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Witness: His Excellency Claus Grube

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Members present

Lord Teverson (Chairman)
Lord Addington
Lord Hannay of Chiswick
Viscount Hanworth
Lord Hunt of Chesterton
Lord Moynihan
Lord Oxburgh
Baroness Neville-Jones
Lord Soley
Lord Tugendhat

Examination of Witness

His Excellency Claus Grube, Danish Ambassador to the United Kingdom

Q284  The Chairman: Colleagues, we have a copy of Denmark’s Arctic strategy, which is being distributed as it may be referred to. We thank the ambassador for providing it.

Your Excellency, I am very pleased to welcome you to the House of Lords Arctic Select Committee. This is our 22nd evidence session. We have had some other ambassadors give evidence as well. We very much welcome you. I think you have had a copy of our interests, so you are aware of those. We are being broadcast. Can I ask you to introduce yourself briefly? We will then move straight into questions.

His Excellency Claus Grube: Thank you very much, my Lord Chairman. My name is Claus Grube. I am the ambassador of Denmark to the United Kingdom and its dependencies. I took up my present function on 1 October last year. Before that I was the Permanent Secretary of State for Foreign Affairs in Denmark from 2009 to 2013. Before that, I was Permanent Representative to the European Union for a number of years from 2000. Before that, I held a number of different positions within the Danish Ministry of Foreign Affairs.
The Chairman: Thank you very much, Ambassador. I will start with quite a general question and ask what the current Danish priorities for the Arctic are. Perhaps a more tricky question is: to what extent are those priorities shared by the Governments of Greenland and the Faroe Islands? How does Copenhagen work with Greenland and the Faroe Islands to develop policies towards the Arctic? That will give you an opportunity to describe, in terms of the Arctic, the relationship between Denmark and Greenland in particular.

His Excellency Claus Grube: With great pleasure, my Lord Chairman. I do not consider the question tricky at all. In this context, the priorities of what we call “Denmark” refer to the Kingdom of Denmark. That includes Denmark and our two self-ruled areas, Greenland and the Faroe Islands, so when I talk about Denmark in the context of the Arctic, I am talking about the Kingdom of Denmark.

The present strategy for the Kingdom of Denmark, of which I have provided you with a copy, was adopted in 2011. It was agreed by all three parts of the kingdom: the document you have before you was signed by the leaders of Greenland, the Faroe Islands and Denmark. That is the basis for our engagement in the Arctic. We have very close co-operation, on a day-to-day basis, with Greenland and the Faroe Islands on all the Arctic issues, and also relating to our participation in the work of the Arctic Council.

Our overall strategy for the Arctic focuses on four key areas. Whenever I talk about the Arctic, you should bear in mind that, for us, it is primarily about the peoples of the Arctic, of which, of course, our populations are part. The first and foremost priority is a peaceful, secure and safe Arctic; secondly, self-sustaining growth and development for the Arctic people; thirdly, development with respect for the Arctic’s vulnerable climate, environment and nature; and fourthly, close co-operation with our international partners, of which the United Kingdom forms part. As you will see, our strategy contains approximately 75 concrete
goals, which are pursued in our day-to-day work on Arctic issues. We do that in the Ministry of Foreign Affairs in Copenhagen, in close co-operation with other relevant ministries and with the Administrations in Greenland and on the Faroe Islands. As I said, the overall focus of our strategy is the concerns and matters of the people of the Arctic region.

We want to see the Arctic preparing, as a region, for economic development in a fragile environment. We must take care to balance the legitimate right to economic development in the region with respect for the environmental fragility of the Arctic area. That is basically our overall approach.

The Chairman: For total clarity, is the economic development of Greenland a totally devolved activity as we would understand it here, over which Copenhagen has no influence whatever? Is that a good picture of it?

His Excellency Claus Grube: It is a little more complicated than that. Since the middle of the 2000s, Greenland and the Faroe Islands have had what we call self-rule, which is an agreement between Denmark, Greenland and the Faroe Islands respectively. These agreements are not necessarily identical. The areas of competence transferred from Denmark to the Faroe Islands and Greenland are not necessarily identical because, of course, they themselves can choose which areas of competence they would like to transfer in order to administrate, legislate and finance the areas themselves. That does not go for foreign and security policy, for monetary matters, for defence, or for the constitutional construction of the Kingdom of Denmark. As far as the possibility of using natural resources goes, Greenland took over the competencies for administrating that in 2010.

The Chairman: Thank you, Ambassador.

Q285 Lord Hunt of Chesterton: I have two quick questions. I noticed on page 44 of your document that you had a subsequent report focusing on snow, water, ice and permafrost in
the Arctic. One of the things that I noticed in the earlier reports, with which I was more familiar, was that permafrost was not emphasised. For many people that now seems a critical issue, both for the people who live there in Russia and in Greenland, but also because of the release of methane, which has an enormous impact for the whole globe. Is Denmark focusing on that?

My second question relates to the melting of the sea ice. Denmark has an enormous merchant fleet—much larger than that of any other European country. What is its view about exploitation of the Arctic sea route?

His Excellency Claus Grube: My Lord Chairman, the inclusion of permafrost comes from the recently publicised latest report from the UN climate change panel. It is of course an important issue. Already during this Canadian presidency of the Arctic Council a taskforce has been set up to look into the issues relating to both soot and methane. They maintain that these can be released from the ground when permafrost thaws due to climate change and heating. We participated in that work. It is an issue to which we are very attentive, as with all the other issues that relate to climate change, because it could effect not only the Arctic region but other parts of the globe.

There is often a lot of hype when we talk about shipping, and in relation to climate change and de-icing. We know that some commercial routing has taken place through the northeast route from the Bering Sea along the coast of Russia to Vladivostok and the Pacific. We know that the Russians are providing for this route to be open during the summer period, with the help of ice-breakers if necessary.

The Northwest Passage along the Denmark strait and up into the Davis strait is a more long-term perspective, to my knowledge, because the de-icing effect is not sufficient and there is insufficient open water there, even in summer periods, to make that a viable commercial
route in some future. However, there is a lot of interest north of the route north-east from Tuva and Harstad. We can see increasing activity not so much in commercial shipping but in cruise ships and things like that, notably in relation to the east coast of Greenland, and of course that is something that we also work actively on.

**Lord Hannay of Chiswick:** Could I go back to the previous question, Ambassador, and ask whether you have any views on the likelihood in the period you are taking about, let us say up to 2020, of Greenland wishing to become independent? If that were so, would that have rather important implications for NATO?

**His Excellency Claus Grube:** I would call that a very good question, my Lord Chairman. Of course the self-rule agreement that we have does not entail independence. That would be a separate political discussion in that event, which of course also presupposes that the Greenlandic people and the Government wish for that. But if that should one day prevail, of course the Danish Government will have to look into the matter and see how we will deal with that, but that will be for political discussion at that time. That will also, of course, affect our constitutional construction. Personally, within our strategy for 2020, I do not see it as a real possibility. Of course I could be wrong, but if you suppose in your hypothetical question that you also have a certain degree of economic income to run a relatively well developed modern welfare state in Greenland, which comprises approximately 50,000 people, with an infrastructure that is extremely complicated—there are basically no real roads between the cities; you have to sail or fly—you would have to look to the much more distant future if you were to do that.

There has also been a lot of hype, and I would like to use the opportunity to mention the possibilities of access to natural resources in the Arctic region, including in Greenland. One has to bear in mind that all this has to be done through commercial investment and
commercial companies. That also presupposes that you have prices for raw materials—oil and other natural resources—that make such investments realistic. Just today we have an oil price that is below $80 a barrel, which may make even shale gas developments less viable. Having these economic developments in these regions is a longer-term perspective, and it is extremely difficult to have commercial activity in these regions.

**Viscount Hanworth:** I believe that the population of Greenland is the same as that of the Faroes, which is an extraordinary disparity if you think of the size of the land-mass. Do the Faroes have the same economic prospects, or do they have any interesting economic prospects, comparable to those in Greenland?

**His Excellency Claus Grube:** The Faroe Islands are a different land. They have more or less the same number of people, but they are very different economically. Their structure is different and they have a more developed fishing industry and more developed agricultural production. They have a more diversified economy. There is also some industrial production and services, and they are, of course, also prospecting for gas and oil in a part of the Atlantic Ocean that is closer to the United Kingdom than Greenland.

**Viscount Hanworth:** So there would also be some inward investment.

**His Excellency Claus Grube:** Yes.

**Q286 Lord Hannay of Chiswick:** Could we look at the Arctic Council now, Ambassador? Could you tell us about Denmark’s views on recent developments, in particular the move of the Arctic Council, or rather of its members, to make binding treaties on oil spill response and search and rescue? How would Denmark like to see the Arctic Council develop in the future? Do you see any sort of trend towards an almost decision-making body?

**His Excellency Claus Grube:** We think that that development in the Arctic Council has been very positive. We are going towards a more binding form of agreement, from decision-
shaping to decision-making. For Denmark, the Arctic Council remains the primary forum for discussing issues relating to the Arctic apart from security policy, which does not form part of the Arctic Council. For us, as you can see from the Danish strategy, it is key pillar of our strategy, so it is important that we ensure close international co-operation on international issues with all interested parties. We have had a positive experience with the Arctic Council since its creation in 1996 under the Ottawa declaration, and we focus very much on concrete co-operation in areas of mutual concern that you mentioned correctly, such as oil spill response, search and rescue, and the Arctic Economic Council, which has been the latest new development during this Canadian presidency. Everybody has an interest, I would say, in co-operation in the Arctic. No one can do it alone in light of the large and uninhabited areas, the extreme weather conditions and to some extent the very difficult meteorological conditions. That is also why Arctic scientific research requires, in our view, international co-operation. We also think that the developments in the Arctic can have effects, as also mentioned, on the entire planet, notably in relation to climate change. From a Danish perspective, we see no reason why this co-operative environment should change. Economic development enhances the incentive to co-operate through international institutions and helps to stabilise the region.

The question about the future is another good question. I have no clear answers as to the future of the Arctic Council as such. It is still a young body, created, as I mentioned, in 1996, and we look forward to the American presidency next year and to seeing what kind of priorities it will decide for its dealing with the Arctic Council.

However, we see one common challenge: distances are huge in the Arctic, maybe much greater than you realise. In our view this calls for better use of telecommunication, satellites and energy resources. This could be an area where the Arctic Council could contribute with
circumpolar solutions and/or exchange of best practices. But when we talk about the Arctic Council, we also have to bear in mind that it is not an international organisation per se; it is basically a forum for co-operation, with a small secretariat in Tromsø.

Q287 Lord Tugendhat: I also have a question, Ambassador, on the Arctic Council. What effect do you think the increase in the number of observer states has had, and what contribution do you think observer states such as the UK should make to the Arctic Council? Are there any particular areas where the UK could, in your view, contribute more?

I then have a follow-up question once you have dealt with this.

His Excellency Claus Grube: Denmark has always supported observer states’ access to the Arctic Council. We consider it important that all countries that might have an interest in sharing the co-operation and development of the Arctic region with us should have the possibility of participating in the work of the Arctic Council as observers. We are very happy that we have been able to enlarge the number of observers in the Arctic Council lately. It is still early days for the new observers, but we are still working on a more concrete engagement with them in the day-to-day work of the Arctic Council.

The Arctic Council provides a platform of joint efforts. That goes not only for the member states but for the observer countries. At a meeting during the Danish presidency, we established the so-called Nuuk criteria for becoming an observer: you not only abide by the Arctic Council as the prime forum for co-operation but share the basic principles of our approach to the Arctic. For us, it is important that the observers—this can also go for local communities and non-governmental organisations—participate in what I would call inclusive governance on the Arctic. No other forum can provide this high level of engagement with the Arctic states. I also noticed with satisfaction that it was stated in the British
Government’s Arctic policy that they share the view that there is no need to develop special international instruments to deal with that. That is basically how we see it.

We therefore favour strengthening regional co-operation and the inclusion of observers, as I said. We also hope that the European Union can become an observer to the Arctic Council as soon as possible. This openness is very positive for all the countries and actors. We think that it brings economic and strategic benefits to our work. Many observers, such as the United Kingdom, possess scientific, technological and economic abilities to contribute to politics in the Arctic region, which we can only welcome. That is one of the reasons for the success of the Arctic Council: we have inclusiveness vis-à-vis all interested countries. That is why it has been able to evolve and maintain a central role as the primary venue for co-operation in the regions, despite the fact that the Arctic is becoming a more dynamic environment.

We would welcome any contribution from the United Kingdom. We also hope that the observers will engage with the more technical work of the different task forces that have been set up in the Arctic Council. The UK has been a long-standing observer in the Arctic Council. The Arctic policy that the UK adopted in 2013 was a very constructive and well balanced document that opens up many good possibilities for the UK to be an active participant in that work.

Lord Tugendhat: Thank you, Ambassador. In the light of that, what about the EU having permanent observer status in the Arctic Council? Would Denmark welcome that? As the only EU member in the Arctic Council, do you feel that you speak not only for Denmark but to some extent for the EU?

His Excellency Claus Grube: We have supported the European Union as a permanent observer to the Arctic Council all along. It is true that among the so-called Arctic Five—that
is, the Arctic coastal states—Denmark is the only member of the European Union, but among the eight members of the Arctic Council, Finland and Sweden are also members of the European Union. They also support our work for permanent observer status to be given to the European Union. You know very well that we had an issue relating to Canada and to the seal hunting ban. That matter has been brought before the WTO. A panel has decided on the matter. We hope that we will be able to take a positive decision soon.

**The Chairman:** We will come on to that specific context as we move through the questions. In fact, we will move on to it now with Lord Addington.

**Q288 Lord Addington:** Hello Ambassador. What view does Denmark take of the EU ban on seal products? Do exemptions to the ban that are intended to support the indigenous people work effectively? Do you welcome the progress made on matters in recent Canada-EU negotiations? Will the outcomes of these negotiations have a practical effect in Greenland? Could you also comment on the enforcement of any indigenous capture of seals and the policing of that? That might help with the answers that you give.

**His Excellency Claus Grube:** Let me just generally say again and remind you that our strategy is based on ensuring that the peoples of the Arctic can maintain a decent and sustainable way of living. Seal hunting and whaling form part of their indigenous traditions. We participated very actively internationally in dealing with the sustainable development of marine resources, including marine species, but it also has to be borne in mind that we sometimes wish that people had a greater understanding of the need for and maintenance of these cultural traditions.

That is my long introduction, Mr Chairman. I am sorry about it, but that is why we would have preferred it if there was no ban on seal production and products. We of course acknowledge the wish for that internationally, but that is also why we were adamant that we
could have and maintain the so-called Inuit exemption to make it possible for the peoples of Greenland and other indigenous people in the Arctic to maintain their way of living. Unfortunately, the marketing of seal products has not been as successful as one could have hoped, because of the more general negative attitude to seal hunting created by the seal hunting ban. That said, we find it positive that a solution has been found with Canada on the issue of the seal ban and we hope, with the lifting of its reservations towards EU observer status, that we can, as I say, move fast to agree to that. For us, it is important that the whole issue of the seal hunting ban does not give rise to negative consequences for the Greenlandic peoples’ interests.

**Lord Addington:** If there was some expansion of seal hunting, particularly by the indigenous people, can you see any way in which that could remove the dangers of large-scale hunting, or any way in which it can be policed? The policing of it is something that we have not really heard about.

**His Excellency Claus Grube:** The policing of it is dealt with by the Greenlandic authorities, in my view in a very controlled way. You have to have a licence to hunt. It is a perfectly well controlled administration. You also have to bear in mind that the total population of Greenland is 50,000 people, out of which maybe 1,000 or 2,000—I do not know the exact figure—are hunters living from seal hunting. It is not a very large-scale operation.

**Lord Addington:** Sorry to press you on this, but I think it is important. It is the fact that others can come and operate under this that might cause considerable worry and concern about overexploitation of a natural resource.

**His Excellency Claus Grube:** As I said, if it could undermine the so-called Inuit exception that we have on the seal ban, that would give rise to worry for us.
The Chairman: Ambassador, I think I brought to an early close your answer to Lord Tugendhat on the European Union. Can I just be clear: I presume that Denmark wants the EU to become an observer?

His Excellency Claus Grube: Of course.

The Chairman: Right. Could you say briefly what the added value would be of having the EU on board? What would it add to the Arctic Council, given that it has three EU member states already? Or would the EU be there just to listen and provide cash for bits of research? Is that it?

His Excellency Claus Grube: No, Lord Chairman, it is not only that. For those of us who have followed it, the work of the European Union relating to the Arctic goes back to the middle of the 2000s—2006 or 2007. In 2008 the Commission made its first communication of the European Union’s Arctic policy, with a relatively high level of ambition for activities in the Arctic area through becoming an observer in the Arctic Council. Denmark was very active in pushing forward the foundations of such a policy for the European Union, not least because there was also some interest from other member states—not all of them, but some of them—to be more actively engaged in the work of the Arctic Council.

Since then, in 2012 the Commission and the high representative, Catherine Ashton, made a common communication about the further development of the EU’s Arctic policy and its participation in the Arctic region. According to that communication, there are three headlines for the EU’s policy: knowledge, responsibility and engagement. In more concrete terms, that means that the EU’s main interests in the Arctic can be put under the headings of sustainable development, commercial development, development of maritime transport routes, management of natural resources and fisheries, tourism, research—not least
through the Horizon 2020 programme, and the development of the indigenous people and regions of the Arctic.

**The Chairman**: You have great experience of Brussels yourself, Ambassador. From a personal point of view, do you think Brussels can cope with this? Would it be a good move?

**His Excellency Claus Grube**: I would personally be very happy with it. Both my Government and I personally have worked actively to develop the policy of the European Union. It makes a lot of sense, for the interests of the European Union, to have this openness and interest towards the Arctic region.

**The Chairman**: Very briefly, have sanctions against Russia made that an impossible goal in the short term?

**His Excellency Claus Grube**: I am happy that you have asked that question. No it has not, not in the least, for the moment. We see the Arctic area as an area of co-operation and low tensions. That is also why we are very attentive to maintaining it as such. Up to now, we have also seen Russia taking the same attitude and approach, so up to now we have seen no spillover.

**Baroness Neville-Jones**: I want to add a short addendum to the question about EU observer status. Is it relevant that the EU has competence when it comes to fisheries?

**His Excellency Claus Grube**: Fisheries?

**Baroness Neville-Jones**: Or more directly in the likely future work of the Arctic Council? That obviously affects the ability of Arctic Council members themselves to speak.

**His Excellency Claus Grube**: Fisheries are always a very interesting subject.

**The Chairman**: We are coming on to fisheries right now specifically.

**Baroness Neville-Jones**: Oh, sorry.
Q289 **Lord Oxburgh:** The ice melts and more sea areas will be open for commercial exploitation for fishing. Does Denmark think that a new regulatory regime is needed here? How should this be handled? We have heard from other witnesses that fish stocks are moving northwards as well.

**His Excellency Claus Grube:** The present situation, as you probably know, is that there are some international organisations dealing with fisheries in parts of the Arctic area, notably in the north-eastern part of the Atlantic Ocean. Of course, in Denmark, Greenland and the Faroe Islands we have our own conservation and management policy in order to ensure the sustainable use of fishery resources.

We should also bear in mind that there is the normal management of coastal interests by the Arctic coastal states. There is the three-mile zone and the 200-mile economic zone, and within that we manage the fishery resources in a sustainable way. It is true that there are talks among the Arctic coastal states, the Arctic Five, about a regulatory framework for the high seas, but they are talks; we do not know exactly how these talks will go and whether something will materialise. This work has been led by the United States, which will, of course, take over the presidency of the Arctic Council. As a starting point, I believe it is positive that the US has taken this initiative to establish a framework that in time it might be possible to broaden out to include all relevant stakeholders. You have to start somewhere.

Globally speaking, yes, we have some organisations in the north-east Atlantic Ocean that deal with the conservation of fish stocks. ICE is doing the scientific work. There is no international organisation dealing with fisheries in the Mediterranean Sea, for instance. From a legal and management point of view I would say that there is no major difference between the Arctic Ocean and the Mediterranean Sea, except for the geographic location and the temperature. What area has to be managed remains to be seen. We also have parts
of the Atlantic Ocean that are not regulated by any international agreements. In part of the Pacific Ocean there are also fisheries that are not managed. So I would say that it is an open discussion.

In reply to the question raised earlier about the role of the European Union, it is true that we manage the fishery resources within, let us say, the territory of the member states of the European Union. That has brought a lot of scientific expertise on fisheries management into the European Union, which I think will be very valuable for the work of the Arctic Council.

It is also true that the general increases in temperature and the moving of fish stocks, which you also mentioned, will affect fisheries in the future and could also make a larger part of the Arctic Ocean potentially attractive for fishing. I say “potentially”. That, of course, presents all of us with new challenges and raises the question of international regulation, which I mentioned.

One thing I would say is that we would always have as a guideline in our dealing with these issues that fishing should be sustainable and that a cautionary principle should be applied to protect the environment and the fishery resources to the maximum extent.

**Lord Oxburgh:** That is an admirable position, but I think we also have to recognise that not only is the climate changing but the world population is still increasing and the pressure on fishing is increasing, and the fact that we have certain unregulated areas in other parts of the world as it worked in the past does not necessarily mean that this will be right for the Arctic, particularly because the Arctic is so poorly understood as a working ecosystem. As an observer country, my gut feeling is that we would like to be confident that Arctic Council members were proactive in this and protecting not just their own interests but the interests of the wider marine community.

**The Chairman:** I can see, Ambassador, that you are nodding to that comment.
**His Excellency Claus Grube:** Well, of course. That is also some of thinking behind the work that the United States has taken the initiative to do in the Arctic Council. As I said before, we support this initiative from the Danish side, and we hope that it will lead to some sensible decisions in the future. But I also invite all interested observers, including the United Kingdom, to participate in this work.

**The Chairman:** Baroness Neville-Jones, are you happy that you have what you need on this question?

**Baroness Neville-Jones:** I am just curious about the extent to which the Arctic Council members, which are also members of the European Union, regard themselves as having sovereignty in this area of fisheries and can make policy reasonably freely, or do they have to refer back to Brussels?

**His Excellency Claus Grube:** I will not reply on behalf of Sweden and Finland; they have to reply for themselves. But I can reply on behalf of the Kingdom of Denmark. In relation to fisheries and other issues, we can sometimes find ourselves in a situation where we give priority to the interests of our people in Greenland and the Faroe Islands and not to our interests in the European Union.

**Baroness Neville-Jones:** I see.

**His Excellency Claus Grube:** There is a declaration in the Maastricht treaty, which we asked for, which makes it possible for us to deviate from the principle of loyalty in cases where we have important interests to take care of in Greenland and the Faroe Islands, which are not members of the European Union. So we have the right to deviate from our EU obligations if that is necessary in matters such as seal hunting and fisheries, and things like that. Of course we would always prefer not to make those kinds of choices; we would always prefer to influence EU policies in such a way that we would not be in that situation.
Baroness Neville-Jones: Does that choice arise in practice, Ambassador?

His Excellency Claus Grube: It has arisen a few times, but as I say we prefer to maximise our influence in the European Union to such an extent that we can avoid these dilemmas and so that the interests of our peoples in Greenland and the Faroe Islands are taken good care of by the European Union. It has also arisen in issues relating to the International Whaling Commission.

Q290 Lord Soley: Can I turn to search and rescue, particularly around Greenland? It is obviously a critical factor. In answering the question about present capacity, could you take into account the likely increase in tourism, particularly from cruise ships? I might well have a follow-up question, but I will start with that.

His Excellency Claus Grube: My Lord Chairman, that is a very important issue, which was one of the first on which the Arctic Council took up in legal instruments—an agreement that we were happy to negotiate during the Danish presidency of the Arctic Council. It is something to which we are extremely attentive, notably in view of increased shipping traffic and potential future increase. We have been very active in dealing with the search and rescue agreement. We would also very much welcome international co-ordination in this if necessary.

There are no abundant resources for search and rescue in the Arctic area. When you look at the Arctic area geographically you will notice, as I said before, that the distances are enormous. There are often long distances between populated areas. If you sail in these waters, you will often find yourself very far away from inhabited coasts and the physical location of search and rescue materiel. We often have to rely on planes, helicopters and ships for search and rescue operations, notably if you are outside the three sea-mile zone.
Is that capacity sufficient? There is no limit to how much capacity you can use in these circumstances. My personal feeling is that problems could arise in the case of a major disaster, notably if you are far away from where the search and rescue ships or planes might be. You have to realise that to move from the east coast to the west coast of Greenland is approximately a one and a half hour flight; it is 1,500 kilometres. If you have an accident along the east coast of Greenland, which is not very inhabited, you can have sailing times of one or two days before you arrive. If you are going down with a ship or another accident is happening, in waters where the temperature is between 0 or 2 degrees centigrade, it is going to be very difficult. That is also why we are very happy with the work that is progressing very positively in the IMO on the so-called Polar Code. Agreement has now been found on the security part of the code and I know that work is ongoing on the environment part. We have been very actively engaged in that work for a long time with the International Maritime Organization to ensure that ships moving into Arctic waters, their officers and staff on board, have the necessary equipment and structural capacity to withstand sailing in these waters, and a certain ability to manage themselves in case of difficulties.

**Lord Soley:** I understand your broad point—that you can ever increase without having full satisfaction—but I take it from your answer that you recognise that there is currently a lack of capacity. Is that right?

**His Excellency Claus Grube:** I did not say that there was a lack. In areas where you might be many thousands of kilometres away, there is no limit to what capacity you can use. That is why I say there will always be a limit to what you can put there. That is also why between the Arctic coastal states and between the Arctic states we have agreed on this close cooperation and tried to pool and co-ordinate our resources in case of the need for rescue. If
others such as the United Kingdom would like to participate with resources, I am sure they would be most welcome.

Lord Soley: That is my next question. We used to have long-range maritime aviation capacity, which we have lost in the last few years. Perhaps we should reconsider that. If we had something like that that we brought to the table and we looked at a co-ordinated approach involving the United Kingdom, would that be welcomed?

His Excellency Claus Grube: Yes, we would very much welcome such an approach. We would be very happy to look into that.

Lord Soley: That would include closer co-ordination with the UK, which has quite a long history in coastguard and maritime search and rescue operations.

His Excellency Claus Grube: Yes.

Q291 Viscount Hanworth: How does Denmark regard the increasing interests that are being shown in Greenland by the British, the Australians, the Chinese and others? Can you briefly describe what inspired this interest? Does it have implications for the Copenhagen-Greenland relationship?

His Excellency Claus Grube: We touched briefly on this issue earlier, my Lord Chairman. As a starting point, we would always see the economic development of the Arctic areas—in particular Greenland and the Faroe Islands, Denmark’s part of the Arctic area—as a natural economic, commercial development. Greenland and the Faroe Islands have self-rule and have taken over the use of their natural resources, but we will of course have to ensure that it is responsibly managed within the international obligations. We all have to do that. We are very happy that Greenland and the Faroe Islands are very much paying attention to that and that it is done in a sustainable way. That is only to be welcomed.
In my opinion, interest has been greater in the newspapers and the media than among commercial investors. I am only speculating, but I think some of the interest was generated by those who would like to become investors but who needed more investment to do so. We would of course welcome that if it is sustainable and commercially viable. That is also why we found it positive that it was decided during the Canadian presidency to create the Arctic Economic Council, because stakeholders for economic development, such as private businesses and organisations, can meet there. It is not part of the Arctic Council as such—it is separate from it—but we can maybe use it as a forum to explain in more depth what the real possibilities and difficulties are in commercially working in the Arctic, which is very different from other environments that we know better. We can make sure it is done sustainably.

It also appears that many of the challenges and barriers for developing the economy in the Arctic are similar across the region. Whether you are in Arctic Alaska, Arctic Russia or Arctic Greenland, the challenges are basically the same. We therefore believe that the Arctic Economic Council will prove to be an excellent forum in which to address these issues. The work of that forum can hopefully serve as an inspiration to the broader business community interested in the Arctic, including the British business community.

**Viscount Hanworth:** How costly is Greenland to Denmark? I have the impression that it is significantly costly in subsidies and subventions.

**His Excellency Claus Grube:** We do not subsidise commercial investments.

**Viscount Hanworth:** But you do have considerable subventions for the Government, social services and so on.

**His Excellency Claus Grube:** My Lord Chairman, it is obvious that the maintenance of the modern welfare society in Greenland, and the Faroe Islands as well, is costly. Their standard
of living is to a large extent similar to the standard of living we have in Denmark. The level of social services is more or less the same. It is true that there was a heated debate on possible Chinese investment and possible investment by a company called London Mining—I do not know what that had to do with London—investing in mining activities in Greenland. The Greenlandic Government took the decisions necessary relating to labour law and regulation to ensure that it could be handled within their own regulations as far as labour law is concerned.

The Chairman: Ambassador, thank you very much. We will bring the session to an end there. I am grateful for your contribution and for going through the questions and answers today. Thank you very much indeed. I bring the public part of the meeting to an end and adjourn the Committee until 2 pm.