

people, all of whom are there because they do not want to be in China, are given no choice who is to rule them; however, the Party does have to take account of the foreign investors, including the Overseas Chinese. In order to mollify investors, while demanding absolute 'sovereignty'—not a Chinese concept, and consequently undefined, but clearly meant to signify unanswerability—the Party promises to maintain 'the capitalist system' which has brought the 'prosperity' about; a spokesman who, too outspoken, said the other day that 'sovereignty' came first and must not be jeopardized for the sake of 'prosperity', was recalled to Peking. There is something implausible about a Communist party managing the British judicial and financial regimes and maintaining the right political atmosphere to inspire foreign confidence; whether Teng Hsiao-ping is presenting a gentler face to the world as a mere tactic or from genuine change of heart, few people in Taiwan or Hong Kong would trust the Chinese Communist Party, once its flag had been hoisted, not to interfere 'sovereignly' or treat the 'prosperity' as a plunderable asset, whatever the prior undertakings.

There is still no knowing whether, or which way, China is unbending.

Greenland's way out of the European Community

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HISTORY made Greenland a Danish colony until 1953 when Greenland formed an integral part of the Kingdom of Denmark. This status lasted until Greenland was given home rule in 1979 with respect to most domestic affairs.¹ The economy of Greenland is strongly dependent on fishing and manufacturing of fish products. Measured by exports as well as by occupation, fishing is by far the most important trade in Greenland.

It is generally recognized in Greenland that enlarging the capacity of fish production will demand considerable investments and that this generating of capital will have to be provided for in a period of other wide-ranging and costly high priority investment programmes. Parts of these investment needs have been covered by grants and loans from the European Community: through the years 1973–82, grants from EC funds totalled D.kr. 680 million and in the same period, the European Investment Bank had given loans of D.kr. 330 m.

¹ Cf. Isi Foighel, 'Home Rule in Greenland: a framework for local autonomy', *Common Market Law Review*, Vol. 17, No. 1, 1980, pp. 89–108.

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These subsidies, which are about one-tenth of the annual transfer payment from Denmark, have been used to finance infrastructure and educational programmes. However, Greenland is now ready if necessary to pay the price of forgoing a financial arrangement with the EC, which would mean a slower pace of development. This rather unusual situation calls for an explanation of the political factors underlying Greenland's willingness to abandon the economic security of EC subsidies.

Home Rule and EC membership

In 1973, the Kingdom of Denmark joined the European Community and, as a fully integrated part of the realm, Greenland also acquired membership. The Danish decision to join the EC followed upon a referendum, in which the Danish population voted in favour of joining with an almost 2:1 majority.

Greenland, however, did not follow this pattern: 70.3 per cent voted against EC membership, a result accelerating Greenland's demand for home rule. This outcome was largely a result of the effects of the modernization process that Greenland's society had experienced since 1950, and particularly the concentration of the 50,000 inhabitants in the major cities along the West Coast. The process of urbanization carried with it feelings of alienation and loss of ethnic identity. In parts of the Danish educated Greenland elite a political consciousness was emerging, the essence of it being a wish for greater responsibility for creating the future of Greenland. This aspiration must not be confused with some nationalistic claim of secession from Denmark. Everybody realized that, in a foreseeable future, Greenland could not manage without being subsidized by Danish funds, but in order to regain self-respect, the Greenland people had to take steps to determine their own future.

The Greenland Home Rule Act, which was drafted in a joint Danish-Greenland commission, does not contain special provisions for the home rule authorities to alter the EC membership status of Greenland, but the Danish government issued a declaration that it would not oppose a wish on the part of Greenland to leave the Community.

The Greenland referendum

Between 1972 and 1979 the two dominant parties in Greenland, the centre-left Siumut and the moderate centrist Atassut, were divided on the issue of Greenland's continuing membership of the European Community. In the 1979 elections, the Siumut party won a majority in the home rule legislative, the *Landsting*, and thus headed the *Landsstyre*, the home rule government.²

As a result of the Danish membership negotiations with the EC, special provisions were made regarding Greenland. Some of those were given a permanent status, while others were to be reconsidered when the ten-year transition

² In the first *Landsting* election, the Siumut party obtained an overall majority of 13 of the 21 seats, Atassut winning the remaining 8 seats. In the *Landsting* election of 1983 Siumut and Atassut won 12 seats each, leaving 2 seats in the now enlarged *Landsting* for the leftist party of Inuit Ataqatigiit.

period expired. In the autumn of 1980, the Siumut party put the EC issue at the top of its political agenda, and positions were quickly formulated. In the following spring all parties agreed that the Greenlanders should be free to decide the EC membership question at a referendum.³ The campaign became long, costly and—in contrast to Greenland traditions—harsh and bitter. Much of the written campaign material reflected an attitude of anger and disappointment. There was stress on examples of abuses by Community, and especially German, fishermen of their fishing licences inside Greenland's 200-mile economic zone, which was now part of common EC waters.

Siumut, two smaller parties, the trade unions and the fishermen's organization underlined that a decision to leave the European Community was a natural consequence following the adoption of home rule. By the latter Greenland had become less dependent on decisions made by Danish central authorities, paving the way for Greenlanders to 'create their own future'. Being restricted by regulations decided by EC bodies, which had shown virtually no understanding for the Greenland way of life, would keep Greenland part of a system that might threaten its political and cultural identity. Siumut wanted especially the competence of regulation of fishing activities to be re-transferred from the supra-national EC institutions to Greenland authorities, as this meant control of the living resources on which Greenland relied for its future.

The Atassut party was as keen to protect Greenland's identity, but hoped that negotiations with the EC might prevent the abuse of Greenland fishing waters and felt convinced that its European partners would not press for exploitation of the uranium findings. What worried the pro-marketeers most was how Greenland would manage to finance its modernization process without being subsidized by the Community. Modernization, Atassut supporters asserted, was the only way to preserve Greenland as an autonomous ethnic entity in close co-operation with the industrialized Western countries.

The result of the referendum of February 1982 showed that it had been a close race: in a turnout of 74.9 per cent (compared with 57.5 per cent in 1972), 12,615 voted against staying in the EC, while 11,180 wanted to maintain the existing membership status.⁴ Both Atassut and Siumut supporters claimed victory. The difference of the outcome—compared with the very clear result of the 1972 referendum—has also been the subject of debate, but the explanations have been rather diffuse. Two hypotheses can be offered.

Greenland voters are conservative in their political conduct, i.e., they tend to cast their vote for things they know. In 1972, voting in favour of EC membership seemed a venture with unknown complications. Consequently, turnout was low and an overall majority of the electorate voted against joining the European Community. In 1982, many Greenlanders seem to have felt

³ Under home rule, foreign policy is constitutionally the prerogative of the authorities of the unity of the realm. Consequently, the Danish Parliament must approve a Greenland decision to leave the EC. The referendum, *ipso facto*, had to be consultative only.

⁴ *Atuagagdliutit/Grønlandsposten*, No. 8, 24 February 1982.

uncertain as to the economic effects of leaving the Community. OCT status (the special arrangement under the Treaty of Rome for dependent overseas countries and territories) was by no means a firm promise, and Danish governments had made it absolutely clear that Danish treasury funds would not be granted to compensate Greenland for the loss of EC subsidies.

The political map of Greenland has changed considerably since the 1972 referendum. Where earlier personal attitudes had determined voting, there is now a well-established party system and some measure of identification with party attitudes. The voters' choice of party will be determined to some extent by the party platform, but in Greenland that platform is certainly made up by more than the party position on the EC issue. The election results since 1979 have exhibited a very delicate balance between voter support for the Siumut and Atassut parties, but with Atassut gaining ground.

Faroe status as an alternative

EC membership has given Greenland a special position in the North Atlantic area: as members of EFTA, the European Free Trade Area, Norway and Iceland have had free trade agreements with the EC since 1973. The Faroe Islands got an almost similar arrangement one year later, and in 1976 the European Community and Canada signed an agreement on economic co-operation. In 1957, the French islands of Saint-Pierre and Miquelon near Newfoundland became an overseas territory as defined in the Rome Treaty. Later, by unilateral decree, France integrated the islands as an overseas department.

The details of these various relationships to the EC also point to possible alternatives to EC membership for Greenland. The relations of the North Atlantic islands with the European Community are especially relevant in this context: the Faroe Islands and Iceland both earn up to 95 per cent of their export income by selling fish and fish products; and Saint-Pierre and Miquelon had originally OCT status. In 1974, the Faroe Islands got an arrangement almost identical to the free trade agreements of the Nordic countries. This means tariff-free export of industrial goods to the EC and reduced tariffs—typically 3 to 4 per cent—for most fish products. In return, the Faroe Islands have reduced their tariffs on certain fruits and vegetables imported from EC countries.⁵

While Iceland and the Faroe Islands have almost the same access to the Common Market for their fish exports, the two countries have followed diametrically opposite fisheries policies. The introduction of 200-mile zones meant a serious threat to the Faroe Islanders' traditional distant fishing in Greenland waters, the North Sea, Skagerrak etc. Contrary to the Icelanders, they had no choice but to swap fishing rights. In 1977, the Faroe Islands/Denmark signed a framework agreement with the European Community

⁵ The arrangement has guaranteed a continuation of tariff-free access to the Danish market of goods produced on the Faroe Islands; see memo from the Department for Foreign Economic Affairs, 3 August 1981, on the EC free trade arrangement for goods from the Faroe Islands.

and since then annual quotas have been negotiated with the EC and third countries like Norway. Iceland demands and enforces exclusive fishing rights in its 200-mile zone and has refused to negotiate a mutual fishing agreement with the European Community. As a reason for this policy of splendid isolation, Iceland has referred to necessary restrictions in order to maintain existing fish stocks; with Icelandic fishermen alone allowed to fish within their zone, a lack of capacity ensures that there will be no excessive fishing.

Although a similar situation faces Greenland fishermen inside their zone, Greenland is not expected to follow Iceland's policy of isolation so intimately linked to the traumatic experiences of the 'Cod War' in the early 1970s and the EC's one-sided support for the British cause. However, German trawlers from Bremerhaven have greatly helped to foster a latent scepticism among Greenlanders about the benefits of concluding a fishing agreement with the EC. In February 1980, two German trawlers fishing illegally were captured and the skippers fined by the court in Nuuk.

Greenland and OCT status

One year before Greenland's referendum on EC membership, the Danish government asked the *Landsstyre* to choose between Faroe status and OCT status. In August 1981, it became public knowledge that the *Landsstyre* would opt for an association status similar to that granted British, French and Dutch overseas countries and territories, because this would be more beneficial in terms of trade and capital than Faroe status.

The origin of this special association arrangement dates back to the Rome Treaty negotiations, when France demanded a special relationship for overseas countries and territories. By the fourth part of the Treaty, the then colonies of the EC countries were linked to the planned Common Market of the Six, and in addition a development fund was established. In the 1960s, one colony after another gained independence and decided to continue association with the Common Market through the so-called Yaoundé Conventions of 1963 and 1969.

During the membership negotiations between the European Community and Britain, it was agreed to offer former British colonies in Africa, the Caribbean and the Pacific areas some sort of association with an enlarged EC. In 1975, the EC and 46 ACP countries signed the Lomé Convention, and the number of ACP countries has by now reached 63, partly because several OCT countries have become independent; 17 overseas countries and territories are left, e.g. the Netherland's Antilles, French Polynesia, the Falkland Islands and Brunei.⁶

The common external tariff for third countries on fish products is 20 per cent unless a special agreement has been concluded with the EC. If Greenland should decide to become a third country, which requires just a simple majority in the Danish *Folketing*, the economic consequences could prove damaging.

For Greenland, OCT status means tariff-free access to the Common Market

⁶ EEC Treaty, Annex IV.

for export of fish and fish products. In principle, the EC countries have reciprocal free access to the overseas countries, but certain measures can be allowed to protect infant industries, development projects etc. In short, OCT status implies a certain degree of economic integration into the Common Market. In return for this principle of free exchange of goods, the EC is willing to help in terms of capital from several money boxes. While the European Development Fund and the European Investment Bank can grant aid and loans to Greenland as an overseas country, the Export Stabilization Fund (Stabex) and the Stabilization Fund for Exports of Minerals are unlikely to have great importance.⁷

Procedure for withdrawal

The Greenland electorate's decision of February 1982 to leave the European Community is regarded as a definitive decision, democratically arrived at, by both Greenland and Danish politicians and by both pro- and anti-marketeters. In March, Greenland's *Landsting* authorized the home rule government—the *Landsstyre*—to negotiate a transition from membership to OCT status, and the Danish government was requested to start negotiations.

Article 236 of the Rome Treaty prescribes that the government of any member state 'can submit to the Council proposals for the amendment of this Treaty'. The Danish government's proposal in May 1982 took the form of a draft treaty with six short clauses to amend the Fourth Part of the Rome Treaty, Annex IV, and Art. 227, according to which Greenland can obtain OCT status. Art. 236 states that 'if the Council, after consulting the Assembly and, where appropriate, the Commission, delivers an opinion in favour of calling a conference of representatives of the governments of the member states, the conference shall be convened by the President of the Council for the purpose of determining by common accord the amendments to be made to this Treaty.' Simultaneously with the submission to the Council in May 1982, the draft treaty was passed to both the Commission and the European Parliament. As President of the Council during the last six months of 1982, the Danish government tried to accelerate the process by committing the Commission to deliver an opinion not later than November. The Commission, however, was unable to adopt an opinion till February 1983, whereupon the preliminary Council meetings could take place.

Negotiations on Greenland's transition from EC membership to OCT status are taking place under the auspices of the Council, where the *Landsstyre* is assessor in the Danish delegation. Immediately after the referendum, the Prime Ministers of Greenland and Denmark agreed on a procedural strategy to ensure a quick exit for Greenland, but the whole negotiation has made a very slow start and the outcome cannot be expected until 1984. By then an inter-

⁷ It does not cover exports of lead and zinc ore which is produced in the Marmorilik mine, operated by the Canadian-owned Greenex Company. See memo from the Department for Foreign Economic Affairs, 31 July 1981, on EC agreements with third countries, especially overseas countries and territories (OCT).

governmental conference will be convened to approve the revision of the Treaty, and, finally, the amendment must be ratified by the national parliaments of all member states. The implications of an elaborate procedure and a slow negotiation are that Greenland's transition to OCT status may not enter into force until 1985 at the earliest.

Reactions to Greenland's wish for OCT status

Greenland's position in the negotiations was clarified in September 1982 at the Siumut party's annual conference: an acceptable transition to OCT status implied that free access for Greenland's exports to the Common Market must not be paid for by access for EC fishermen to Greenland waters. If EC fishermen want to continue to fish east and especially west of Greenland, they must pay for licences.⁸ The other demands are less controversial: EC citizens must not be given the same rights of establishment as have Danes; the common Greenland/Danish competence over Greenland's underground resources must prevail; and the Inuit circumpolar co-operation started in 1977 must not be harmed. In June 1982, the Irish Commissioner, Mr Richard Burke, was charged to produce the Commission's opinion. To prepare himself he visited several capitals of member states and went to Greenland for a week-long visit at the end of September. While in Greenland, the Commissioner would not promise a 'clear-cut' OCT arrangement; in particular, he would not guarantee free access for Greenland's export of fish if British and especially German fishermen could not continue their traditional fishing west of Greenland.

In February 1983, the Commission adopted a favourable opinion on Greenland's withdrawal from the European Community and on the granting of OCT status with certain specific provisions. The opinion referred to the restricted OCT status granted the Dutch Antilles in 1962 as a relevant model for Greenland's association, i.e. reciprocity in the fisheries sector.⁹ This emphasis on reciprocity seems to be the attempt of the Commission to unite the member states behind a favourable response to Greenland's wish for OCT status.

During his European tour, the Irish Commissioner had met widespread opposition against granting favourable OCT status to a withdrawing EC member. In the preliminary Council negotiations in February and March 1983, these restrictive arguments and negative attitudes were repeated. In London, Paris, Rome etc., there is fear of the precedent of Greenland obtaining preferences without the commitments of membership and worry that development towards home rule or autonomy may open a way out of the EC. The German opposition is mainly concerned that the German high-sea fishing fleet could be excluded from one of its traditional fishing grounds in the North Atlantic.

Conclusion

Greenland's wish to give up EC membership in favour of OCT status is

⁸ The arrangement could correspond to the existing licence payments for EC fishermen operating in the fishing zones of Guinea-Bissau and Senegal.

⁹ *Agence Europe*, 4 and 5 February 1983.

founded on its aspirations to exclusive protection for the sovereignty newly obtained by the introduction of home rule. The ten democracies constituting the member states of the EC, which have embarked on an experiment with direct elections to the European Parliament, should respect this wish which was clearly expressed in a referendum, in full accordance with the best principles of democracy.

It is unacceptable for the *Landsstyre* 'to ask for permission in Brussels to catch our own fish'.¹⁰ A crucial condition for Greenland in the ongoing negotiations is that it alone will have the future competence to administer fishing rights in Greenland waters. It is in order to achieve this strengthening of Greenland's sovereignty that a majority of the referendum voters demonstrated a willingness to renounce the financial benefits of EC membership.

Greenland does not claim any fishing rights in European waters. On the contrary, the Greenland government has declared its willingness to permit German, British, Dutch and other EC fishermen to catch amounts of fish which the Greenlanders themselves cannot catch so far due to lack of capacity. This can be granted in return for some sort of payment for fishing licences.

The Greenlanders' per capita income is higher than that in one or two EC countries, but about half the GNP of Greenland is transfer payments from the Danish state budget. Greenland's economy is still linked to the development of one economic sector and strongly dependent on the export of one sort of product. In this respect, Greenland is similar to most of the 80 ACP/OCT countries.

For Denmark as an EC member state, OCT status for Greenland is a right as obvious as Britain's right to grant OCT status to the Falkland Islands or Brunei with a per capita income higher than Greenland's due to oil resources. The fear of the precedent of granting Greenland OCT status is based on failure to recognize that Greenland is an overseas country, geographically part of the North American continent. That is the main reason why Greenland's withdrawal from the European Community will have no adverse effects on Greenland's continuing membership of Nato and the American military presence in Greenland.

Greenland's climate, norms, culture, ethnic character, social structure, economic and industrial pattern and infrastructure are so significantly different from Europe's that Greenland's withdrawal from the EC and transition to OCT status can never be a relevant example for territories or regions in Europe. Greenland's way out of the European Community is not creating a precedent—it is unique.

¹⁰ Landsstyreman Mr Moses Olsen at a conference on Greenland and the European Community, Kolle-Kolle, Copenhagen, 14 January 1983.