Global Britain and Greenland

Building a New Special Relationship at the Edge of Europe



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Polar Research and Policy Initiative

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Executive Summary

Greenland is one of the UK's largest and most important food sources. It is the largest import source of cold-water prawns and a significant source for other North Atlantic species, such as cod, haddock, halibut and snow crab. As Greenland does not export simply finished products to the UK, but mostly semi-finished products that undergo value addition in the UK, there is an entire value chain built around Greenlandic products within the UK that includes importers, processors, manufacturers, wholesalers, distributors, retailers, fish and chips shops, pubs and restaurants.

Although fish accounts for nearly all of Greenland's current exports to the UK, emerging sectors such as mining are of great interest to the UK as well. Greenland's vast resource potential, especially in relation to rare earth elements and other critical minerals, makes it strategically important to the UK and its North American and European allies – whether for defence, renewable energy or the tech industry – as they seek to reduce their dependence on China and build secure, stable and sustainable supply chains. Today, 12 UK companies hold 28 mineral exploration or prospecting licenses in Greenland, a clear majority.

There are also four UK entities holding licenses for energy exploration in Greenland, at least one UK firm exploring water and ice export opportunities from Greenland, and, albeit not trade, a substantial UK research community engaged with research projects in Greenland. Greenland's waterways and airways, as well as port and airport infrastructure, are also of strategic interest to the UK, and both Greenland and the UK face similar – and often linked – opportunities and challenges arising from a changing Arctic. The UK is already one of the leading sources of tourists in Greenland.

Undoubtedly the most urgent matters for the UK and Greenland to address are the implications of the UK's withdrawal from the EU on Greenland's current fish exports and future mineral resource exports. Although Greenland formally withdrew from the EEC/EU in 1985, it remains an autonomous constituent realm of the Kingdom of Denmark, with Denmark still a member of the EU. This has enabled Greenland to become an Overseas Country and Territory (OCT) to the EEC/EU and, along with other OCTs, to have tariff-free, quota-free preferential access to the EU (and the UK) under the EU-OCT arrangement.

Now that the UK has formally withdrawn from the EU, UK-Greenland trade will no longer fall within the scope of the EU's relationship with the OCTs. Once the transition period ends on 31 December 2020, there is the risk, thus, of significant trade disruption, with new tariffs automatically imposed on Greenland. This will adversely affect Greenland's economy and industry, as Greenland's fish exports to the UK constitute more than 10% of its total exports, but it will have an even greater negative impact on the UK processing, retail and foodservice industries and UK end-users.

Disruption to UK-Greenland trade will threaten UK jobs and investment, undermine specialist industries and regional economies in the UK, result potentially in food shortages or bottlenecks, and cause UK consumers to have less choice and pay higher prices for alternative products of a lower quality. In the interest of trade continuity, it is vital for the UK and Greenland to negotiate a bilateral trade agreement that replicates the principles and provisions underpinning the EU's arrangement with the OCTs, within the scope of which UK-Greenland trade was covered thus far.

A trade deal between these two outward-looking island countries that share a long and rich history of trade and cultural exchange, both located at the edge of Europe and both incidentally the first to leave the EU, is the easiest deal the UK Government could ever make. Yet, it is a deal that would be crucial to the UK's regional economies, international trade, industrial strategy and business growth, food security, water security, mineral resource security, climate and energy policy, fisheries policy and, indeed, foreign policy and defence and security.

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1. UK-Greenland Trade: A Historical Overview

The UK shares a long and rich history of trade and cultural exchange with Greenland, evident as early as the tenth century, in the emerging network of Norse settlements across the North Atlantic, and more so since the late-sixteenth century, in the exploration of the North-East Passage and North-West Passage and the growing prominence of England and Scotland as whaling nations in the Greenland Sea and Davis Strait fisheries. Over the coming centuries, it was so significantly that the Greenland trade influenced fashions across Britain; contributed to its public health and sanitation; lit up its homes, mills, streets, towns, ports and warehouses; powered the Industrial Revolution; and granted the UK and its allies a strategic advantage in global wars that it would not be far-fetched to say that Greenland played a pivotal role in the making of modern Britain.



Figure 1: The Lewis Chessmen, British Museum
© The Trustees of the British Museum CC BY-NC-SA 4.0

For anyone seeking to probe the early ties between the UK and Greenland, there are few artefacts more captivating than the world-famous Lewis chessmen, created in the 12th century and discovered in 1831 on Lewis in the Outer Hebrides. Although their precise origin is still debated, these chess pieces, which now sit at the British Museum in London and the National Museum of Scotland in Edinburgh, are believed to have been fashioned in Norway, from walrus ivory and whale teeth harvested in Greenland, before they may have been hidden or lost in the Outer Hebrides, probably en route to a Norse settlement in Ireland. They indicate how interconnected the Norse settlements – despite their independence – may have been, weaving together places as far apart as Greenland, Iceland, Faroe Islands, the Inner and Outer Hebrides, the Isle of Man, the Islands of the Firth of Clyde, Caithness, Sutherland, Orkney, Shetland and Norway in a North Atlantic web.

However, it was mainly from the 16th century that there emerged a growing number of English scholars, merchants and adventurers who called for a new focus on the North, which led eventually to a greater interest in Greenland.[1] In 1531, Robert Thorne, a merchant and cosmographer, wrote to Henry VIII, "there is left one way to discover, which is into the North: for that of the foure parts of the worlde it seemeth three partes are discovered by other Princes."[2] 10 years later, Roger Barlow, another merchant and adventurer, urged that England looks to the "waie of the North", given the "waie of the orient" and "waie of the occydent" had been assigned already.[3] The increasing interest in Northern routes in subsequent decades, driven by the promise of shorter voyages to Asia and North America and the prospect of new lucrative markets for England's woollen cloth, led to the creation of the Muscovy Company and triggered what would become a centuries-long fascination with Arctic exploration across the British Isles. The early expeditions to both the east and west of Greenland opened up new possibilities for Greenland trade, arising especially from whaling and sealing, in the Greenland Sea on the one hand and in the Davis Strait on the other.

1 Wallis, H., "England's Search for the Northern Passages in the Sixteenth and Early Seventeenth Centuries", *Arctic*, Vol. 37, No. 4, Unveiling the Arctic (December 1984), pp.453-72.

2 Thorne, R., "A declaration of the Indies...", in Hakluyt, R., *Divers Voyages touching the discoverie of America* (London, 1582).

3 Taylor, E.G.R. (ed.), *A Brief Summe of Geographie, by Roger Barlow* (London: Hakluyt Society, 1932).

What drove the Greenland trade in Britain was the demand for whale oil and whalebone. Whale oil was used to make soap from at least the 16th century.[4] It was also used in candles and oil lamps that lit up Britain's expanding ports, towns and cities: benefiting from the Greenland trade, by 1713, Hull was lit by streetlights, and by the 1740s, London was arguably the best lit city in the world, with more than 5,000 street lamps.[5] Over the course of the 18th and 19th centuries, the woollen textile industry, which grew rapidly during the Industrial Revolution, required large volumes of whale oil to cleanse wool before it was spun into yarn. Even if whale oil was not suitable for the manufacture of fine cloths, it worked well on coarse cloths, prompting its use to process army cloth and jute. From the 1820s, Scotland developed a flourishing jute industry, with Dundee hosting 62 jute mills employing around 50,000 workers at one point. As Dundee's imports of jute grew from 30,000 tonnes in the mid-1850s to more than 200,000 tonnes in the late-1880s and 1890s, so did its whaling industry, needing to supply the jute mills with whale oil.[6] Britain needed whale oil to lubricate the machinery in its burgeoning mills, factories and mines; light up its lighthouses; and supply paint, putty and varnish to its buildings. The Greenland trade, thus, was a major driver of the Industrial Revolution, which shaped modern Britain and the world.

The Greenland trade also influenced women's fashion in Britain over the centuries, with whalebone being used in the Spanish farthingales popular from the 1530s to the 1580s; the French farthingales popular from the 1580s to the 1620s; the evolving bodies, stays and bodices of the 16th-18th centuries; the hoop petticoats that grew fashionable in 1709 and died out by 1820; the Victorian crinolines, crinolettes, bustles and corsets of the mid- and late-19th centuries; and the Edwardian high collars and bust bodices of the early-20th century; before they gave way to the lighter girdles of the 1920s and 1930s. The Greenland trade also influenced men's fashion in Britain: while whalebone had been used to stiffen men's corsets, waistcoats and collars, the Scottish Highlanders long used sealskin to make the sporrans worn over the kilts in traditional Highland dress. The interdependence between the Scottish sporran-making industry and the sealskin producers in Greenland, Canada and Norway is further evidence of the strong cultural and economic connections between the UK and the Arctic, and it explains why the EU's 2009 ban on importing seal products was met with opposition in both Greenland and Scotland. Whalebone also made its way to hooped bonnets, umbrella spines, spectacle frames, walking sticks, combs, cutlery, sieves, fine nets, fishing rods, fences, ornamental blinds, upholstery, bed-springs and bed-bottoms, brushes, carriage springs and carriage whips, reflecting the extent to which the Greenland trade influenced daily life, culture and luxury in modern Britain.



Figure 2: Boned bodice using whalebone, England, 1660s
© Victoria and Albert Museum, London.

Ports across the length and breadth of Britain were involved in the Greenland trade. Dispatching 71% of England's and 51% of British whalers in 1753, London was undoubtedly the single most important centre of whaling. Following the American Revolution, the number of Greenland whalers in Britain grew from 44 in 1782 to 102 in 1784: by 1787-88, there were 250 British vessels engaged each year in the Greenland fishery, involving 23 ports (13 in England and 10 in Scotland) and employing around 10,000 men.[7] Other important English and Welsh centres of the Greenland trade were Hull, Yarmouth, Liverpool, Newcastle, Whitby, Sunderland, Stockton, Grimsby, King's Lynn, Ipswich, Berwick, Exeter, Dartmouth, Scarborough, Milford Haven and Whitehaven. Between 1753 and 1833, Whitby was home to 55 whaling ships that brought back 25,000 seals and 2,761 whales.[8] Scotland played a key role in Arctic whaling in the Greenland

4 Jackson, G., *The British Whaling Trade* (Liverpool: Liverpool University Press, 2005), p.17.
5 Jackson, G., *The British Whaling Trade* (Liverpool: Liverpool University Press, 2005), p.49.
6 Jackson, G., *The British Whaling Trade* (Liverpool: Liverpool University Press, 2005), p.135.
7 Jackson, G., *The British Whaling Trade* (Liverpool: Liverpool University Press, 2005), pp.61, 64.
8 "The Era of Daring Whitby Whalers", *Whitby Gazette*, 6 December 2016.

Sea, Davis Strait, Baffin Bay and Newfoundland. Between 1750 and 1910, there were 3,641 whaling voyages cleared from 16 Scottish centres.[9] Scottish ports with Greenland whaling connections include Edinburgh (Leith, Borrowstounness, Grangemouth and Queensferry), Glasgow, Campbeltown, Aberdeen, Dunbar, Dundee, Greenock, Anstruther, Montrose, Alloa, Peterhead, Banff, Kirkcaldy, Kirkwall, Burntisland and Fraserburgh.

Several places in Greenland even today bear the names of British explorers and scholars, as well as their patrons, perhaps most famously Davis Strait, Nares Strait, Baffin Bay and Melville Bay. Many of Greenland's most prominent geographic features also carry British toponyms, such as its highest mountain range (Watkins Range), its third largest island (Milne Land), the world's largest fjord system (Scoresby Sund) and the world's only fjord fed by four glaciers (Wolstenholme Fjord) – "the world's largest ice machine". Conversely, reflecting Britain's long history of exploration, whaling and fishing in and around Greenland, there are places and features across the UK that still incorporate Greenland in its name, such as Greenland Dock in London, Greenland Street in Liverpool, Greenland Fishery Hotel in Cheshire and Greenland Fishery House in King's Lynn. What is particularly noteworthy is the extent to which Greenland looms large in British traditional music, from sea shanties, such as *The Greenland Whale Fishery*, *Farewell to Tarwathie*, *The Cold Coast of Greenland* (also *The Sperm Whale Fishery*), *The Twenty-Third of March* (also *The Whale Catchers*), *The Bonny Ship the 'Diamond'*, *Greenland Bound* and *The 'Balaena'*, to hymns, such as *From Greenland's Icy Mountains*.

Table 1: Places in Greenland with British Names	
Straits	Davis Strait (after John Davis), Nares Strait (after Vice-Admiral Sir George Nares)
Sounds	Davy Sound (Sir Humphry Davy), Bylot Sound (Robert Bylot), Smith Sound (Sir Thomas Smythe), Murchison Sound (Roderick Murchison), Young Sound (Thomas Young)
Bays	Baffin Bay (William Baffin), Melville Bay (Robert Dundas, 2nd Viscount Melville), North Star Bay (HMS North Star), Mackenzie Bay (Sir George Steuart Mackenzie)
Fjords	Scoresby Sund (William Scoresby), Wolstenholme Fjord (Sir John Wolstenholme), Inglefield Gulf (Edward Augustus Inglefield); Fleming Fjord (John Fleming), Courtauld Fjord (Augustine Courtauld), Watkins Fjord (Gino Watkins)
Islands	Milne Land (Admiral Sir David Milne), Clavering Island (Douglas Clavering), Carey Islands (Allwyn Carey), Franklin Island (Sir John Franklin), Crozier Island (Francis Crozier) and Saunders Island (Captain James Saunders)
Peninsulas	Hudson Land (Henry Hudson), Liverpool Land (Liverpool), Jameson Land, Lyell Land (Sir Charles Lyell)
Mountain Ranges	Watkins Range (Gino Watkins), Lemon Range (Captain Percy M. Lemon), Prince of Wales Range, Murchison Range (Roderick Murchison)
Glaciers	Courtauld Glacier (Augustine Courtauld), Wordie Glacier (Sir James Wordie)

By the early-20th century, hydrogenation had allowed for oil to be hardened into a solid fat, providing impetus to the production of soap and also margarine. During the First World War, Britain also used whale oil to derive the glycerine necessary to make the cordite used in its artillery shells and small arms ammunition; make high-quality lubricants for its rifles, military machines, watches and chronometers; manufacture jute fabric sandbags to line its trenches; protect its soldiers from trench foot and the cold; and supply margarine and soap for domestic consumption.[10] By this time, however, the focus of British whaling had long since shifted from Greenland to waters new, and as the century progressed, the industry itself waned in relevance and popularity. By the second half of the 20th century, other fisheries, such as prawns, cod, haddock and crab, came to dominate Greenland's trade with the UK so entirely that Greenland has re-emerged as one of the UK's most important trade partners for fish and fish products and, consequently, one of the UK's largest food sources, integral to the UK's food security. Many of the UK's most iconic dishes, such as fish and chips and fish pies, and most popular seafood preparations, such as prawn cocktails and prawn sandwiches, often use fish and fish products originating in Greenland.

[9] Whaling History, "Scottish Arctic Whaling Voyages": https://whalinghistory.org/sv/voyages/

[10] Imperial War Museum, "Why whales were vital in the First World War": https://www.iwm.org.uk/history/why-whales-were-vital-in-the-first-world-war

So pivotal is the fisheries sector now to Greenland's external trade that, in 2019, Greenland's total fish exports accounted for approximately 92% of Greenland's total exports of goods, by value, while the sector itself accounted for around 25-30% of Greenland's GDP, direct, indirect and induced effects. If the block grant from Denmark is excluded from the equation, then the fisheries' share of Greenland's GDP is estimated to be as high as 70-80%. Furthermore, the UK is one of the largest markets for Greenland's fish and fish products. Just Greenland's exports to the UK – comprising almost entirely of fish exports – was valued at around GBP 67.6 million (DKK 575.1 million) in 2019, accounting for over 10% of Greenland's total exports and more than 11% of Greenland's fish exports that year. In 2018, Greenland's fish exports to the UK was valued even higher at nearly GBP 75.3 million (DKK 634.2 million). The UK today is a significant market for Greenland cold-water prawns, particularly cooked and peeled (C&P), with Greenland's exports of C&P cold-water prawns to the UK accounting for 35.24% of Greenland's total exports of C&P cold-water prawns in 2019. Likewise, Greenland's exports of cod to the UK accounted for 27.71% of Greenland's total exports of cod, by value. There is also a substantial value chain that has developed around Greenlandic seafood in the UK, one that includes UK importers, processors, manufacturers, traders, distributors, wholesalers, retailers and foodservice channels (such as fish and chips shops, pubs and restaurants).

Moving beyond fisheries, Greenland's vast potential in other valuable resources, such as minerals and oil and gas, has also attracted British interest. Geologists, prospectors and explorationists from the UK have been instrumental in surveying and mapping the geology, as well as energy and mineral resources, of Greenland for the better part of two centuries. UK energy firms, such as BP, Royal Dutch Shell and Cairn Energy, have been a key feature of Greenland's oil and gas exploration landscape. Likewise, the largest UK mining firms, Glencore, BHP, Rio Tinto and Anglo American, have been involved in Greenland at various points. The UK remains relevant to Greenland today as a world-leading centre of energy and mining expertise, the leading centre of global energy and mining finance, and home to some of the world's biggest and most visible energy and mining companies. At present, there are 12 British companies holding 28 mineral exploration and prospecting licenses in Greenland (a clear majority), four UK entities holding licenses for oil and gas exploration in Greenland, at least one UK firm exploring water and ice export opportunities from Greenland, and, albeit not trade, a substantial UK research community engaged with research projects in Greenland.

Over the past 50 years, Greenland's formal relationship with the UK has been determined, to a large extent, by its status within the Kingdom of Denmark and by its relationship with the EU. In 1982, three years after obtaining Home Rule from Denmark in 1979, Greenland held a referendum on its membership of the EEC, with 53% of the voters voting against continued membership. Another three years later, in 1985, the Greenland Treaty formalised Greenland's withdrawal from the EEC, making it the first country to leave the EEC (EU) by referendum. Nevertheless, while no longer a member of the EEC, Greenland was still an autonomous constituent realm within the Kingdom of Denmark, with Denmark remaining a member of the EEC, enabling Greenland to become an Overseas Country and Territory (OCT) to the EEC in 1985. Consequently, along with other OCTs including the 14 British Overseas Territories, Greenland retained some integration with the EU's Single Market via various association agreements and has benefited from tariff-free, quota-free preferential access to the EU, including the UK.

On 23 June 2016, the UK held a referendum on its membership of the EU, with a majority of 51.9% voting in favour of the UK leaving the EU. On 31 January 2020, the UK formally left the EU, though it has entered a transition period until 31 December 2020 during which it remains within the EU's Single Market and Customs Union. The UK's withdrawal from the EU has serious implications for Greenland-UK trade: in the absence of an agreement that replicates the principles and provisions in the EU-OCT arrangement that underpinned UK-Greenland trade thus far, there is a real risk of significant trade disruption. As many OCTs, including Greenland, have competence for trade, and as the EU does not have competence for trade for the OCTs, it is not possible for the EU to negotiate such an agreement on Greenland's behalf or for Greenland to be included in any UK-EU agreement on trade arrangements for the OCTs. Furthermore, as Greenland opted out of the EU, the EU cannot include Greenland on the EU side of any future UK-EU agreement on trade. Consequently, what is crucial for trade continuity is a bilateral UK-Greenland trade agreement that ideally replicates the principles and provisions in the EU-OCT arrangement.

2. UK-Greenland Trade: The Importance of Fish

2.1. Fisheries: The Foundation Stone of Greenland's Economy and Trade

Fisheries is the sector that is most important to Greenland's economy: it is a major source of revenue and employment, and is crucial to Greenland's external trade – with the UK, the EU and the world.

Revenue:

- Fishing and other related industries generate around a third of the revenues generated by companies in Greenland.[11]
- The value added, generated by the companies, is greatest within fishing and other related industries, accounting for a third of the total value added in Greenland.[12]

Employment:

- If one were to look at the average number of persons in Greenland mainly employed by a particular industry per month, fishing and other related industries employed more than 16% of the main employed persons in 2018.[13]
- If one were to look at the number of persons in Greenland mainly employed by a particular industry for at least one month in the year, then fishing and other related industries employed nearly 23% of the main employed persons in 2018.[14]

Exports:

- In 2019, Greenland's fish exports (approx. GBP 595.6 million or DKK 5.1 billion) accounted for 91.85% of Greenland's total exports of goods (approx. GBP 648.5 million or DKK 5.5 billion) by value. As reflected in Table 2, fish products – just under heading 3 – accounted for 91.77% of Greenland's exports to the world in 2019.
- As reflected in Table 3, which includes fish products under heading 3 and other relevant headings, the most important species (by value) are prawns, Greenland halibut, cod, mackerel and snow crab.

Table 2: Value of import and export by SITC, 2019 (DKK)

	2019	
	Import	Export
0-97 Total	**6,585,310,332**	**5,517,681,172**
00-09 Provisions and livestock, total	926,817,251	5,067,923,531
03 Fish (not marine mammals), crustaceans, molluscs and aquatic invertebrates, and preparations thereof	*40,178,281*	*5,063,644,083*
11-12 Alcoholic beverages and tobacco, total	175,341,719	56,220
21-29 Raw materials, inedible, total	36,937,240	7,882,289
32-35 Mineral fuels and lubricants, etc., total	866,219,780	3,862
41-43 Animal or vegetable fats and oils, total	5,421,971	300
51-59 Chemicals and chemical products	278,277,746	196,519
61-69 Manufactured products, mainly semi-manufactured products, total	704,631,957	5,698,751
71-79 Machinery and transport equipment, total	2,856,820,405	315,275,708
81-89 Manufactured products, total	603,183,413	11,719,744
93-97 Miscellaneous articles and transactions, total	131,658,851	108,924,248

Source: http://bank.stat.gl/pxweb/en/Greenland/Greenland__IE/IEXSITC.px

[11] *Greenland in Figures 2020* (Statistics Greenland, 2020), p.23.
[12] *Greenland in Figures 2020* (Statistics Greenland, 2020), p.23.
[13] http://bank.stat.gl/pxweb/en/Greenland/Greenland__AR__AR30/ARXBFB7.px
[14] http://bank.stat.gl/pxweb/en/Greenland/Greenland__AR__AR30/ARXBFB7.px

Table 3: Exports of fish products from Greenland			
	2019		
	DKK	GBP	Tonnes
Exports of fish products, total	**5,068,132,000**	**595,596,368**	**176,325**
Prawns total	**2,505,033,000**	**294,386,286**	**61,857**
Shell prawns, frozen	*1,311,074,000*	*154,074,699*	*43,040*
Prawns, cooked and peeled (C&P)	*1,193,958,000*	*140,311,470*	*18,817*
Other prawns	*0*	*0*	*0*
Cod total	**503,976,000**	**59,226,215**	**18,704**
Cod, frozen whole	*394,654,000*	*46,378,920*	*16,191*
Cod, dried or salted/whole or fillet	*13,019,000*	*1,529,966*	*451*
Cod, frozen fillet	*95,996,000*	*11,281,251*	*2,041*
Other cod	*307,000*	*36,078*	*20*
Greenland halibut total	**1,461,295,000**	**171,728,360**	**36,603**
Greenland halibut, frozen whole	*1,165,493,000*	*136,966,322*	*29,745*
Greenland halibut, fillet	*191,036,000*	*22,450,155*	*2,666*
Greenland halibut, smoked	*0*	*0*	*0*
Greenland halibut, n.e.s.	*104,765,000*	*12,311,766*	*4,192*
Scallop	**3,321,000**	**390,277**	**46**
Snow crabs	**159,301,000**	**18,720,723**	**1,677**
Lumpfish caviar	**64,577,000**	**7,588,955**	**880**
Other fish total	**365,402,000**	**42,941,286**	**55,927**
Capelin (fresh or frozen)	*1,596,000*	*187,559*	*172*
Wolffish (fresh or frozen)	*3,099,000*	*364,188*	*311*
Atlantic halibut (fresh or frozen)	*107,000*	*12,574*	*2*
Haddock (fresh or frozen)	*9,564,000*	*1,123,941*	*338*
Redfish (fresh or frozen)	*24,266,000*	*2,851,690*	*1,278*
Coalfish (fresh or frozen)	*2,891,000*	*339,744*	*254*
Atlantic herring (fresh or frozen)	*22,489,000*	*2,642,861*	*2,981*
Greenland cod (fresh or frozen)	*0*	*0*	*0*
Mackerel (fresh or frozen)	*259,852,000*	*30,537,268*	*30,473*
Other fishes n.e.s. (frozen)	*41,540,000*	*4,881,695*	*20,118*
Other fish products total	**5,229,000**	**614,501**	**633**
Other fish products	*741,000*	*87,081*	*36*
Fish meal	*4,243,000*	*498,629*	*592*
Fish oil	*0*	*0*	*0*
Residual products of fish, fish waste	*244,000*	*28,674*	*5*

Source: Greenland Statistics. www.stat.gl

Key Actors:

- Greenland's fishing industry is dominated by two companies, Royal Greenland and Polar Seafood.
- Trading since 1774, Royal Greenland, which is 100% owned by the Government of Greenland, is the oldest and largest fishing company in Greenland, the largest employer in Greenland and the world's largest supplier of cold-water prawns and Greenland halibut.
- Established in 1984, Polar Seafood is the largest privately owned fishing company in Greenland, the largest privately owned company in Greenland more generally, one of the largest employers in Greenland and one of Scandinavia's leading seafood exporters.
- Among the newer actors is Arctic Prime Fisheries, founded in 2006, that today is partly owned by Brim (one of Iceland's biggest fishing companies) and partly by Greenlandic investors.

2.2. Greenland's Trade with the UK: The Dominance of Fish and Fish Products

- The export of fish and fish products makes up almost all of Greenland's current exports to the UK.
- In 2019, Greenland's exports to the UK was valued at DKK 575.1 million (GBP 67.6 million), accounting for 10.42% of Greenland's total exports and 11.35% of Greenland's fish exports.
- Greenland's fish exports to the UK, moreover, is surpassed only by its fish exports to the EU27, China (~DKK 1.5 billion) and Japan (~DKK 800 million), making the UK its 4th largest export partner.

Table 4: Greenland's fish exports by value, 2019		
	DKK	GBP
Total exports of goods to the world	5,517,681,172	648,426,455
Total fish exports to the world	5,068,132,000	595,596,368
Fish exports to Denmark	*4,559,732,603*	*535,850,325*
Fish exports to UK	*575,140,811*	*67,589,356*

- While the UK is also a major fish producer and has some of the most bountiful fishing grounds in its waters, the UK famously exports much of what it catches and imports much of what it consumes.
- Much of the UK's fish imports do not detract from UK fishermen or the UK fishing industry, because the demand in the UK is much greater than what UK fisheries can supply.
- In 2019, the UK imported 687,000 tonnes of seafood to the value of GBP 3.3 billion.[15]
- The UK imports much of the seafood it consumes from its North Atlantic and Arctic neighbours: Iceland, Greenland, Faroe Islands, Denmark, Norway and Sweden.
- Denmark (with Greenland included, in UK trade statistics) is consistently among the UK's Top 10 import sources, with a large portion of Denmark's fish exports to the UK originating in Greenland.[16]
- In 2019, as an import source for the UK by value, Denmark (including Greenland) ranked:
  - 1st for prawns Crangon spp. and cold-water prawns (accounting for 77.6% and 52.8% of the UK's imports respectively), Atlantic halibut (55.6%), crab (20.9%), mackerel (37.2%), freshwater crayfish (45%), Mussell Mytilus spp. (43.9%), and trout (27.5%);
  - 2nd for redfish, Norway lobster, rock lobster and sea crawfish;
  - 3rd for Greenland halibut, hake, common sole, catfish, grenadier, and caviar, livers and roes;
  - 4th for albacore tuna;
  - 5th for haddock, scallops, clams and European plaice;
  - 6th for cod, saithe (coalfish), turbot, ling, Alaska pollock, cuttlefish, eel and lobster Homarus spp.;
  - 7th for whiting, herring, seabream (gilthead) and other flatfish; and
  - 8th for ray, squid, monkfish, salmon and European seabass.[17]
- The importance of Greenland as an import source for the UK is even greater than it appears, as:
  - Greenland is nearly always included within Denmark for the purposes of UK trade statistics, thus making it difficult to distinguish exports from Greenland from exports from Denmark.
  - Most of Greenland's fish is sent mainly to Denmark for clearing and/or processing/repackaging, and some to other countries, such as Poland, Germany and Ukraine, for processing, before being re-exported to the UK, so there may be a significant portion of fish exports from Denmark and other countries to the UK comprising fish or fish products originally from Greenland.
  - A large part of Greenland's fish exports to the UK are semi-finished products that are further processed in the UK and create values and jobs locally in the UK.
- Consequently, while any disruption in Greenland-UK trade will adversely affect Greenland's fish producers and exporters, they will have a greater negative impact on UK consumers and businesses:
  - Threatening one of the UK's traditional food sources and undermining UK food security;
  - Damaging the value chain developed within the UK around products originating in Greenland;
  - Undermining local/regional economies in the UK that rely on value addition to seafood products;
  - Risking jobs and investments in the UK.

15 Seafish, *2019 UK Seafood Import Factsheet* (March 2020).
16 Seafish, *2019 UK Seafood Import Factsheet* (March 2020).
17 https://public.tableau.com/profile/seafish#!/vizhome/SeafishTradeandTariffTool/

2.3. What Fish and Fish Products does the UK import from Greenland?

- Among the top species imported into the UK more generally are salmon, cod, tuna, prawns, haddock, pollock, mackerel, saithe, halibut and crab.
- Among the top species imported into the UK from Greenland are cold-water prawns, cod, haddock, saithe, Greenland halibut and snow crab.
- Much of the cold-water prawns consumed in the UK comes from Greenland, which serves as the UK's principal cold-water prawn basket. Cooked and peeled (C&P) prawns are particularly popular in the UK: in 2019, Greenland's exports of C&P cold-water prawns to the UK (valued at nearly GBP 50 million or DKK 421 million) accounted for more than a third (35.24%) of Greenland's total exports of C&P cold-water prawns (valued at nearly GBP 140.5 million or DKK 1.2 billion).



Figure 3: Greenland cold-water prawns at Polar Seafood's prawn processing factory. © Polar Seafood

- Greenland is also a significant source of cod and, to a lesser extent, haddock for the UK, species associated with the UK's most iconic dishes, such as fish and chips and fish pie. In 2019, Greenland's cod exports to the UK by value (nearly GBP 16.5 million or DKK 140 million) accounted for over a quarter (27.71%) of Greenland's total cod exports by value (nearly GBP 60 million or DKK 504 million). Furthermore, much of Greenland's cod and haddock exported to the UK are fillets, for which 1 kg of product requires approximately 3 kg of cod or haddock in live weight caught from the sea.



Figure 4: Workers at Royal Greenland quality checking the fish © Filip Gielda – Visit Greenland



Figure 5: Snow crab and halibut. © Royal Greenland

- Greenland also exports saithe, Greenland halibut and snow crab to the UK.
- The exports of saithe and Greenland halibut from Greenland to the UK more than doubled from 2018 to 2019.
- The exports of snow crab from Greenland to the UK nearly quadrupled over the same period.

- Table 5 offers a product breakdown of Greenland's fish exports to the UK in 2018 and 2019.

Table 5: Export / Sales of fish products from Greenland to the UK

Fish products with Greenland origin				
Product	**Sales value, GBP (000s)**		**Sales value, DKK (000s)**	
	2018	**2019**	**2018**	**2019**
Prawns, Cooked & Peeled (C&P)	58,630	49,440.8	493,923.7	420,708.6
Prawns, shell on	1,182.6	226.2	9,962.7	1,924.5
Prawns, brined	282.1	270.2	2,376.5	2,299.2
Cod	14,173.4	16,409.8	119,402.7	139,636.6
Haddock	854.9	869.7	7,202	7,400.6
Saithe	55	106.7	463.3	908
Greenland halibut	55	106.7	463.3	908
Snow Crab	44.2	159.3	372.4	1,355.5
Total	**75,277.2**	**67,589.4**	**634,166.7**	**575,140.8**

- The figures above are based largely on sales of Royal Greenland and Polar Seafood, the two largest companies that dominate the fishing industry in Greenland and Greenland's fish exports to the UK.
- In 2020, a third company in Greenland, Arctic Prime Fisheries (APF), bought a large modern factory trawler that only produces frozen-at-sea cod fillets to sell to the UK's fish and chips markets. As APF started fishing and producing fillets with its new trawler only in August 2020, its exports for 2020 are projected to be around GBP 7.31 million (or DKK 60 million). In 2021, however, APF expects the export value of its cod products to the UK to be around GBP 17 million (DKK 140 million).

- As much of Greenland's fish heads to Denmark first for clearing or processing before it is re-exported to the UK, the volumes and values of some of Greenland's fish exports to the UK may be underreported (accounted for under Denmark's fish exports to the UK instead), and there may be other species listed under Denmark's exports to the UK that are not listed in the table above, but that actually originate in Greenland. Here are a few examples:
- **Crab:** In 2019, Denmark was the UK's largest import source of crab by volume, with the UK importing 1,633 tonnes of crab from Denmark (accounting for 28.1% of the UK's total imports of crab). That same year, Greenland exported 1,787.3 tonnes of crab to Denmark.[18]
- **Redfish:** In 2019, Denmark was the UK's 2nd largest import source of redfish by volume, with the UK importing 367 tonnes from Denmark (accounting for 7.7% of the UK's imports of redfish). That same year, Greenland exported 305.8 tonnes of redfish to Denmark.[19]

[18] https://public.tableau.com/profile/seafish#!/vizhome/SeafishTradeandTariffTool/
[19] https://public.tableau.com/profile/seafish#!/vizhome/SeafishTradeandTariffTool/

- **Mackerel:** In 2019, Denmark was the UK's 2nd largest import source of mackerel by volume, with the UK importing 9,378 tonnes from Denmark (accounting for 27.3% of the UK's imports of mackerel). That same year, Greenland exported 7,561 tonnes of mackerel to Denmark.[20]
- **Greenland Halibut:** In 2019, Denmark was the UK's 3rd largest import source of Greenland halibut by volume (91.9 tonnes or 11.2%). That same year, Greenland exported 33,879 tonnes of Greenland halibut to Denmark.[21]
- **Saithe:** In 2019, Denmark was the UK's 7th largest import source of saithe by volume, with the UK importing 48 tonnes from Denmark. That same year, Greenland exported roughly 107 tonnes of saithe to Denmark.[22]

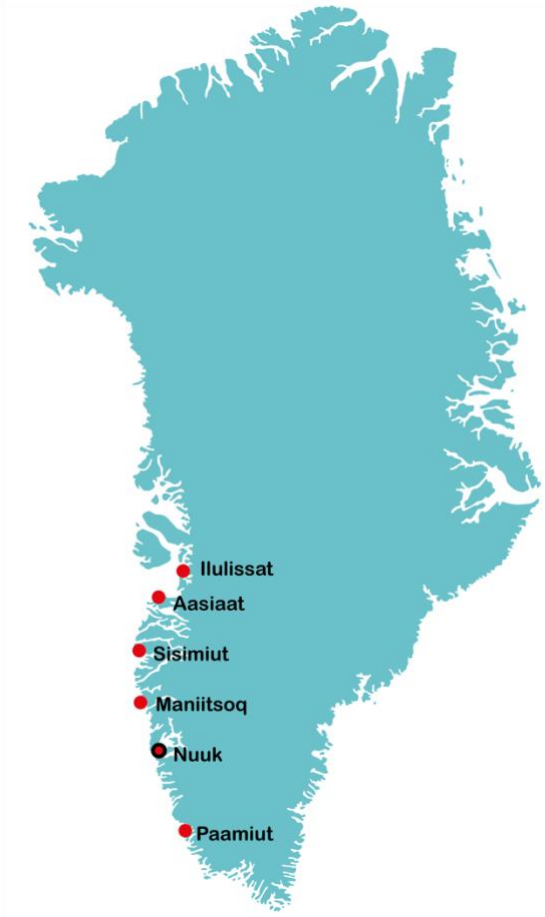
- While it is not for the UK to decide whether or not, or how, Denmark and Greenland should distinguish their exports to the UK from each other, there are certain approaches that the UK could take that would help it to monitor, report, analyse, protect and promote UK-Greenland trade better:
  - Recognise the full importance of Greenland as an import source for the UK, with respect to the UK's fish imports clearly originating in Greenland, as well as the UK's fish imports from Denmark – as also other countries, such as Poland, Germany and Ukraine – that originate in Greenland.
  - Recognise the full importance of Greenland as a trade partner for the UK, with respect to the UK's imports of finished products from Greenland, as well as the UK's imports of semi-finished products from Greenland that undergo value addition in the UK.
  - When compiling a list of HS Codes to decide on the preferential tariffs to be applied to products originating in Greenland upon their importation into the UK, include and consider the HS Codes for fish products exported from Greenland to the UK, as well as for fish products exported from Greenland to Denmark that also feature in the list of fish products exported from Denmark to the UK. We have compiled such a list and provided it at the end of this report.



Figure 6: A Polar Seafood trawler harvesting Greenland cold-water prawns. © Polar Seafood

[20] https://public.tableau.com/profile/seafish#!/vizhome/SeafishTradeandTariffTool/
[21] https://public.tableau.com/profile/seafish#!/vizhome/SeafishTradeandTariffTool/
[22] https://public.tableau.com/profile/seafish#!/vizhome/SeafishTradeandTariffTool/

2.4. Where do the UK's Fish Imports from Greenland originate?



The following municipalities and towns produce fish products (on land) that are exported to the UK:

- **Avannaata Municipality**
  - *Town of Ilulissat:*
    Production of cooked and peeled cold-water prawns, Greenland halibut and cod.
- **Qeqertalik Municipality**
  - *Town of Aasiaat:*
    Production of prawns, Greenland halibut and snow crab.
- **Qeqqata Municipality**
  - *Town of Sisimiut:*
    Production of cooked and peeled prawns, snow crab and cod.
  - *Town of Maniitsoq:*
    Production of cod and Greenland halibut.
- **Sermersooq Municipality**
  - *Capital. Nuuk:*
    Production of cooked and peeled prawns, cod and snow crab.
  - *Town of Paamiut:*
    Production of snow crab, cod and Greenland halibut.

The production of the relevant fish products is distributed between the towns listed above as follows:

- **Cold-water prawns, cooked and peeled**
  - To produce 1 kg of cooked and peeled cold-water prawns, one needs 3 kg raw prawns.
  - The biggest production of cooked and peeled prawns is in:
    - Ilulissat - approximately 16,000 tonnes of landed raw prawns in 2019
    - Sisimiut - approximately 13,000 tonnes of landed raw prawns in 2019
    - Nuuk - approximately 10,000 tonnes of landed raw prawns in 2019
    - Aasiaat - approximately 10,000 tonnes of landed raw prawns in 2019.
- **Cod**
  - The biggest production of cod is in:
    - Nuuk - approximately 8,500 tonnes of live weight cod landed in 2019
    - Maniitsoq - approximately 5,000 tonnes of live weight cod landed in 2019.
- **Snow crab**
  - The production of snow crab is more evenly spread among Aasiaat, Sisimiut, Nuuk and Paamiut.
- **Greenland halibut**
  - There is only a marginal quantity of Greenland halibut exported to the UK from Greenland.
- **Other**
  - Prawns with shell on, cod fillets, haddock fillets and Saithe fillets produced on factory trawlers are also partly exported to the UK.



Figure 7: Town of Ilulissat. © Dwayne Menezes – Polar Research and Policy Initiative



Figure 8: Town of Aasiaat. © Filip Gielda - Visit Greenland



Figure 9: Town of Sisimiut. © Dwayne Menezes - Polar Research and Policy Initiative



Figure 10: Town of Maniitsoq. © Filip Gielda - Visit Greenland



Figure 11: The capital, Nuuk. © Elia Locardi - Visit Greenland



Figure 12: Town of Paamiut. © Aningaaq R Carlsen - Visit Greenland

2.5. How Sustainable are the Fisheries relevant to Greenland's Exports to the UK?

- While fish stocks can be sustainable without being certified, the MSC certification - granted by the London-headquartered non-profit organisation Marine Stewardship Council (MSC) - has become the best-known sustainability certification globally and is trusted as an independent sustainability standard that certifies a fishery is committed to stock management and environmental efforts more generally.
- In Greenland, Sustainability Fisheries Greenland is the central body dealing with MSC applications and pre-assessments in close cooperation with fishers, researchers and industry. Greenland's principal seafood producers cooperate closely with Sustainability Fisheries Greenland to ensure long-term sustainability of the fisheries in the North Atlantic and the Arctic Ocean.
- When Greenland's cold-water prawn fishery first entered MSC assessment in the late-2000s, Sustainable Fisheries Greenland partnered with the Institute of Zoology at the Zoological Society of London (ZSL) to undertake research into the benthic habitats on West Greenland's continental shelf and map the seabed where the fishery was operating. Such seabed camera surveys have been carried out in partnership with ZSL every year since 2011, constituting another vital chapter in the rich volume of UK-Greenland cooperation. Building on the research findings, Sustainable Fisheries Greenland introduced new measures to prevent unintentional bycatch, such as adapting the fishing gear to raise it further off from the seabed and thus minimise potential damage to sea pens.[23]
- In 2013, Greenland's cold-water prawn fishery became the first Greenland fishery to be awarded MSC certification, a globally recognised label that certifies a fishery is sustainable and well-managed, and that has become pivotal to achieving accessibility and competitiveness in various markets.
- A Seafish-YouGov study found that 70% of the UK's fish-buying public regards the sustainability of the fish they are buying a very important or fairly important issue when choosing which fish to buy.[24]
- In 2015, Greenland's Barents Sea cod, haddock and saithe fishery became the second Greenland fishery and Greenland's first finfish fishery to achieve MSC sustainability certification, solidifying its access to and competitiveness in the UK that imported roughly 80% of Greenland's 12,000 MT catch of Barents Sea fish – almost entirely filleted – that year.[25]
- In 2015, the Greenland lumpfish fishery – the largest lumpfish fishery in the world – also received MSC certification, making it the third Greenland fishery to be certified in two years.[26] By October 2015, Royal Greenland had secured listings for its MSC-certified lumpfish and salmon roe with UK distributors Seahawk and Ritter Courivaud. While Seahawk provided Royal Greenland's black and red lumpfish roe to cruise liner customers, Ritter Courivaud supplied Royal Greenland's salmon roe and lumpfish roe to its fine dining restaurant customers.[27]
- In 2017, a West Greenland offshore Greenland halibut fishery, which represented half of the Total Allowable Catch (TAC) of the stock and which has been operational in Baffin Bay and the Davis Strait since the mid-1960s, became the world's first Greenland halibut fishery to receive MSC certification.[28]
- At present, Greenland has four MSC-certified fisheries: prawn in West Greenland; cod, haddock and saithe in the Barents Sea; lumpfish in West Greenland; Greenland halibut, trawling, offshore, in West Greenland.
- The Government of Greenland is working on management plans species by species and with Sustainable Fisheries Greenland, with the aim of achieving MSC certification for additional fisheries.

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23 MSC, "Mysteries of the Deep" (September 2017): http://greenland-seafloor-stories.msc.org

24 Seafish, *State of the Nation Study 2018 UK Report* (2018).

25 J. Holland, "Greenland secures first MSC certification for whitefish, UK is main beneficiary", *SeafoodSource*, 12 May 2015. https://www.seafoodsource.com/news/environment-sustainability/greenland-secures-first-msc-certification-for-whitefish-uk-is-main-beneficiary

26 "Greenland lumpfish fishery gains MSC certification", *IntraFish*, 25 August 2015. https://www.intrafish.com/news/greenland-lumpfish-fishery-gains-msc-certification/1-1-649040

27 "Royal Greenland's MSC lumpfish, salmon roe wins listings with UK distributors", *Undercurrent News*, 29 October 2015. https://www.undercurrentnews.com/2015/10/29/royal-greenlands-msc-lumpfish-salmon-roe-win-listings-with-uk-distributors/

28 R. Fletcher, "Sustainability boost for Greenland halibut", The Fish Site, 25 May 2017. https://thefishsite.com/articles/sustainability-breakthrough-for-greenland-halibut

2.6. What are the Consumption Patterns of Seafood in the UK?

- An April 2018 study, commissioned by Seafish, revealed that while 33% of the UK population eats fish twice a week or more often, only 9% of the population does not eat fish. Of the UK adults who do eat fish, 95% eat fish at home and 57% eat fish out of home.[29]
- Whether eaten at home or out of home, the types of fish products most popular with UK consumers (in 2018) were tinned (61%); battered (59%); breaded (50%); natural, plain (50%); smoked, plain (45%); shellfish (43%); fish fingers (41%); fishcakes (37%); seasoned fish (25%); sushi (16%); fish in a sauce (15%); fish with a sauce (14%); and fish sticks (12%).[30]
- When it comes to at-home consumption, UK consumers eat frozen fish (72%), fresh fish (70%), tinned fish (67%) and takeaways (42%). Most frozen fish (93%) was bought in-store at a supermarket, while 11% was bought online. Most fresh, chilled fish was bought at a chiller counter (78%), then supermarket fish counter (57%), independent fishmongers (24%) and online (10%); also relevant were fish or street market (12%), fish vans (6%) and the harbour (5%).[31]
- In 2019, in the six channels comprising the total out-of-home sector, seafood accounted for 8.6% of servings share in quick service restaurants (excluding fish and chips shops); 14% servings share in pubs; 63.2% servings share at fish and chips shops; 19.1% servings share in full-service restaurants; 18% servings share in travel and leisure; and 16.1% of servings share in workplace and education.[32]



Figure 13: Battered, breaded, smoked and shellfish are among the most popular fish products. © Royal Greenland

- Among the most popular species among UK consumers are prawns, cod and haddock.
- Prawns are popular in retail and commercial foodservice. The majority of the cold-water prawns in the UK are from Greenland and East Canada.[33]
- In retail, in the year ending 31 January 2019, UK shoppers purchased more than 39,171 tonnes of prawns (67% chilled; 33% frozen), equating to a retail value of GBP 526.2 million: cold-water prawns accounted for 37.5% of the total retail value sales.[34]
- In the commercial foodservice, prawn products accounted for around 118 million (10%) seafood servings sold in 2018 and had the highest menu penetration rate.[35] The sales of prawns through different channels were as follows: quick service restaurants (excluding fish and chips shops), 48%; full-service restaurants, 21%; pubs, 12%; travel and leisure, 11%; workplace and education, 7.6%; and fish and chips shops, 0.3%.[36]
- In 2014, *The Morning Advertiser* reported that prawn dishes accounted for 40% of all seafood dishes consumed at home, with the popular prawn cocktail alone constituting 10% of all seafood dishes.[37] Prawn sandwiches and prawn salads are also popular in the UK and generally use cold-water prawns.

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29 Seafish, *State of the Nation Study 2018 UK Report* (2018).
30 Seafish, *State of the Nation Study 2018 UK Report* (2018).
31 Seafish, *State of the Nation Study 2018 UK Report* (2018).
32 Seafish, *Market Insight Factsheet: Seafood in Foodservice 2019* (January 2020).
33 Seafish, *Market Insight Factsheet: Prawn and Shrimp 2019* (March 2019).
34 Seafish, *Market Insight Factsheet: Prawn and Shrimp 2019* (March 2019).
35 Seafish, *Market Insight Factsheet: Prawn and Shrimp 2019* (March 2019).
36 Seafish, *Market Insight Factsheet: Prawn and Shrimp 2019* (March2019).
37 S. McWattie, "Seafood Menu Ideas", *The Morning Advertiser*, 26 June 2014. https://www.morningadvertiser.co.uk/Article/2014/06/27/Seafood-menu-ideas-for-pubs



Figure 14: Prawn cocktail (top-left), prawn sandwiches (top-right), prawn salad (bottom-left) and prawn tartare (bottom-right) are popular prawn preparations in the UK and generally use cold-water prawns. © Royal Greenland

- Cod and haddock are popular in retail and commercial foodservice, especially fish and chips shops. A significant portion of the cod and some of the haddock used in fish and chips shops are of Greenlandic origin.
- In retail, in the year ending 20 April 2019, UK shoppers purchased more than 59,303 tonnes of cod equating to a retail value of £481.3 million, with frozen cod accounting for 52.7% of cod sales. In the commercial foodservice, cod accounted for 22% or 258 million of all seafood servings in 2018.[38]
- Likewise, in the year ending 20 April 2019, UK consumers, in retail, purchased just over 24,610 tonnes of haddock (chilled 71%; frozen 29%) equating to a retail value of £241.6 million. Also, in 2018, haddock accounted for 8% or 93 million servings in the commercial foodservice.[39]



Figure 15: Fish and chips, using Royal Greenland Nutaaq® Cod. © Royal Greenland

- A Seafish-YouGov study found that 70% of the UK's fish-buying public regards the sustainability of the fish a very important or fairly important issue when choosing which fish to buy.[40]
- It also found that more than a third of UK consumers (36%) are actively buying sustainably sourced fish, while less than a fifth (19%) did not think about sustainability at all when purchasing fish.[41]

[38] Seafish, *Market Insight Factsheet: Cod 2019* (August 2019).
[39] Seafish, *Market Insight Factsheet: Haddock 2019* (August 2019).
[40] Seafish, *State of the Nation Study 2018 UK Report* (2018).
[41] Seafish, *State of the Nation Study 2018 UK Report* (2018).

- As Greenland has four MSC-certified fisheries, products from Greenland are also perceived favourably in the UK as sustainably sourced fish.
- Prawns, cod and haddock from Greenland, furthermore, are of the highest quality available and are sold to pubs, fish and chips shops, quick service restaurants and retail outlets at reasonable prices.
- For instance, in 2014, the manager of The Fleece Inn pub in Barkisland, Yorkshire, told *The Morning Advertiser* that although the pub switched to cold-water prawns on account of their taste, texture and sustainability credentials, they found the resultant cost savings to be an additional bonus.[42] After the pub switched to cold-water prawns and made Royal Greenland its sole prawn supplier two years earlier, it reportedly saved 17% in costs, when compared to using warm-water prawns.
- Likewise, when fish and chips shops sell their cod or haddock products for prices as low as GBP 4, or when quick service restaurants or retail outlets sell prawn sandwiches for relatively low prices, it is hard to believe that the ingredients sourced are of such high quality.
- It is precisely so fish products of the highest quality can be sold in the UK at the most affordable prices that fish from Greenland must retain its tariff-free, quota-free access to the UK and not be subjected to new tariffs that would increase the costs for UK importers, processors, wholesalers, distributors, retailers, foodservice channels and consumers.



Figure 16: Polar Seafood workers ensuring Greenland cold-water prawns are of the highest quality. © Polar Seafood

[42] S. McWattie, "Seafood Menu Ideas", *The Morning Advertiser*, 26 June 2014. https://www.morningadvertiser.co.uk/Article/2014/06/27/Seafood-menu-ideas-for-pubs

2.7. The Key Actors in the UK-Greenland Fish Trade: How will they be affected?

- The UK is one of the largest and most established markets for Greenlandic seafood producers.
- In reflection of the UK's importance as a market, the two largest fish companies in Greenland – Royal Greenland and Polar Seafood – both maintain offices in the UK (the first in Manchester, and the second in Derbyshire) that generate local employment and sales revenue, while a third fish company in Greenland – Arctic Prime Fisheries – plans to boost exports to the UK from 2021.
- While these large companies sell directly in the UK market, they also rely on a wide variety of UK importers, processors, food manufacturers, wholesalers, distributors, specialist suppliers, sales agents, retail outlets, fish markets and out-of-home food businesses.
- Greenland's exports to the UK, after all, do not comprise simply finished products, but mostly semi-finished products for which value addition is undertaken in the UK. Consequently, Greenland's exports to the UK are a significant source of value creation, as well as employment, investment and local/regional economic growth.
- Thus, seafood from Greenland makes its way to numerous users in the UK, from the UK seafood processing industry to the UK's many retail outlets, pubs, fish and chips shops, quick-service restaurants, full-service restaurants and chain operators.
- The main Greenlandic producers, thus, sit at the heart of much larger value chains that have emerged in the UK over the decades around high-quality seafood products of Greenlandic origin, especially cold-water prawns, cod and haddock.



Figure 17: Chefs from Brunning & Price pubs using Royal Greenland's cold-water prawns. © Royal Greenland

Case Study I: Royal Greenland

Established in 1774, Royal Greenland is a global and vertically integrated manufacturer and supplier of fish and seafood. It is 100% owned by the Government of Greenland and is the world's largest processor and supplier of cold-water prawns and Greenland halibut. Headquartered in Nuuk, it owns numerous facilities across Greenland, operates factories in Canada and Germany, and collaborates with processors and suppliers in Denmark, Poland and China. In 2019, it reported a net revenue of DKK 5.327 billion and employed 2,200 employees in Greenland, Denmark, Germany, the UK and other countries. It is the largest employer in Greenland.

Royal Greenland maintains a UK head office in Manchester, where it generates local employment. Incorporated in the UK in 1986, Royal Greenland UK has traded in the UK for more than 30 years, with its sales almost doubling in the last five years: its business grew from GBP 27 million to GBP 45 million over the period. In 2019, Royal Greenland UK's turnover grew from approximately GBP 42.3 million to nearly GBP 45 million. Current UK-Greenland trade accounted for around 70% of the turnover. As a UK company, Royal Greenland UK creates jobs and pays taxes in the UK. It also pays an annual levy to Seafish – amounting to GBP 103,545 in 2019 and GBP 76,301 in the first 9 months of 2020 – that goes towards funding Seafish, the non-departmental public body set up to support the seafood industry in the UK.

Royal Greenland UK supplies North Atlantic species such as cold-water prawns, Atlantic cod, Greenland halibut, snow crab and Canadian lobster to a wide range of customers in the processing, retail, wholesale and foodservice industries. While it is engaged with the direct sales in the UK market, other routes to market for its products include going through processors and wholesalers (such as Northcoast Seafoods and Sykes Seafood), manufacturers (such as Greencore Group) and specialist suppliers (such as Friars Pride and T. Quality) before ending up in supermarkets (such as Marks and Spencer), chain operators (such as The Restaurant Group), pubs (such as Brunning & Price pubs), fish and chips shops, and restaurants (such as Hakkasan).

Should the UK and Greenland be unable to reach a trade deal, Royal Greenland notes that the biggest impact will be the potential job losses in North West England, mainly at its UK head office, with ramifications also for other processing and fishery sites. Furthermore, while Royal Greenland had already put its UK CAPEX plans on hold due to a lack of confidence and clarity in the negotiations, it fears that a no-deal scenario would result in a potential turnover loss of 70%. Additional lengthy and costly controls (customs documentation, health checks) at the borders will also disrupt the flow of incoming materials to the UK.

There could also be a potential shortage and/or price inflation of cooked & peeled prawns and Atlantic Cod, which in turn will have a knock-on effect on the whole fish and seafood ecosystem, in which fishmongers, sandwich manufacturers, retailers, processors and restaurants widely use/sell/cook/process these two species. If demand outstrips supply, competitors might see an opportunity to increase the price, while buyers may not be able to access the same pool of suppliers. Consequently, retailers and consumers will be faced with potentially less choice, price inflation and lower standards in food offering.

Sources: Interviews with executives at Royal Greenland UK and www.royalgreenland.co.uk

- **Processors, Suppliers, Wholesalers, Distributors, Fish Markets:** There are a number of UK seafood businesses intrinsically linked to the value chain of Greenlandic seafood products: these include processors-suppliers, such as Cheshire-headquartered Sykes Seafood and Grimsby-headquartered Northcoast Seafoods and Jaines Seafood; wholesale foodservice suppliers such as Ashford (Kent)-based Brakes, specialist suppliers such as Peterborough-based Friars Pride and Swindon-based T.Quality that cater to fish and chips shops; and importers and traders, such as Seahawk Marine Foods that has been operating since 1982 and has its head office in Wiltshire and operations in Billingsgate Market in London.

Case Study II: Sykes Seafood

Sykes Seafood, founded in Manchester in 1862, is a major importer of cold-water prawns for the UK market, supplying to foodservice channels, retailers, wholesalers, manufacturers and end users. Its key retail customers include the large UK supermarkets with which it has longstanding relationships. Sykes Seafood has its head office in Knutsford, Cheshire; a warehouse and wholesale outlet at New Smithfield Market in Manchester; and state-of-the-art production facilities on the outskirts of Liverpool, where it adds value through activities including skin packaging, box packaging, bag packaging and MAP packaging.

Between 2014 and 2019, Sykes Seafood's turnover grew significantly from GBP 65 million to GBP 115 million. In reflection of the customer base it has built that is loyal to Greenlandic seafood products, its primary import from Greenland – cold-water prawns – represents GBP 18-20 million in spend and accounts for around 20% of the turnover. The Greenlandic provenance and associated quality of those products has been used as a vital and effective marketing and trading tool. Its imports from Greenland, consequently, have witnessed 100% growth over the past 5 years.

Sykes Seafood employs around 100-150 staff locally and has invested heavily over the years in developing significant infrastructure and capability for the further processing of cold-water prawns in the UK, including a recent factory upgrade of GBP 8 million. Sykes Seafood has an annual in-house production capability of some 20,000 MT. At Sykes, 20 employees work directly with goods imported from Greenland on a day-to-day basis. As the production plant exists to process other imports as well, which could be outsourced easily, the jobs created safeguard the existence of the UK production facility – a total of 80 permanent employees plus agency staff.

Should the UK and Greenland fail to achieve a favourable trade deal, Sykes Seafood would have to re-assess the viability of UK production, compared to overseas production, which could threaten up to 100 local jobs. The reduction in staff and taxable profits will also result in a reduction in tax generated, while increased food prices for the consumer will have a detrimental effect on economic recovery, as the Covid-19 pandemic and its associated lockdowns take their toll as well. There will also be indirect consequences on port traffic and jobs associated with the import of goods, such as those relating to port health, freight forwarders, haulage business, and the like.

As it may become more meaningful to land goods in alternative locations (such as neighbouring EU countries) and import finished manufactured products into the UK, the ultimate supply of cold-water prawns to the UK may not be disrupted, but it would mean that value addition now would be performed outside the UK. As Dan Wright, Managing Director of Sykes, noted, "We see the threat to be to UK manufacturing, and the livelihoods of the people who live and work in the Northern Powerhouse which the country relies upon. They will feel the impact most acutely through both job losses and increased cost of living."

Sources: Interviews with executives at Sykes Seafood and www.sykesseafood.com

- **Retail:** Retail is another important area, especially for at-home consumption. In the year to 12 June 2020, seafood sales in the UK's retail sector surpassed GBP 4 billion, with chilled seafood accounting for GBP 2.39 billion (59.6%); frozen sales, more than GBP 1 billion (25.3%); and ambient sales, GBP 604.3 million (15.1%).[43] The big retailers – Tesco (20.8%), Sainsbury's (14.3%), Aldi (12.7%), Lidl, Marks & Spencer, Waitrose, Morrisons, Coop, Asda and Iceland – accounted for the majority of the retail seafood sales. High-quality seafood products originating in Greenland end up in most major retail outlets, including Tesco, Waitrose, M&S and Aldi; markets such as Billingsgate Fish Market in London and New Smithfield Market in Manchester; and online retailers, such as Ocado.



Figure 18: Royal Greenland Cold Water Prawns. © Royal Greenland

- **Pubs:** There were more than 60,000 pubs in the UK in 2019, generating £10.7 billion in spend, with seafood accounting for 14% of all servings. Salmon was the most popular product, followed by cod, shellfish, seafood sandwich and haddock, with servings of shellfish growing by 2.8%. Greenlandic seafood companies, such as Royal Greenland and Polar Seafood, supply seafood products originating in Greenland to the UK pub industry, whether directly to pubs or indirectly, through wholesalers such as Direct Seafoods, to chain operators such as The Restaurant Group plc.

- **Fish and Chips Shops:** There were around 10,500 fish and chip shops in the UK in 2019, which sold 127 million servings of fish and chips.[44] When UK consumers visited fish and chips shops, they were likeliest to choose cod (83%) and haddock (60%), except in Scotland, where there was a clear preference for haddock (80%) over cod (47%).[45] In 2019, the fish and chips industry generated more than £1.1 billion in spend. Through various British specialist suppliers/wholesalers catering to fish and chips shops, such as Friars Pride (headquartered in Peterborough, Cambridgeshire) and T. Quality (headquartered in Swindon, Wiltshire), Greenlandic seafood companies such as Royal Greenland sell high-quality products, such as Atlantic cod, to fish and chips shops around the UK.

- **Full Service Restaurants:** With more than 45,000 restaurants in 2019, the full-service restaurant industry generated more than £12.7 billion in spend, with seafood commanding a 19.1% share of the servings. Shellfish, such as prawns, constituted 29% of the seafood servings share. High-quality seafood products originating in Greenland make it from Greenlandic seafood companies, such as Royal Greenland, to British restaurant chains, such as Hakkasan, through distributors, wholesalers and fish markets, such as Reach Food Service (based in Hayes), Sykes Seafood (based in Liverpool, Cheshire and New Smithfield Market in Manchester), Seahawks Marine Foods (based in Wiltshire, Billingsgate Market in London, and Hull) and Bidfood (based in Slough, Berkshire), some of which may also be involved with further value addition within the UK.

- **Miscellaneous:** One wholesale foodservice supplier, Brakes (based in Kent) supplies Greenlandic-origin seafood products not only to the catering industry, but also to care homes in the UK.

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[43] J. Holland, "UK retail seafood sales top GBP 4 billion, spurred by COVID-19 consumption shifts", *SeafoodSource*, 16 July 2020. https://www.seafoodsource.com/news/foodservice-retail/uk-retail-seafood-sales-top-gbp-4-billion-spurred-by-covid-19-consumption-shifts

[44] Seafish, *Market Insight Factsheet: Fish and chips in Foodservice 2019* (January 2020).

[45] Seafish, *State of the Nation Study 2018 UK Report* (2018).

3. Greenland's Trade with the UK: The EU Context

- Over the past 50 years, Greenland's formal relationship with the UK has been determined, to a large extent, by its status within the Kingdom of Denmark (alongside Denmark and the Faroe Islands) and by its relationship with the EU.
- As a part of the Kingdom of Denmark without any autonomy from Denmark back in the early-1970s, Greenland joined the then-European Economic Community (EEC) by default when Denmark joined the EEC in 1973 – despite the majority of Greenlanders voting against it.
- Although the Faroe Islands was also a part of the Kingdom of Denmark then, it had already obtained Home Rule in 1948 and had opted not to join the EU when Denmark joined in 1973.
- After Greenland held a consultative referendum on home rule in January 1979 in which over 70% of voters voted in favour of greater autonomy from Denmark, the Greenland Home Rule Act entered into force in May 1979, creating the Parliament of Greenland and making Greenland an autonomous constituent realm within the Kingdom of Denmark.



Figure 19: Nuuk, the capital of Greenland, hosts the Parliament of Greenland. © Rebecca Gustafsson - Visit Greenland

- In 1982, Greenland held another referendum on its membership of the EEC, with 53% of the voters voting against continued membership.
- Three years later, in 1985, the Greenland Treaty formalised Greenland's withdrawal from the EEC, making it the first country to leave the EEC/EU by referendum.
- While Greenland was no longer a member of the EEC, it remained a constituent realm of the Kingdom of Denmark, with Denmark still a member of the EEC, enabling Greenland to become an Overseas Country and Territory (OCT) to the EEC in 1985. Consequently, along with other OCTs, it retains some integration with the EU's Single Market via various association agreements.
- The Overseas Countries and Territories (OCTs), while not a part of the European Community (EC) or subject directly to EU law, are constitutionally linked to four EU member states – the UK, France, Denmark and The Netherlands – and enjoy associate status to the EU, granted by the Lisbon Treaty. The OCTs included the 14 British Overseas Territories, such as Anguilla, Bermuda, British Virgin Islands, Turks and Caicos, Cayman Islands, Falkland Islands and Saint Helena.

- The EU grants unilateral trade preferences to all products originating in OCTs, which translates as tariff-free, quota-free access to the EU's Single Market. These trade preferences were affirmed by the January 2014 Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union (Overseas Association Decision).
- Aimed at contributing to the social and economic development of the OCTs, the EU's preferential rules of origin for the OCTs is based on the EU's Generalised System of Preferences (GSP), but goes beyond the GSP in various areas, such as the granting of extended cumulation possibilities with EU member states, countries with Economic Partnership Agreements or Free Trade Agreements with the EU, as well as GSP-beneficiary countries.
- The Overseas Association Decision also establishes that the EU shall apply no quantitative restrictions, or measures having equivalent effect, on imports of products originating in the OCTs, except where such prohibitions or restrictions may be justified on grounds of:
    - Public mortality or public policy
    - Protection of health and life of humans, animals and plants
    - Protection of national treasures possessing artistic, human or archaeological value
    - Conservation of exhaustible natural resources
    - Protection of industrial and commercial property.
- In addition, the Overseas Association Decision emphasises the principle of non-discrimination and affirms that neither the EU shall discriminate between OCTs, nor the OCTs shall discriminate between EU Member States.
- **Prior to the UK's withdrawal from the EU, thus, Greenland's trade with the UK was underpinned by the EU's agreement with the OCTs, as reflected in the Overseas Association Decision. This gave products originating in the OCTs and, thus, Greenland tariff-free, quota-free preferential access to the EU and, thus, the UK.**



Figure 20: Products from Greenland – from Ilulissat, for instance – have hitherto enjoyed tariff-free, quota-free access to the UK under the EU-OCT arrangement. © Rebecca Gustafsson - Visit Greenland

- On 23 June 2016, the UK held a referendum on its membership of the EU, with a majority of 51.9% voting in favour of the UK leaving the EU.
- On 31 January 2020, the UK Parliament ratified the UK-EU Withdrawal Agreement, and the UK formally left the EU, though the UK has entered a transition period until 31 December 2020 during which it remains within the EU's Single Market and Customs Union.
- This has serious implications for UK-Greenland trade: in the absence of an agreement that replicates the principles and provisions in the EU-OCT arrangement that underpinned UK-Greenland trade thus far, there is a real risk of significant trade disruption.

- Although Greenland, as an OCT to the EU, adheres to certain standards and frameworks for access to the EU Single Market, the OCTs (including Greenland) neither form part of EU territory nor are directly subject to EU law, which would signify that Greenland will not be covered by any trade agreement signed between the UK and the EU, even though it will be greatly impacted by any such agreement or lack thereof.
- As many OCTs, including Greenland, have the competence on trade with respect to their own territories, and as the EU does not have the competence on trade for the OCTs, it is not possible for the EU to negotiate on behalf of Greenland or for the EU and the UK to enter into an agreement with respect to the OCTs on trade.
- Furthermore, as Greenland opted out of the EU, the EU cannot include Greenland in the EU side in any UK-EU trade negotiations or in any UK-EU trade agreement.
- Thus, what is needed in the interest of trade continuity is a favourable bilateral UK-Greenland trade agreement, negotiated by the UK and Greenland, that replicates the principles and provisions in the EU's arrangement with the OCTs that underpinned the UK's trade with Greenland thus far.



Figure 21: Heading towards the sun on dog sled, Sisimiut. © Dwayne Menezes - Polar Research and Policy Initiative

- Moreover, in 2014, the European Council adopted the Council Decision concerning veterinary border control, whereby fish and fish products originating in Greenland can enjoy free access to and circulation in the EU's single market and are not subject to veterinary border control in Denmark or elsewhere in the EU upon their importation into the EU, as this already happens in Greenland. The Council Decision made Greenland an 'external border' for the EU in terms of fish products, and Denmark ('food' is still a competence under Denmark) undertakes veterinary border control on fish landed in Greenland from non-EU countries such as Canadian and Russian fishing vessels.[46]
- This has meant that seafood products originating in Greenland have been exempt from veterinary control at the border upon their importation into the UK, as it has already happened in Greenland, so the UK's withdrawal from the EU opens another Pandora's box, this time concerning the food safety, animal health and veterinary standards and controls that might come to be imposed on countries such as Greenland if the provisions underpinning existing agreements are not replicated, and the impact that would have on UK-Greenland trade.

[46] Naalakkersuisut, "Veterinary Border Control in Greenland". https://naalakkersuisut.gl/en/Naalakkersuisut/Departments/Fiskeri-Fangst-og-Landbrug/Veterinaer-og-Foedevare-Myndigheden-i-Groenland/Veterinaer-graensekontrol

4. The Impact of UK-Greenland Trade Disruption: The Big Five Concerns

In the absence of a trade agreement between the UK and Greenland that applies the same provisions that underpinned the association of the OCTs with the EU, the inevitable outcome would be substantial trade disruption that would adversely impact businesses and consumers in both the UK and Greenland.

- **Tariffs:** For Greenland, the consequence could mean the loss of its tax-free seafood exports to the UK that, as seen earlier, accounted for more than 10% of its total exports of goods to the world in 2019. The worst-case scenario would be if, for instance, the UK levied the maximum import tariff under the WTO rules of 20% on cooked and peeled prawns, which would translate as a total tax of more than DKK 100 million on Greenland's exports of cooked and peeled prawns. Tariffs on cod and haddock as well threaten not just Greenland's seafood industry, but also UK industries, including the seafood processing, retail and out-of-home food industries.

- **Quotas:** The EU's agreement with the OCTs incorporates the provision that the EU shall not apply any quantitative restrictions, or measures having equivalent effect, to imports of products originating in the OCTs, with exceptions only made on grounds such as protection of health and life of humans, animals and plants, and the like, outlined in the Overseas Association Decision. While the UK was an EU member state, thus, Greenland's exports to the UK were not subject to any specific quotas. Should the UK decide to impose quotas that extend to Greenland's exports, this too would cause significant trade disruption to the detriment of both countries.

- **Impact on Price, Demand, Food Quality and Food Security:** The tariffs, moreover, would translate as a sharp increase in the prices of some of the most popular seafood products in the UK, which would take a serious toll on demand, both among importers and consumers. It would compel UK consumers to pay higher prices for prawns, cod, haddock and crab from Greenland or to find alternative sources of fish products that could be of lower quality, which, in the absence of the vast supply from Greenland exercising a downward pressure on prices, would also result in a price hike. Given the extent to which seafood from Greenland has permeated the UK market for decades, this would also undermine UK food security.

- **Veterinary Inspections:** Through the European Council Decision of 2014 – "the veterinary agreement" – on seafood originating in Greenland, Greenlandic seafood enjoys free access to and circulation in the EU's Single Market and is not subject to veterinary border control in Denmark or elsewhere in the EU upon its importation into the EU, with Greenland serving as the EU's de facto external border when it comes to fish products. Fish and fish products originating in Greenland, thus, have been exempt from veterinary border control in the UK. If the provisions underpinning existing agreements are not replicated in a UK-Greenland trade agreement, then any food safety, animal health and veterinary standards and controls that the UK might impose on third countries would also extend to Greenland, adding greater levels of bureaucracy, cost and control that would stifle the UK's ability to import from one of its largest and most traditional food sources.

- **Impact on Investment and Employment:** Any disruption in UK-Greenland trade will adversely affect not just Greenlandic producers and exporters, but also UK importers, processors, distributors, traders, wholesalers, retailers, restaurants, pubs and fish and chips shops. Over the decades, there has emerged entire value chains around the import and processing of Greenlandic seafood within the UK, and both UK and Greenlandic businesses have invested substantially in UK infrastructure, particularly for processing, distribution, marketing and sales. As a big share of Greenland's fish exports to the UK comprises semi-finished products that undergo value addition within the UK, any new barriers in UK-Greenland trade risk threatening UK jobs and investment, and undermining specialist industries and regional economies in the UK.

5. Avoiding Disruption: The Ten Recommendations

Below are the 10 recommendations we would strongly encourage the UK Government and the UK Parliament to consider when contemplating, negotiating or scrutinising a bilateral trade agreement between Greenland and the UK. These are summary recommendations, for which a more detailed legal context and specific policy objectives are elaborated in the subsequent pages.

- We strongly recommend that the UK – with a view to minimise any trade disruption between the UK and Greenland – negotiates a trade agreement with Greenland that replicates as fully as possible the principles and provisions of the existing agreements between the EU and the OCTs and between the EU and Greenland, all of which have underpinned Greenland-UK trade thus far.

- We strongly recommend that the UK – with a view to boost its own competitiveness and contribute more effectively to social and economic development internationally – continues to apply preferential rules of origin unilaterally to products originating in Greenland, as had been the case while the UK was still an EU member state and regarded Greenland as an OCT to the EU.

- We strongly recommend that, in the light of the above, the UK imposes no new tariffs, quotas or any other quantitative restrictions, or measures having equivalent effect, on Greenland's exports to the UK, ensuring that products originating in Greenland continue to enjoy tariff-free, quota-free access to the UK, as they had done while the UK was an EU member state.

- We strongly recommend that any new rules concerning tolerances or cumulation that the UK may introduce to determine preferential origin are no less generous and simplified than the rules stipulated by the EU in the Overseas Association Decision, and that, if they are to be changed, they are made more generous and simplified so as to bring the UK in line with Canada and Australia.

- We strongly recommend that the UK, recognising that products from Greenland were hitherto not subject to any veterinary border checks or controls upon their import into the UK while the UK was still an EU member state, does not impose new veterinary checks or controls on Greenland or introduce new food safety, health and veterinary standards that automatically extend to Greenland, as the checks and controls in Greenland are already effective.

- We strongly recommend that in the light of the more simplified and digitalised procedures to establish preferential origin that the EU's Registered Exporters (REX) system represents, and the effort undertaken to get economic operators in various OCTs and GSP-beneficiary countries to apply, the UK continues the use of REX or offers an alternative solution that minimises disruption.

- We strongly recommend the UK demands that Greenland imposes no new tariffs on UK products exported to Greenland, except in the occasional circumstance where it, as a geographically isolated country with a small and disparate population and an undiversified economy, introduces specific measures to protect or diversify its own economy, such as an emerging domestic industry.

- We strongly recommend the UK demands that Greenland does not discriminate against products originating in the UK, or natural or legal persons of the UK investing in Greenland, by offering them a treatment less favourable than the most favourable treatment applicable to like products originating in an EU member state, or natural or legal persons of an EU member state investing in Greenland.

- We strongly recommend the UK demands that, in general, Greenland accords to natural and legal persons of the UK operating in Greenland a treatment no less favourable than the most favourable treatment applicable to like natural and legal persons of the EU, or any other major economy with whom it concludes a trade agreement, operating in Greenland.

- We strongly recommend the UK explores whether Greenland can offer greater access to the UK research community to undertake research in Greenland or to invest in Arctic research infrastructure; to the UK defence community to undertake exercises in the Arctic; and to UK businesses to explore new business and investment opportunities in Greenland.



Figure 22: Kangerlussuaq – Greenland's main international airport – is closer to London than to Copenhagen, Paris, Frankfurt or New York. © Dwayne Menezes - Polar Research and Policy Initiative

6. The Legal Context: Understanding the Recommendations

While the UK was still an EU member state and through the transition period until 31 December 2020, Greenland's exports to the UK benefit(ed) from tariff preferences under the EU's arrangement with the Overseas Countries and Territories (OCT). This meant that Greenland's products enjoy(ed) tariff-free access to the UK.

- **Current Legal Basis:** The legal basis for this is Council Decision 2013/755/EU of 25 November 2013 (DO755/13) on the association of the overseas countries and territories with the European Union ('Overseas Association Decision'), which had a start date of 01/01/2014. Also relevant: the Council Decision of 2019 (REX system) and Treaty for the Functioning of the European Union.
- **Preceeding Legal Basis:** The Council Decision 2013/755/EU of 25 November 2013 replaced Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community ('Overseas Association Decision), which applied until 31 December 2013.
- **Context:**
    - After the Council invited the Commission to submit a legislative proposal to revise the prevailing Overseas Association Decision before July 2012, the Council endorsed the Commission's proposal to base the future partnership between the Union and the OCTs on three key pillars:
        - (1) enhancing competitiveness,
        - (2) strengthening resilience and reducing vulnerability and
        - (3) promoting cooperation and integration between the OCTs and other partners and neighbouring regions.
    - While the EU grants unilateral trade preferences to all products originating in the OCTs, the rules of origin stipulate the conditions under which this preferential access can be enjoyed by beneficiary countries.
    - As the objective of all preferential origin arrangements is the same, and the arrangements differ only in certain provisions, each arrangement is characterised by common provisions as well as more specific ones.
- **Policy Recommendation:**
    - Provided below is, first, a list that offers a cursory glance at 10 common provisions in the EU's preferential origin arrangements, followed by a closer look at the key provisions – common and specific – in the EU's arrangement with the OCTs, as reflected in the Overseas Association Decision and as applicable to Greenland.
    - In the context of the UK's future relationship with Greenland and their aim to minimise trade disruption, these provisions convey the principles to consider and incorporate, and offer a template to replicate, in any bilateral Greenland-UK trade agreement.

Table 6: Common Provisions in the EU's Preferential Origin Arrangements	
Originating status	Products must have originating status to get preferential treatment.
Cumulation	System that allows contracting parties to use originating products from each other.
Minimal operations	Options regarded as insufficient to confer origin, or minimal level of processing that has to be carried out in cumulation.
Tolerances	Permits manufacturers to use non-originating materials up to a specific percentage.
No-drawback rule	Means the prohibition of refunding duties paid on imported goods.
Principle of territoriality	Working or processing must be carried out in the territories of the parties.
Non-manipulation rule	Product sent from originating country arrives in the EU without being manipulated in another country.
Proof of origin	Claim to have a certain preferential origin must be certified by a proof of that origin.
Approved exporter	An exporter who under certain conditions is allowed to make out proofs of origin.
Value limits	Value limits expressed in euro and corresponding amounts in national currencies.

Quantitative Restrictions

Principle: No quantitative restrictions on imports (into the EU) from beneficiary countries (the OCTs).

Legal Basis: Council Decision 2013/755/EU.

- **No quantitative restrictions and measures having equivalent effect:**
  - Products originating in the OCTs shall not be subject to any quantitative restrictions or measures having equivalent effect upon their import into the EU.
  - The only exceptions are prohibitions or restrictions justified on grounds of:
    1. Public mortality or public policy
    2. Protection of health and life of humans, animals and plants
    3. Protection of national treasures possessing artistic, human or archaeological value
    4. Conservation of exhaustible natural resources
    5. Protection of industrial and commercial property

    so long as these do not constitute arbitrary or unjustifiable discrimination or a disguised restriction of trade generally.

Policy Recommendation: The UK should not introduce any quantitative restrictions, or measures having the equivalent effect, on products originating in Greenland upon their importation into the UK.

Unilateral Trade Preferences

Principle: Non-reciprocal reductions in tariffs so beneficiaries can protect local industry and development when necessary.

Legal Basis: Council Decision 2013/755/EU.

- **Limited access to the OCTs for goods originating in the EU:**
  - "The authorities of the OCTs may retain or introduce, in respect of imports of products originating in the EU, such customs duties or quantitative restrictions as they consider necessary in view of their respective development needs."

Policy Recommendation: While Greenland should offer the UK the same access the UK enjoyed while an EU member state and an equally favourable treatment as current EU member states, the UK should allow – as the EU does – for Greenland to introduce, when necessary, measures to protect or promote local industry.

Originating Status

Principle: Products must have originating status to get preferential treatment.

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 2-4

- **Free access to the EU for goods originating in the OCTs:**
  - Products originating in the OCTs shall be imported into the EU free of import duty.
  - The following products shall be considered as originating in an OCT:

1) Products wholly obtained in an OCTs:

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 3

Products wholly obtained in an OCTs are considered to be originating there.

(a) Mineral products extracted from its oil or from its seabed;

(b) Plants and vegetable products grown or harvested there;
(c) Live animals born and raised there;
(d) Products from live animals raised there;
(e) Products from slaughtered animals born and raised there;
(f) Products obtained by hunting or fishing conducted there;
(g) Products of aquaculture where the fish, crustaceans and molluscs are born there or raised there from eggs, larvae or fry;
(h) Products of sea fishing and other products taken from the sea outside any territorial sea by its vessels;
(i) Products made on board its factory ships exclusively from the products referred to in point (h);
(j) Used articles collected there fit only for the recovery of raw materials;
(k) Waste and scrap resulting from manufacturing operations conducted there;
(l) Products extracted from the seabed or below the seabed which is situated outside any territorial sea but where it has exclusive exploitation rights;
(m) Goods produced there exclusively from products specified in points (a) to (l).

Council Decision 2013/755/EU, Annex VI, Art 2, para 1 (a) and Art 3, para 1

The term 'its vessels' and 'its factory ships' in (h) and (i) above shall apply only to vessels and factory ships which meet each of the following requirements:
(a) They are registered in an OCTs or a Member State;
(b) They sail under the flag of an OCTs or of a Member State;
(c) They meet one of the following conditions:
  (i) They are at least 50% owned by nationals of the OCTs or of Member States; or
  (ii) They are owned by companies which have their head office and their main place of business in the OCTs or in Member States, and which are at least 50% owned by OCTs, public entities of that country, nationals of that country or of Member States.

Council Decision 2013/755/EU, Annex VI, Art 3, para 2

The conditions above may each be fulfilled in EU Member States or in different OCTs. In that case, the products shall be deemed to have the origin of the OCTs where the vessel or factory ship is registered.

2) Sufficiently worked or processed products – qualifying operation:

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 4

Products obtained in an OCTs incorporating materials which are **not** wholly obtained there shall be considered to originate in an OCTs, provided that such materials have undergone sufficient working or processing within the meaning of Article 4 of Annex VI and fulfils the conditions laid down in Appendix II (List of products and working or processing operations that confer originating status).
Council Decision 2013/755/EU, Annex VI, Art 2, para 1 (b) and Appendix II

In the interest of brevity, provided below is a compilation, drawn from Appendix II, of the Harmonised System headings most relevant to Greenland's exports to the UK, the products to which they refer, and the qualifying operation (working or processing, carried out on non-originating materials, which confers originating status).

If a product which has acquired originating status in an OCTs in accordance with the previous para is further processed in that OCTs and used as a material in the manufacture of another product, no account shall be taken of the non-originating materials which may have been used in its manufacture.
Council Decision 2013/755/EU, Annex VI, Art 4

Table 7: List of products and working or processing operations which confer originating status		
Harmonised System heading	**Description of Product**	**Qualifying operation (working or processing, carried out on non-originating materials, which confers originating status)**
ex Chapter 3	Fish and crustaceans, molluscs and other aquatic invertebrates, except for:	All fish and crustaceans, molluscs and other aquatic invertebrates are wholly obtained
0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled of frozen	Manufacture in which all the materials of Chapter 3 used are wholly obtained
0305	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human consumption	Manufacture in which all the materials of Chapter 3 used are wholly obtained
ex0306	Crustaceans, whether in shell or not, dried, salted or in brine; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine; flours, meals and pellets of crustaceans, fit for human consumption	Manufacture in which all the materials of Chapter 3 used are wholly obtained
ex0307	Molluscs, whether in shell or not, dried, salted or in brine; aquatic invertebrates other than crustaceans and molluscs, dried, salted or in brine; flours, meals and pellets of crustaceans, fit for human consumption	Manufacture in which all the materials of Chapter 3 used are wholly obtained
Chapter 16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	Manufacture: ex Chapter 20 • — from materials of any heading, except meat and edible meat offal of Chapter 2 and materials of Chapter 16 obtained from meat and edible meat offal of Chapter 2, and • — in which all the materials of Chapter 3 and materials of Chapter 16 obtained from fish and crustaceans, molluscs and other aquatic invertebrates of Chapter 3 used are wholly obtained

Council Decision 2013/755/EU, Annex VI, Appendix II

- Originating products made up of materials wholly obtained or sufficiently worked or processed in two or more OCTs shall be considered as products originating in the OCTs where the last working or processing took place.
  Council Decision 2013/755/EU, Annex VI, Art 2, para 2

- For the purpose of implementing paragraph 1, the territories of the OCTs shall be considered as being one territory.
  Council Decision 2013/755/EU, Annex VI, Art 2, para 3

Policy Recommendation: The UK must grant products originating in Greenland free access to the UK, with products wholly obtained in Greenland, as well as products obtained in Greenland but incorporating non-originating material that is sufficiently worked or processed through a qualifying operation there, to be considered as originating in Greenland.

Minimal operations

Principle: They are either options regarded as insufficient to confer origin or the minimal level of processing that has to be carried out in cumulation. In this case, the focus is on options regarded as insufficient to confer origin.

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 5

- Minimal operations are operations that when carried out either individually or in combination are regarded as being of such minor importance that they never confer originating status.

  Non-qualifying operation – insufficient working or processing operation:

  - *Annex VI* enlists various operations that would be considered as insufficient working or processing to confer the status of originating products, whether or not the provisions of Article 4 (Sufficiently worked or processed products) are satisfied.

  - These would include, among others:
    (a) Preserving operations to ensure that the products remain in good condition during transport and storage;
    (b) Breaking-up and assembly of packages;
    (c) washing, cleaning, removal of dust, oxide, oil, paint or other coverings;
    (d) sifting, screening, sorting, classifying, grading, matching (including the making-up of sets of articles);
    (e) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
    (f) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging.

  - For the purposes listed above, operations shall be considered simple when neither special skills nor machines, apparatus or tools especially produced or installed for those operations are required for their performance.

  - All the operations carried out in an OCTs on a given product shall be taken into account when determining whether the working or processing undergone by that product is to be regarded as insufficient.
    For full list, see *Council Decision 2013/755/EU, Annex VI, Art 5*

Policy Recommendation: In its trade agreement with Greenland, the UK can replicate the list of operations that Annex VI considers insufficient working or processing to warrant the status of originating products, as this provision has already underpinned the UK's trade with Greenland within the scope of EU-OCT trade.

Tolerances

Principle: This permits manufacturers to use non-originating materials up to a specific percentage.

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 6

- The general tolerance rule permits manufacturers to use non-originating materials up to a specific percentage value of the ex-works price.

  - Non-originating materials which, according to the conditions set out in the list in Appendix II (*List of products and working or processing operations which confer originating status*), are not to be used in the manufacture of a given product may nevertheless be used, provided that their total value or net weight assessed for the product does not exceed:
    (a) 15% of the weight of the product for products falling within Chapter 2 and Chapters 4 to 24, other than processed fishery products in Chapter 16;
    (b) 15% of the ex-works price of the product for other products, except for products falling within Chapters 50 to 63, for which the tolerances mentioned in Notes 6 and 7 of Appendix I shall apply.
    Most of Greenland's exports – namely seafood – falls under Chapters 3 and 16.

- This rule shall not allow that any of the percentages for the maximum content of non-originating materials as specified in the rules laid down in the list in Appendix II are exceeded.

Policy Recommendation: Any Greenland-UK trade agreement can replicate the tolerance specifications stipulated in Annex VI, as this has already underpinned the UK's trade with Greenland.

Cumulation

Principle: Cumulation is a system that allows contracting parties to use originating products from each other.

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 7-10

- Cumulation refers to a system, generally applied between countries with identical origin rules, that allows products originating in one country to be further processed in, or added to products originating in, a second country as if they had originated in that second country, and with the resulting product considered to originate in the second country.
- The Overseas Association Decision permits cumulation with EU member states, with Economic Partnership Agreement (EPA) countries, with Generalised Scheme of Preferences (GSP) countries and countries with which the EU has a free-trade agreement (FTA) in force.
- There are four types of cumulation: bilateral, diagonal, regional and full.

Key provisions:

1) Cumulation with the European Union:

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 7

- Bilateral cumulation, diagonal cumulation and full cumulation applicable.
- Materials originating in the EU shall be considered as materials originating in an OCTs when incorporated into a product obtained there, provided that they have undergone working or processing which goes beyond the operations referred to in Article 5(1) (insufficient working or processing operations) of Annex VI.
- Likewise, working or processing carried out in the EU shall be considered as having been carried out in an OCTs, when the materials undergo subsequent working or processing there which goes beyond the operations referred to in Article 5(1) (insufficient working or processing operations) of Annex VI.

2) Cumulation with EPA (Economic Partnership Agreement) countries:

Note: Economic Partnership Agreements are trade and development agreements negotiated between the EU and Africa, Caribbean and Pacific (ACP) countries and regions.

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 8

- Bilateral cumulation, diagonal cumulation and full cumulation applicable.
- Materials originating in the EPA countries shall be considered as materials originating in an OCTs when incorporated into a product obtained there, provided that they have undergone working or processing which goes beyond the operations referred to in Article 5(1) (insufficient working or processing operations) of Annex VI.
- Likewise, working or processing carried out in the Union shall be considered as having been carried out in the EPA countries, when the materials undergo subsequent working or processing there which goes beyond the operations referred to in Article 5(1) (insufficient working or processing operations) of Annex VI.

- The origin of the materials originating in an EPA country shall be determined in accordance with the rules of origin applicable to the EPA concerned and relevant provisions on proofs of origin and administrative cooperation.

3) Cumulation with other countries benefiting from duty-free quota-free access to the market of the EU under the Generalised System of Preferences:

Note: The EU Generalised System of Preference (GSP) enables products manufactured in vulnerable developing countries (GSP beneficiary countries) to be imported into the EU at a preferential rate of Import Duty, which could be a reduced rate or nil.

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 9

- Materials originating from a country or territory, which benefits from the 'Special arrangement for least developed countries' set out in the GSP or from duty-free quota-free access to the market of the Union at HS 6-digit level under the general arrangement of the GSP, shall be considered as materials originating in an OCTs when incorporated into a product obtained there, provided that they have undergone working or processing which goes beyond the operations referred to in Article 5(1) (insufficient working or processing operations) of Annex VI.
- This cumulation does not apply to:
  (a) materials which are subject to antidumping or countervailing duties when originating from the country which is subject to these antidumping or countervailing duties;
  (b) tuna products classified under Harmonised System Chapters 3 and 16;
  (c) materials to which safeguard or surveillance measures apply.

4) Extended cumulation

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 10

- The EC may grant, at the request of an OCTs, cumulation of origin between an OCTs and a country with which the EU has a free trade agreement in force.
- The EC, taking into account the risk of trade circumvention and specific sensitivities of materials to be used in cumulation, may establish additional conditions for granting the cumulation requested.
- The origin of the materials used and the documentary proof of origin shall be determined in accordance with the rules laid down in the relevant free trade agreement. The origin of the products to be exported to the EU shall be determined in accordance with the rules of origin laid down in Annex VI.
- In order for the obtained product to acquire originating status, it shall not be necessary that the materials originating in the third country and used in the OCTs in the manufacture of the product to be exported to the EU have undergone sufficient working or processing, provided that the working or processing carried out in the OCTs concerned goes beyond the operations described in Article 5(1) (insufficient working or processing operations) of Annex VI.

Policy Recommendation: Any Greenland-UK trade agreement should strive to adopt rules concerning cumulation that are at least equally, if not more, generous and flexible than those underpinning the EU-OCT arrangement.

No-drawback rule

Principle: The no-drawback rule refers to the prohibition of refunding duties paid on imported goods.[47]

- The term "drawback" means the refund of duties paid on certain goods imported or produced in a country upon meeting certain conditions. Where provided, the no-drawback rule prohibits this and ensures that duties applicable to third country materials are paid.
- In the case of the OCTs, drawback is not prohibited.

Policy Recommendation: Any Greenland-UK trade agreement need not prohibit duty drawback on either side.

Principle of territoriality and direct transport or non-manipulation rule

Principle: The working or processing must be carried out in the territories of the parties.[48]

Principle: Even if your product is originating, you need still to verify the product was sent from the "originating" country and arrives in the EU without being manipulated in another country, apart from the mere operations needed for keeping the product in good conditions.[49]

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 17 and 18

- With the exception of what is provided for under the rules concerning cumulation, the conditions for acquiring originating status (as outlined in Annex VI) shall be fulfilled without interruption in the OCTs.
- If originating products exported from the OCTs to another country are returned, they shall be considered as non-originating unless it can be satisfactorily demonstrated that:
  - the products returned are the same as those which were exported; and
  - they have not undergone any operations beyond those necessary to preserve them in good condition, while in that country or while being exported.
- The products declared for release in free circulation in the EU shall be:
  - The same products as exported from the OCTs in which they are considered to originate;
  - Not altered, transformed in any way or subjected to operations other than operations to preserve them in good condition, prior to being declared for release for free circulation;
  - Storage of products or consignments and splitting of consignments may take place when carried out under the responsibility of the exporter or of a subsequent holder of the goods and the products remain under customs supervision in the country or countries of transit.

Policy Recommendation: By incorporating the principle of territoriality and the non-manipulation rule, any UK-Greenland trade agreement may ensure that products deemed to be originating in Greenland fulfil all the conditions for acquiring originating status without interruption in Greenland (with the exception of what is provided for under the rules concerning cumulation), and when declared for release in free circulation in the UK shall be the same products originating in Greenland (with cumulation already provided for) and not altered or transported anywhere else for purposes other than storage, splitting and preservation.

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47 https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/common-provisions_en

48 https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/common-provisions_en

49 https://trade.ec.europa.eu/tradehelp/direct-transport-or-non-manipulation-rule

Proof of Origin, Approved Exporter, Registered Exporter (REX) System and Value Limits

Principle: When goods are claimed to have a particular preferential origin, that claim must be certified by a proof of that origin.[50]

Principle: An approved exporter is an exporter who under certain conditions is allowed to make out proofs of origin.[51]

Principle: Value limits expressed in Euro and corresponding amounts in national currencies.[52]

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 20-35

- In order to benefit from the trade preferences in the Overseas Association Decision at the time of their importation into the EU, products originating in the OCTs were expected to submit either:
  - a movement certificate EUR.1; or
  - an origin declaration.
- In recent years, the EU has introduced a Registered Exporter (REX) system, based on the principle of self-certification, that authorises economic operators to issue a self-certificate, known as a **statement on origin**, to declare the origin of goods to be imported under preference to the EU. To do so, the economic operator has to be registered in a database by its competent authorities, with the economic operator thereby becoming a registered exporter.[53]
- Developed by the European Commission, the REX IT system reduces and simplifies export formalities and procedures by taking the form of an online origin declaration application accessed with a username and a password, for which all one would require is a device with access to the internet. That being said, the REX system refers to the system of certification of origin itself, not simply the IT system.[54]
- On 1 January 2017, the EU introduced the REX system for the GSP beneficiary countries, with those GSP countries progressively applying the REX system over a transition period initially until the end of June 2020, but which, due to the Covid-19 pandemic, has been extended until the end of December 2020 for those GSP countries that have not applied the system yet.[55]
- From 1 January 2020, the REX system was also applied in the context of the Overseas Association Decision, though no transition period was specified for OCTs. Consequently, from 1 January 2020, products originating in the OCTs will be granted tariff preferences at import into the EU only on the presentation of statements of origin by registered exporters. The certificate EUR.1 or Origin Declaration made out by approved exporters are no longer admissible in the EU.[56]
- If the value of the originating products in a consignment is more than the value threshold of EUR 10,000 in the case of an OCT, then the registration number must be indicated in the statement on origin, but if the value is lower than EUR 10,000, then any registered or unregistered exporters may make out statements on origin.

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50 https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/common-provisions_en

51 https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/common-provisions_en

52 https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/common-provisions_en

53 European Commission, REX- Registered Exporter system: https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/generalised-system-preferences/the_register_exporter_system_en

54 European Commission, REX- Registered Exporter system: https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/generalised-system-preferences/the_register_exporter_system_en

55 European Commission, REX- Registered Exporter system: https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/generalised-system-preferences/the_register_exporter_system_en

56 European Commission, REX- Registered Exporter system: https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/generalised-system-preferences/the_register_exporter_system_en

- Where products are invoiced in a currency other than euro, amounts in the national currencies of equivalent to the amounts expressed in euro shall be fixed annually by the countries concerned.
- The two prerequisites for an OCTs to apply the REX system are the submission to the European Commission of an Undertaking providing administrative cooperation in the framework of the REX system, and the communication to the European Commission of the contact details of the competent authorities dealing with the registration of exporters and administrative cooperation.[57]
- The REX system has also been applied in the context of the EU-Canada Comprehensive Economic and Trade Agreement (CETA), EU-Japan Economic Partnership Agreement, EU-Vietnam Free Trade Agreement (EVFTA), the stepping stone EPA with Côte d'Ivoire, and the interim EPA between the EU and Eastern and Southern Africa (ESA).[58]

Policy Recommendation: In the light of the more simplified and accessible online procedures to establish preferential origin that the EU's Registered Exporters (REX) system represents, and the effort undertaken to get economic operators in various OCTs and GSP-beneficiary countries to apply, there is a very strong independent case for the UK to continue the use of REX, even beyond the convenience and continuity it would represent for exporters in Greenland and for the Greenland-UK trade. If the UK should/must opt out of the REX System, then it should offer soon an alternative source to minimise disruption.

Derogations

Principle: The rules of origin for OCTs introduce a facility allowing OCTs to derogate from the rules of origin.[59]

Legal Basis: Council Decision 2013/755/EU, Annex VI, Art 16

As the European Commission notes:

- "A derogation is a temporary lessening or relaxation of the law or the rules, therefore allowing preferential treatment to be accorded to products which may not strictly satisfy the criteria for 'originating products'."[60]
- At the initiative of the European Commission, or in response to a request from an EU member state or an OCT, an OCT may be granted a temporary derogation if:
  - internal or external factors temporarily deprive it of the ability to comply with the rules for the acquisition of origin; or
  - it requires time to prepare itself to comply with the rules for the acquisition of origin; or
  - the development of existing industries or the creation of new industries justifies it.[61]
- Derogations currently in force: prawns from Greenland valid until 31 December 2020.

  Legal Basis: Commission Implementing Decision of 14 July 2014 on a temporary derogation from Council Decision 2013/755/EU, as regards the rules of origin for prepared and preserved shrimps and prawns from Greenland (2014/461/EU)

  - On 16 October 2009, the European Commission adopted Decision 2009/776/EC derogating from the definition of the concept of 'originating products' to take account of the special

[57] European Commission, REX- Registered Exporter system: https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/generalised-system-preferences/the_register_exporter_system_en

[58] European Commission, REX- Registered Exporter system: https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/generalised-system-preferences/the_register_exporter_system_en

[59] https://trade.ec.europa.eu/tradehelp/overseas-countries-and-territories

[60] https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/introduction/overseas-countries-territories-oct_en

[61] https://ec.europa.eu/international-partnerships/system/files/council-decision-overseas-association-2013-755_en.pdf

situation of Greenland with regard to prawns of the species Pandalus borealis. That derogation expired on 31 December 2013.

- With a letter of 1 April 2014, Greenland requested a new derogation from the rules of origin set out in Article 16 of Annex VI to Decision 2013/755/EU in respect of an annual quantity of 2,500 tonnes of prepared and preserved prawns of the species Pandalus borealis and Pandalus Montagui to be exported from Greenland for the period from 1 January 2014 to 31 December 2020.
- Greenland based its request on the fact that Greenlandic total allowable catches (TAC) have decreased over the last years and would further decrease in 2015, causing a shortfall in supplies of originating prawns. It noted that Greenland urgently needs prawns from neighbouring countries to maintain a minimum level of production and to secure employment. That development has turned in later years, and catches have increased again, probably as a result of the management plans that have also led to the MSC certification.
- Article 16(1)(c) of Annex VI to Decision 2013/755/EU provides that derogations from the rules of origin may be granted where justified by the development of existing industries or the creation of new industries in a country or territory.
- Fisheries is the primary industry in Greenland of which the prawn fishery sector is the most important. It is of great significance to the continued development of the Greenlandic industry that the possibility to use prawns from third countries, in particular from Canada, remains possible in the future to develop the industry on land and to maintain competitiveness of the Greenlandic industry on the world market.
- Greenland is a geographically isolated territory with limited infrastructure and rising unemployment. When there is a shortage of supplies, factories have to close down causing unemployment for longer periods. The socioeconomic impact of such a close-down on a small community that is dependent on the economic activity of such factories is therefore significant. The processing of 2500 tons of prawns provides work for approximately 10 workers. Greenland has indicated in its request that the derogation is vital for the survival of one of its factories.
- The requested derogation is justified under Article 16(1)(c) of Annex VI to Decision 2013/755/EU, as regards the continued development of an existing industry in Greenland. Moreover, the derogation will secure employment in vulnerable communities and is essential for the survival of one of Greenland's factories.
- Since the use of the derogation granted in 2001 was very low, this derogation should be granted only for 500 tons, which corresponds to the maximum utilisation level in 2002 increased by a 25 % tolerance.
- Subject to compliance with certain conditions relating to quantities, surveillance and duration, the derogation would not cause serious injury to an economic sector or an established industry of the Union or of one or more Member States.
- The European Commission decided that, by way of derogation from Annex VI to Decision 2013/755/EU, prepared and preserved prawns of the species *Pandalus borealis* and *Pandalus Montagui*, processed in Greenland from non-originating prawns, in quantities of 500 tonnes a year during the period from 1 January 2014 to 31 December 2020, shall be regarded as originating in Greenland.

Policy Recommendation: Whether to support social and economic development internationally, or to boost its soft power in its Northern neighbourhood, or simply to mirror the provisions of the EU-OCT arrangement, the Greenland-UK trade agreement may provide for Greenland to be granted a temporary derogation if:

- internal or external factors temporarily deprive it of the ability to comply with the rules for the acquisition of origin; or
- it requires time to prepare itself to comply with the rules for the acquisition of origin; or
- the development of existing industries or the creation of new industries justifies it.

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7. Emerging UK-Greenland Trade: Mineral Resources

Note: An earlier version of this section was published as an in-depth briefing Greenland: Security, Trade, Competition (October 2020) by the Centre for Historical Analysis and Conflict Research (CHACR), the British Army's think-tank tasked with enhancing the conceptual component of fighting power. https://chacr.org.uk/2020/10/26/greenland-security-trade-competition/

In August 2019, when it surfaced that the incumbent President of the United States sought to purchase Greenland from Denmark, the world, not surprisingly, greeted the story with derision and incredulity. The idea that one country – no matter how large or powerful – could simply make an offer to purchase another country – no matter how unfamiliar or remote – seemed anachronistic at best, prompting the Danish Prime Minister Mette Frederiksen to dismiss the proposal as "absurd". Furthermore, the very notion that Greenland was a mere appendage of Denmark that the latter could put up for sale was highly problematic, leading Greenland's Premier Kim Kielsen to assert, "Greenland is not Danish. Greenland is Greenlandic."

Yet, by causing the world to sit up and take notice of this large Arctic island, Donald Trump may have unwittingly lifted the veil on Greenland's – and indeed the Arctic's – geostrategic importance to the US and Europe more widely than ever before. The renewed emphasis on Greenland in US foreign, defence and security policy, as shall be seen, is much more explicable and reasonable when viewed against the backdrop of Greenland's vast resource potential and increasing US-China great power competition. What this section will explore, by focusing on Greenland's mineral resources in particular, is why Greenland should matter just as much, if not more, to the UK. It shall demonstrate why a UK-Greenland trade agreement is vital not simply to Global Britain's trade policy, but also to its defence and security, business growth and industrial strategy, climate and energy policy, and foreign relations, especially with the US and the EU.

Greenland's Vast Resource Potential: An Overview

Changing Arctic sea ice conditions have opened up the possibility of increased navigation along the Northern sea routes, dramatically reducing the time it takes to ship goods between Asia, Europe and North America, while presenting new opportunities for Greenland's waterways and port infrastructure. Likewise, the growing practicality and popularity of using polar air routes that result in substantial time and fuel savings on flights between North America, Europe and Asia have opened up new opportunities for Greenland's airways and airport infrastructure. What makes Greenland so strategic though is not just where it sits geographically, but also what it holds resource-wise. In 2008, the US Geological Survey estimated that the three major basins off the coast of Greenland could yield up to 52 billion barrels of oil equivalent. Furthermore, a 2015-study found that Greenland could produce enough hydropower to meet its own needs and export the surplus to Nunavut or Newfoundland and Labrador and perhaps even further through an undersea cable.[62] As seen, Greenland's fish-rich waters also make it one of the world's largest exporters of cold-water prawns, cod, haddock, halibut and snow crab. Mineral-rich Greenland, moreover, holds large reserves of copper, zinc, lead, iron ore, nickel, titanium, cobalt, gold, precious gemstones, platinum-group metals, rare-earth elements and other minerals.

Growing Chinese Interest in Greenland

Greenland's vast resource potential has not escaped China's attention. In 2018, China outlined its ambitions to build a Polar Silk Road (as an extension of its Belt and Road Initiative) by developing Arctic shipping routes; vessels belonging to China's COSCO Shipping have plied the Northern Sea Route since 2013. China, furthermore, has actively pursued investment opportunities in Greenland's airport, port and research infrastructure, as well as mining and energy sectors. Recently, a Chinese construction firm China Communications Construction Company (CCCC) bid for Greenland's airport projects, but withdrew after Denmark stepped in to finance the projects, reportedly in the face of mounting US concern over China's role with respect to Greenland's future air facilities.[63] When it comes to mining, Chinese firms, such as

[62] B. Pehora, "Greenland to Nunavut electricity exports? It just might be possible", *Nunatsiaq News*, 14 January 2016. https://nunatsiaq.com/stories/article/65674greenland_to_nunavut_hydro_exports_it_just_might_be_possible/

[63] M. Shi, M. Lanteigne, "A Cold Arena? Greenland as a Focus of Arctic Competition", *The Diplomat*, 10 June 2019. https://thediplomat.com/2019/06/a-cold-arena-greenland-as-a-focus-of-arctic-competition/

Shenghe Resources Holding Co Ltd, China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co Ltd (NFC) and China National Nuclear Corporation (CNNC), have interests in Greenland, much to the consternation of the US. Greenland sits on some of the world's largest deposits of rare-earth elements that are critically important to the US, but for which the US is still heavily dependent on China, a dependence that China could weaponise in the US-China trade war. In the energy sector, two Chinese oil majors – China National Petroleum Corporation (CNPC) and China National Offshore Oil Corporation (CNOOC) – have expressed interest in bidding for Greenland's onshore oil and gas blocks in 2021. A 2017-study noted that Greenland attracted the highest levels of Chinese foreign direct investment as a percentage of GDP of all Arctic countries.[64] China also serves as one of the largest markets for Greenland's fish exports.

The Forgotten Giant: The UK's Economic Footprint in Greenland

While China undoubtedly has a growing footprint in Greenland, the preoccupation with China has resulted in the US overlooking the importance of other players, including its closest allies, in the region. Despite the media hullabaloo about China, it is the UK that, with the exception of Denmark, might still command the greatest economic footprint in Greenland. Today, there are at least 12 British companies holding 28 mineral exploration and prospecting licenses in Greenland (a clear majority), four UK entities holding licenses for oil and gas exploration in Greenland, at least one UK firm exploring water and ice export opportunities from Greenland and, albeit not trade, a substantial UK research community engaged with research projects in Greenland. Furthermore, the UK is one of the largest markets for Greenland's fish and fish products and accounts for more than 10% of Greenland's total exports. There is a substantial value chain that has developed around Greenlandic seafood in the UK, one that includes UK importers, processors, manufacturers, traders, distributors, wholesalers, retailers and foodservice channels (such as fish and chips shops, pubs and restaurants). It is as much in the interest of the US as it is of the UK, hence, to encourage a pivoting of UK foreign, defence, security and trade policy towards Greenland. If the tunnel vision approach of the US has not been challenged by the UK thus far, it is largely because of a general lack of awareness within the UK itself about its vast footprint in Greenland, beyond scientific cooperation.

Resource Exploration in Greenland: A Potted History of the UK's Involvement

The UK has a long and rich history of resource exploration and development in Greenland. Geologists, prospectors and explorationists from the UK have been instrumental in surveying and mapping the geology, as well as energy and mineral resources, of Greenland for the better part of two centuries. The UK remains relevant to Greenland today as a world-leading centre of energy and mining expertise, the leading centre of global energy and mining finance, and home to some of the world's biggest and most visible energy and mining companies. UK energy firms, such as BP, Royal Dutch Shell and Cairn Energy, have been a key feature of Greenland's oil and gas exploration landscape. While BP and Shell were part of a consortium of companies that was granted a prospecting licence under the KANUMAS (Kalaallit Nunaat Marine Seismic) Project as early as 1989, Cairn Energy had emerged as the biggest explorer in Greenland by 2011, though its USD 1.2 billion, 8-well drilling campaign proved unsuccessful. Likewise, the largest UK mining firms, Glencore, BHP, Rio Tinto and Anglo American, have been involved in Greenland at various points. For instance, Rio Tinto was already prospecting in Kangerluarsuk, Isua and Washington Land in the 1990s, and another UK-based firm London Mining acquired its Isua iron ore project from Rio Tinto in 2005. In 2013, London Mining was awarded a 30-year license to develop the Isua iron ore project, described then as "the largest commercial project to date in Greenland", though financial problems led to the transfer of its Greenlandic subsidiary to the Hong Kong-based General Nice Development.[65] Likewise, when BHP Billiton took over Canadian diamond producer Dia Met Minerals Ltd in 2001, it acquired a majority interest in a joint venture engaged in diamond exploration in western Greenland.[66]

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64 M. Rosen, C. Thuringer, *Unconstrained Foreign Direct Investment: An Emerging Challenge to Arctic Security* (CNA Analysis & Solutions, 2017). https://www.cna.org/cna_files/pdf/COP-2017-U-015944-1Rev.pdf

65 "Greenland awards London Mining huge iron ore project", *BBC News*, 24 October 2013. https://www.bbc.co.uk/news/world-europe-24658756

66 "Greenland drilling uncovers kimberlite dyke", *The Northern Miner*, 15 October 2001. https://www.northernminer.com/news/greenland-drilling-uncovers-kimberlite-dyke/1000109121/

The Mining Sector in Greenland Today

Although no mineral resources were mined in Greenland for a few years since the closure of its southern gold mine in 2013, the mining sector has grown steadily since then and now has two active mines.

- In 2017, LNS Greenland, the sister company of Greenland Ruby and both part of the Norwegian family-owned LNS Group, commenced the production of rubies – positioned as the world's only conflict-free rubies – at its Aappaluttoq mine.
- In 2019, the TSXV-listed Canadian firm Hudson Resources started production at its White Mountain Anorthosite mine, which it reports is the largest anorthosite occurrence, surpassed only by the moon.

There are also several firms that hold exploration and exploitation licenses in Greenland: the majority of these firms are based in the UK, Canada and Australia, with the rest based in Denmark, Czech Republic, South Africa and India. Of these, the two firms that appear to be of the greatest interest to the US and the EU are both Australian – Greenland Minerals and Tanbreez.

- The ASX-listed Australian firm Greenland Minerals, which holds a 100% interest in the Kvanefjeld multi-element Rare Earths Project, is developing the world's second-biggest rare earth operation and fifth-biggest uranium mine (uranium as a by-product).
- The privately-owned Australian firm Tanbreez holds licenses to the Kringlerne project not far from Kvanefjeld and is believed to sit on substantial reserves of rare earths as well, including the world's biggest deposit of dysprosium.

The UK's Involvement in Greenland's Mining Sector Today

In recent years, Greenland has rapidly re-emerged in the public imagination in the UK as a large, resource-rich island that forms a strategically important part of Britain's northern maritime neighbourhood, endowed with an exceptionally favourable geography and developed into a vibrant, stable and attractive jurisdiction for mining investment. The UK has, by far, the greatest footprint in Greenland's mining sector. As of October 2020, there are at least 12 British companies that hold 28 mineral exploration and prospecting licenses in Greenland, a clear majority, with Australia and Canada following suit. The UK is not just where many of the mining companies scoping out opportunities in Greenland originate, but often where they choose to fundraise or seek expertise. The following four examples reveal some of the ways in which UK companies and exchanges are involved in Greenland's mining sector.

- The AIM- and FSE-listed British firm Bluejay Mining is developing three projects in Greenland: the Dundas Ilmenite Project, which is the world's highest-grade mineral sand ilmenite (the key ore in titanium) project; the Disko-Nussuaq Project, a magmatic massive sulphide nickel-copper-platinum-cobalt project believed to host mineralisation similar to the world's largest nickel/copper sulphide mine in Siberia; and the Kangerluarsuk Zinc-Lead-Silver Project. In 2019, it also signed an agreement with Rio Tinto Iron and Titanium Canada, a member of the LSE- and ASX-listed Anglo-Australian mining giant Rio Tinto Group, for further analysis of the ilmenite from the Dundas project.
- The LSE- and JSE-listed British mining giant Anglo-American – the world's largest platinum producer – is one of the largest mining firms that holds licenses in Greenland, where it is undertaking polymetallic (copper-nickel-platinum group elements) exploration, as it is in Finland and Canada. Anglo-American had also taken over the London-headquartered global diamond giant De Beers Group in 2011, which has since obtained an exploration license for diamond exploration in Greenland.
- Another LSE- and JSE-listed British-Swiss mining giant Glencore is a significant shareholder at Ironbark Zinc and an offtaker for its Citronen project. The ASX-listed Australian firm Ironbark Zinc is developing the Citronen Zinc-Lead Project, which represents one of the world's largest undeveloped zinc-lead deposits with a resource of more than 13 billion lb in contained zinc and lead metal.
- In July 2020, the TSXV-listed Canadian firm AEX Gold, which has revived the Nalunaq Gold Project and which currently holds the largest gold license portfolio in Greenland, achieved a dual listing on the AIM, the sub-market of the LSE for small and medium size growth companies, after raising GBP 42.5 million through a placing and direct subscriptions.

Below is a list of British firms currently holding prospecting or exploration licenses in Greenland:

Table 8: UK Licence Holders in the Mining Sector in Greenland

License Code	Owner Name	Type
MEL 2019-115	Anglo American Exploration Overseas Holdings Limited	Mineral Exploration Licence (MEL)
MPL 2019-81	Anglo American Exploration Overseas Holdings Limited	Mineral Prospecting Licence (MPL)
MEL 2019-80	Anglo American Exploration Overseas Holdings Limited	Mineral Exploration Licence (MEL)
MEL 2019-79	Anglo American Exploration Overseas Holdings Limited	Mineral Exploration Licence (MEL)
MEL 2017-01	Bluejay Mining Plc	Mineral Exploration Licence (MEL)
MEL 2020-02	Bright Star Resources Limited	Mineral Exploration Licence (MEL)
MEL 2020-30	Bright Star Resources Limited	Mineral Exploration Licence (MEL)
MEL 2020-49	Bright Star Resources Limited	Mineral Exploration Licence (MEL)
MEL 2019-59	Challenge Holdings Ltd	Mineral Exploration Licence (MEL)
MEL 2020-21	Challenge Holdings Ltd	Mineral Exploration Licence (MEL)
MEL 2011-31	Disko Exploration Ltd.	Mineral Exploration Licence (MEL)
MEL 2012-29	Disko Exploration Ltd.	Mineral Exploration Licence (MEL)
MEL 2018-16	Disko Exploration Ltd.	Mineral Exploration Licence (MEL)
MPL 2019-15	Disko Exploration Ltd.	Mineral Prospecting Licence (MPL)
MEL 2019-116	Disko Exploration Ltd.	Mineral Exploration Licence (MEL)
MEL 2020-10	Disko Exploration Ltd.	Mineral Exploration Licence (MEL)
MEL 2020-06	Disko Exploration Ltd.	Mineral Exploration Licence (MEL)
MEL 2015-08	Dundas Titanium A/S	Mineral Exploration Licence (MEL)
MEL 2019-114	Dundas Titanium A/S	Mineral Exploration Licence (MEL)
MEL 2017-06	Longland Resources Limited	Mineral Exploration Licence (MEL)
MEL-S 2019-38	Longland Resources Limited	Special Exploration Licence (MEL-S)
MPL 2019-39	Longland Resources Limited	Mineral Prospecting Licence (MPL)
MEL 2013-06	Obsidian Mining Ltd	Mineral Exploration Licence (MEL)
MEL 2020-48	R500 Greenmin Ltd.	Mineral Exploration Licence (MEL)
MEL 2019-18	Stallion Resources Limited	Mineral Exploration Licence (MEL)
MEL 2017-29	White Eagle Resources Limited	Mineral Exploration Licence (MEL)
MEL 2018-25	White Eagle Resources Limited	Mineral Exploration Licence (MEL)
MEL 2017-41	White Fox Resources Limited	Mineral Exploration Licence (MEL)

Table 9: What Resources are UK Licence Holders in Greenland Exploring?

License Holder	Minerals
Anglo American Exploration Overseas Holdings Limited	Disko-Nuussuaq - Nickel, Copper, Platinum Group Metals
	Svartenuk Halvø – Nickel, Copper, Platinum Group Metals
Bluejay Mining Plc and through its subsidiaries **Dundas Titanium A/S** **Disko Exploration Ltd**	Disko-Nuussuaq Project – Nickel, Copper, Platinum Group Metals, Cobalt
	Kangerluarsuk Project – Zinc, Lead, Silver
	Thunderstone – Potential for Gold, Nickel, Copper, PGE, Lead, Zinc, Uranium
	Dundas Ilmenite Project – Ilmenite, Titanium
Longland Resources Ltd	Ryberg Project – Copper, Palladium, Gold, Nickel, Cobalt, Platinum
R500 Greenmin Ltd	Fiskenfjord – Olivine
Stallion Resources Ltd	Motzfeldt – Rare Earth Elements, Niobium, Tantalum
Alba Mineral Resources through its subsidiaries **Obsidian Mining Ltd** **White Eagle Resources Ltd** **White Fox Resources Ltd**	Amitsoq Graphite Project – Graphite
	Thule Black Sands Project – High-grade Ilmenite
	Melville Bay Iron Project – Iron Ore, Haematite, Magnetite
	Inglefield Land – Cobalt, Copper, Gold, Vanadium, Nickel, Zinc, Molybdenum

Source: Company websites and communication. Also, https://govmin.gl/exploration-prospecting/start-exploring/exploration-and-advanced-projects/

As reflected in the tables above, there is a substantial focus on base metals (copper, lead, zinc), light metals (such as ilmenite, titanium and magnesium), precious metals (such as gold, silver and the platinum group metals), iron and ferro-alloy metals (such as iron, nickel, cobalt, molybdenum, chromium and niobium), industrial minerals (such as graphite, olivine, feldspar and anorthosite) and specialty metals (such as rare-earth elements, zirconium, niobium, tantalum and uranium). Gemstones is another area where, as seen, one Norwegian-Greenlandic firm has commenced production and the export of rubies and pink sapphires; a UK-headquartered firm De Beers Group has secured a license for diamond exploration; and there is ample potential for growth in trade with the UK. These are all minerals that the UK uses and imports quite considerably and are vital to the UK's resource security, climate and energy policy, business growth and industrial strategy. As the firms currently producing in Greenland expand and those prospecting or exploring eventually commence production, Greenland – owing to its resource potential and relative geographical proximity – is well-placed to become one of the UK's leading import sources for a number of these minerals. Furthermore, many of these firms will rely on UK expertise and mining finance, as is already the case, and also look to use or to develop processing operations in the UK. On all counts, it is as much in the interest of the UK as that of Greenland to ensure that these mineral resources can be imported into the UK on a tariff-free, quota-free basis, as has been the case under the EU-OCT arrangement. The next table offers a glimpse into how important these minerals are to the UK, based on imports.

Table 10: UK Apparent Consumption and Imports, volume and value, 2017-2018

Commodity	Tonnes		£ thousand	
	2017	2018	2017	2018
Cobalt				
Apparent Consumption	1,500	200		
Imports				
Ore	34	24	106	105
Unwrought	5,114	4,293	89,464	145,115
Wrought	505	627	15,586	24,423
Oxides	166	117	4,043	5,199
Scrap	1,115	1,262	13,216	21,651
Copper				
Consumption				
Unwrought-				
Refined	19,032	18,000		
Copper in scrap for direct use	120,000	120,000		
Imports				
Ores and concentrates	37	392	161	953
Matte and cement	28	48	155	234
Scrap	32,075	28,199	92,942	85,525
Ash and residues	16	51	27	53
Unwrought				
Unrefined-	35	52	240	406
Refined	21,613	25,091	100,234	122,222
Alloys	5,218	2,591	16,002	15,117
Master alloys	362	502	1,600	3,103
Diamond				
Imports				
Unsorted	21,689,101	20,338,927	589,370	551,666
Gem-				
Rough	8,848,292	10,125,262	577,414	599,550
Cut	305,845	663,678	680,413	867,945
Industrial	2,705,618	5,418,781	11,585	11,982
Dust	28,874,346	25,771,437	10,559	8,806
Gold				
Imports				
Waste and scrap	214	308	28,532	21,833
Unwrought	3	4	102,801	130,115
Semi-manufactured	835	625	26,650,976	19,020,357
Iron ore				
Consumption	9,020,500	8,497,100		

Imports				
Iron ore	9,128,731	8,898,295	611,301	587,059
Fe content	5,500,000	5,300,000		
Nickel				
Consumption	24,938	26,106		
Imports				
Ores and concentrates	28	-	231	-
Mattes, sinters etc.	52,114	50,887	327,204	381,688
Scrap	8,337	10,562	50,473	66,737
Ferro-nickel	7,272	11,279	15,149	26,287
Unwrought	10,330	9,857	83,126	103,051
Unwrought alloys	4,530	4,591	69,764	97,352
Oxides	32	51	174	148
Platinum Group Metals				
Imports				
Unwrought or partly worked				
Platinum	339	84	1,399,896	1,470,589
Palladium	422	48	1,054,226	1,126,245
Other platinum metals	23	14	145,127	235,522
Waste & scrap	1,281	1,194	201,653	48,637
Precious & semi-precious stones, excl. diamonds				
Imports				
Natural stones	498	387	158,284	94,105
Synthetic stones	29	18	10,559	7,478
Dust and powder	2	1	339	427
Rare Earths				
Imports				
Metals, including yttrium and scandium	6	0	154	14
Cerium compounds	1302	437	12,143	3,367
Other rare earth compounds	628	499	16,235	13,596
Ferro-cerium and other pyrophoric alloys	41	1	101	35
Niobium				
Imports				
Ferro-niobium	6,921	870	13,123	13,189
Niobium	199	214	9,298	10,891
Zinc				
Consumption (Slab)	101,190	104,759		
Imports				
Ores and concentrates	19	1	214	34
Ash and residues	120,293	116,235	4,660	7,021
Unwrought	98,731	102,510	234,852	246,358
Unwrought alloys	6,036	6,423	15,387	16,155
Scrap	781	676	1,079	1,109
Zirconium				
Apparent Consumption	3,000	3,000		
Imports				
Ores and concentrates	7,524	8,060	8,078	11,427
Scrap	130	206	893	2,048
Unwrought	169	88	5,365	2,821
Wrought	50	29	1,343	2,612

Source: British Geological Survey, United Kingdom Minerals Yearbook 2019 (2020)

Rare-Earth Elements: Critically Important to the UK, the US and the EU

With respect to few mineral commodities are the British, American and European needs as critical, and Greenland's strengths as obvious, as in rare earths, a group of 17 elements (yttrium, scandium and the 15 lanthanides) that are not necessarily rare in their occurrence, but so widely dispersed that they are rarely found in large concentrations. The *Scientific American* notes that rare earth elements make their way into consumer electronics (such as Apple AirPods and iPhones), green technologies (such as General Electric wind turbines and Tesla electric cars), medical tools (such as Philips Healthcare scanners) and military hardware (such as F-35 jet fighters).[67] Given China's dominance over the global production and supply of rare earths on the one hand, and Greenland's large rare earth reserves and the number of UK companies operating in Greenland on the other hand, Greenland presents a new and increasingly important avenue for UK-US and UK-EU cooperation. In the face of their growing demand for rare earths and desire to reduce their dependence on China for materials so critical to their economy and security, the US and the EU should work closely with the UK – government and industry – in developing a secure, stable and sustainable supply of rare earths from Greenland, thus enhancing resource security.

A report by the UK Parliament's Parliamentary Office of Science & Technology included rare earth elements, along with cobalt and helium, in its list of "critical materials" on the basis of "their economic or national security importance, or high risk of supply disruption". In spite of being "vital commodities for UK manufacturing, including for the aerospace, automotive, chemical and energy sectors", the report pointed out, these sectors "rely on materials typically extracted and processed abroad."[68] The European Commission has published a List of Critical Raw Materials every three years since 2011, using economic importance and supply risk as the key determinants of criticality: its 2020 list enlists separately both heavy and light rare earth elements, as well as cobalt, indium, magnesium, natural graphite, niobium, platinum group metals, scandium, tantalum, lithium and titanium – materials that are found in Greenland.[69] The EU has a 75-100% import reliance for most metals and 100% import reliance for rare-earth elements: it depends on China for 98% of its heavy rare-earth element supply and 99% of its light rare-earth element supply.[70] Likewise, in 2018, pursuant to Executive Order 13817, the US Secretary of the Interior, in coordination with the US Secretary of Defence, included the rare-earth-element group in its list of critical minerals it submitted to the Federal Register.[71] In 2019, of the 46 nonfuel mineral commodities for which imports constituted more than half of the annual consumption in the US, critical minerals accounted for 14 of the 17 mineral commodities with 100% net import reliance, the rare-earth-element group being one among them.[72] In May 2019, the US Department of Defence sent a report to the White House asking for federal funds to boost the domestic production of rare-earth elements to reduce US dependence on China.[73]

Rare earths have become increasingly important across key sectors in the UK, the US and the EU, especially defence, renewable energy and technology. Some of their uses in each sector have been outlined below:

Defence: Rare earths are critically important to the defence sector in the UK and the US, being used in:

- Guidance and control systems (such as smart bombs, Tomahawk cruise missiles, Joint Direct Attack Munitions, Joint Air-to-Ground fin actuators and Predator unmanned aircraft);
- Defence electronic warfare (such as jamming devices, electromagnetic railguns, Ni Metal Hydride batteries, Area Denial System and Long-Range Acoustic Device);

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67 J. Hsu, "Don't panic about rare earth elements", *Scientific American*, 31 May 2019. https://www.scientificamerican.com/article/dont-panic-about-rare-earth-elements/

68 Houses of Parliament Parliamentary Office of Science & Technology, Research Briefing: Access to Critical Minerals, *Postnote*, No. 609, September 2019, p.1. https://post.parliament.uk/research-briefings/post-pn-0609/

69 European Commission, *2020 List of Raw Materials* (2020). https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0474&from=EN

70 European Commission, *2020 List of Raw Materials* (2020).

71 US Geological Survey (USGS), *Mineral Commodity Summaries 2020* (Reston, Virginia: USGS, 2020), p.5. https://pubs.usgs.gov/periodicals/mcs2020/mcs2020.pdf.

72 USGS, *Mineral Commodity Summaries 2020* (Reston, Virginia: USGS, 2020), p.6. https://pubs.usgs.gov/periodicals/mcs2020/mcs2020.pdf.

73 P. Stewart, A. Shalal, "Pentagon seeks funds to reduce U.S. reliance on China's rare earth metals", *Reuters*, 29 May 2019. https://www.reuters.com/article/us-china-usa-rareearth-pentagon-idUSKCN1SZ2C6

- Targeting and weapon systems (laser targeting, air-based lasers, Laser Avenger, SaberShot Photonic Dispenser, Future Combat Systems vehicles with laser weapon);
- Electric motors (such as CHPS Future Combat, integrated starter generators, hub mounted electric traction drive, Zumwalt DDG 1000 and Joint Strike Fighter electric aircraft);
- Communication (satellite communications, sonar transducers, radar technology, enhanced X Ray radiation detection and Multipurpose Integrated Chemical Agent Alarm); and
- Optical equipment and speakers (such as night-vision goggles).[74]

When it comes to the amount of rare earths needed, according to a 2013 US Congressional Research Service report, a single F-35 Lightning II Joint Strike Fighter jet needs about 920 lb (418 kg); a DDG-51 Aegis destroyer needs around 5,200 lb (2,359 kg); while a single SSN-774 Virginia-class submarine requires 9,200 lb (4,180 kg).[75] Significant restrictions to the supply of rare earths, thus, can severely affect British and American defence and aerospace firms, such as BAE Systems, Rolls-Royce Holdings Lockheed Martin, Northrup Grumman, Raytheon and Boeing.

Renewable Energy: In June 2019, the UK Government became the first major global economy to set a net zero greenhouse gas emissions target for 2050, a 100% reduction compared with the previous target of an 80% cut in emissions from 1990 levels. It aims to achieve these targets by continuing to push for a shift to renewable wind, wave, tidal and solar energy, and also by decarbonising transport and other sectors. According to PwC's *Low Carbon Energy Index*, within the G20, the UK has the highest average decarbonisation rate in the twenty-first century.[76] This green, clean energy revolution, however, is predicated on the availability and use of rare earths, such as neodymium for wind turbines and tellurium for solar panels, and other critical minerals. Lithium, likewise, is a vital resource for lithium-ion batteries used by car manufacturers such as Tesla, Ford, BMW, Nissan and Renault. According to the World Bank, achieving the ambition of a low carbon future would translate as a rapid increase in the demand of certain metals and minerals, with the shift to electric storage batteries alone, under a 2°C rather than business as usual scenario, translating as demand for certain metals and minerals rising by more than 1000% by 2050.[77]

- The wind turbine market is projected to result in roughly 30% of the global growth in the use of rare earth magnets, with wind turbines believed to use roughly 600 kg of rare-earth metals each.[78]
- Rare earth magnets also find their way into the motors of more than 90% of hybrid and electric vehicles, as well as into their braking systems, power folding side mirrors, power seats, drivetrains, compressors and pumps. Hybrid electric cars use 10-15 kg of lanthanum in their batteries.
- A 2020-study commissioned by the European Commission noted that the demand for rare earths used in permanent magnets could increase 10 times by 2050, while the EU would require up to 18 times more lithium and five times more cobalt in 2030, and around 60 times more lithium and 15 times more cobalt in 2050, for electric vehicle batteries and energy storage.[79]
- According to a report commissioned by the Dutch Ministry of Infrastructure, meeting the greenhouse gas emission reduction targets under the Paris Agreement through renewable energy production requires that global production of several rare earth minerals used in solar panels and wind turbines has to grow at least twelvefold by 2050.[80]

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74 V.B. Grasso, *Rare Earth Elements in National Defense: Background, Oversight Issues, and Options for Congress*, Congressional Research Service, 23 December 2013, pp.10-13. https://fas.org/sgp/crs/natsec/R41744.pdf

75 https://fas.org/sgp/crs/natsec/R41744.pdf

76 PwC, *The Low Carbon Economy Index 2019*. https://www.pwc.co.uk/services/sustainability-climate-change/insights/low-carbon-economy-index.html.

77 World Bank, *The Growing Role of Minerals and Metals for a Low Carbon Future* (2017). https://elibrary.worldbank.org/doi/abs/10.1596/28312

78 S. Ritter, "A whole new world for rare earths", *C&EN: Chemical & Engineering News*, 28 August 2017. https://cen.acs.org/articles/95/i34/whole-new-world-rare-earths.html

79 European Commission, *2020 List of Raw Materials* (2020). https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0474&from=EN

80 P. van Exeter, S. Bosch, B. Schipper, B. Sprecher, R. Kleijn, *Metal Demand for Renewable Electricity Generation in The Netherlands: Navigating a complex supply chain* (2018). https://www.metabolic.nl/publication/metal-demand-for-renewable-electricity-generation-in-the-netherlands/

Tech Industry: Rare earths are used in loudspeakers, computer hard drives, camera and telescope lenses, studio lighting and cinema projection, catalytic converters in cars, aircraft engines, aerospace components, vibration motors, lasers, microwave filters, LED screens, glass polishing, nuclear-reactor control rods, nuclear batteries, superconductors, visors, electrical components, fibre optics, and X-ray and MRI scanning systems. Lanthanum constitutes up to 50% of digital camera lenses.[81]

China's Dominance in Global Rare Earths Supply

It is in the context of China's dominance when it comes to rare earths that the real power it wields and the potential threat it poses may be best understood. The global production of rare earths grew from 190,000 MT in 2018 to 210,000 MT in 2019, representing a significant rise of 10.5%. In 2019, China was the leading producer of rare earths by far, accounting for 132,000 MT or 62.9% of global production, followed by the US (26,000 MT or 12.4%), Myanmar (22,000 MT or 10.5%) and Australia (21,000 MT or 10%) – and, thereafter, India, Russia, Madagascar, Thailand, Vietnam and Burundi (collectively accounting for less than 5%).[82] Likewise, with respect to rare earth reserves, at least as identified by the US Geological Survey (and not accounting for Greenland's estimates of its rare earth reserves), China is firmly in the lead. Of the estimated 120 million MT of rare earth deposits in the world, China holds 44 million MT (36.7%), with Brazil (22 million MT or 18.3%), Vietnam (22 million MT or 18.3%), Russia (12 million MT or 10%), India (6.9 million MT or 5.8%) and Australia (3.3 million MT or 2.8%) trailing in the distance. The US holds 1.4 million MT or 1.2% of the world's rare earth deposits.[83] As around 95% of the world's processing of raw ore also takes place in China, China is simultaneously the world's biggest reserve, producer, consumer, processor, importer and exporter of rare earths. The EU depends on China for 98% of its total supply of rare-earth elements. This dominance is even more dramatic in related industries, with China reigning supreme as the world's largest producer and exporter of rare earth permanent magnets, accounting for 90.5% of the global total output in 2018.[84]

Concerns about Rare Earths Supply: The Security Implications for the UK

In the face of increasing demand for rare earths and China's peerless leadership in the space, the UK Department of Food, Environment and Agricultural Affairs (Defra) noted in 2010 that "it is likely that the UK will face long term supply availability issues, with significant implications for the development of aspects of a low carbon economy including key applications such as electric vehicles and wind turbines where REE materials are used for high efficiency, permanent magnets."[85] In its 2012 *Resource Security Action Plan*, Defra identified metals, electric equipment and domestic appliances, electronics and ICT, chemicals, rubber plastics and glass, construction material and other final consumer goods as sectors in which rare earths were used.[86] In 2019, the UK Parliamentary Office of Science & Technology (POST) pointed out that while the UK Government does not have a specific critical materials strategy to address supply chain security or a single government department with a clear mandate for policy in this regard, Defra had outlined, in 2018, its plans to revitalise its 2012 Resource Security Action Plan, including by improving

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81 "What are 'rare earths' used for?", *BBC News*, 13 March 2012. https://www.bbc.co.uk/news/world-17357863

82 USGS, *Mineral Commodity Summaries 2020* (Reston, Virginia: USGS, 2020), p.133. https://pubs.usgs.gov/periodicals/mcs2020/mcs2020.pdf.

83 USGS, *Mineral Commodity Summaries 2020* (Reston, Virginia: USGS, 2020), p.133. https://pubs.usgs.gov/periodicals/mcs2020/mcs2020.pdf.

84 Global and China Rare Earth Permanent Magnet Industry Report, 2018-2023 (March 2019): https://www.reportlinker.com/p05389598/Global-and-China-Rare-Earth-Permanent-Magnet-Industry-Report.html?utm_source=PRN

85 AEA Technology plc for Department for Environment, Food and Rural Affairs (Defra), *Review of the Future Resource Risks faced by UK Business and an Assessment of Future Viability: Executive Summary* (London: DEFRA, 2010), p.6.

86 Department for Business, Innovation and Skills (BIS) and Department for Environment, Food and Rural Affairs (Defra), *Resource Security Action Plan: Making the most of valuable materials* (London: Defra, 2012), p.19. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69511/pb13719-resource-security-action-plan.pdf

government oversight of raw materials critical to the UK economy.[87] The European Academies' Science Advisory Council (EASAC) made clear that recycling solely could not satiate increasing demand for a material: among the potential solutions it explored were opening new mines (including in the UK), expanding mines already in operation, and investing in innovations in mining in hitherto inaccessible areas.

However, while EASAC put forward deep sea mining as an option, it left out mining for rare earths in Greenland, the country nearest to the UK with the largest deposits of rare earths.[88] Whether as a world-leading centre of expertise in mining, or as the leading centre of global mining finance, or even as a potential hub for processing of raw materials from Greenland, the UK would be well-suited to support rare earth production in, and export from, Greenland, while creating a more secure strategic minerals supply chain for itself, as well as for the US and the EU, that was not dependent on China. The UK is already home to the highest number of mining firms holding licenses in Greenland, including some focusing on rare earths. It is crucial that the UK Government identifies a government department with a clear mandate for policy concerning critical minerals, develops a critical materials strategy to address supply chain security, recognises the general disconnect between government and industry in the UK, compiles a list of UK industry actors present or interested in Greenland, facilitates dialogues about public-private cooperation to address the supply of critical minerals, explores support measures to incentivise investment (outward/inward, as relevant) in production and processing of critical minerals, seeks closer cooperation with the Government of Greenland relating to mineral resource exploration and development, and negotiates a bilateral trade agreement with Greenland to ensure continued tariff-free, quota-free preferential access for mineral resources from Greenland upon their importation into the UK after the end of the transition period on 31 December 2020.

Concerns about Rare Earths Supply: The Security Implications for the US

With the US outshadowing the UK when it comes to imports of rare earths, it provides a clearer case study to observe the challenges posed by China's near-monopoly of rare earths for the US, the UK and their allies. In 2019, the US imported 170 million MT of rare-earth compounds and metals, a 6.25% rise from the 160 million MT it imported in 2018.[89] This reflects the growing dependence on rare earths across various sectors in the US: judging by end use, the US Geological Survey estimated that 75% of rare earths made its way to catalysts; 5%, metallurgical applications and alloys; 5%, ceramics and glass; 5%, polishing; and 10%, other uses.[90] Despite the extent to which the US depends on rare earths for its economic and national security, it relies on China for 80% of its imports of rare-earth compounds and metals. Its next largest import sources – Estonia (6%), Japan (3%) and Malaysia (3%) – also derive their rare-earth compounds and metals from mineral concentrates and chemical intermediaries produced mostly in China and Australia.[91] While rare earths are mined domestically in the US, most notably at the Mountain Pass mine in California, this mine – for decades, the world's leading source of rare earths – has had a chequered recent history, being moved into care and maintenance in 2015 before being revived in 2018. Although MP Materials, which purchased the mine in 2017, affirms a mission to "restore the full rare earth supply chain to the United States of America", plans to list on the NYSE later this year to boost production and has received backing from the Pentagon, it has not succeeded in challenging China's dominance yet. This US-led consortium, paradoxically, includes China's Shenghe Resources Holding Co Ltd that holds a non-voting 9.9% minority interest, while the firm sends more than 50,000 tonnes of its rare-earth concentrates to China for final processing and also depends entirely on Chinese customers for its annual revenue.[92]

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87 Houses of Parliament Parliamentary Office of Science & Technology, Research Briefing: Access to Critical Minerals, *Postnote*, No. 609, September 2019, p.3. https://post.parliament.uk/research-briefings/post-pn-0609/

88 European Academies Science Advisory Council, *Priorities for critical materials for a circular economy* (2016).

89 USGS, *Mineral Commodity Summaries 2020* (Reston, Virginia: USGS, 2020), p.132. https://pubs.usgs.gov/periodicals/mcs2020/mcs2020.pdf.

90 USGS, *Mineral Commodity Summaries 2020* (Reston, Virginia: USGS, 2020), p.132.

91 USGS, *Mineral Commodity Summaries 2020* (Reston, Virginia: USGS, 2020), p.132.

92 E. Scheyder, "U.S. rare earths miner MP Materials to go public in $1.47 billion deal", *Reuters*, 15 July 2020. https://uk.reuters.com/article/us-mp-materials-ipo/u-s-rare-earths-miner-mp-materials-to-go-public-in-1-47-billion-deal-idUKKCN24G1WT

China has repeatedly demonstrated its willingness to deploy economic levers for geopolitical gain. In September 2010, China halted the export of critical rare earth minerals to Japan in retaliation to its detention of a Chinese fishing trawler captain near some disputed East China Sea islands, causing the prices of rare-earth minerals to soar.[93] In July 2020, China threatened to impose new sanctions on US defence contractor Lockheed Martin, which would cut off its supply of rare-earth elements, in retaliation for a US approval of an arms deal for Taiwan relating to air defence missiles made by the company.[94] Then, there are also the risks of China restricting the use of domestic rare earth production for domestic manufacturing industries, which would disrupt global production in all of the sectors that depend on rare earths,[95] and, conversely, of China defending its monopoly by flooding the global market with rare earths to lower their prices considerably when necessary, thus drowning out new entrants.[96] Rare-earth elements have also emerged as China's weapons on standby in the US-China trade war: "Will rare earths become a counter weapon for China to hit back against the pressure the United States has put on for no reason at all?", asked China's *People's Daily*. "The answer is no mystery.", it replied unabashedly, adding later, "We advise the U.S. side not to underestimate the Chinese side's ability to safeguard its development rights and interests. Don't say we didn't warn you!"[97] By reducing the export of rare earths, China could seriously disadvantage American and British firms.

Greenland: Strategic Importance to the UK, the US and the EU

It is precisely as the UK, the US and the EU look to reduce their dependence on China for rare earths that Greenland grows so strategic. Greenland is reported to hold 38.5 million tons of rare earth oxides, and is believed to have enough rare earths to meet at least a quarter of global demand in the future.

- The ASX-listed Australian firm Greenland Minerals, which holds a 100% interest in the Kvanefjeld multi-element rare earths project, sits on a rare earths resource of 1 billion tonnes in three zones in the Ilimaussaq complex – Kvanefjeld, Sørensen and Zone 3. It is developing the world's second-biggest rare earth operation and fifth-biggest uranium mine: 11.1 million MT of rare earth oxide and 593 million pounds of uranium.
- The privately-owned Australian firm Tanbreez holds licenses to the Kringlerne project not far from Kvanefjeld and is believed to sit on substantial reserves of rare earths as well, including the world's biggest deposit of dysprosium: Tanbreez's JORC reserves stand at 29 million tonnes of contained REE in some 4.7 billion tonnes. It has had fewer obstacles to overcome, with respect to opposition from local communities and environmental groups, than Greenland Minerals as it does not contain radioactive elements such as uranium and thorium.
- The TSXV-listed Canadian firm Hudson Resources also owns the Sarfartoq carbonatite exploration project, believed to be rich in neodymium and a high-grade niobium/tantalum.

Greenland's vast rare earth reserves and the sheer number of UK companies operating in Greenland make Greenland a new frontier for UK-US and UK-EU cooperation. In the face of their growing demand for rare earths and their desire to reduce their dependence on China for such critically important materials, the US and the EU should explore closer collaboration with the UK – both government and industry – in developing a stable supply of rare earths from Greenland and a secure critical minerals global supply chain, thus enhancing resource security.

The Relevance of the UK-Greenland Trade Agreement

The UK must take all of the above considerations into account when negotiating its trade agreement with Greenland. Greenland is of critical importance to the UK's current and future defence and security needs,

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93 K. Bradsher, "Amid Tensions, China blocks vital resource to Japan", *New York Times*, 22 September 2010. https://www.nytimes.com/2010/09/23/business/global/23rare.html

94 "China threatens to starve US of key defence materials", *The Times*, 16 July 2020. https://www.thetimes.co.uk/article/china-threatens-to-starve-us-of-key-defence-materials-j38rms7rn

95 J. Smyth, "Industry needs a rare earths supply chain outside China", *Financial Times*, 28 July 2020. https://www.ft.com/content/fc368da6-1c86-454b-91ed-cb2727507661

96 J. Smyth, US-China: Washington revives plans for its rare earths industry", *Financial Times*, 14 September 2020. https://www.ft.com/content/5104d84d-a78f-4648-b695-bd7e14c135d6

97 Wu Yuehe, "United States, don't underestimate China's ability to strike back", *People's Daily*, 31 May 2019.

industrial strategy, business growth, climate policy, food security, mineral resource security, energy security, international trade, and foreign relations with the US and the EU. When it comes to Greenland's mineral resources and ensuring the security and stability of the UK's critical minerals supply availability and supply chain in the future, it is vital that the UK retains access to Greenland's resources under conditions no less favourable than the access offered to EU member states, supports the development of a favourable investment climate for UK businesses in Greenland and for Greenlandic businesses in the UK, facilitates the use of processing facilities in the UK by mining companies operating in Greenland, and allows for mineral resources to be exported from Greenland to the UK on a tariff-free, quota-free preferential basis, as would have been the case under the existing arrangement between the EU and the Overseas Countries and Territories (OCTs) constitutionally linked to the UK, Denmark, France and The Netherlands. To appreciate more fully the critical need for a bilateral trade agreement between the UK and Greenland that could help achieve the above, it would be useful to understand how UK-Greenland trade thus far fit into the wider framework of the EU-OCT arrangement.

Over the past 50 years, Greenland's formal relationship with the UK has been determined, to a large extent, by its relationship with Denmark and the EU. In 1982, three years after implementing Home Rule from Denmark, Greenland held a referendum on its membership of the European Economic Community (EEC), with 53% of the voters voting against continued membership. Another three years later, in 1985, the Greenland Treaty formalised Greenland's withdrawal from the EEC, making it the first country to leave the EU by referendum. Nevertheless, while no longer a member of the EEC, Greenland was still an autonomous constituent realm within the Kingdom of Denmark, enabling it to become an Overseas Country and Territory (OCT) to the EEC in 1985. Consequently, along with other OCTs including the 14 British Overseas Territories, Greenland retained some integration with the EU's Single Market via various association agreements and benefits from tariff-free, quota-free preferential access to the EU, including the UK. On 23 June 2016, the UK held a referendum on its membership of the EU, with a majority of 51.9% voting in favour of the UK leaving the EU. On 31 January 2020, the UK formally left the EU, though it has entered a transition period until 31 December 2020 during which it remains within the EU's Single Market and Customs Union. The UK's withdrawal from the EU has serious implications for Greenland-UK trade: in the absence of a UK-Greenland agreement that replicates the principles and provisions in the EU-OCT arrangement that underpinned UK-Greenland trade thus far, there is a real risk of significant trade disruption.

It would translate as the automatic application of UK Global Tariffs to products being imported from Greenland into the UK, whether finished products, semi-finished products or raw materials. The imposition of new tariffs on products originating in Greenland will adversely impact not just Greenlandic producers and exporters, but also British importers, processors and consumers, and – in the case of critical materials – have profound implications on national security. The chapter of tariffs illustrates how certain mineral resources from Greenland will be affected by the new tariffs on third countries when imported into the UK. In the case of fish, the imposition of new tariffs would result in adverse effects on the UK's food security, as well as the entire seafood value chain, from importers, processors, distributors, wholesalers, traders, retailers, foodservice channels (such as fish and chips shops, pubs and restaurants) and consumers. Although Greenland's exports to the UK currently consist almost entirely of fish and fish products, the sheer number of UK mining firms holding exploration and prospecting licenses in Greenland and the growing demand within the UK for mineral resources available in abundance in Greenland indicate that mining is simply too big and too important an emerging sector for bilateral trade and cooperation to be left out of any UK-Greenland trade agreement. As the firms currently producing in Greenland expand and those prospecting or exploring eventually commence production, Greenland – owing both to its resource potential and relative geographical proximity – is well-placed to become one of the UK's leading import sources for a number of critical minerals, including rare-earth elements. Furthermore, many of these firms will rely on UK expertise and mining finance, and also look to use or to develop processing operations in the UK. On all counts, it is as much in the interest of the UK as that of Greenland to ensure that these mineral resources can be imported into the UK on a tariff-free, quota-free basis, as has been the case under the EU-OCT arrangement. The bilateral trade agreement between these two island countries, both located at the edge of Europe and both incidentally the first to leave the EU, is the easiest deal the UK Government could ever make and yet a deal that would be crucial to the UK's current and future defence and security, as well as food, energy, trade, industrial, climate and foreign policy.

8. Emerging UK-Greenland Trade: Other Sectors



Figure 23: Eqi Glacier. © Dwayne Menezes - Polar Research and Policy Initiative

Water and Ice Exports:

Greenland is home to the largest reservoir of high-quality freshwater in the world, with its vast ice sheet covering approximately 1.8 million sq. km., making up nearly 80% of Greenland's land area, extending to a height of more than 3.2 km in the middle, and holding 10% of the world's fresh water.[98] In other words, the ice sheet is around the same size as – if not larger than – all of Western Europe, and roughly the same height as 10 Eiffel Towers stacked one upon the other.[99] Greenland, furthermore, is dotted with or surrounded by numerous other glaciers, smaller ice caps, icebergs, ice floes, and meltwater ponds, lakes and rivers. Consequently, while Greenland, along with Antarctica, plays an enormously significant role as a temperature regulating system that keeps global temperatures sufficiently low, rising temperatures around the world and more so in the Arctic mean that Greenland's ice is melting so rapidly that Greenland is now the largest single contributor to global sea level rise: Greenland ejects more than 280 billion MT of melting ice in the ocean and contributes to rising sea levels by more than a millimetre each year.[100] The Government of Greenland estimates that if all of Greenland's ice melts, global sea levels would rise by 7.4 metres.[101]

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98 *Greenland's Ice Sheet* (Nuuk: Government of Greenland, 2019).

99 *Greenland's Ice Sheet* (Nuuk: Government of Greenland, 2019).

100 M. Claypool, B. Miller, "Greenland's ice sheet has melted to a point of no return, according to new study", *CNN*, 14 August 2020. https://edition.cnn.com/2020/08/14/weather/greenland-ice-sheet/index.html

101 *Greenland's Ice Sheet* (Nuuk: Government of Greenland, 2019).

While rising sea levels threaten to flood low-lying regions and cities, there are numerous countries facing acute or chronic water shortages, and others where there is a growing demand for safe, clean drinking water of the highest quality. As a response, the Government of Greenland has sought to develop the production of ice and water into a major industry sector that contributes to revenue generation, employment and investment in Greenland, while addressing the twin challenges of climate change and rising sea levels on the one hand and water insecurity on the other. As of May 2020, there were at least 11 companies holding 24 water and ice exploitation licenses in Greenland. There is at least one UK company exploring the possibility of exporting water from Greenland. The UK company, Greenland IceWater Ltd, through its Danish-Greenlandic subsidiary Greenland IceWater ApS, currently holds three concessions, granting it access to a total of 407.2 billion litres of surplus water from Greenland each year. The company is now looking to set up bottling operations in Greenland and export both premium bottled drinking water and high-quality bulk municipal and agricultural water to key markets, including the UK.



Figure 24: One of Greenland IceWater's sources under concession. © Dwayne Menezes - Polar Research and Policy Initiative

Scientific Research:

The UK has long been one of the world's leading producers of scientific research relating to the Arctic, with a sizeable research community also engaged in projects in Greenland. Arctic research in the UK is generally supported by a wide range of stakeholders and funders, including government departments, such as the Department for Business, Energy and Industrial Strategy (BEIS), Foreign, Commonwealth and Development Office (FCDO), Department for Transport (DfT) and Ministry of Defence (MOD); research councils, such as the Natural Environment Research Council (NERC) and Innovate UK, now brought under UK Research & Innovation (UKRI); research centres, such as British Antarctic Survey, British Geological Survey and National Oceanography Centre; and other bodies.[102] The UK also participates in various Arctic research initiatives which deal with Greenland, including NERC Changing Arctic Ocean, EU Arctic Cluster, MOSAiC and Centre for Polar Observation and Modelling (CPOM), through the last of which it is also a partner in CryoSat-2, a European Space Agency satellite mission that monitors the

[102] *Report of the 2nd Arctic Science Ministerial: Co-operation in Arctic Science – Challenges and Joint Actions*, Berlin, Germany, 25-26 October 2018.

thickness of land ice and sea ice, as well as changes to the Greenland ice sheet. The UK also maintains a permanent research station at Ny-Ålesund in Svalbard and a number of research vessels, vehicles and aircraft to support Arctic research.[103] The UK – or its constituent countries such as Scotland – has also collaborated with Greenland in interregional EU programmes, such as the EU's Northern Periphery and Arctic Programme, and through multi-stakeholder Nordic Council of Ministers' regional cooperation programmes, including with NORA (North Atlantic Cooperation).

Energy:

In 2008, the US Geological Survey estimated that the three major basins off the coast of Greenland could yield up to 52 billion barrels of oil equivalent. Furthermore, a 2015-study found that Greenland could produce enough hydropower to meet its own needs and export the surplus to Nunavut or Newfoundland and Labrador and perhaps even further through an undersea cable.[104] The UK has a long history of energy exploration in the Arctic more widely and also in Greenland. UK energy firms, such as BP, Royal Dutch Shell and Cairn Energy, have been a key feature of Greenland's oil and gas exploration landscape. While BP and Shell were part of a consortium of companies granted a prospecting licence under the KANUMAS (Kalaallit Nunaat Marine Seismic) Project as early as 1989, Cairn Energy had emerged as the biggest explorer in Greenland by 2011, though its USD 1.2 billion, 8-well drilling campaign proved unsuccessful. The UK remains relevant to Greenland today as a world-leading centre of energy expertise, the leading centre of global energy finance, and home to some of the world's biggest and most visible energy companies. Today, there are four UK entities holding licenses for oil and gas exploration in Greenland.

Table 11: UK License Holders in the Energy Sector in Greenland

Owner Name	Type	Hydrocarbons
Greenland Gas & Oil PLC	Exclusive Licence	Oil and gas
Panoceanic Energy Limited	Exclusive Licence	Oil and gas
GX Technology Corp.	Prospecting Licence (non-exclusive)	Oil and gas
CASP	Prospecting Licence (non-exclusive)	Oil and gas

Tourism:

The UK is one of the largest sources of tourists in Greenland. In 2018, there were a total of 101,300 guests and 259,282 overnight stays in Greenland, of which the UK accounted for 1,320 guests and 3,088 overnight stays – surpassed only by Denmark, Germany, USA and France in terms of guest numbers. In 2019, there were a total of 105,680 guests and 264,711 overnight stays in Greenland, of which the UK accounted for 1,099 guests and 2,420 overnight stays – surpassed only by Denmark, Germany, USA, Iceland and France in terms of guest numbers. There are a number of travel and tourism companies in the UK that cover Greenland in their itineraries. Cruise tourism is particularly popular among British tourists. In June 2016, a market research study undertaken by the Institute for Tourism Research in Northern Europe (NIT) and commissioned by Visit Greenland, with the support of Air Greenland, found that 89% of the British population was aware of Greenland as a holiday destination (higher than in Germany and the US), 12% of the British population planned to visit Greenland, while 1% had already visited Greenland.[105] The study also found that among British potential travellers to Greenland, 86% were interested in Greenland's mountains, fjords and cliffs, followed by natural phenomena such as the Northern Lights and Midnight Sun (84%), glaciers and icebergs (79%), wildlife such as whales and polar bears (75%), volcanoes/hot springs/geysers (72%), traditional villages (60%), new and unexpected experiences (60%), historic sights and events (55%), contemporary culture and lifestyle (47%), and capitals/cities (44%).[106] The UK remains one of the most attractive tourism markets for Greenland, with ample opportunities for growth.

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[103] *Report of the 2nd Arctic Science Ministerial: Co-operation in Arctic Science – Challenges and Joint Actions*, 25-26 October 2018.
[104] B. Pehora, "Greenland to Nunavut electricity exports? It just might be possible", *Nunatsiaq News*, 14 January 2016. https://nunatsiaq.com/stories/article/65674greenland_to_nunavut_hydro_exports_it_just_might_be_possible/
[105] NIT, *Positioning and potentials of Greenland on the German, British and US travel market* (June 2016).
[106] NIT, *Positioning and potentials of Greenland on the German, British and US travel market* (June 2016).

9. The Impact on Tariffs on No Trade Agreement

The following table highlights the impact of there not being a Greenland-UK Trade Agreement on various commodity codes relevant to current and future trade.

HS Code	Product Category	Current Tariffs (OCTs)	MFN Tariff
Fish and Fish Products			
0306169100	Frozen cold-water prawns of the species Crangon crangon	0.00%	18.00%
03061699	Frozen cold-water prawns Pandalus spp., even smoked, whether in shell or not, including prawns in shell, cooked by steaming or by boiling in water	0.00%	12.00%
03061793	Frozen prawns of the family Pandalidae, other than the genus Pandalus	0.00%	12.00%
03061799	Frozen prawns, even smoked, whether in shell or not, incl. prawns in shell, cooked by steaming or by boiling in water (excl. Pandalidae, Crangon, deepwater rose prawns and Penaeus...)	0.00%	12.00%
03069990	Other crustaceans, fit for human consumption, whether in shell or not, dried, salted, smoked or in brine, incl. crustaceans in shell, cooked by steaming or by boiling in water (excl. rock lobster and other sea crawfish, lobsters, crab...	0.00%	12.00%
16052190	Prawns, not in airtight containers, other	0.00%	20.00%
1605219040	Prawns of the species Pandalus borealis, shelled, boiled and frozen, but not otherwise prepared	0.00%	20.00%
1605219045	Prawns of the species Pandalus borealis, cooked and peeled for processing	0.00%	20.00%
1605219049	Prawns of the species Pandalus borealis, other	0.00%	20.00%
16052900	Prawns, prepared or preserved, in airtight containers (excluding smoked)	0.00%	20.00%
030363	Frozen cod "Gadus morhua, Gadus ogac, Gadus microcephalus"	0.00%	12%
03036310	Frozen cod of the species Gadus morhua, for processing or other	0.00%	12.00%
03036330	Frozen cod of the species Gadus ogac, for processing or other	0.00%	12.00%
03036390	Frozen cod of the species Gadus macrocephalus, for processing or other	0.00%	12.00%
03047190	Frozen fillets of cod of the species Gadus morhua and Gadus ogac	0.00%	7.50%
0302511020	Fresh and chilled cod of the species Gadus morhua for processing	0.00%	12.00%
0302511020	Fresh and chilled cod of the species Gadus morhua, other	0.00%	12.00%
03056200	Cod, salted or in brine, of the species Gadus morhua, Gadus ogac, Gadus macrocephalus, other than edible fish offal	0.00%	13%
0304720000	Frozen fillets of haddock Melanogrammus aeglefinus	0.00%	7.50%
03036400	Frozen haddock Melanogrammus aeglefinus, with heads off, gilled and gutted, for processing or other	0.00%	7.50%
03036500	Frozen coalfish Pollachius virens	0.00%	7.50%
0304730000	Frozen fillets of coalfish Pollachius virens	0.00%	7.50%
0304741100	Frozen fillets of hake of the genus Merluccius, Cape hake (shallow-water hake and deepwater Cape hake)	0.00%	7.50%
0304741910	Frozen fillets of hake of the genus Merluccius, North Pacific for processing	0.00%	6.10%
0304741990	Frozen fillets of hake of the genus Merluccius, other	0.00%	6.10%
03022110	Fresh or chilled lesser or Greenland halibut Reinhardtius hippoglossoides	0.00%	8.00%
03033110	Frozen lesser of Greenlandic halibut Reinhardtius hippoglossoides	0.00%	7.50%

03022130	Fresh or chilled Atlantic halibut Hippoglossus hippoglossus	0.00%	8.00%
03033130	Frozen Atlantic halibut Hippoglossus hippoglossus	0.00%	7.50%
03022190	Fresh or chilled Pacific halibut Hippoglossus stenolepsis	0.00%	15.00%
03033190	Frozen Pacific halibut Hippoglossus stenolepsis	0.00%	15.00%
03048390	Frozen fillets of halibut and flat fish (Pleuronectidae, Bothidae, Cynoglossidae, Soleidae, Scophthalmidae and Citharidae), excluding plaice, flounder and megrim)	0.00%	15.00%
03033985	Frozen flat fish Pleuronectidae, Bothidae, Cynoglossidae, Soleidae, Scophthalmidae and Citharidae (excluding halibut, plaice, sole, turbot, flounder, Rhombosolea spp., Pelotreis flavilatus and Peltorhamphus novaezelandiae)	0.00%	15.00%
03048990	Frozen fillets of freshwater fish, other	0.00%	15.00%
03044950	Fresh or chilled fillets of redfish of the species Sebastes spp.	0.00%	18.00%
0303892100	Frozen fillets of redfish of the species Sebastes marinus	0.00%	7.50%
0303892910	Frozen fillets of redfish of the species Sebastes mentella	0.00%	7.50%
0303892190	Frozen fillets of redfish of the species Sebastes, other	0.00%	7.50%
03038931	Frozen redfish of the species Sebastes marinus	0.00%	7.50%
03028939	Frozen redfish of the species Sebastes spp. (excluding Sebastes marinus)	0.00%	7.50%
03025600	Fresh or chilled blue whiting	0.00%	7.50%
03061410	Frozen crabs Paralithodes camchaticus, Chionocetes spp. Or Callinectes sapidus, even smoked, whether in shell or not, including crabs in shell, cooked by steaming or by boiling in water	0.00%	7.50%
03061490	Frozen crabs, even smoked, whether in shell or not, including crabs in shell, cooked by steaming or by boiling in water (excl. Paralithodes camchaticus, Chionoecetes spp., Callinectes sapidus and Cancer pagurus)	0.00%	7.50%
03072290	Frozen scallops, including queen scallops, of the genera Pecten, Chlamys or Placopecten, except Coquilles St Jacques (Pecten maximus)	0.00%	8.00%
03036980	Frozen ling (Molva spp.)	0.00%	7.50%
03036990	Frozen fish of the families Bregmacerotidae, Euclichthyidae, Gadidae, Macrouridae, Melanonidae, Merlucciidae, Moridae and Muraenolepididae (excluding cod, haddock, coalfish, hake, Alaska pollack, blue whitings, Boreogadus saida...)	0.00%	15.00%
03038200	Frozen rays and skates (Rajidae)	0.00%	15.00%
03035410	Frozen mackerel of the species Scomber scombrus or Scomber japonicus	0.00%	20.00%
03035990	Frozen fish, other	0.00%	15.00%
03081200	Frozen sea cucumbers (Stichopus japonicus, Holothuroidea)	0.00%	11.00%
03056980	Fish, only salted or in brine (excluding herring, cod, anchovies, tilapia, catfish, carp, eels, Nile perch, snakeheads, Boreogadus saida, Atlantic halibut, Pacific salmon, Atlantic salmon, Danube salmon and fillets and offal)	0.00%	12.00%
03038990	Other frozen fish, excluding edible offal of subheadings 0303 91 to 0303 99	0.00%	15.00%
03029100	Fresh or chilled fish livers, roes and milt	0.00%	10.00%
03052000	Livers, roes and milt of fish, dried, smoked, salted or in brine	0.00%	11.00%
03039190	Frozen fish livers, roes and milt (excluding hard and soft roes for the manufacture of deoxyribonucleic acid or protamine sulphate)	0.00%	10.00%
03039900	Frozen fish fins, heads, tails, maws and other edible fish offal (excluding livers, roes, milt and shark fins)	0.00%	10.00%
03049923	Frozen meat whether or not minced of herring Clupea harengus, Clupea pallasii (excluding fillets), such as flaps; herrings	0.00%	15.00%
03049999	Frozen meat of saltwater fish n.e.s. (excluding fillets and surimi)	0.00%	7.50%
16043200	Caviar substitutes prepared from fish eggs	0.00%	20.00%

Mineral Resources			
2529100000	Feldspar	0.00%	0.00%
2523210000	Portland cement: white cement, whether or not artificially coloured	0.00%	1.70%
2616900010	Precious-metal ores and concentrates: Gold ores and concentrates	0.00%	0.00%
2616100000	Precious-metal ores and concentrates: Silver ores and concentrates	0.00%	0.00%
2601	Iron ores and concentrates, including roasted iron pyrites	0.00%	0.00%
2603000000	Copper ores and concentrates	0.00%	0.00%
2604000000	Nickel ores and concentrates	0.00%	0.00%
2605000000	Cobalt ores and concentrates	0.00%	0.00%
2614000000	Titanium ores and concentrates	0.00%	0.00%
2607000000	Lead ores and concentrates	0.00%	0.00%
2608000000	Zinc ores and concentrates	0.00%	0.00%
2612101000	Uranium ores and pitchblende, and concentrates thereof, with a uranium content of more than 5% by weight	0.00%	0.00%
2613	Molybdenum ores and concentrates	0.00%	0.00%
2610000000	Chromium ores and concentrates	0.00%	0.00%
2615100000	Zirconium ores and concentrates	0.00%	0.00%
2615900010	Tantalum or niobium ores and concentrates	0.00%	0.00%
2817000000	Zinc oxide; zinc peroxide	0.00%	5.50%
28053010	Rare-earth metals, scandium or yttrium, intermixtures or interalloys	0.00%	5.50%
28053020	Rare-earth metals, cerium, lanthanum, praseodymium, neodymium, samarium, of a purity by weight of 95% or more	0.00%	2.70%
28053030	Rare-earth metals, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium, yttrium, of a purity by weight of 95% or more	0.00%	2.70%
2805304000	Scandium, of a purity by weight of 95% or more	0.00%	2.70%
2846	Compounds, inorganic or organic, of rare-earth metals, of yttrium or of scandium or of mixtures of these metals	0.00%	3.20%
2823	Titanium oxides	0.00%	5.50%
7103	Precious stones (other than diamonds) and semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded precious stones (other than diamonds) and precious stones, temporarily strung for convenience of transport	0.00%	0.00%
7103910000	Rubies, sapphires and emeralds	0.00%	0.00%
7102	Diamonds, whether or not worked, but not mounted or set	0.00%	0.00%
7801100000	Unwrought lead: Refined lead	0.00%	2.50%
7901	Unwrought zinc	0.00%	2.50%
7901110000	Zinc, not alloyed, containing by weight 99.99% or more of zinc	0.00%	2.50%
790112	Zinc, not alloyed, containing by weight less than 99.99% of zinc	0.00%	2.50%
7901200000	Zinc alloys	0.00%	2.50%
810820	Unwrought titanium; powders	0.00%	5.00%
Water and Ice			
2201	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow	0.00%	0.00%

10. About the Author



Dr Dwayne Ryan Menezes is the Founder and Managing Director of Polar Research and Policy Initiative (PRPI), a London-based international think-tank dedicated to Arctic, Nordic, North Atlantic, North Pacific and Antarctic affairs, and is the editor of its digital portal *The Polar Connection*, the world's largest platform for Arctic analysis and commentary.

In addition, Dr Menezes is the Vice-President of *Arctic Today*, the world's foremost media outlet covering news stories from across the circumpolar Arctic region; and a Member of the Advisory Board of *JONAA – Journal of the North Atlantic & Arctic*, a photo-journalistic media platform dedicated to High North affairs. He is also the Co-Chair of Arctic Encounter London, an Anglo-American conference focusing on trade and security in the Arctic; and author or editor of numerous publications about the Arctic, including the recent volume *The North American Arctic: Themes in Regional Security* (London: UCL Press, 2019).

Dr Menezes read History at the London School of Economics and Political Science (LSE) and the University of Cambridge, graduating from the latter with a PhD in History. He then held honorary, associate or visiting research fellowships at research centres at the Universities of Cambridge, Oxford and London. At present, he serves as Associate Fellow at the Institute of Commonwealth Studies, University of London and Honorary Fellow at the UCL Institute for Risk and Disaster Reduction, University College London. He is also a Fellow of the Royal Historical Society, Royal Geographical Society and Royal Society of Arts.

Over the past decade, Dr Menezes has also served as Consultant to the Secretary-General of the Commonwealth, Principal Consultant to a European Parliament Intergroup, Research Associate to a UN Special Rapporteur and Head of the Secretariat of an All-Party Parliamentary Group in the UK Parliament. He is also the Founder and Director of Human Security Centre, Co-Founder and Advisory Board Member of Think-Film Impact Production, and the Associate Producer of four award-winning films, including the Oscar-shortlisted, Emmy-nominated Canadian documentary *My Enemy, My Brother* (2015, 2017).



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