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## PUBLIC DIPLOMACY : EU-CHINA PEOPLE-TO-PEOPLE EXCHANGES<sup>1</sup>

Xavier Nuttin\*

Official relations between nations and regions have traditionally been the domain of diplomats and government officials. This is changing nowadays – people's empowerment, globalisation, media networks, and the rise of democracy have called this into question – today non-state actors play an increasingly important role in foreign relations. They have expertise in various domains such as environmental protection, conflict prevention, mediation and dialogue, sustainable development, human rights and fair trade.

A new kind of governance is emerging where public participation is promoted. Indeed, this seems to be becoming a general trend: the Association of Southeast Asian Nations (ASEAN) claims that it is a 'people-centred organisation'; China promotes a harmonious society that "puts people at the centre". The Asia-Europe Foundation (ASEF) was created in 1997 to give a voice to civil society in Asia-Europe relations and policy-making.

However, despite a general consensus about opening up foreign relations, not everyone in government circles is happy with this new and more inclusive approach. Many are still reluctant to involve non-state actors in the decision-making process for fear of losing power, as we shall see later.

This paper will comment on this new approach to governance by addressing two core issues before discussing the benefits that the new approach could bring to China and to EU-China relations.

### ***Why should non-state actors be involved in relations between nations and regions? What would be the added value?***

There is a growing demand from civil society – non-governmental organisations (NGOs), trade unions, think tanks, religious movements, etc. – to have a greater voice in international policy-making. Moreover, there is a growing feeling that too many decisions are being taken by obscure officials behind closed doors, in ivory towers, by officials or politicians disconnected from the people, and that this is no longer acceptable. We often hear that there is a 'democratic deficit' in the decision-making process. Trade negotiations, particularly for free trade agreements (FTAs), are a prime example where confidentiality and secrecy rule, leading to strong opposition from those who fear losing out to bigger powers (and interests) without having a chance to participate in the debate. In this sense, the EU-India FTA provides a clear example. More generally, the fear of globalisation in which Asia, and

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<sup>1</sup> This paper was written in the author's personal capacity and does not represent the official position of the European Parliament.

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China in particular, has played an important role, remains to be addressed if globalisation is to be accepted by the wider public. Indeed we all live in one world now: interdependence is the reality of today. Internal developments in the EU or in Asia have a direct bearing on the interests of the other side and on the well-being and security of their citizens.

China's economic expansion and growing power in the last twenty years are perceived as a threat in some EU Member States. This may have a negative impact on EU-China relations. An eastward flow of jobs and investments as well as an 'invasion' of European markets with cheap products have created negative feelings and a trust deficit towards China among part of the European public. The latter must be addressed. However, this cannot be done through negotiations behind closed doors. It requires increased mutual knowledge at a people-to-people level and direct exchanges between people, which would allow them to learn from each other and accept differences.

Moreover, with economic success and greater wealth also come greater political consciousness and demand for more participation not only from the new emerging middle classes but also from discriminated minorities. That demand must be answered so as to avoid social instability and centrifugal forces. China's political future depends to a large extent on the way the regime will handle that situation. Hopefully, China's new leadership will accept this.

### ***Who then has a role to play? Who are those new players that want to join in?***

Informal contacts between academics, think-tanks, NGOs, trade unions and officials acting in their private capacity have long taken place under the 'Track 2' diplomacy (i.e. conducted by non-state actors). They come in addition to official government-to-government dialogues and feed them with new ideas and concepts. They are not meant to bypass or replace the official line of contact but allow discussions on sensitive issues that might otherwise not take place. For instance, they have allowed deeper and broader cooperation between Asia and Europe.

The ASEF, established in 1997, in the framework of the Asia-Europe Meeting (ASEM), provides a forum for non-governmental dialogue. Its mission is to promote mutual understanding, deeper engagement and continuing collaboration among the peoples of Asia and Europe through greater intellectual, cultural, and people-to-people exchanges between the two regions. It is the response to civil society's demand for greater involvement in bilateral relations. ASEF's four traditional areas of activity are: education and academic cooperation; arts and culture; interfaith dialogue; and human rights and governance. Organisations from China, the EU and its Member States are very active participants in the ASEF.

Furthermore, with the support of the ASEF, a network of civil society organisations have assembled under the Asia Europe People's Forum (AEPF) with a view to connecting civil societies from both regions and working for an accountable, transparent and accessible ASEM process open to all citizens. Summits are organised in parallel to the ASEM summits where democratic

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governance, social and environmental issues are discussed and recommendations are prepared for the leaders' summit.

However, nothing is perfect: although the 2010 ASEM Summit acknowledged that boosting civil society's participation was necessary to build trust and confidence between the people of the two regions, there is still some reluctance, mainly on the Asian side, to formalise that participation. The AEPF is not part of the official ASEM process and, unlike the Asia Europe Business Forum (AEBF), its recommendations and proposals are not formally presented to the ASEM leaders. Business is clearly playing in a different league. Maybe one of the reasons for that difference of treatment between the business world and civil society is the question of the legitimacy of the non-state actors. There is a lot of talk about 'democratic deficit' at the EU level. Some are even questioning the democratic legitimacy that NGOs or think tanks have. Therefore, it is important to be clear who are those non-state actors claiming to represent civil society and what support they get.

Parliamentary diplomacy should be discussed here as well. Of course, parliaments cannot be qualified as non-state actors. They represent the people, and even though they are not directly involved in making decisions, they exercise their scrutiny and control through the ratification of international treaties, the enactment of laws, and approval of the budget. They can also have a direct impact on foreign policies through parliamentary debates, hearings and resolutions, which can add a certain level of legitimacy to those policies. They also help strengthen ties among nations and regions through inter-parliamentary meetings (bilateral, regional or international).

### ***What is the benefit for China and for EU-China relations of involving civil society?***

China has been undergoing huge and very positive changes in the last 30 years. The opening up of the economy, with more freedom to launch new initiatives, has had a tremendous impact on the lives of millions of Chinese citizens, lifting them out of poverty.

The Chinese art scene, particularly contemporary art, has also revealed an extraordinary creativity that had been kept under silence for too long. Those who have visited the 798 Dashanzi Art district in Beijing or the galleries and exhibitions in Shanghai, witness an extraordinary vitality. On the other hand, the potential of Chinese civil society to contribute to the development of a 'harmonious society' and to address the disparities created by China's economic development remains to be tapped.

Civil society organisations are a key component of the social, economic and political structure of a country and have demonstrated in the past and in many places and occasions that they can bring positive changes. Indeed, countries that deny equal rights to their female population miss the chance to use the capacities of half of their population. To deny non-state actors the right to contribute to society development and progress is, without a doubt, a big loss.

The 'harmonious society' concept stresses the need to "put people at the centre". Beyond the slogan, this recognises the need for political participation at the grassroots level. To give people a say in defining their own

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model of society and to encourage expression can only have positive impacts both within China and on China's relations with the rest of the world. China's image and reputation, as well as its influence in the world, are indeed shaped by factors going well beyond its economic performance.

Disseminating ideas and information in a transparent manner is a key factor for China's successful engagement with the rest of the world. The people-to-people exchanges appear to be a key vehicle for deepening knowledge and increasing mutual understanding. China has, therefore, a lot to gain from developing a stronger civil society that voices its concerns and contributes to new ideas and new solutions to the country's problems. It would also gain from the exchange of ideas with the rest of the world. Hopefully, China's new leadership will follow that path.

From the European perspective the development of people-to-people exchanges is also very important. At a time when the impacts of the global financial crisis on the economic, political and security landscape are becoming increasingly evident, the EU-China strategic partnership launched in 2003 needs to be strengthened and opened to other dimensions. EU's and China's economies are closely connected: trade is very important and represents probably more than 90 percent of our current relations. But the EU-China partnership is more than trade, business and global politics – it is also about people.

At the 14<sup>th</sup> EU-China Summit held in Beijing on 14 February 2012, leaders recognised the need to improve communication in a wide range of fields, including civil society, in order to deepen mutual understanding and trust. The EU-China High Level People-to-People Dialogue (HPPD) complements the two existing pillars of bilateral relations – the High Level Economic and Trade Dialogue and the High Level Strategic Dialogue. The HPPD is a new tool, filling an obvious gap, and a very important move that shows broad consensus on the added value brought by non-state actors.

Soft diplomacy is a way to project power through values. The EU makes no secret of its wish to promote in third countries the values on which it is founded, namely the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law.<sup>1</sup> By means of public diplomacy and outreach activities with civil society and community-based organisations, democratic values can be explained and promoted.

Parliamentary diplomacy, a key element in the architecture of EU-China relations, may also contribute to more transparency. The European Parliament (EP), for instance, builds trust and promotes dialogue and mutual understanding through a wide network of delegations for relations with the rest of the world. It is based on a long-term approach and is aimed more at building trust and mutual understanding than at pushing short-term interests. With the entry into force of the Lisbon Treaty, the power of the EP, including in the external dimension of the EU action, has considerably increased.

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<sup>1</sup> European Union, "Consolidated Versions of the Treaty on European Union and the Treaty on the Functioning of the European Union of 13 December 2007", *Official Journal of the European Union*, C115, 9 May 2008, art.2.





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The EP has been engaged in a dialogue with China's National People's Congress since 1980 and has passed numerous resolutions on China and EU-China relations particularly covering trade relations, human rights, the free flow of information and the implementation of the rule of law. The EP Sakharov prize for 'Freedom of Thought' was awarded in 2008 to HU Jia, a prominent human rights activist and dissident in China.

In the Inter-parliamentary meetings, which take place twice a year, there is an open and frank dialogue as parliamentarians usually have greater latitude to speak more freely than diplomats. Regular themes on the agenda have been EU-China relations, global politics, climate change, market access, intellectual property rights, social and economic issues, human rights, and – most recently – the global financial and economic downturn. These mirror the discussions held between China and the European Commission and the European Council.

### **Conclusion**

This paper argues for a strong emphasis to be put on broadening up the traditional concept of diplomacy through the involvement of non-state actors and the development of parliamentary diplomacy.

China has long considered that there is more knowledge about Europe in China than knowledge about China in the EU – there are more than 200,000 Chinese students in Europe and only a few thousand European students in China. Beijing says that all cultures should be set on an equal footing and that this lack of balance needs to be corrected. To address this issue, China has developed a cultural diplomacy and increased the number of Confucius Institutes to promote China's language and culture abroad.

People-to-people exchanges and extended contacts at all levels can promote and strengthen intercultural dialogue and mutual understanding between the EU and China. This more inclusive approach, which relies much more on bottom-up activities, will contribute to the three objectives the EU has in mind: to alleviate fears in the EU towards China; to tap the potential of Chinese civil society for its social and political development; and to promote democratic values.



## ATTRACTING CHINESE STUDENTS TO THE EU: AN EFFECTIVE PEOPLE-TO-PEOPLE STRATEGY?

Yan HONG\*

The first decade of the EU-China comprehensive strategic partnership has witnessed not only increasingly deep economic and political relations between the two parties, but also growing exchanges between their peoples through various channels. At the 14<sup>th</sup> EU-China Summit held in Beijing in February 2012, leaders from the two sides agreed to establish the EU-China High-Level People-to-People Dialogue (HPPD) as an important part of the third pillar of the bilateral partnership, complementing the two existing pillars, namely the political dialogue (the first pillar) and the economic and sectoral dialogue (the second pillar). Against this background, it is time for observers of EU-China relations to start paying more attention to the people-to-people issues between the two sides, which cover culture, education and training, multilingualism and youth.<sup>1</sup> As an initial small step in this underexplored research direction, I have chosen to investigate the Erasmus Mundus (EM) Programme, which, as one of the EU's largest-scale initiatives for supporting educational mobility and academic partnerships, has sponsored thousands of young Chinese postgraduate students in different European countries. This paper examines whether such a scholarship programme serves as an effective people-to-people strategy for the EU to deepen the understanding of the EU among young Chinese, and improve their perception of it, thus contributing to the future development of the EU's relationship with China.

The following sections briefly introduce the EM Programme in general and the involvement of China in particular. I then present the survey I designed specifically to evaluate the effectiveness of this educational programme as one of the EU's 'soft power' strategies towards China. The last part of the paper analyses the survey results and comments on the factors that might affect the results of the EM Programme and similar initiatives of the EU to attract students from China.

### ***Erasmus Mundus in China***

The Erasmus Mundus Programme, managed by the European Commission's Education, Audiovisual & Culture Executive Agency (EACEA), consists of three Actions. Action 1 refers to "Erasmus Mundus Masters Courses" (EMMC) and "Erasmus Mundus Joint Doctorates" (EMJD). Operated by a consortium of higher education institutions (HEIs) in different EU Member States and (since 2009) other regions, each EMMC and EMJD provides an integrated study

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<sup>1</sup> See European Commission, *Joint Declaration on Education, Training and Culture, 2007*, retrieved 18 June 2013, [http://ec.europa.eu/education/external-relation-programmes/doc/jointchina\\_en.pdf](http://ec.europa.eu/education/external-relation-programmes/doc/jointchina_en.pdf).



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programme and grants joint or double degrees upon the scholarship holders' successful completion of the study at two or more HEIs.<sup>2</sup> The EMMC and EMJD were launched in 2004 and 2010 respectively. By 2013 there have been 138 EMMCs<sup>3</sup> and 42 EMJDs.<sup>4</sup> Each year students from all over the world apply for EMMCs or EMJDs directly to the consortia of the programmes of their choice, which select applicants and nominate scholarship awardees for the EACEA to approve. The EMMC and EMJD scholarships cover tuition fees and participation costs including medical insurance, contributions to travel and installation costs, and a monthly allowance.<sup>5</sup>

Chinese students and scholars have a successful record in Action 1. From 2004 to 2012, 1,250 Chinese nationals have been selected to EMMCs, the highest number among all the countries covered by the EM programme. The first three annual recruitments of EMJDs have selected 42 Chinese nationals.<sup>6</sup> It is worth mentioning that for the period 2005/6 – 2007/8, five "Asian Windows" were opened within the EM Programme to fund applicants from specific Asian countries. Among these "windows" the first to be launched was the "China Pilot Window".<sup>7</sup> With a budget of €9 million, the EM "China Window" granted full scholarships to 450 Masters students and 85 visiting scholars from China, and developed partnership projects with Chinese universities.<sup>8</sup>

Action 2, named as "Erasmus Mundus Partnerships", sponsors partnerships between HEIs from Europe and another specific region. The partnerships provide and manage the interregional mobility flows of undergraduate, Masters, Doctoral and Post-Doctoral students, and academic staff. By 2012, 18 such partnership programmes had been open for applications from China. From 2008 to 2012, 44 Chinese universities took part in Action 2 and many of them participated more than once. During the same

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<sup>2</sup> EACEA, *Erasmus Mundus Programme*, retrieved 28 March 2013,

[http://eacea.ec.europa.eu/erasmus\\_mundus/programme/action1\\_en.php](http://eacea.ec.europa.eu/erasmus_mundus/programme/action1_en.php),

<sup>3</sup> EACEA, *Selected Projects: Action 1 – Erasmus Mundus Masters Courses (EMMCs)*, retrieved 28 March 2013,

[http://eacea.ec.europa.eu/erasmus\\_mundus/results\\_compendia/selected\\_projects\\_action\\_1\\_master\\_courses\\_en.php](http://eacea.ec.europa.eu/erasmus_mundus/results_compendia/selected_projects_action_1_master_courses_en.php).

<sup>4</sup> EACEA, *Selected Projects: Action 1 – Erasmus Mundus Joint Doctorates (EMJDs)*, retrieved 28 March 2013,

[http://eacea.ec.europa.eu/erasmus\\_mundus/results\\_compendia/selected\\_projects\\_action\\_1\\_joint\\_doctorates\\_en.php](http://eacea.ec.europa.eu/erasmus_mundus/results_compendia/selected_projects_action_1_joint_doctorates_en.php).

<sup>5</sup> For the break-downs of the EMMC and EMJD scholarships, see EACEA, "Erasmus Mundus Programme – Action 1 A (EMMCs): 2013 Student and Scholar Scholarships Application Form", retrieved 28 March 2013,

[http://eacea.ec.europa.eu/erasmus\\_mundus/beneficiaries/documents/action1/2013/emmcappl\\_introinstructions2013.pdf](http://eacea.ec.europa.eu/erasmus_mundus/beneficiaries/documents/action1/2013/emmcappl_introinstructions2013.pdf), and "Erasmus Mundus Programme-Action 1 B (EMJD) Fellowships Application Form", retrieved 28 March 2013,

[http://eacea.ec.europa.eu/erasmus\\_mundus/beneficiaries/documents/action1/2013/emjdappl\\_introinstructions2013.pdf](http://eacea.ec.europa.eu/erasmus_mundus/beneficiaries/documents/action1/2013/emjdappl_introinstructions2013.pdf).

<sup>6</sup> The author obtained the statistics from the Unit for Erasmus Mundus and External Cooperation, EACEA.

<sup>7</sup> EACEA, *Asian Windows within Erasmus Mundus Programme*, retrieved 28 March 2013,

<http://ec.europa.eu/education/programmes/mundus/asian.pdf>.

<sup>8</sup> Data provided by EACEA.

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period, Action 2 partnerships organised mobility for 1,400 Chinese students and scholars.<sup>9</sup>

Action 3, called “Erasmus Mundus Attractiveness projects”, funds various projects to enhance the profile and visibility of European higher education worldwide. Eight Chinese HEIs, including Beijing University, have been involved in this Action.<sup>10</sup>

### **Education as a means to project the EU’s ‘soft power’ in China**

In his article titled “Soft Power and Higher Education”, Joseph Nye, quoting the then US Secretary of State Colin Powell’s words “I can think of no more valuable asset to our country than the friendship of future world leaders who have been educated here”, posits that “international students usually return home with greater appreciation of American values and institutions” and “many of these former students eventually wind up in positions where they can affect policy outcomes that are important to Americans”.<sup>11</sup> Based on the US’s experience of advancing ‘soft power’ through academic and scientific exchanges during the Cold War, Nye asserts that even small numbers of such exchanges may produce significant political effects.<sup>12</sup>

Can the EU’s international education programmes such as the Erasmus Mundus also produce the ‘soft power’ effects of American education that Nye and Powell envisioned? Do the Chinese students educated in the EU return to China with greater understanding and appreciation of European culture, society, and institutions? Will they be able to influence those of China’s future policies that are significant to the EU? To find out the answers to these questions, I designed a survey for the Chinese beneficiaries of EM Action 1. The survey, composed of 10 multiple choice questions, was distributed to all of the 1,292 Chinese laureates of EMMC and EMJD scholarships.<sup>13</sup> By the time it was closed, 233 responses had been collected.

According to the results of the survey, the most attractive feature of the EM Scholarship for the Chinese students is the opportunity to study in different European countries – 88.3 percent of the respondents chose this factor. The generous amount of the scholarship ranks as the second most attractive feature (73.5 percent), and 58.3 percent of the respondents find the EM scholarship appealing because of their interest in cultural, social, economic, and/or political aspect(s) of Europe. The reputation of European higher education and universities is ranked fourth (52.6 percent), while 44.3 percent of the respondents applied for the EM Scholarship because they wish to get involved in business and trade, cultural exchange, educational

<sup>9</sup> The author’s calculation is based on the data provided by EACEA.

<sup>10</sup> Data provided by EACEA.

<sup>11</sup> J. S. Nye, *Soft Power and Higher Education*, 2005, pp. 13-4, retrieved 28 March 2013, <http://net.educause.edu/ir/library/pdf/ffp0502s.pdf>.

<sup>12</sup> *Ibid.*

<sup>13</sup> The invitation for the survey was sent by email through the Unit for Erasmus Mundus and External Cooperation of EACEA. It might have failed to reach an unknown number of targeted recipients due to the security setting of their inboxes or the change of their email addresses which the EACEA has not been notified about.

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cooperation, and/or political dialogues between China and the EU in their future career.

Almost all the Chinese awardees find that their knowledge and understanding of European cultures, societies, economic and/or political systems have been enriched and deepened after studying in Europe with the EM scholarships – for 70.6 percent of the respondents, the increase of their knowledge and understanding is “significant”, and for 28.1 percent “to a certain degree”. Only 1.3 percent claimed that their knowledge and understanding of the EU had not been enhanced.

Furthermore, 51.1 percent of the Chinese students have a more positive perception of the EU after their EM experience. Those whose impression of the EU remains as either positive or neutral as before account for 35.4 percent and 6.1 percent respectively. Only 7.4 percent of the participants feel that their perception of the EU has changed negatively.

Another encouraging result of the survey is that 65.9 percent of the Chinese laureates of the EM scholarships have become more interested in and knowledgeable about EU-China relations after their studies in Europe. For 22.7 percent of the respondents, their interest in EU-China relations has grown even though their knowledge about this topic has not increased. Only 6.1 percent do not think that their interest in EU-China relations has increased, but acknowledge that they have gained more knowledge about relevant issues. Even fewer (5.2 percent) find that neither their interest in nor their knowledge about EU-China relations has increased after their scholarship programme.

The survey also demonstrates that after their studies with EM Scholarship, the majority (64.5 percent) of the Chinese students are more optimistic about the future of EU-China relations, whereas only 6.5 percent turned out to be more pessimistic. 22.9 percent of the respondents do not see any change in their view of the EU-China relationship and are neither optimistic nor pessimistic about the future of the relationship. The rest (7.1 percent) are not sure whether their view of the bilateral relationship has changed and are indifferent to its future.

In addition, the survey finds that the majority of the Chinese alumni of EMMCs and EMJDs have been engaged in professional activities related to China-EU relations after their EM studies – 19.1 percent of them have worked or are working in a field closely related to China-EU relations and 50.7 percent in an area related to China-EU relations to a certain extent. Among these people, 66.1 percent envision themselves to be among the future elite or leaders in their professional fields. Regardless of the link between their post-EM activities and EU-China relations, 75.3 percent of the Chinese beneficiaries of EMMCs and EMJDs are more ready than before to make their own contributions to the development of EU-China partnership, if given the opportunity. 19.9 percent are not sure whether they want to contribute but would like to try, 3 percent are as willing as before to make contributions, and only 1.7 percent are not motivated to contribute at all.

### **What does the survey show?**

Based on the survey results, it is fair to say that the Erasmus Mundus Scholarship Programme has been rather effective as a means to advance

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the EU's 'soft power' in China. It has served to deepen knowledge about European countries and reshape the perception of the EU among a large number of young Chinese talents. Many of them might grow into China's future elites or leaders able to influence China's policies that are important to the EU. Furthermore, the EM Programme has served to enhance the Chinese beneficiaries' interest and confidence in the EU-China relationship and willingness to contribute to its further improvement. In this sense, the EM Programme can positively impact the future of the EU-China comprehensive strategic partnership.

However, whether the potential effectiveness of the EM programme as a 'soft power' strategy can be fully realised depends on several factors. First, the attractiveness of the Programme needs to be further enhanced and sustained. While the possibility of studying in different European countries with a generous grant renders the EM a unique scholarship programme, the quality and reputation of European higher education and universities is not as appealing to excellent Chinese students as many in Europe would believe or hope it to be.<sup>14</sup> Better promoting European universities in China while further improving the international competitiveness of European higher education demands continued deliberation and efforts from EU educational policy makers and practitioners. In addition, since the prospect of being able to get involved in various fields of EU-China relations is among the factors motivating Chinese students to choose the EM Programme, whether and to what extent such prospects turn into reality could also affect the Programme's attractiveness in the long run.

Besides, whether and to what extent the deepened understanding and improved impression of the EU, as well as the strengthened motivation to make contributions to the EU-China partnership that the EM Programme yields, can be translated into real benefits for EU-China relations largely depends on whether the EM's Chinese alumni will be able to directly or indirectly influence China's future policies that may affect the EU or get involved in professional activities related to EU-China relations. Although so far the majority of the Chinese beneficiaries of EMMCs and EMJDs have been engaged in affairs concerning EU-China relations and envision themselves to be future leaders in their own fields, whether they can make a real impact on the EU-China relationship remains to be seen. Admittedly, it takes time for the effects of such strategic international educational programmes like the EM to become tangible. As Nye argued, "attraction often has a diffuse effect, creating general influence rather than producing an easily observable specific action".<sup>15</sup>

Nye also emphasises that "it is important to specify the conditions under which attraction is more likely to lead to desired outcomes and those under which it will not".<sup>16</sup> One such condition is "the existence of willing

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<sup>14</sup> This is not only reflected in the survey outcome, but also proved by the author's personal experience. Many of the EM's existing alumni and prospective applicants from China whom the author encountered during the past few years are doubtful or uncertain about the competitiveness of the degrees received in Europe as compared to those in the US.

<sup>15</sup> Nye, *Soft Power: The Means to Success in World Politics*, op. cit., p.16.

<sup>16</sup> *Ibid.*



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interpreters and receivers".<sup>17</sup> The willingness to positively receive and interpret other countries' 'soft power' strategies is in turn shaped by several factors, of which an important one is cultural and political differences. According to Nye, culture is more likely to produce 'soft power' effects where cultural similarity rather than dissimilarity widely exists.<sup>18</sup> The same can be said about political similarity and dissimilarity. The difference between the EU and China in political values and system may potentially increase the difficulty for Chinese students in Europe to truly accept and appreciate European culture and political institutions. Another factor that can possibly diminish the effects of the EU's 'soft power' initiatives targeting China is the legitimacy of EU foreign policy in the eyes of Chinese people. As Nye asserts, foreign policies are a valid source of 'soft power' only "when they are seen as legitimate and having moral authority".<sup>19</sup> Moreover, the insights into various societal problems in Europe, especially during the economic downturn, will not necessarily generate greater appreciation of European values and institutions among Chinese students who were born and grew up in the era of China's rapid development.

All in all, it seems fair to say that the Erasmus Mundus Programme and other similar initiatives supporting Chinese students for further education in Europe have played and will continue to play a valuable role in promoting people-to-people exchanges between the EU and China, deepening the mutual knowledge and understanding between the two sides, and thus facilitating the further development of the comprehensive strategic partnership.

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<sup>17</sup> *Ibid.*

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.*, p.11.





## COMPETITION BETWEEN THE EU AND CHINA FOR GREENLAND'S RARE EARTH RESOURCES

Reinhard Biedermann\*

The Arctic region has become a great power arena as climate change makes the region navigable and its resources accessible.<sup>1</sup> In 2008, the European Commission issued a communication that expressed the EU's multifaceted interests in the Arctic region.<sup>2</sup> The Kingdom of Denmark (including Greenland, which is self-governed since 2009 including control of its raw materials), Sweden and Finland are members of the EU that also belong to the Arctic Council, an intergovernmental organisation that aims to promote "cooperation, coordination and interaction among the Arctic states".<sup>3</sup> However, the EU's application for observer status in the Arctic Council was rejected in May 2013, while China's has been accepted (along with the applications of India, Italy, Japan, South Korea and Singapore). It is worth pointing out here that China's emergence as an Arctic actor is the most significant development in the region, at a time when the EU and China begin to compete for Greenland's resources, namely rare earth elements.

This paper first introduces Greenland as an arena for competition on resources, and then outlines the recent diplomatic outreach to Greenland of EU and China respectively, as well as the island's responses. The article concludes with a summary of current results of the two actors' policies towards the Arctic and Greenland.

### **What is at stake for the EU and China in Greenland?**

Greenland is the world's largest island, about half the size of Europe, with a population of only 57,000 people.<sup>4</sup> Together with Denmark, Greenland joined the European Community in 1972, but left it again in 1985 due to the bloc's commercial fishing regulations and ban on seal skin products (because of Canada's intervention in May 2013, the Arctic Council withheld granting observer status to the EU).<sup>5</sup> In 1979, Greenland was granted home rule. After a

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<sup>1</sup> C. Emmerson, *The Future History Of The Arctic. How Climate, Resources and Geopolitics are Reshaping the North, and why it matters to the World*, Vintage, 2011.

<sup>2</sup> Commission of the European Communities, *The European Union and the Arctic Region*, COM (2008) 763 final, Brussels, 20 November 2008.

<sup>3</sup> The Arctic Council is composed of Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden and the United States. Non-arctic nations as France, Germany, Britain, Poland and Spain are already permanent observers. For further information, please see Arctic Council, "About the Arctic Council", 7 April 2011, retrieved 4 July 2013, <http://www.arctic-council.org/index.php/en/about-us/arctic-council/about-arctic-council>.

<sup>4</sup> "Greenland votes with mineral riches in the balance", Euractiv, 11 March 2013.

<sup>5</sup> S.L. Meyers, "Arctic Council Adds 6 Nations as Observer States, Including China", *The New York Times*, 15 May 2013, retrieved 4 June 2013,



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referendum in 2008, Greenland's government gained control over the island's natural resources. 40 percent of the island's revenues still come from Denmark's development aid. However, while Denmark used to provide a subsidy of over €450 million per year, at the heart of the Self-Government Act of 2009 lies the deal that if Greenland's income from mineral extraction rises, the subsidy from Copenhagen will fall by half of that amount.<sup>6</sup> Self-government might eventually lead to independence, financed by these resources. Those political developments in Greenland, which is governed by around 50 politicians, raise concerns about the island's capability to deal with the ambitions of foreign powers.

Greenland lies in the centre of the 'new Arctic Great Game', since the huge but sparsely populated island is rich in resources like rare earth elements (REE).<sup>7</sup> Up until now, China still holds a monopoly on the production of these materials and controls world supply and prices. REE are seen as critical for a range of applications, from green energy technology and consumer electronics to sophisticated weapon systems in the 21<sup>st</sup> century. China also searches for REE abroad, with Greenland being the newest target.<sup>8</sup> However, the EU sees in Greenland a major opportunity to overcome dependency from Chinese REE supplies and to put the new EU raw materials diplomacy into practice.<sup>9</sup>

China's recent high-level diplomatic activities (see below) towards member states of the Arctic Council such as Norway, Iceland, and Denmark raised concerns in the EU, where China is perceived as having become a "far more aggressive player".<sup>10</sup> The concerns are reinforced by China's tight export policies on REE, since the EU is entirely dependent on imports for 14 of the 17 REE. However, a suggestion made by China in a regular trade policy meeting to cooperate on access to raw materials in foreign markets was declined by the EU in 2012, since in the eyes of the EU, China itself presents one of the main problems with regard to free access to critical raw materials. As the report of the European Commission said, "The decrease in China's rare earth export quotas has resulted in significant market shortages and steep price increases, with considerable impact on production costs of rare-earth based applications. Prices of rare earth have increased by up to 500%".<sup>11</sup> At

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[http://www.nytimes.com/2013/05/16/world/europe/arctic-council-adds-six-members-including-china.html?\\_r=0](http://www.nytimes.com/2013/05/16/world/europe/arctic-council-adds-six-members-including-china.html?_r=0).

<sup>6</sup> Emerson 2011, p. 293.

<sup>7</sup> Rare earth elements or rare earth metals are a set of 17 chemical elements in the periodic table, specifically the 15 lanthanides plus scandium and yttrium.

<sup>8</sup> R. Biedermann, "China's Rare Earth Sector: Between Domestic Consolidation and Global Hegemony", *International Journal of Emerging Markets*, 8(4), 2013, forthcoming.

<sup>9</sup> R. Biedermann, "China's Wealth is EU's Needs: The Conflict on Rare Earth Elements", *EU-China Observer*, Issue 1, 2012, pp. 8-16.

Together with the USA and Japan the EU challenged China in the World Trade Organisation over its export restrictions in March 2012 in a still ongoing dispute.

<sup>10</sup> E. Rosenthal, "Race is on as Ice Melt Reveals Arctic Treasures", *New York Times*, 16 September 2012, retrieved 20 March 2013, [http://www.nytimes.com/2012/09/19/science/earth/arctic-resources-exposed-by-warming-set-off-competition.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2012/09/19/science/earth/arctic-resources-exposed-by-warming-set-off-competition.html?pagewanted=all&_r=0).

<sup>11</sup> Report from the Commission to the European Council, "Trade and Investment Barriers Report", 2011, pp. 3-4, retrieved 16 July 2013, [http://trade.ec.europa.eu/doclib/docs/2011/march/tradoc\\_147629.pdf](http://trade.ec.europa.eu/doclib/docs/2011/march/tradoc_147629.pdf).

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the EU-China Summit in 2012, the two sides exchanged “views on Arctic matters” for the first time, but made no further commitments regarding cooperation on Arctic issues.<sup>12</sup>

Experts have estimated the Arctic's share of gas and oil world reserves to amount to 30 and 13 percent respectively, while Greenland may possess 10 percent of global REE.<sup>13</sup> China wants to secure a share of Arctic resources, establishing much shorter shipping routes from the Pacific to the Atlantic, as well as obtaining fishing rights and conducting research in the Arctic.<sup>14</sup>

### **China's and EU's Greenland policies**

China, as an “Arctic outsider”, is rather new to the Arctic Region due to its geographic and legal status,<sup>15</sup> although Chinese analysts refer to China as a “near-Arctic state” and an “Arctic stakeholder”.<sup>16</sup> In 2005, the Premier of Greenland Hans Enoksen visited China. In 2011, Greenland's Minister for Industry and Natural Resources Ove Karl Berthelsen was welcomed by China's Vice-Premier Li Keqiang. In 2012, China's Minister for Land and Resources visited Greenland. Such high level meetings with Chinese ministers deserve attention.<sup>17</sup> China's President HU Jintao paid a three-day visit to Denmark in June 2012, where the two countries signed export and investment deals. This was the first state visit since the countries established diplomatic ties 62 years ago.<sup>18</sup>

Such state visits lay the ground for investments, of particular of interest for rare earth companies like ‘Mongolia Baotou Steel Rare Earth’. The Kvanefjeld deposit (a mineral deposit and potentially the world's second-largest deposit of rare earth oxides), could produce 20 percent of the global rare earth supply and large amounts of uranium when production starts in 2016. The deposit could contain 10.3 million metric tons of rare earth metals, equivalent to about 10 percent of the known global reserves, according to the U.S. Geological Survey.<sup>19</sup>

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<sup>12</sup> European Commission, “Joint press communiqué: 15<sup>th</sup> EU-China Summit: towards a stronger EU-China comprehensive strategic partnership”, MEMO/12/693, 20 September 2012, Brussels, retrieved 27 March 2013, [http://europa.eu/rapid/press-release\\_MEMO-12-693\\_en.htm](http://europa.eu/rapid/press-release_MEMO-12-693_en.htm).

<sup>13</sup> “Arctic melt brings new opportunities”, *People's Daily Online*, 24 January 2013, retrieved 20 March 2013, <http://english.peopledaily.com.cn/90777/8106623.html>.

<sup>14</sup> P. Bricoe, “Greenland – China's Foothold in Europe?”, *Asia Unbound*, Council on Foreign Relations, 1 February 2013, retrieved 20 March 2013, <http://blogs.cfr.org/asia/2013/02/01/paula-briscoe-greenland-chinas-foothold-in-europe/>.

<sup>15</sup> L. Jakobsen & J. Peng, “China's Arctic Aspirations”, *SIRPI Policy Paper 34*, November.

<sup>16</sup> D. K. Tatlow, “China and the Northern Rivalry”, 5 October 2012, retrieved 19 March 2013, <http://rendezvous.blogs.nytimes.com/2012/10/05/china-and-the-northern-great-game/>.

<sup>17</sup> For an overview of the diplomatic activity between China and Greenland see D. Degeorges, “China in Greenland: A challenge for the European Union”, *Euractiv*, 21 June 2012, retrieved 22 May 2013, <http://www.euractiv.com/specialreport-rawmaterials/china-greenland-challenge-europe-analysis-513343>.

<sup>18</sup> “In Denmark, Hu Jintao sets eyes on Greenland's minerals”, *Euractiv*, 18 June 2012, retrieved 19 March 2013, <http://www.euractiv.com/sustainability/denmark-china-sets-eyes-greenland-news-513354>.

<sup>19</sup> “What's China doing in Greenland?”, *The Christian Science Monitor*, 15 February 2013, retrieved 20 March 2013, <http://www.csmonitor.com/Environment/Energy-Voices/2013/0215/What-s-China-doing-in-Greenland>.

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Backed by Chinese steelmakers, 'London Mining' has applied for permission to construct an iron ore mine northeast of Nuuk. The €1.85 billion investment would make it the biggest industrial development project in Greenland. Up to 3,000 Chinese workers would be needed for the construction work. China also proposed to construct a runway for jumbo jets in Greenland's far North to fly out minerals and other materials. Of the expected 3,000 workers, only 10 percent would be recruited locally. 'Jiangxi Zhongrun Mining' and 'Jiangxi Union Mining' are two other well-known companies interested in investment in Greenland's iron ore deposits, while a private company from Jiangxi province invested already in a joint project with the United Kingdom's 'Nordic Mining Corporation'.

The EU's steps in Greenland proceed at a slower pace. In November 2008, the European Commission issued *The European Union and the Arctic Region* (Commission 2008a)<sup>20</sup> as well as *The raw materials initiative – meeting our critical needs for growth and jobs in Europe* (Commission 2008b).<sup>21</sup> In these two Communications, China was outlined as a key country in applying government measures including export restrictions and trade distorting measures in raw materials. In 2012 the Commission declared that “the EU will actively pursue a raw materials diplomacy with relevant Arctic states with a view to securing access to raw materials notably through strategic partnerships and policy dialogues”.<sup>22</sup>

Both the 2008 and the 2012 communications on the Arctic opened new perspectives on common external commercial policies, supplemented by the Lisbon Treaty, in force since 2009. The Lisbon Treaty integrated the former national investment treaties and policies into a common European investment policy. The EU now has sole competence in Bilateral Investment Treaties (BIT). The German think-tank Stiftung Wissenschaft und Politik (SWP) in Berlin suggested that the EU, as the largest investor in foreign markets, should use that opportunity to create sustainable investment in mining.<sup>23</sup>

Recently, the EU and Greenland decided to enhance the dialogue on natural resources, and at the same time protect Greenland's environment and contribute to diversification of the economy. The European Commission signed an agreement in Nuuk on 13 June 2012 to ensure that Greenland's minerals remain available to free markets in the future.<sup>24</sup> This so-

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<sup>20</sup> Commission of the European Communities, *The European Union and the Arctic Region*, COM (2008) 763 final, Brussels, 20 November 2008.

<sup>21</sup> Commission of the European Communities, *The raw materials initiative – meeting our critical needs for growth and jobs in Europe*, COM (2008) 699 final, 4 November 2008.

<sup>22</sup> Commission of the European Communities, *Developing a European Union Policy towards the Arctic Region: progress since 2008 and next steps*, JOIN (2012) 19 final, Brussels, 26 June 2012, p.10.

<sup>23</sup> “Nach der Groenland-Wahl: Kommt eine nachhaltige EU-Investitions- und Rohstoffpolitik?” (After the elections in Greenland: Is the EU heading towards a sustainable EU investment and raw materials policy?), Stiftung Wissenschaft und Politik (SWP), 15 March 2013, retrieved 20 March 2013, <http://www.swp-berlin.org/de/publikationen/kurz-gesagt/nach-der-wahl-in-groenland-koennte-eine-nachhaltige-eu-investitions-und-rohstoffpolitik-ihren-ausgang-nehmen.html>.

<sup>24</sup> European Commission, Press Release, European Commission signs today agreement of cooperation with Greenland on raw materials, 13 June 2012, retrieved 3 July 2013, [http://europa.eu/rapid/press-release\\_IP-12-600\\_en.htm](http://europa.eu/rapid/press-release_IP-12-600_en.htm).

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called Memorandum of Understanding (MOU) aims to improve European access to Greenland's minerals. But so far the EU has not taken concrete steps to give life to the MOU, according to Kuupik Kleist, then Greenland's Prime Minister.<sup>25</sup> The Vice President of the European Commission and Commissioner for Industry and Entrepreneurship, Antonio Tajani, also offered hundreds of millions of euro in development aid to Greenland in exchange for guarantees that the latter would not give China exclusive access to its REE. In July 2012, Tajani said:

Greenland is hugely important in terms of natural resources, it has vast opportunities. We are currently working very hard with the Prime Minister of Greenland on this – we are working on our own agreement with Greenland on raw materials. This is raw materials diplomacy. We have allies working on this worldwide.<sup>26</sup>

The MOU includes not only rare earths, but also gold and iron, and potentially oil and gas. Indeed, Tajani believes that the EU enjoys an advantage in its competition with China because of environmental concerns in Greenland.<sup>27</sup> Yet, in January 2013, when the EU requested that Greenland refuse to grant China access to its REE, it was rebuffed by Greenland's Prime Minister Kleist who stated, "Greenland is open for investments from the whole world, taking into account that the investors accept the regulations and requirements from Greenland in doing so."<sup>28</sup>

### **How will Greenland position itself?**

Currently, Greenland has 150 active licenses for mineral exploration. However, among the 30 exploration projects in 2012, only one was actually operating. Large Western mining corporations from USA and Australia have already purchased licenses. In December 2012, Greenland passed a bill setting the framework that would allow big mining companies to employ thousands of foreign workers for construction and exploration projects. The legislation defines the size and minimum salary of the workers to avoid social dumping and to protect local employees.<sup>29</sup>

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<sup>25</sup> "I have been to Brussels many times. I don't have a thorough explanation why the big interest in Greenland and the Arctic area does not play out in really concrete activities from the European side.", K. Kleist, then Greenland's Prime Minister quoted in "Greenland votes with mineral riches in the balance", *Euractiv*, 11 March 2013, retrieved 19 March 2013, <http://www.euractiv.com/elections/greenland-mineral-riches-balance-news-518377>.

<sup>26</sup> F. Harvey, "Europe looks to open up Greenland for natural resources extraction", *The Guardian*, 31 July 2012, retrieved 20 March 2013, <http://www.guardian.co.uk/environment/2012/jul/31/europe-greenland-natural-resources>.

<sup>27</sup> C. Spillmann, "EU fights to catch Chinese in Greenland rare-earths gold rush", 5 August 2012, retrieved 20 March 2013, <http://business.inquirer.net/75115/eu-fights-to-catch-chinese-in-greenland-rare-earths-gold-rush>.

<sup>28</sup> "Greenland rejects EU request to limit rare earths exports", *Euractiv*, 15 January 2013, retrieved 20 March 2013, <http://www.euractiv.com/sustainability/greenland-rejects-eu-request-lim-news-517057>.

<sup>29</sup> "Greenland passes mining projects bill, opens for cheap labor", *Reuters*, 7 December 2012, retrieved 15 July 2013, <http://www.reuters.com/article/2012/12/07/us-greenland-legislation-opening-idUSBRE8B617G20121207>



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There are growing fears in Greenland's population about environmental, social, cultural or psychological costs and burden. Moreover, Denmark is concerned about Greenland's ability to effectively oversee the influx of new and heavy technical industries. The national labour union wants to ban the use of low-wage labourers, but there are not enough workers to build mines without help from outside. In the elections of March 2013, Greenland's Prime Minister Kleist lost to the social-democratic Aleqa Hammond. Voters in Greenland "feared that ministers were surrendering their country's interests to China and foreign multinationals" and called an end to the government of Kleist that was seen as "too China-friendly"<sup>30</sup> by many electors. The social-democratic 'Siumut' party led by Aleqa Hammond won 42 percent in a campaign that had resource policy at its centre. She said, "Greenland should work with countries that have the same values as we have, in how human rights should be respected. We are not giving up our values for investors' sake."<sup>31</sup> She also assured voters that she would limit inflows of cheap labour from abroad. London Mining promptly denied that it had hired workers from China or anywhere else.

### **Future prospects**

The EU has not yet been able to capitalise on its Arctic proximity but instead has recently experienced diplomatic setbacks. Denmark is a weak link in EU's Arctic policy, as its "loyalty in the European Union ends at the Arctic Circle".<sup>32</sup> Instead of making efforts to help initiate a BIT negotiation between the EU and Greenland, Denmark indulges in political fantasies and idle talk about Greenland within the Kingdom of Denmark and drifts between European and Chinese interests. Moreover, combined normative-economic considerations and the EU's internal lack of coherence complicate EU's Arctic policy. For instance, in 2008, the EU introduced an Action plan for environmental protection in agreement with the local Arctic population, in support of sustainable exploitation of resources as well as improved multilateral rules.<sup>33</sup> However, Greenland and other Arctic nations blamed the EU for playing the 'green card' to make oil and gas exploration difficult or even ban it while getting a foothold in strategic affairs there.<sup>34</sup> Like Canada, Greenland also wants to convince the EU to lift its 2009 ban on imports of seal products, which resulted in a backlog of 300,000 skins.<sup>35</sup> The EU High Representative Catherine

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<sup>30</sup> T. Macalister, "Greenland government falls as voters send warning to mining companies", *The Guardian*, 15 March 2013, retrieved 20 March 2013, <http://www.guardian.co.uk/world/2013/mar/15/greenland-government-oil-mining-resources>.

<sup>31</sup> *Ibid.*

<sup>32</sup> H. Haftendorn, *Zaungast in der Arktis. Deutschlands Interessen an Rohstoffen und Naturschutz, Internationale Politik (Onlooker in the Arctic: Germany's interests on raw materials and environmental protection)*, July, August, 2011, p. 72.

<sup>33</sup> Commission 2008, *op. cit.*

<sup>34</sup> T. Macalister, "EU clashes with Greenland over international stewardship of Arctic", *The Guardian*, 15 October 2010, retrieved 20 March 2013, <http://www.guardian.co.uk/environment/2010/oct/15/eu-greenland-stewardship-arctic>.

<sup>35</sup> E. Rosenthal, "A Melting Greenland Weighs Perils Against Potential", *The New York Times*, 23 September 2012, retrieved 19 March 2013, [http://www.nytimes.com/2012/09/24/science/earth/melting-greenland-weighs-perils-against-potential.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2012/09/24/science/earth/melting-greenland-weighs-perils-against-potential.html?pagewanted=all&_r=0).



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Ashton has agreed to work on this issue in order for the EU to become a permanent observing member of the Arctic Council.<sup>36</sup> It remains unclear whether the EU's environmental policies could be accepted by the Arctic Council, which ironically has environmental goals as its priority, especially since Denmark and the EU's close partners, Iceland and Norway, do not support such goals.

On the other hand, China engages heavily in diplomatic activity and courting of the smaller Arctic states, which feel flattered. A sign of the enhanced role the Arctic plays in China's foreign policy is the recent rapid normalisation of relations between China and Norway.

If China were to reassess its mercantilist policy on REE, collaboration between China and the EU on resources would be promising. Workers from China and environmentally-friendly technology from Norway and the EU could be combined to explore the resources in Greenland. Cooperation could enable the EU's goal of implementing proper regulations and standards regarding human rights, working standards and environmental protection and would also find more political and popular support in Greenland. It will take years until the first rare earth mine is operating in Greenland, and political, social and economic problems will have to be solved first. Whether Greenland will be an economical and sustainable location for rare earth mining (which is very capital intensive) and other resources also depends on the rational calculations of all participating actors.

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<sup>36</sup>Joint Statement by HR/VP Catherine Ashton and EU Commissioner Maria Damanaki regarding Arctic Council decision on EU's observer status, Reference: MEMO/13/440, 15 May 2013, retrieved 4 June 2013, [http://europa.eu/rapid/press-release\\_MEMO-13-440\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-440_en.htm).