

Why Does Trump Want Greenland? What Investors Should Know

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February 20, 2026

There are significant hurdles to mining the Danish island's mineral wealth.

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Feb. 20, 2026



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President Donald Trump's Greenland interest underscores strategic minerals' value, but investment gains remain uncertain.

President Donald Trump's desire for the U.S. to acquire Greenland highlights the growing importance of minerals to an increasingly electrified economy as well as the military in a time of heightened geopolitical tensions.

For investors, there are ways to gain exposure to the self-governing Danish territory, but they're hardly a sure bet, and they will take years to come to fruition, if they ever do at all.

The U.S. Quest for Rare Earth Elements

Trump has made statements about acquiring Greenland, calling it a national security priority of the U.S. and telling CNBC that mineral rights are part of the reason he wants the sparsely populated island.

Those minerals include [rare earth elements](#) like [lithium](#), copper and uranium, all of which are important to the energy economy of the future.

"These metals are the backbone of (the) electrification mega-trend," says Dmitry Silversteyn, senior research analyst at Water Tower Research.

Rare earth elements are in particular focus for future development in Greenland. These elements are key to a wide variety of consumer electronics and military applications. They give vibrant colors to smartphone screens and are used in the magnets that make those phones vibrate. They're also used in missile guidance systems and fighter jets.

One of the key growth markets for rare earth elements is in the energy transition away from fossil fuels. They're key ingredients in magnets for electric vehicles and large-scale offshore wind farms that can power many homes, as well as in grid-scale battery storage systems.

"Most industry analysts agree that current mines and those in development are not sufficient to meet future demand – 2030 and beyond – and new sources must be found and developed," Silversteyn says.

The main source of geopolitical angst about rare earth elements, at least for the U.S., is that China dominates the market. The Asian nation and world's second-biggest economy controls about 60% of the globe's rare earth mining, around 70% of its refining capacity and nearly all of its magnet manufacturing, according to the International Energy Agency. These give China negotiating leverage as tensions over trade and Taiwan intensify.

"While there's obvious long-term demand growth for these materials outside the Eastern hemisphere, short-term volatility makes Western-aligned sources markedly valuable even at higher prices," says Patrick Murphy, executive director of geopolitical advisory at Hilco Global. "The U.S. is now racing to onshore or ally-shore this mining, refining and production capacity."

This sort of thinking was behind the U.S.-Ukraine minerals deal, and would be at the heart of any agreement with Denmark and Greenland, but any development of the island's natural resources will come at great financial cost because of the need for much more infrastructure. Development would also be politically fraught, and not just at the international level. While locals, most of whom are Inuit, are not opposed to all mining, they are against the practice when it is seen as a particular environmental threat.

The island lacks the roads, ports, and electricity generation and transportation capacity that large-scale mining would require, according to the Center for Strategic and International Studies.

"Greenland has poor infrastructure, strong rules regarding environmental protection and high extraction costs," says Usha Haley, the W. Frank Barton Distinguished Chair in International Business at Wichita State University. "Greenland's very high extraction costs make their minerals uncompetitive on price."

Such high costs for access, electricity and water for mine sites likely can't be borne solely by companies and must be done in conjunction with civil authorities, says Jack Lifton, co-chairman of the Critical Minerals Institute.

"Greenland does not have the tax base or the industrial base to supply such infrastructure," Lifton says. "It would all have to be funded by the public companies or by the United States government because Denmark could not afford to do this."

That means that if the U.S. does strike a deal for Greenland's minerals, it will likely have to subsidize mining on the island.

"What companies and actors need to understand is that, in areas the U.S. deems vital to national security, they will work with the levers of government – financing companies through favorable debt or equity arrangements, grants, tax incentives, etc. – to align the profit incentives of said industry with the established aims of the government," Murphy says.

While the full outcome of U.S. aims on Greenland remains to be seen, a likely outcome could end up being preferential access for the U.S. through financing support, increased military presence, and restrictions on Russia and China in the region, with Denmark maintaining sovereignty and regulatory control, Murphy says.

Investments for a Greenland Mining Renaissance

Under such a scenario, the U.S. would leverage existing programs like its Office of Strategic Capital to incentivize companies to build out the rare earth value chain in Greenland, Murphy says.

If that happens, Murphy sees small- and mid-cap developers with ties to assets in Greenland benefiting, including Energy Transition Minerals Ltd. (ticker: OTC: GDLNF), Murphy says. The company wants to develop the Kvanefjeld project, which contains rare earth elements. But the deposit also contains uranium and has been stalled since a 2021 law banned mining uranium ore over a certain concentration level. The company is in arbitration, and building a mine would take a resolution, as well as funding and development work.

Other small companies with ties to Greenland include Amaroq Ltd. (OTC: AMRQF), Critical Metals Corp. ([CRML](#)) and Greenland Resources Inc. (OTC: GRLRF). Keep in mind that small exploration-stage mining companies are very risky. There are many factors that can derail a project, including not getting permits, a deposit not panning out as expected, bad management decisions and not getting needed funding for mine development.

Murphy says larger diversified mining companies could also get the opportunity to tap into Greenland if it becomes an incentivized mining jurisdiction.

Depending on specifics of a potential framework deal for Greenland, U.S. mining companies might have opportunities to buy leases or land and begin investing in exploration and development, Silversteyn says.

That could include heavyweights like Rio Tinto PLC ([RIO](#)), BHP Group Ltd. ([BHP](#)) and Glencore PLC (OTC: GLNCY), he says. But it could also benefit smaller companies like U.S. rare earths company MP Materials Corp. ([MP](#)), which last year secured backing from the U.S. Department of Defense.

If mining in Greenland does ramp up with U.S. backing, the timeline will not be short. In addition to developing infrastructure to support mines, the mines themselves will have to secure funding before construction can even start.

So, while much has been made about aggressive U.S. overtures to Denmark over the icy territory, investors should know that the timeline of any potential financial rewards will require some patience.