

Trade war could erupt between US and EU over Trump's threat to seize Greenland

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Tensions remain high between the Trump administration and Denmark following the new US president's repeated threats to seize control of Greenland. The geopolitical and economic significance of who enjoys control over the self-governing Danish territory makes the eruption of a trade war between Europe and the United States a real possibility.

Although Trump did not explicitly refer to Greenland in his inauguration speech on 20 January, Danish commentators took note of the fact that he declared, "The United States will once again consider itself a growing nation — one that increases our wealth, expands our territory, builds our cities, raises our expectations, and carries our flag into new and beautiful horizons."

In an exchange with reporters later at the White House, Trump stated, "Greenland is a wonderful place. We need it for international security. And I'm sure that Denmark will come along... Greenland is necessary not for us, it's necessary for international security. You have Russian boats all over the place, you have China's boats all over the place — warships — and they [Denmark] can't maintain it."

US imperialism has long viewed Greenland as critical for geopolitical and security reasons. It has enjoyed a military presence there for over 80 years, and its Thule air base (now rebranded the Pituffik Space Base) was a key operational centre for its ballistic missiles and served as a store for nuclear weapons during the Cold War. Its position between North America and Russia in the Arctic means that Greenland's military significance is growing under conditions of a rapidly escalating third world war pursued by US imperialism to retain its global hegemony.

Greenland's importance is also bound up with the abundance of natural resources it possesses that are critical for building modern weaponry to wage war and dominating key economic sectors, and its proximity to Arctic sea lanes that are rapidly opening up for freight transportation due to climate change.

Earlier in January, Trump warned that he could not rule out using economic and military force to back up his claims for Greenland and the Panama Canal. Trump then held a 45-minute telephone call with Danish Prime Minister Mette Frederiksen on 15 January, during which he reportedly threatened to impose severe tariffs on Danish exports to the US. America is

Denmark's largest export market, having overtaken Germany in recent years. During the first eleven months of 2024, it accounted for over 17 percent of all Danish exports, which are predominantly medical supplies, vaccines, and maritime transportation, mainly through shipping giant Mærsk.

US journalist and author Anne Applebaum, who was in Copenhagen the day after Trump's call with Frederiksen, wrote in *The Atlantic*, "In private discussions, the adjective that was most frequently used to describe the Trump phone call was rough. The verb most frequently used was threaten." A *Financial Times* report Friday described the call, based on information from five EU sources, as having plunged Denmark into "crisis mode."

Frederiksen and much of the Danish political establishment have done their best to downplay the tensions, stressing their desire for continued close collaboration with Washington. Frederiksen's government, a coalition of her Social Democrats with the right-wing Liberal (Venstre) and Moderate parties, has reaffirmed its determination to increase defence spending and expand Denmark's military presence in the Arctic.

Foreign Minister and Moderate leader Lars Løkke Rasmussen held a 20-minute phone call with Secretary of State Marco Rubio on Friday focusing on Ukraine, Denmark's role in NATO, and the Middle East. He stressed that the discussion, which reportedly avoided raising Greenland at Washington's request, took place in a "good and constructive tone." Rasmussen added that Denmark is prepared to contribute more to NATO, but ruled out for the time being meeting Trump's demand of spending 5 percent of GDP on defence.

In December, just hours after Trump declared that controlling Greenland was an "absolute necessity" for the US, Danish Defence Minister Troels Lund Poulsen revealed a major expansion of defence spending for military operations in Greenland. The package, estimated to be worth between 12 and 15 billion kroner (about €1.7 to €2.1 billion), includes purchasing two long-range drones and two military inspection ships, and upgrading an airport on the island's west coast so it can accommodate US-built F-35 fighter jets.

Improbably describing the timing of the decision as "an irony of fate," Poulsen added, "We have not invested enough in the Arctic for many years, now we are planning a stronger

presence.”

Poulsen declared in a Facebook post last week that he expects the Arctic spending package will be the first of many, and that the 200 billion kroner in additional military spending planned on top of Denmark’s regular military budget between 2024 and 2033 should be increased potentially by as much as 300 billion kroner. “It’s not a question of if we can find the money. The money will be found,” he declared.

While Copenhagen wants to consolidate its Arctic presence by expanding military operations in Greenland, Trump and his far-right allies are consciously exploiting the long-standing push for Greenland’s independence from Denmark. A Danish colony from the early 18th to the mid 20th century, Greenland secured limited home rule only in 1979. Powers were expanded in a 2009 self-government agreement with Copenhagen that spelt out the path for full independence.

Opposition to Danish rule grew steadily during the second half of the 20th century, and has been fuelled by revelations of colonial-era and post-colonial abuses, including the sterilisation of Greenlandic girls, the forced resettlement of local populations, and attempts at cultural assimilation. However, full independence has been viewed as a long-term goal even by most of its advocates, principally because Greenland relies on an annual block grant from Copenhagen of about 5 billion kroner (€700 million) to pay for its public services and social welfare programmes.

Some now hope they can replace this source of finance by cutting deals with US mining and oil firms to exploit the island’s natural resources. The Trump-aligned Fox News last week gave airtime to Greenland’s Prime Minister, Mute Egede, to explain his commitment to Greenlandic independence. Egede’s government, led by the pro-independence Inuit Ataqatigiit party, is scheduled to call parliamentary elections by April 2025 at the latest. Although the 2009 self-government agreement with Denmark includes the provision that Greenland can call an independence referendum, which in the event of a “yes” vote would be submitted for approval to the Danish parliament, Egede has yet to present a timeframe for calling such a vote.

The last thing on the minds of the political establishments on both sides of the Atlantic is the fate of Greenland’s tiny population of about 57,000. While Trump expresses most aggressively American imperialism’s demand for territorial expansion as it seeks to offset its precipitous economic decline through the use of military force around the world, the European imperialists are responding by ruthlessly enforcing their own class interests in the deepening capitalist crisis.

Governments in Germany and France, and the European Union, can hardly pose as upholders of democratic rights and the “rule of law” after they have backed Israel’s genocide against the Palestinians in Gaza to the hilt, and provided tens of billions of dollars of military and financial assistance to the dictatorial Zelensky regime in Ukraine as it sends hundreds of

thousands of young men to their deaths and imprisons opponents of the US-NATO war on Russia.

What outrages Berlin, Paris, and Copenhagen about Trump’s menacing threats is that America’s seizure of Greenland could cut the European imperialists out of exploiting the rich natural resources and emerging trade routes of the Arctic.

Senior EU officials have indicated that if Trump imposes tariffs on Denmark, Brussels could invoke the Anti-Coercion Instrument, a trade rule adopted initially against China that would allow the EU to respond as a bloc to hostile trade measures adopted by a third country against an EU member state. The ACI “gives the EU a wide range of possible countermeasures when a country refuses to remove the coercion,” including “the imposition of tariffs, restrictions on trade in services and trade-related aspects of intellectual property rights, and restrictions on access to foreign direct investment and public procurement.”

However, the EU’s response would be hampered by sharp divisions within Europe itself, with the least likely scenario being that all member states would be prepared to adopt a hardline stance towards Trump. The US President enjoys strong support among the continent’s far-right governments of Hungary and Italy, among others.

Greenland could also emerge as a military flashpoint as the major European powers seek to defend their interests in the Arctic in the face of Trump’s aggressive push to seize the island for the US. In an interview with Germany’s *Welt am Sonntag*, Austrian General Robert Brieger, who heads the EU’s Military Committee, suggested that EU soldiers could be deployed alongside Americans in Greenland in the future. Greenland is not an EU member, having left the bloc in 1985, but it retains the status of an associated overseas country or territory. The deployment of EU soldiers would therefore be no less provocative than Trump’s sending of American troops.



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