic Support Force. Since 1979, Chinese governments have paid special attention to modernizing its army, since the 1979 conflict between Vietnam and China (DIA, 2018).

The goal has been to focus on quality instead of quantity, by reducing China’s standing army and instead focus on technology (Abas, 2015 p. 142-143). The goal for the Chinese army has also shifted from waging major conflicts with heavy use of infantry, to waging local wars with special forces (Abas, 2015).

However, the change in the Chinese military strategy also creates new needs for their capabilities. The main issue is the need of new technology in order to enhance their capabilities.

Offensive power regarding Greenland:

Unlike the US and Denmark, China has no military presence in Greenland, and nothing in the strategies suggest that China will deploy troops in the near future. Furthermore, China has no bases in Greenland that may support such offensive power. However, China has some potential for offensive power in the region, which special focus on its submarines (Stewart & Ali, 2019). China currently has ten nuclear powered submarines (of different classes) with the ability to operate in the Arctic (Stewart & Ali, 2019). However, this is still a potential, and no reports suggest that China has actively used its current force to patrol in the waters.

Offensive intentions:

As described in the methodology and theory sections, offensive intentions is a more interpretative part of the analysis. However, when assessing an actor's threat, intentions play an important role. I.e.: If two countries enhance their capabilities, the country with the most offensive intent will be perceived as the most threatening.

Chinese military strategy:

In its military strategy, China has stressed that it is a peaceful nation (State Council, 2015). China sees itself as a state developing its economy and infrastructure, and the country believes that this development is an advantage to the rest of the world (State Council, 2015). China's policy is:

"...national defense policy that is defensive in nature, oppose hegemonism and power politics in all forms, and will never seek hegemony or expansion" (State Council, 2015).

Thus, for the Chinese government, the use of the armed forces is for deterrence and counter attack purposes. The white paper uses two (for my analysis) interesting goals: First, the global trends: the world is moving towards a multi-polar world and second, there are threats from hegemonism. Consequently, the white paper states that:

"International competition for the redistribution of power, rights and interests is tending to intensify." (China's State Council, 2015, p. 1).

The white paper goes on to state that there are potential threats of local war, however possibilities of world peace. The current threat is in the local area of the Asia-Pacific, where especially the US is present:

"... the US carries on its "rebalancing" strategy and enhances its military presence and its military alliances in this region." (China's State Council, 2015, p. 2).

China's offensive intentions in Greenland

China has been careful to stipulate in offensive intentions in Greenland, and in their Arctic policy. As mentioned in the section about proximity, China's White Paper concentrates on justifying China's position as a "Near Arctic State". There is a special focus in the white paper to international law, stating that:

"China takes an active part in the international governance of the Arctic. China upholds the current Arctic governance system with the UN Charter and the UNCLOS as its core." (The State Council Information Office of the People's Republic of China, p. 4).

Beyond the point of international law, China has become a permanent observer in the Arctic Council in 2013, something that is seen as an enhancement of the intergovernmental position in the region. Furthermore, in 2014, the Chinese President Xi also gave a speech mentioning China as a "Polar Great Power", and stated that China will be so within ten years (Andersson, 2018).

Yang Jiang from the Danish Institute of International Studies (DIIS) makes the remark that China's intentions are actually thoroughly stipulated in the white paper, and that the Chinese projects in Greenland correlate with those intentions (Jiang, 2018). Regarding cooperation with the Greenlandic government, China also recognizes the somewhat difficult relationship between Greenland and Denmark (Martin, 2018). As Greenland strives for independence, Greenland sees China as a major partner in developing a sustainable economy (Naalakkersuisut, 2017).

On the other hand, there have also been cases that could argue against the notion that China is pursuing purely peaceful intentions in the Arctic, leaving out military interests in Greenland. One of such entities has been the prospect of a new satellite station in Greenland (Jichang, 2017). In 2017, China announced that it wanted to set up a satellite ground station in Nuuk. As Jichang noted in her article *"Greenland: China discreetly launches satellite ground station project"* two interesting things occurred at the announcement. First, the Greenlandic and Danish politicians were kept unaware of the development of the station. Second, the official reasoning for the satellite station was also differentiated in the English and Chinese information. In Chinese statements, the satellite station was reported to be of military importance with the purpose of gathering satellite information to the military. However, in English information, the focus was more on gathering information to combat climate change (Jichang, 2017; McCauley, 2017).

US reactions to China's interests:

In this section, I will analyze how the US has reacted to the Chinese involvement in the Arctic/Greenland. The reactions will first be assessed by an overall threat assessment by the US government through different reports in the Department of Defense (DoD) and the Office of National intelligence from 2018/2019.

Second, I will move on to the reactions on the issues, where China has shown a concrete interest in Greenland. This will be summed up in a parts conclusion.

Since the year 2000, the US Congress has received annual reports regarding the US-China relationships on security and economic issues by the US Department of Defense (DoD). For the first time, the Arctic has been mentioned in the newest report from 2019 (Department of Defense, 2019 p. 114-115). Even though the mentioning of Chinese activities in Greenland and the Arctic is relatively brief compared to the rest of the report, the significance of the mentioning have been seen as a turnaround by some, thus the US is raising attention on the Chinese activities (Hinshaw & Page, 2019).

The report views the Chinese involvement as a geopolitical threat to stability in the Arctic, and sees the several potential threats to US security (Department of Defense, 2019, p. 114). The report established that civilian research could support Chinese military capabilities, and that the military enhancement in the Arctic could be seen in possible deployment of submarines, which should work as a nuclear deterrence against the US (US Department of Defense, 2019, p. 114). The report argues that the future military enhancement is a continuation of the construction of new icebreakers, and namely the new "Xuelong 2".

Furthermore, the opening of the sea route north of Russia also poses other possible political problems for the US, according to the report. As stated before in the thesis, if China will enhance its proximate power through the Northern Sea Route, China will need to cooperate with Russia, as the shipping lanes run through Russian territorial waters. The report establishes that an enhanced Sino-Russian cooperation will be a new possible difficulty for the US (Department of Defense, 2019, p. 115).

The above-mentioned report falls in line with the overall security threat that the US perceives China to be. In 2018, the US Department of Defense issued a new national defense strategy, which also holds a view of China as *"strategic competitor using predatory economics to intimidate its neighbors while militarizing features in the South China Sea"* (Department of Defense, 2018, p. 1). Furthermore, it depicts the military modernization scheme (as described in the section about Chinese offensive power) as *"displacement of the United States to achieve global preeminence in the future"* (Department of Defense, 2018, p. 2). Regarding the objectives of the DoD to secure national security, the DoD establishes that:

"Long-term strategic competitions with China and Russia are the principal priorities for the Department, and require both increased and sustained investment, because of the magnitude of the threats they pose to U.S. security" (Department of Defense, 2018, p. 4).

The level of threat is also depicted in the "Worldwide Threat Assessment" report issued by the Director of National Intelligence, Daniel R. Coats in 2019 (Coats, 2019). The report notes that as the ice in the Arctic melts, the competition in the Arctic will get stronger between the US and other countries. The report also

issues a warning that correlates with the National Defense Strategy that it will lead to a new cooperation between Russia and China, which could pose a threat towards the US (Coats, 2019 p. 23). Furthermore, the report also concludes that China:

“will try to extend the country’s global economic, political, and military reach while using China’s military capabilities and overseas infrastructure and energy investments under the Belt and Road Initiative to diminish US influence”

Another interesting thing about the US threat assessment of China is the level of Chinese involvement in the UN, and the Chinese use of UN justification. The report evaluates this involvement and use of justification. The report concludes that China will *“...probably will use the UN as a platform to emphasize sovereignty narratives that reflect their interests and redirect discussions...”* (Coats, 2019, p. 24).

The above-mentioned threat assessment is both interesting and relevant as it gives a broader picture of the US threat perception of China. Whereas China sees its military policies as being defensive and responses to US military enhancement, the US has a threat perception that entails China as an overall threat to US interests.

As mentioned before regarding China’s involvement in Greenland, a factor has been China as a “near Arctic State”. For the Chinese government, this has been a justification for further involvement in the Arctic. A factor in this has been the status of “permanent observer” in the Arctic Council in 2013. Regarding China as a near Arctic state, there has been a change in reactions from the US government. First of all, the US government didn’t oppose the Chinese bid for becoming a permanent observer in the Arctic Council. However this has recently changed. The current (2019) Secretary of State, Mike Pompeo, held a speech at the Arctic Council Summit in May, 2019 (Department of State, 2019). He first questioned the status of China as being a “near Arctic state”. He pointed out that:

“Beijing claims to be a “Near-Arctic State,” yet the shortest distance between China and the Arctic is 900 miles. There are only Arctic States and Non-Arctic States. No third category exists, and claiming otherwise entitles China to exactly nothing.” (Department of State, 2019).

Furthermore, Mr. Pompeo warned about the Chinese infrastructure projects, referring to the Belt and Road Initiative (BRI). He warned about the risk of Chinese debt democracy, saying about the investments that:

“This is part of a very familiar pattern. Beijing attempts to develop critical infrastructure using Chinese money, Chinese companies, and Chinese workers – in some cases, to establish a permanent Chinese security presence” (Department of State, 2019).

Lastly, Mr. Pompeo raised an alarm, comparing the future of the Arctic with what the US believes has happened in the South China Sea, referring to the disputes between China and its neighbors:

“Do we want the Arctic Ocean to transform into a new South China Sea, fraught with militarization and competing territorial claims?” (Department of State, 2019).

What becomes interesting for further analysis is to see how the US has reacted through concrete actions in Greenland to see if how the threat assessment is acted upon.

Reactions in concrete cases:

After analyzing the policy initiatives by the US government, I will now proceed to the concrete cases where the government has reacted. As mentioned earlier in the thesis, there have been some initiatives by the Chinese government and companies in Greenland.

One of the most public US reactions to the Chinese projects in Greenland has been concerning the possible Chinese investments in Greenlandic airports. The US reaction was officially stipulated in a one page Letter of intent named “Statement of Intent on Defense Investments in Greenland”. In it, the US acknowledges the importance of the Arctic in the world and intends to:

“...enhance US military operational flexibility and situational awareness”. (US Department of Defense, 2018 p. 1)

Furthermore, the letter of intent gives examples of dual civilian-military investments, and names explicitly investments in Greenlandic airports (Department of Defense, 2018 p. 1). As stated in the letter, the investments seeks to:

“...enhance US and NATO military capabilities in the North Atlantic region.” (Department of Defense, 2018 p. 1).

However, the letter of intent is not very specific in its investments offers regarding money and concrete projects, and as it states in the end, it is not legally binding (Mehta, 2018).

The letter of intent came after a relatively short period of discussing the matter. Before the US made the letter of intent, the Danish Minister of Defense and the US Secretary of Defense met in Washington. According to the Danish minister Claus Hjort Frederiksen, the US Secretary of Defense, Jim Mattis, had said that:

"It is obvious that the Americans are preoccupied with the question of Chinese investments in Greenland," (Breum, 2018). Furthermore, Jim Mattis reportedly made references to the Chinese militarization of islands in the South China Sea (Breum, 2018).

Furthermore, the US now has a new representative in Greenland, under the US Embassy in Denmark. The results and impact of this are yet to be seen, as this has happened in May, 2019. However, from articles and statements it can be concluded that it will be a part-time diplomat with an office in Nuuk, with the purpose of strengthening relations between the US and Greenland (Lindstrøm & Wille, 2019).

A further reaction from the US government has been a minor enhancement of military capabilities in the Arctic. In 2018, the US government reinstated its Second Fleet which was deactivated in 2011 (Hubler, 2018). Even though the fleet currently only has 11 officers and four enlisted personnel, the fleet is projected to grow to 85 officers and 164 enlisted personnel (Faram, 2018). The fleet is set to operate in the north-east Atlantic, and also to patrol in the Arctic (Faram, 2018).

Although initially caused by American worries over Russian submarine activity, the fleet commander has made comments in newspaper articles that the Chinese enhancement of the fleet operating away from China has also been the cause for the US reactivation of the fleet (Faram, 2018). However, it is important to note that the fleet is not based in Greenland. Regarding Thule Air Base, to this date there has not been an enhancement of the US military presence in Greenland.

A second enhancement of the US capabilities is in the area of icebreakers. The US currently only has two functioning 40-50 year old polar icebreakers (Shankman, 2018). However, only one icebreaker can break the thickest ice and it is the oldest. The US coastguard has therefore estimated that it needs new icebreakers, and to be operational, the fleet needs to be extended to six new icebreakers (Shankman, 2018). The US Congress decided to fund \$750 million to a new vessel, approved by President Trump. However, the funding has been diverted to the construction of a US wall at the Mexican border (Shankman, 2018).

Parts conclusion.

As the above mentioned indicates, the US government sees Chinese actions in Greenland and the Arctic as a potential threat to US interests. From the official reports and statements by US government representatives, China is challenging first the relative peace in the Arctic and Greenland and furthermore challenging US power in the region. With the enhancement of China's military power through modernization and new submarines, the US sees this as a potential to influence the Arctic. However, statements from Secretary Pompeo and the reports also suggest that the BRI initiatives are one of the major challenges to Greenland. They perceive this as a threat if China is able to expand its "debt trap"

diplomacy to Greenland. Therefore the US has also balanced this potential threat by promising new investments to Greenland's airports projects, and has further enhanced the diplomatic ties between the US and Greenland by opening a new representative in Nuuk. However, it must at this stage also be concluded that the US has not enhanced its capabilities in Greenland military. At a hearing in "The House Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation", the senior vice president of Strategic and International Studies, Heather A. Conley, gave a testimony about the Chinese threat in Arctic and Greenland. In her testimony, she criticized the US government for not having a comprehensive strategy for Greenland, and acting very reactively instead of proactively (Conley, 2019). She stated that if the US government perceived Chinese actions in Greenland as a threat, then the US government has to enhance its capabilities (Conley, 2019).

A further parts conclusion that is important to make is the lack of US action in Chinese mining activities. As shown in the analysis section regarding Chinese actions, the concrete initiatives are mainly about extracting natural resources important to the Chinese industry. As a report from the Center for Naval Analysis (CNA) to the US government concluded in 2017 on Foreign Direct Investment in the Arctic, the Greenlandic economy consists of 11.7% foreign investments, a relatively big part of which is from China (CNA, 2017). Due to the fragile Greenlandic economy and the fragile political system, the foreign investments from a country like China could be a danger to US influence in Greenland. However, as the US government concluded, the Greenlandic economy is also relatively small. Therefore, the potential investments by the US governments will also be relatively cost-low (CNA, 2017). Looking at the period of time, in which the different actions have taken place, it has been very much concentrated on 2018 and 2019. As Camilla Sørensen from the Danish Institute of International Studies (DIIS) notes, the reactions and the heightened threat level of China in Greenland came after the Chinese white paper on the Arctic (Sørensen, 2019)

Danish reactions to Chinese involvement in Greenland

After examining the US reactions to the Chinese involvement in Greenland, I will now proceed to the Danish reactions to Chinese involvement in Greenland. As with the US, I will divide it into two subsections with first the reactions from Denmark to Chinese interests using official documents, and second to look at the concrete actions, using statements and non-official sources (e.g. articles, newspaper articles etc.).

The Danish strategy for the Arctic is formulated in the paper "Kingdom of Denmark Strategy for the Arctic 2011– 2020" (Udenrigsministeriet, 2011). Even as China takes no prominent place in the policy paper, the Kingdom of Denmark recognizes that the Arctic is opening up, and that the Danish Realm has a new and important task regarding resource extraction, commerce and shipping lanes (Udenrigsministeriet, 2011 p.

22-23). Even though the focus is on mutual cooperation with other actors and economic opportunities (as well as ecological consequences), the defense policy also deals with the Arctic with special attention to Greenland. The focus is in here on surveillance and upholding sovereignty in and around the different areas of the Danish Realm (i.e. Faroe Islands and Greenland) (Udenrigsministeriet, 2011 p 21).

As seen in the section regarding Chinese interests, resource extraction has been one of the highest priorities. The Danish strategy also mentions the resource extraction. However, in the 2011 paper, security issues have not been on the agenda. In here, security issues deal with the ecological consequences regarding resource extraction (Udenrigsministeriet, 2011 p. 24-25).

Another source for official assessments of China's interests in Greenland is risk-assessment reports by the Danish Defense Intelligence Service (DDIS) (Danish: Forsvarets Efterretningstjeneste). The intelligence service issues risk assessment reports every year with the latest issued in 2018. The 2018 report is interesting for this thesis, as the intelligence service has especially evaluated Chinese interests in Greenland (Forsvarets Efterretningstjeneste, 2018). In the report, the intelligence service first sees an enhanced Chinese interest in Greenland, the special attention given to the resource security as the primary target for Chinese interests (Forsvarets Efterretningstjeneste, 2018 p. 37). Furthermore, with the Chinese Arctic whitepaper, the DDIS also identifies that with an enhanced Chinese interest in the Polar Silk Road, China will also enhance its interests in infrastructure in Greenland (and the rest of the Arctic) as a natural consequence (Forsvarets Efterretningstjeneste, 2018 p. 38). The enhanced interests in infrastructure are also a result of China beginning to concretize its policy goals into projects as seen with the BRI I initiatives. China has been willing to invest in projects that may not have been economically feasible, however from a strategic view is serving Chinese interests (Forsvarets Efterretningstjeneste, 2018 p. 40). From a Danish perspective, this may be a threat. Not to the territories of mainland Denmark, but to Greenland as a part of the Danish Realm. The report mentions that if China gains more economic influence in Greenland, the risk from a Danish perspective (according to the DDIS report) is that China will also be an increasing political factor in Greenland (Forsvarets Efterretningstjeneste, 2018 p. 41). Going from a Sino-Greenland focus and widening the focus in the report on China generally, the report mentions that China is a power on the way forwards, and that the enhancement and modernization will also mean that China *potentially* will challenge the US. However, as DDIS sees it, the result of the challenge will not be a military conflict in the short to medium term, but rather an economic conflict, as seen with the ongoing trade disagreements between China and the US (Forsvarets Efterretningstjeneste, 2018 p. 42).

Kvanefjeld:

As already mentioned, one of the major Chinese operations in Greenland is the mining operation in Kvanefjeld. In 2013, the project sparked a fierce debate in both Greenland and Denmark. The issue was sovereignty and security. Due to the relationship between Denmark and Greenland in the 2009 Self-Rule Act, some political areas are under Greenlandic jurisdiction, whereas security, defense and foreign politics are still a part of the Danish jurisdiction. The debate about the Kvanefjeld project was in two parts. First of all, the exploitation of uranium which goes against a Danish political ban on extracting uranium. Second, the issue was the so-called "Great Scale Act", that Greenland wanted to pass (Lave & Holgersen, 2014). As Lave and Holgersen conclude in their master thesis regarding the Danish debate, the debate was centered on Chinese workers and investments.

The Danish debate on Chinese workers and investments was both an internal Danish-Greenland issue, however for the Danish government also an issue of security towards Greenland (Lave & Holgersen, 2014).

Grønnedal: One of the interesting cases of Danish reactions has been the case of Grønnedal in 2016. The Grønnedal military base is an old Danish military base situated in the western part of Greenland (Sørensen, 2016). The naval base was being decommissioned, as the old facilities weren't deemed important to Danish defense. The base was put up for sale and a Chinese company bid for the use of it (Sørensen, 2016; Andersson et. al, 2018). An interesting case development then followed.

Media could report that the Danish Defense Ministry wanted to keep the naval base, making new constructions and reusing the base with three naval personnel (Sørensen 2016). Another article emerged that Danish Prime Minister Lars Løkke Rasmussen had asked relevant politicians in the Danish parliamentary groups to agree on the reopening, due to the Chinese investments (Veirum & Lihn, 2016). Although speculations occur, this case is interesting, as Danish politicians interfered in an internal Greenlandic issue, with arguments based in security politics.

Airport case:

The newest case involving Chinese interests in Denmark is the "Kalliaat Airport case". It has been a wish for Greenlandic politicians for several years to renovate and construct new airports in Greenland in order to attract new investments and enhance tourism in the nation. Due to Greenland's small population and economy, the economic burden of the airports would be severe for the nation, thus the need for foreign investments for the construction (Mehta, 2018). The Chinese state owned company "Chinese Communications Construction Company" (CCCC) was one of the bidders and was subsequently listed as prequalified, among other companies.

The Danish government was quick to react and stated that the airport facilities could be a security matter

which falls under Danish jurisdiction (Lucht, 2018). This sparked controversy in Greenland, and negotiations began between Kim Kielsen (Premier of the Greenlandic Self Rule) and the Danish Prime Minister, Lars Løkke Rasmussen. The negotiations were settled when an agreement was reached giving Danish co-finance to the airport facilities (Lucht, 2018).

Parts conclusion:

The reports, statements and articles point towards several things. First, as the official reports show, China is not an imminent security risk for Denmark, but may be a potential risk as the Arctic ice melts. The reports show that the perception is that China has strategic reasons for its interests in Greenland, and that they may conflict with Danish interests. Denmark has so far accepted Chinese projects in Greenland of an economic interest as with the mining projects. However, they have also rejected projects that (for a Danish perspective) represent security issues. Herein also lies the distinction that the Danish government has to respect political areas that are under Greenland's jurisdiction according to the 2009 Self Rule Act. Different Greenlandic politicians have reacted negatively towards the Danish interference in what they see as internal Greenlandic politics (Kruse, 2018). As Ulrik Pram Gad (professor at Aalborg University, Denmark), concluded in his article "Imagining China on Greenland's Road to Independence" (Gad, 2018) Greenlandic politicians welcome Chinese investments in Greenland in all sectors, as it is a way for Greenland to strive for independence (Gad, 2018).

Denmark also has to balance between China on the one side as a potential risk, and on the other side China as an economic partner for Denmark. According the Ministry of Foreign Affairs in Denmark, Danish trade with China has tripled from 2005-2016 and is expecting to grow in the future (Udenrigsministeriet, 2016 p. 3). This factor also means that Denmark has to be very careful with balancing too much against China and be very outspoken in its criticism. As the Danish Minister of Defense, Claus Hjort Frederiksen, told reporters regarding Chinese investments in Greenland:

"The Chinese are players in the world economy, as are others, and should be treated equally. But we are on our guard," (Mehta, 2018).

For now, the Danish reactions have also been very subtle. In the cases of Grønnedal and the Greenlandic airports project, the rejection of the Chinese company has been indirect. China has not been mentioned in the official reasoning for the rejection, and both the Danish minister of defense and the Danish minister of foreign affairs have stated that Chinese investment may be welcome as long as they are on equal terms. Furthermore, as the airport project was first reported in the media during the Greenlandic election, the

government had even stated that it wouldn't comment, so that the Danish government wouldn't interfere in elections (Kehlet & From, 2018).

Discussion

After analyzing the different variables and researching the different Chinese actions, Danish and US reactions, I will now discuss the findings including theoretical considerations about the findings.

As my analysis suggests, both the US and Denmark perceive some of the Chinese interests in Greenland as a threat. However, with to different extents.

From a US perspective, China has been considered a political threat for some time. As studies show, China has begun a modernization in of its military, open a new military base in Djibouti and through its BRI initiatives also (from a US perspective) enhanced its powers over other countries through a "debt-trap" diplomacy.

With the Chinese "white paper" about the Arctic, the US sees the same problems as described above could potentially evolve in Greenland. The US has not reacted prior to the Arctic white paper even though China has been involved in Greenlandic mining projects since 2012/2013. However, with the Chinese "official" intentions being revealed in the Arctic white paper, the US reactions begun indicating a higher threat level towards Chinese actions in Greenland (Sørensen, 2018). Neorealism has some explanatory power in this regard. According to Stephen Walt, a country that feels threatened will try to either balance or bandwagon any threatening actions. The US has in this case chosen a balancing way of action. Mainly by externally balancing the actions through promises of investments in Greenlandic infrastructure, and balancing with Denmark as part of an alliance. As the US does not have sovereignty over Greenland (except Thule Air Base), they need to use Denmark as the sovereign holder of Greenland to react on their behalf. To a less extent, the US has also internally balanced the threat. This has happened through the reinstatement of the Second US Fleet. However, as statements show, this has not only been done to balance a Chinese threat, but also a potential Russian threat. The US has not done internal balancing by enhancing its military capability on Greenland. The US high threat perception of Chinese interests in Greenland also seems to transcend from other regional threat assessments of China. As the Arctic is opening up for Chinese interests and the Chinese try to bid on projects in Greenland (especially Grønnedal and the Greenlandic airport project), the US will also balance the threat, maintaining the status quo in the region. This is also a part of the neorealism. As the US sees Greenland as part of its sphere of influence, Chinese actions are not as important as Chinese intentions.

The analysis shows that the actions China has taken in Greenland is in its early stages. China has not built military bases or stationed troops on Greenland and does not have the proximate power to do so, as Denmark is the sovereign of the territory. However, if the US perceives the Chinese intentions as being offensive in Greenland, this could (according to Walt) be just as an important part of the threat assessment as any concrete actions may be (Walt, 1985 p. 11). According to Walt's balance of threat theory, this has the potential to be dangerous. If the Chinese do not see their intentions to be offensive, but are perceived as offensive, then we have a situation where intentions are misperceived. Then any Chinese action in Greenland will be perceived as intentional threatening, thus demanding a further balancing response from the US.

However, as the analysis also shows, the US reaction in Greenland has mostly been in terms of statements, new reports, but not a lot of internal balancing in Greenland.

Another interesting point is the inclusion of Greenlandic government in US responses, with promises of new investments (according to the letter of intent). As seen in the analysis, the US is concerned that China will influence Greenland through investments, and enhancing their political power in Greenland. This is also a part of the balance of threat theory. Stephen Walt argues that one of the incentives a state may use against another state to align them with their own interests is through economy (Walt, 1985 p. 26). From a US threat perception on China, China will use economic incentives as a mean to align Greenland with China, through investments, having the potential of making Greenland dependent on China. On the other hand, the US can also make economic incentives (Walt notes it as "side payments" (Walt, 1985 p. 27)) towards Greenland in order to keep the alignment. However, as Walt also argues at the same time that side payments is only accepted if both parties have an interest in doing so. Taking the wish of Greenlandic independence into consideration, the Greenlandic government have an interest of enhancing its fragile economy in order to make it sustainable Both the US and Denmark on the one hand and China on the other have interests in aligning Greenland towards them and all three have, especially through the airport investments, tried to do so. As with China's first offer of investment through CCCC, the reaction came relatively swift from the US and Denmark, by countering the offer and Denmark also justified their actions by relating to the Self Rule Act, where Denmark still has jurisdiction over foreign and security politics. As an analysis of the agreement also shows, the Greenlandic government has a very low interest rate in the loans obtained through the Danish state, and at the same time has an economic security if the agreed loans are not sufficient (Statsministeriet, 2018). Even though the agreement caused huge disagreements in the then Greenlandic government coalition about independence vs. Danish financing, the agreement was confirmed in the Greenlandic parliament (Krog, 2019).

There have also been different reactions from Denmark and the US. As mentioned above the US has through bilateral meetings perceived Denmark to balance the threat in especially the projects of Grønnedal and the airport projects. Denmark has seemingly responded positive to that, but also very cautiously not provoking China in its actions by mentioning China in the agreements or the papers. And in the case of Grønnedal, the issue was dealt with by reinstating the naval base, thus indirectly balancing the Chinese offer. From a theoretical point of view, Denmark is also not in a position to balance the Chinese threat alone, but has to rely on the alliance with the US. Even though Denmark has a strength in their capabilities by being present in Greenland, thus having greater proximate power (and isolated to Greenland) also more offensive power, China is stronger globally in their capabilities. Thus, Denmark needs (from a theoretical point of view) to not provoke China, as it could have consequences in other areas of the Sino-Danish relationship. On the other hand, China has not reacted negatively to the Danish rejections of Chinese investments. I will from the analysis make two points regarding this. First, China needs to cooperate with the Arctic states in order to sustain a good relationship and further the acceptance of Chinese presence in the Arctic. Furthermore, if I look at Greenland isolated, China has not been rejected in the most important issues for them (at this point), namely resource extractions.

Conclusion:

This thesis aimed at analyzing the US and Danish reactions towards Chinese interests in the Arctic. By using neorealism as the theoretical point of departure, I deducted four variables from Stephen Walt's balance of threat to use as the structure for my analysis. However, with threat perception as one of the theoretical considerations in the four variables, the epistemology also changed somewhat from a positivistic approach to a more interpretive approach. Thus, I also had to use different sources other than measurable ones in order to analyze the threat perception. I have tried to combine different data, as the different sources shed light upon different parts of the analysis. As shown in the analysis and discussion, many of the reactions by the Danish and US governments have been made through statements and diplomatic actions, thus also limiting the scope of the problem formulation. In the problem formulation, I have stated a "how" question, and not a "why" question. If I had stated the "why" question, I will argue that the data selection should have included documents that are closed to the public, and therefore been given a strategic picture in depth. From my point of view there is nothing wrong in giving an answer to the "how" question, and I will also argue that it has its strengths as it takes China's interests into consideration, and on that basis evaluate the responses by Denmark and the US.

Furthermore, I had included a discussion in the thesis, enhancing the threat perception, where I have given theoretical consideration to the reactions by the US and Denmark based on the Chinese action.

The problem formulation stated in the beginning was: *“How do Chinese interests in Greenland possess a threat for Denmark and the US?”*

The analysis first showed the Chinese interests in order to analyze and discuss the reactions. The analysis showed that China is in general enhancing its position in the world. By modernizing its army, gaining new military bases away from mainland China and enhancing its economic capabilities, through the BRI initiatives, China is shifting the balance in the neorealist system. Regarding Chinese interests in Greenland, China especially needs new resources to support its industry and new knowledge through scientific research. However, China has also shown interest in justifying itself as a near Arctic state – something that has become more eminent with the Chinese white paper from 2018. China depicts an official picture as an actor that wants to enhance cooperation in the world with other actors, but the country also sees itself naturally as becoming a great power, thus expecting to be involved in the Arctic, as the opportunities arrive with the ice cap melting. Furthermore, with the ice melting, China also sees opportunities in shipping lanes, thus further enhancing its proximate power.

On the other hand, especially US sees Chinese interests as a threat to their dominance in the Arctic, and furthermore the stability in Greenland. Through reports and statements, they have raised the threat that China is a power that will enhance its presence in the world and will see opportunities in new areas do to so. The US thus transfers the overall threat and especially developments in the South China Sea to the Arctic. Furthermore, the US also sees the threat of China in wanting to enhance its presence in Greenland through a debt-trap diplomacy. Denmark sees the threat perception somewhat differently, but with some similarities with the US. Denmark has been very subtle in its responses to Chinese interests, trying not to provoke China. However, the possible threat for Denmark also lie in the economic investments in infrastructure as seen in Grønnedal and the Greenlandic airport projects. As Greenland wants to become independent from Denmark, the threat is that China will use this opportunity to enhance its presence in the nation, make Greenland dependent on China, thus pushing Denmark away.

For further research:

However, as noted above about the data selection, the problem is also in the beginning. Things evolved relatively quickly in the Arctic, and actions and reactions have been happening throughout this writing process, making it important to include the material.

The picture changes all the time, and one of the factors that can be interesting to research in the future is

the relationship between the US, China and Russia. As some of the reports have noted, China and Russia have been strengthening their relationship, which US sees as a potential threat. From a neorealist perspective it could in the future, when the results of this relatively new cooperation emerge, be interesting to research if this new cooperation changes the threat balance between the countries. If the US further depicts China as the main threat in the region, the relationship between the US and Russia may be strengthened.

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