



Welcome to Greenland

Let our businesses meet your business



The Greenland Business Association

**”Status of the economy and the
outlook for Greenland’s companies”**

26. April 2022

A new growth agenda:

What will it take – from visions to action?



www.futuregreenland.gl



What can we talk about?

- **Greenland**
- **The Business Assoc.**
- **Politics**
- **Economics**
- **Industry & Entrepreneurship**
- **Minerals**
- **Fisheries**
- **Infrastructure**
- **Tourism**
- **Labour market**
- **Sustainability**
- **COVID19**



Executive Summary

- a. 56.421 inhabitants living in 72 towns and settlements
- b. 32 responsibilities still not withdrawn from Danish jurisdiction
- c. Stable economy, partly due to the block grant (GDP 15,5 bill. DKK)
- d. 4 focus-areas, but primarily founded on fisheries and block-grant
- e. Shortage of 600-900 employees // workforce approx. 27.100
- f. Very low unemployment
- g. Low level of education and challenges with the educational system
- h. 2 mines in operation // 7 exploitation licences issued
- i. Overfishing *inshore*: 70 % halibut / 300 % cod
- j. Approx. 100,000 tourists annually
- k. The Growth Foundation has 300 mill. DKK that are difficult to activate
- l. Large public sector // publicly owned corporations provide 55 % of GDP
- m. 3,987 companies registered (SME-country)
- n. Public competition is a challenge
- o. New runways in Nuuk and Ilulissat from 2024

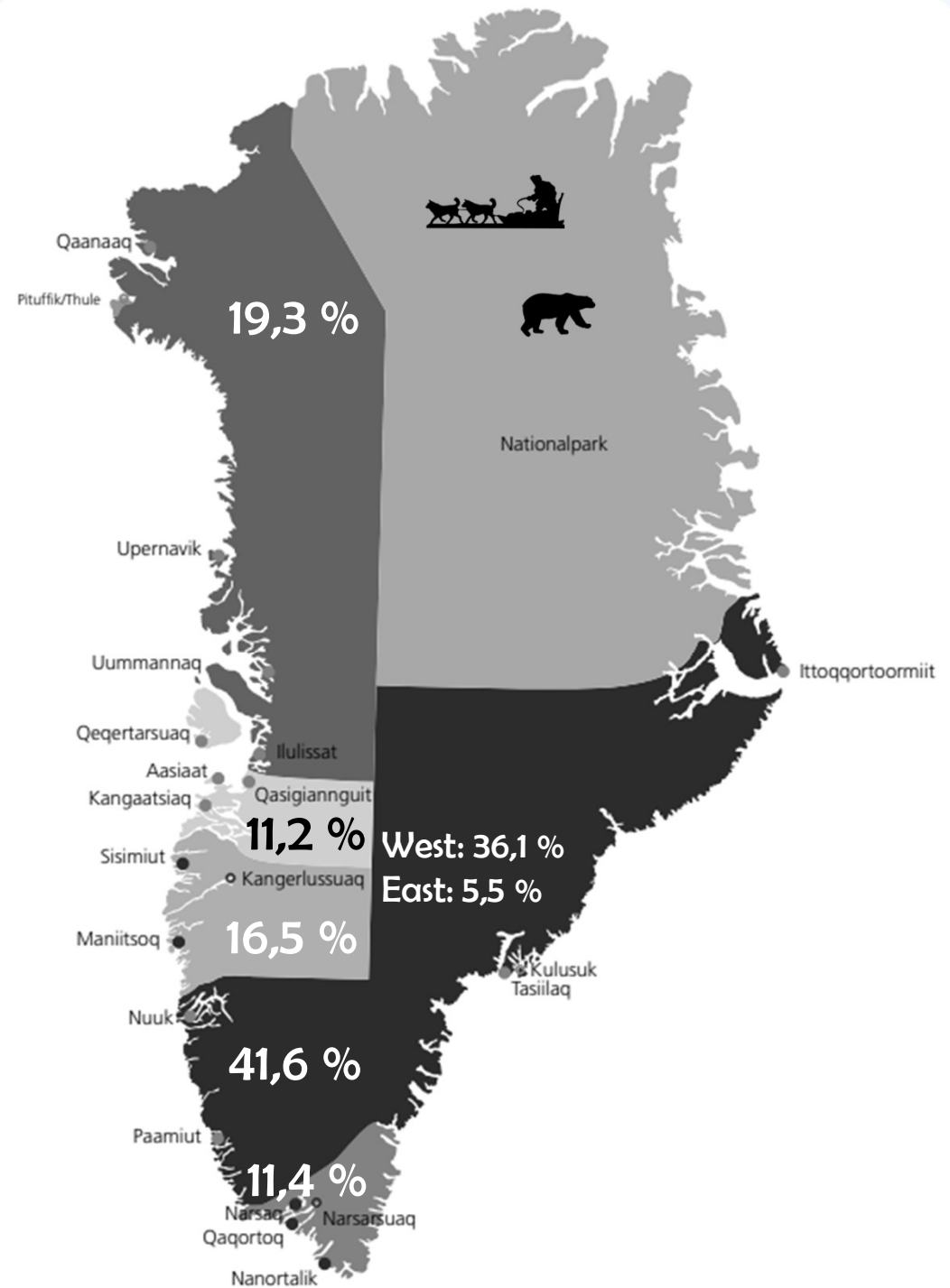
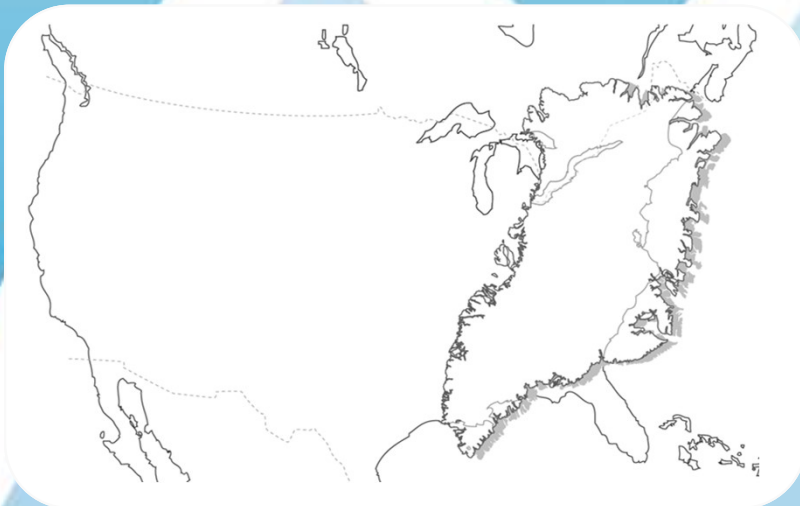


GREENLAND



Structure

- 56,421 inhabitants
- 5 municipalities
- 72 towns/settlements (from 2 to 19,000 inh.)
- 70 people outside towns/-settlements
- 80 % of the landmass is under the ice cap





A bit of Greenland history



980-1500	The Norse settle in Southgreenland
1261	The Norse accept the Norwegian king as their regent and Greenland becomes a Norwegian possession
1000-1300	The Inussuk-culture arrives (the inuit of today)
1397	The Kalmar union is established – Greenland and Denmark become connected
1408	Last official report from the Norse
approx. 1500	The Norse leave Greenland (presumed)
1721	Hans Egede arrives in Greenland
1953	New constitution– Grenland changes status
1979	Homerule is introduced
2009	Selfrule is introduced





Who is what?

The Selfrule Act from 2009 lacks a definition of the *Greenlandic people* (§ 21)

"75 % of the Greenlanders genetic heritage stems from Inuit while 25 % stems from Europeans.

"Most inhabitants in East-Greenland don't have any European ancestors"

"Only few Greenlanders have another European heritage than Danish"

"Almost all Greenlanders on the Westcoast have both Inuit and European ancestors"

Approx. 18,000 Greenlanders live in Denmark!

11.3 % of the population is born outside Greenland

2021: 50,054 born in Greenland / 4,533 born in Denmark / 1,834 born in other countries

The population

Status 2021

Born abroad with two Greenland-born parents;

501

Born in Greenland with one foreign parent

3.528

Born abroad with one Greenland-born parent

652

Greenland-born with two foreign parents;

373

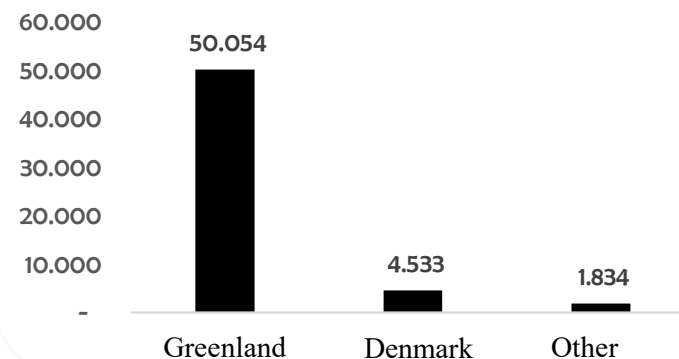
Born abroad with two foreign parents;

4.907

Born in Greenland with two Greenland-born parents;

46.460

Place of birth





GREENLAND BUSINESS ASSOCIATION

The Greenland Business Association

- Established in 1966
- +330 members
- 10 industry committees
- 13 local committees
- 6 employees + 2 trainees
- Greenland's largest professions-organisation (NGO)
- Represent 80 % of private sector payroll
- Represent approx. 7,000 employees



Interesse
organisation

Service
organisation

Arbejdsgiver
organisation

Erhvervs-
udvikling

Fremtidens
Mineindustri



Fremtidens
Fiskeri



GE

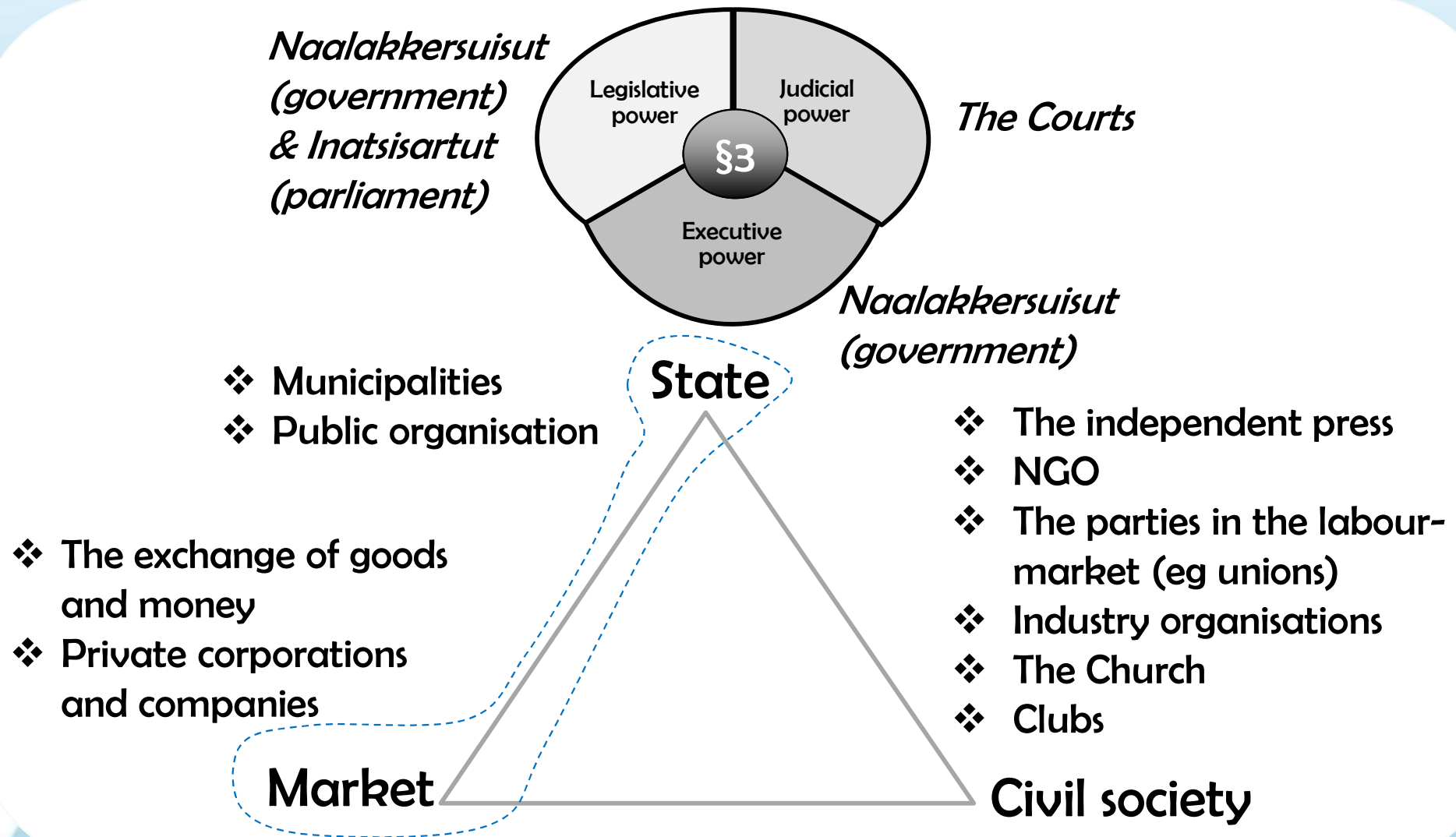
Fremtidens
Turisme



Fremtidens
Byggeri



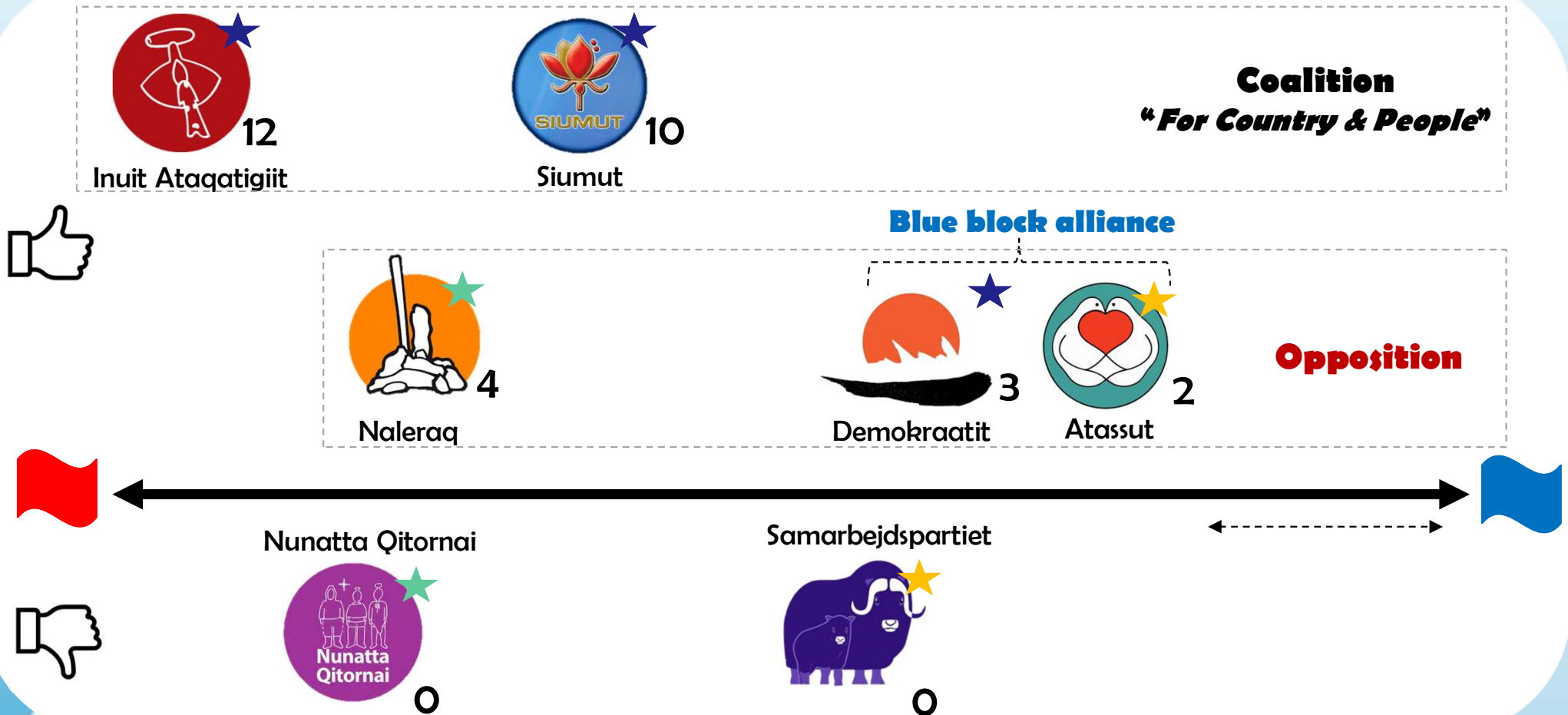
Our function in the civil-society



In a democracy all organisations and individuals must have access to discuss how society is to be run and function. The Civils-Society is the individuals access to gain influence. Within the term falls all types of organisation, clubs, unions etc. that are not part of the state or market.

POLITICS

The Political Landscape in Greenland



Inatsisartut has a total of 31 members
Naalakkersuisut is the Government



After the general election for Inatsisartut (parliament) 6th April 2021 and coalition change 4th April 2022



Invest in Greenland?

26/OCT-21: *“Investors are now very concerned about political risk and the uncertainty of new legislation”*

STABILITY

- Part of the West
- Solid labour market (Scandinavian model)
- Low corruption
- Part of the Kingdom of Denmark (Rigsfællesskab)
- High level of transparency and democracy
- Good/relevant legislation

07/APR-21: *“We are used to high demands and requirements, but not to sudden changes and instability in politics”*

INSTABILITY

- Politically appointed Boards of Directors
- Increased focus on detachment from Denmark
- End of oil/gas strategy
- Change in uranium-policy
- Undemocratic legislative process for more mineral bans
- Covenants in loan agreements
- Poor administration of minerals act/activities
- Public competition

ECONOMY



The foundation of Greenland's economy

Approx. 350 mill. DKK in income from taxes/fees (31-41 % of treasury income)

Fisheries



Fisheries represent 93 % of exports. approx. 4,7 bill. DKK

Minerals/-mining



Tourism is approx. 100,000 tourists, 725 jobs and 450-600 mill. DKK in income

Tourism



Land-based industries



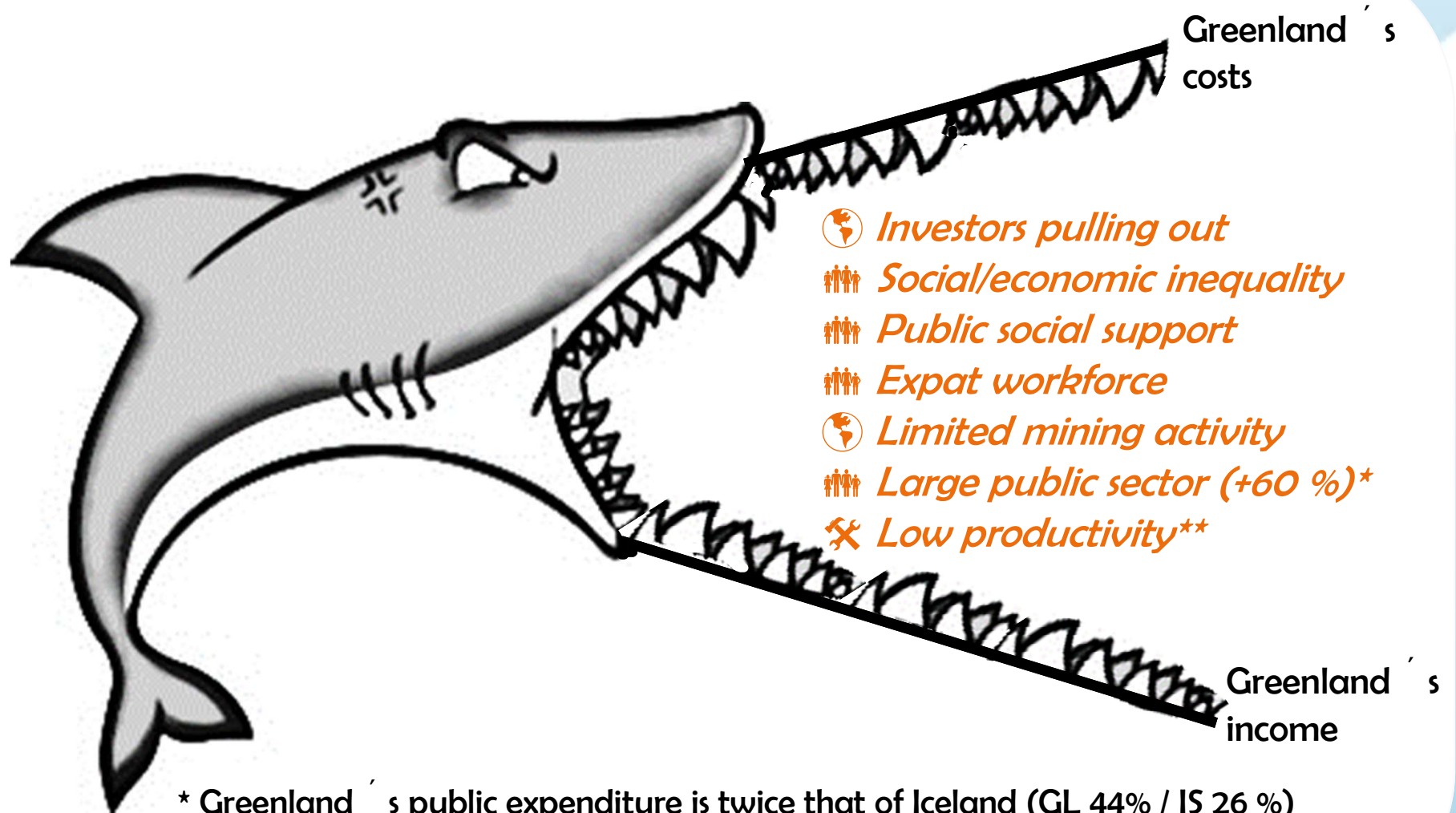
The Blok-grant 3.9 bill. DKK – roughly 1/3 of GDP and 55% of treasury income

Block grant



5 publicly owned corporations (GL, RAL, KNI, RG and TUSASS) provide 55 % of the GDP (2019)
Polar Seafood (private corp.) provides 16 % of the GDP (2019)

Jaws (scenario for Greenland's economy)



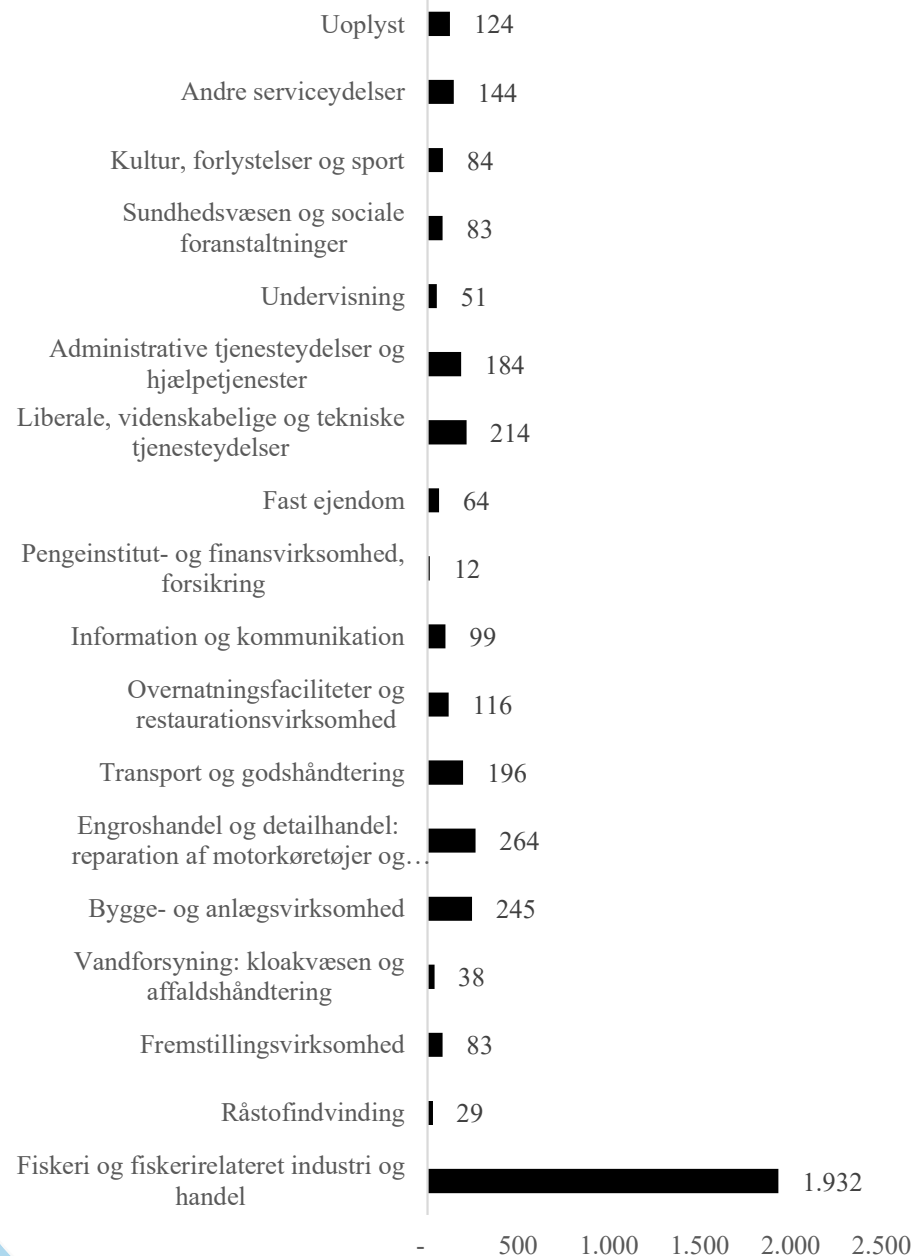
* Greenland's public expenditure is twice that of Iceland (GL 44% / IS 26 %) compared to GDP

** The productivity is 60 % of the Danish State's (50 % of the US)

BUSINESS COMMUNITY & ENTREPRENEURSHIP

Business community

- 3,987 Greenlandic companies registered in the CVR
- 6,8 bill. DKK payroll
- Greenland is a SME country
- 5 publicly owned corporations deliver 55 % of GDP
- The Growth Foundation has 300 mill. DKK that is hard to activate in Greenland





Challenges for businesses

Little political will to prioritize

Lack of reforms (education, fisheries, public sector etc.)

Low understanding of market forces and the need for corporations in a plan-economy

Instability when it comes to foreign investments

Difficult to build concerns/- groups under current tax-laws

Narrowminded focus on sustainability (“silos”)

No political focus on growth and income

Large public sector

Public competition

Lack of workforce and a continued decrease in population

Low educational level and social problems

So what are we seeing?

- New and exciting initiatives
- Entrepreneurship is in focus, e.g. within tourism
- Increase in international interests
- Initiatives related to renewable energy
- New generations entering the business community
- Generational changes in existing companies
- 2 mining projects in operation
- Public plans for construction projects



The future of business in Greenland



Crisps made from fish skin



Skincare products from seaweed and herbs



Arctic construction?



Rubies



Vegetables grown in Greenhouses



Dive under the ice



Greenlandic sea-salt



ARCTIC LAW
Greenland

Female business owners



Windmills & Renewable energy



GREENLAND
ESCAPE

Entrepreneurship within tourism

Nuuk Couture
by Louise

BOLT
LAMAR

Bibi Chemnitz
Young Designers



malou media

Media & Marketing

Public ownership and commercial development

Shipping-line cancels calls at popular destination

Arctic Umiaq Line has chosen to cancel its calls at Qeqertarsuaq during the peak-season. There are too many passengers and the crew can't keep up with the housekeeping of cabins and bunks, explains one of the company's directors.



sermitsiaq.ag 1. October 2021

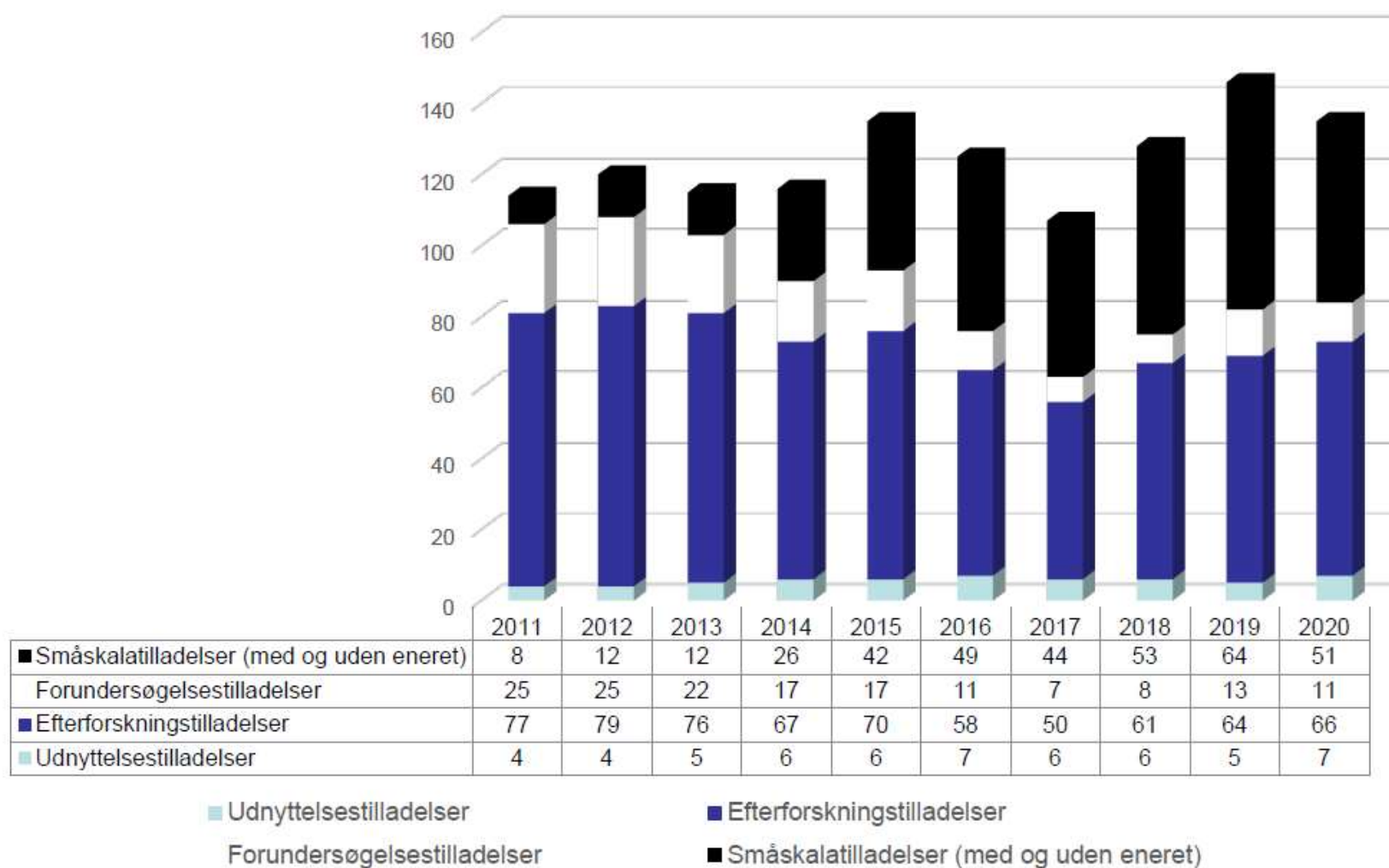
Possible problems

- Too big or small public subsidy (PSO)?
- The workforce dictating the product?
- Commercial understanding?
- Lack of qualified staff and/or the will to import labour?
- The ticket-fare does not cover the variables – wrong pricing?
- The main responsibility of the Monopoly?

MINERALS/MINING

Mineral-industry – is there a future?

Udviklingen i antallet af mineraltilladelser



Why is there no real mineral-industry?

Unstable
framework
conditions

Cancelled
oil/gas-strategy

Signing of the
Paris-agreement?

Sudden changes
in politics

Politically
appointed boards

Greenland is
too "wealthy"

Uranium-ban

Unreliable
investment-
environment

2 out of 5
exploitation-licences
in operation

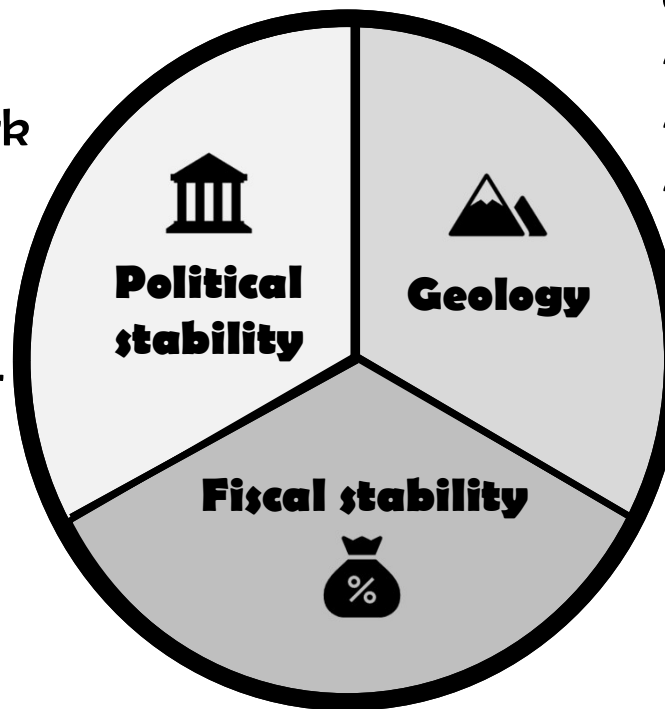
Low
understanding
of market
dynamics

Demand and
world-prices

"Frontrunner"-
project is still not
there

The components of attractiveness

- Stable legal framework
- Low degree of corruption
- Political vision
- Predictable behaviour



The right and relevant commodity has to be present:

- Relevant accessibility
- Relevant quantities
- In demand

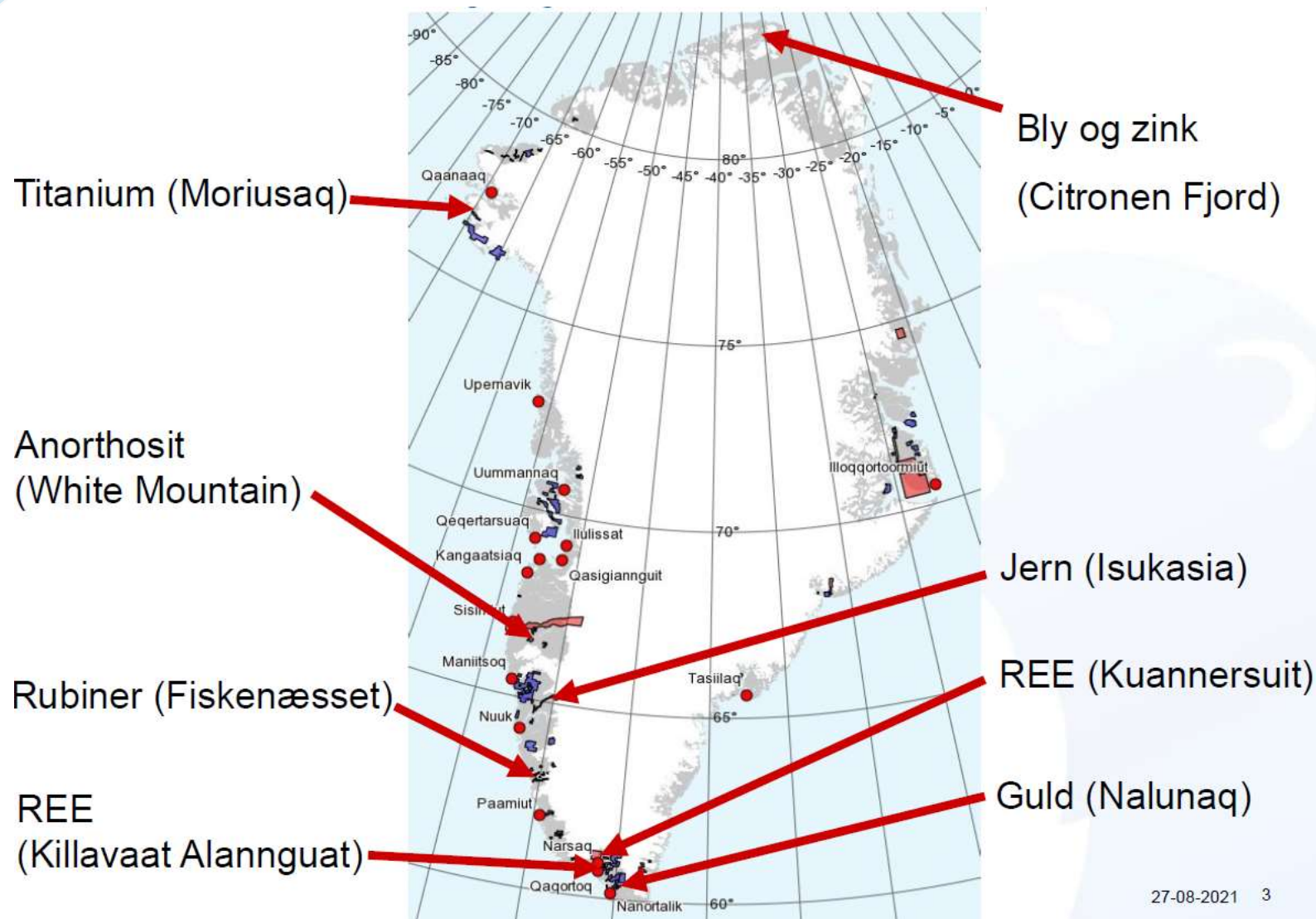
Tax- and royalty system has to be:

- Transparent
- Reliable
- Reasonable

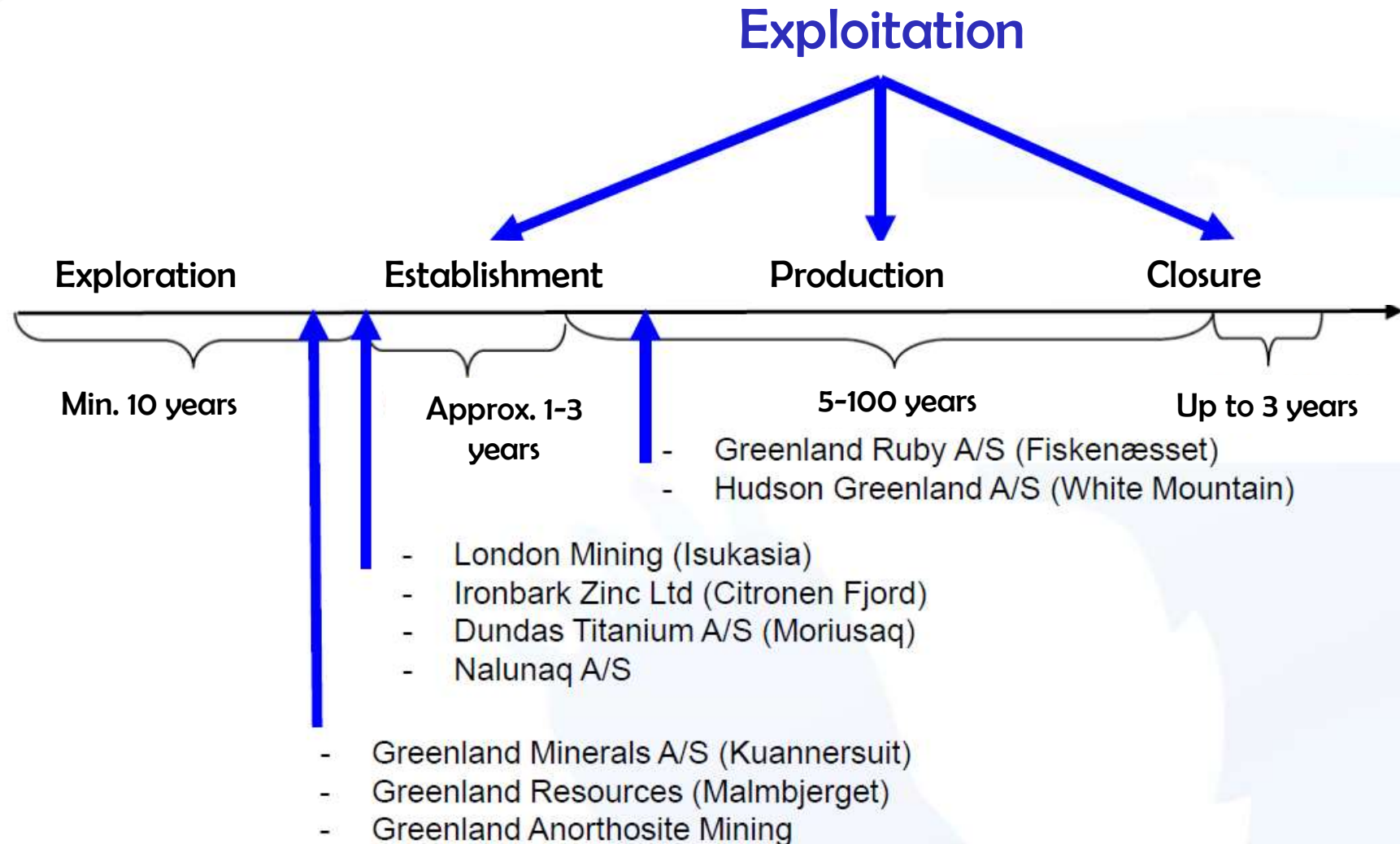


Can a relevant and profitable return be made realistically over the next 10-20 years?

Most advanced projects (Aug. 2021)



Development of the projects

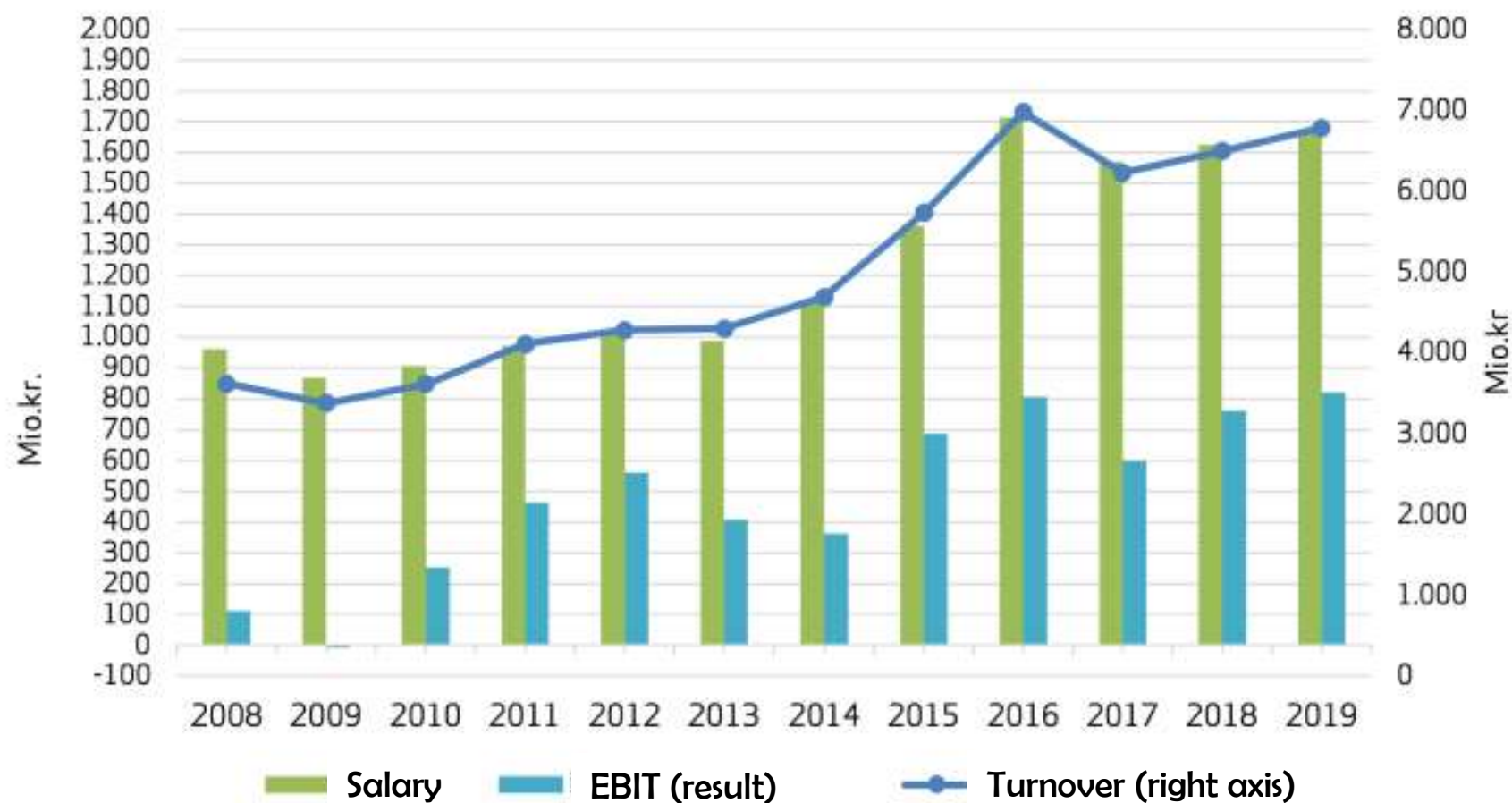




FISHERIES

Approx. 2,800 people
employed in the industry

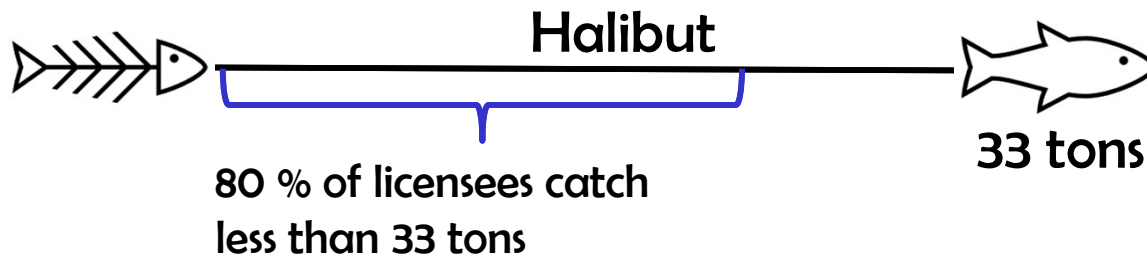
The economy of the Greenlandic fishing industry 2008-2019



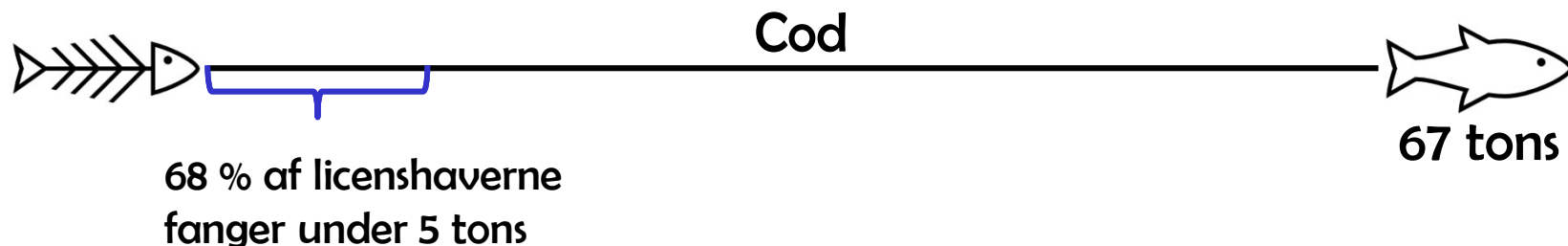
Inshore fishing (dinghy operations)



In order to feed a family the licensee has to catch 33 tons halibut



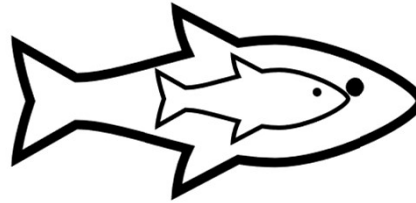
In order to feed a family the licensee has to catch 67 tons cod



Today the inshore fisheries (vessels less than 6 meters) is performed as Olympic fishing. This means that every area is allocated a monthly quota which all licensees can fish until it is depleted.

Overfishing in the inshore industry

Halibut

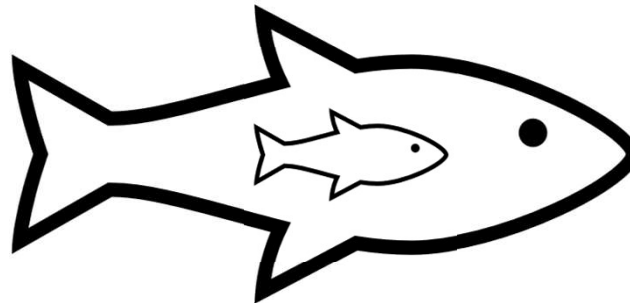


+ 70 %

More people and more capacity available than what is needed to catch the recommended quota

Decrease in halibut stock – more halibut are caught in order to obtain the same quantity (possible collapse in 5 years)

Cod



+ 300 %

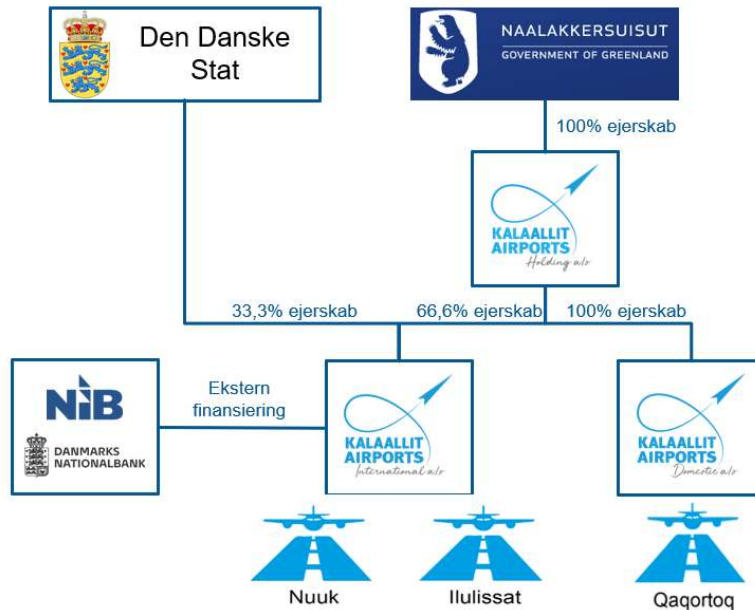
Risk associated with expanding the fleet

INFRASTRUCTURE

2-3 new runways (2024)

- Nuuk: 2,200m
- Ilulissat: 2,200m
- Qaqortoq: 1,500m

Organisation & ejerskabsstruktur





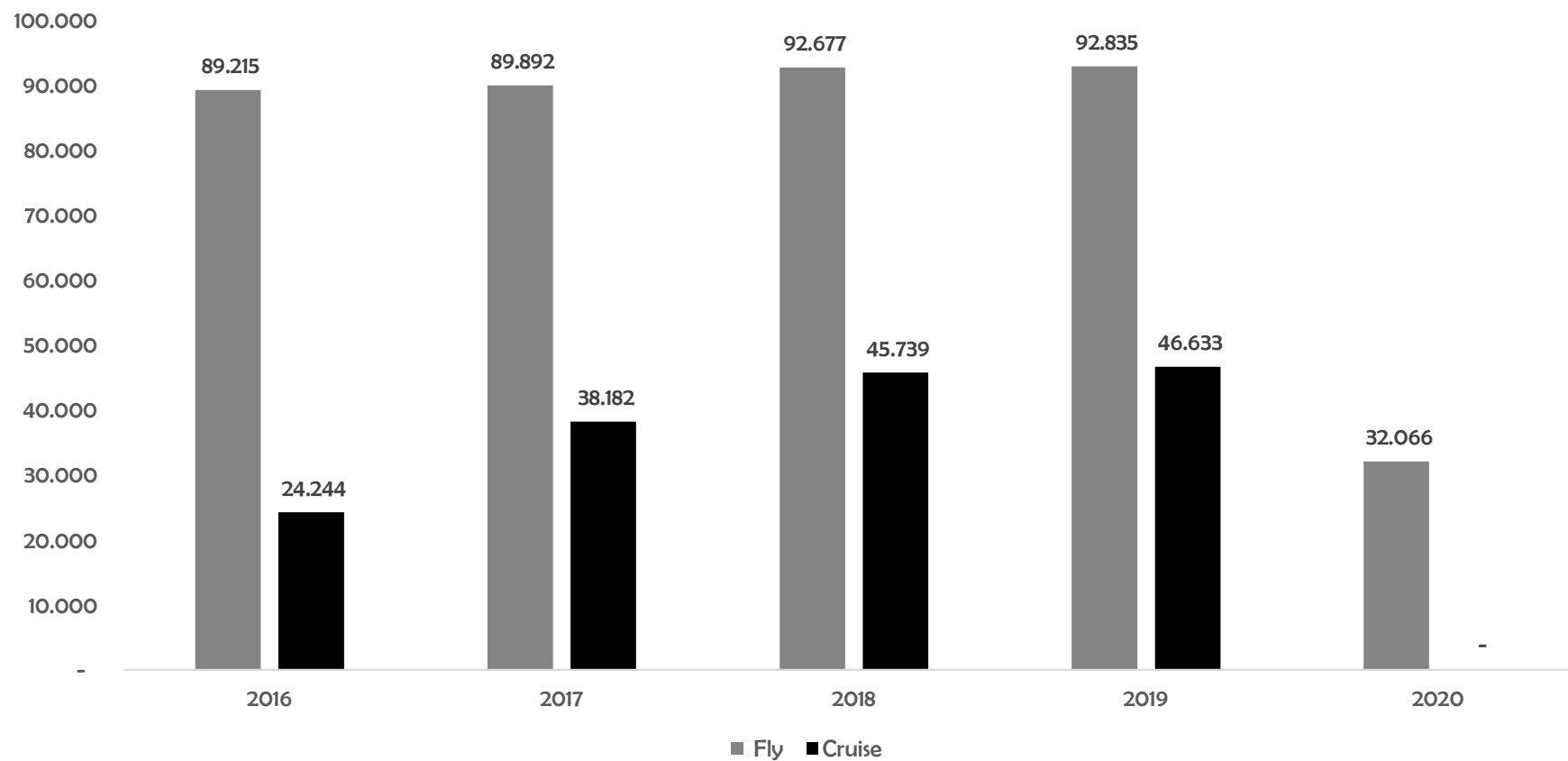
Year	Number of Employees
2017	89.892
2018	92.677
2019	92.835
2020	32.066





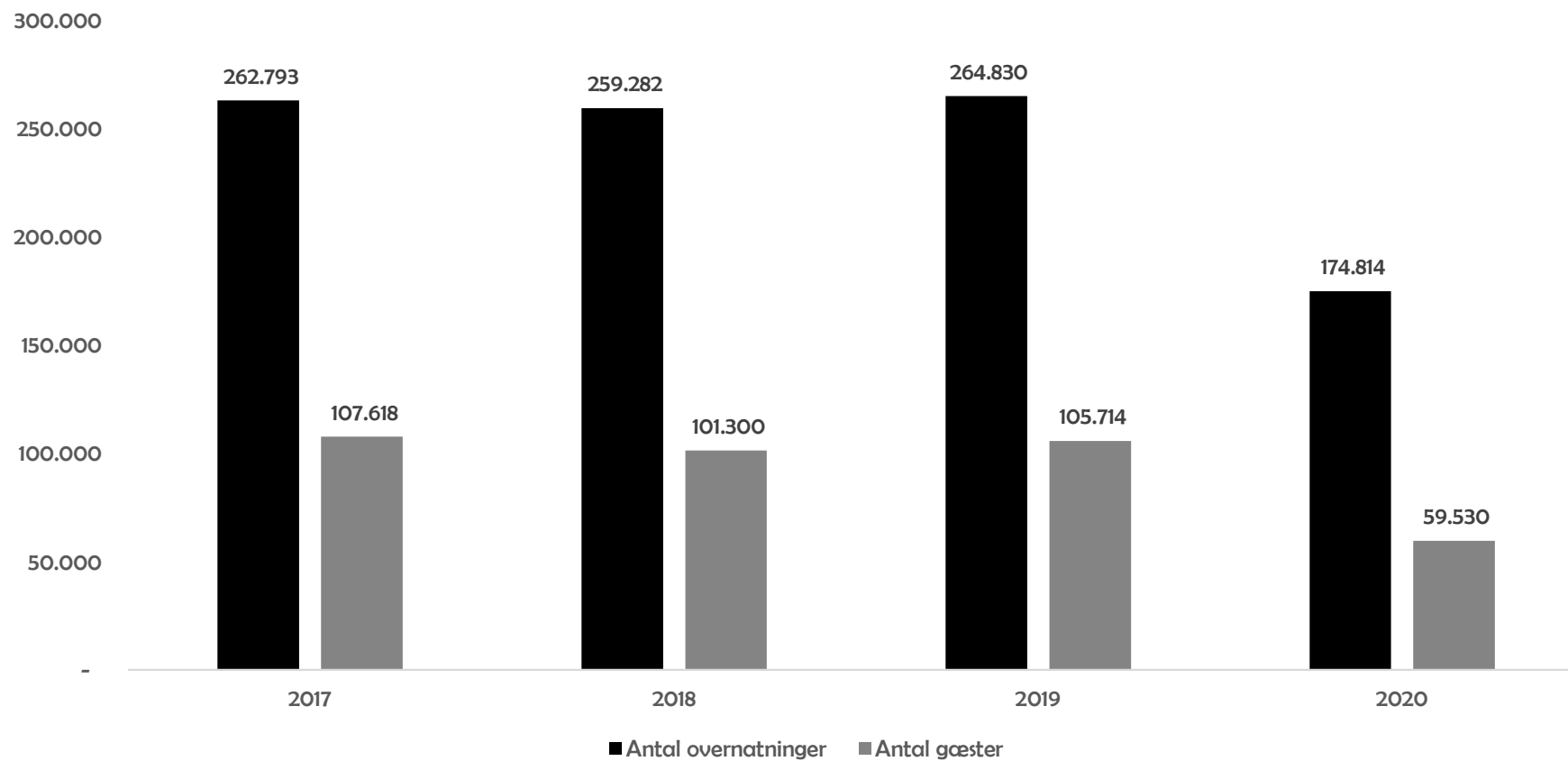
TOURISM

Airline- and cruise-passengers



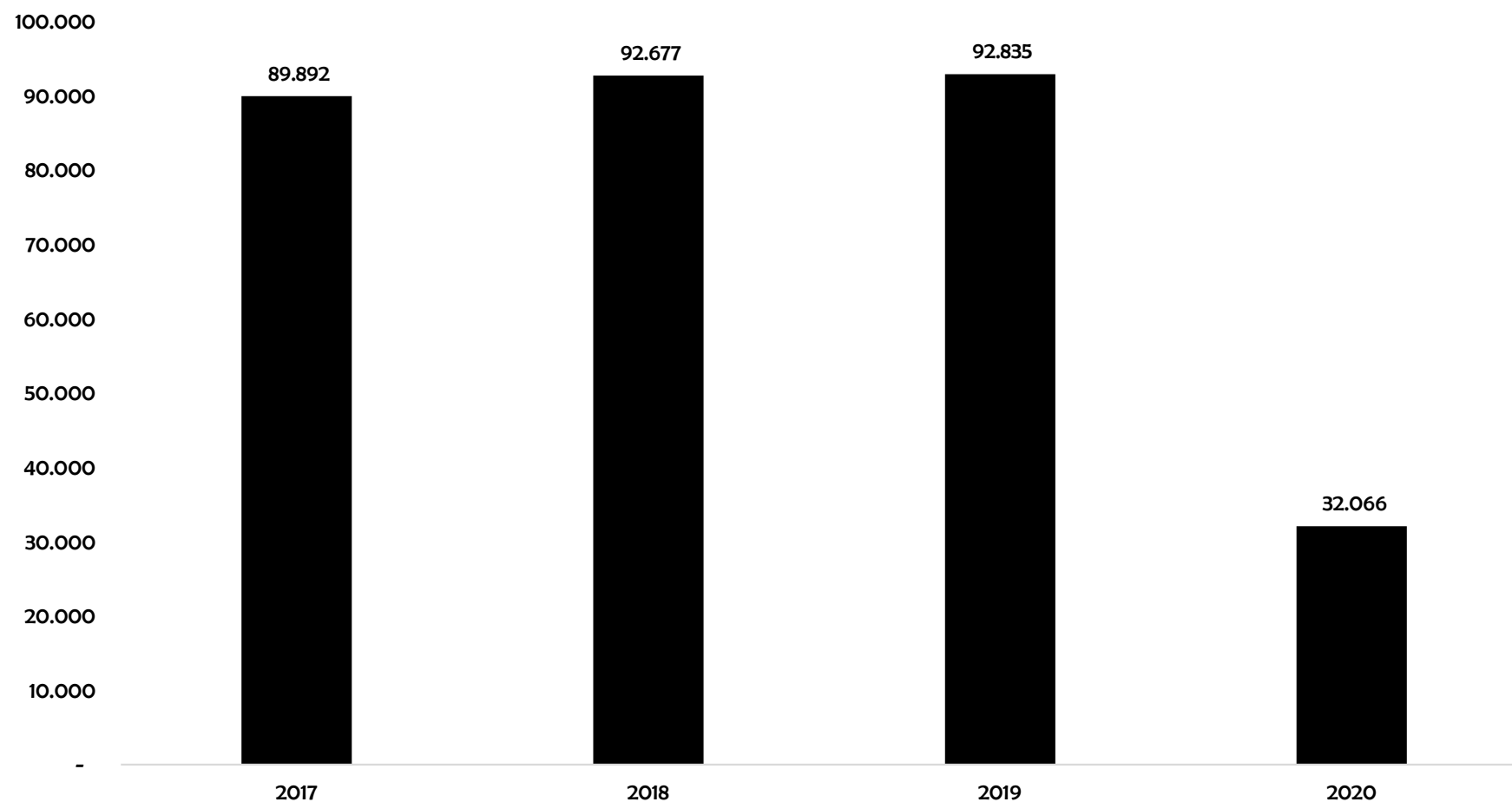
Hotel stays

Hotel-nights





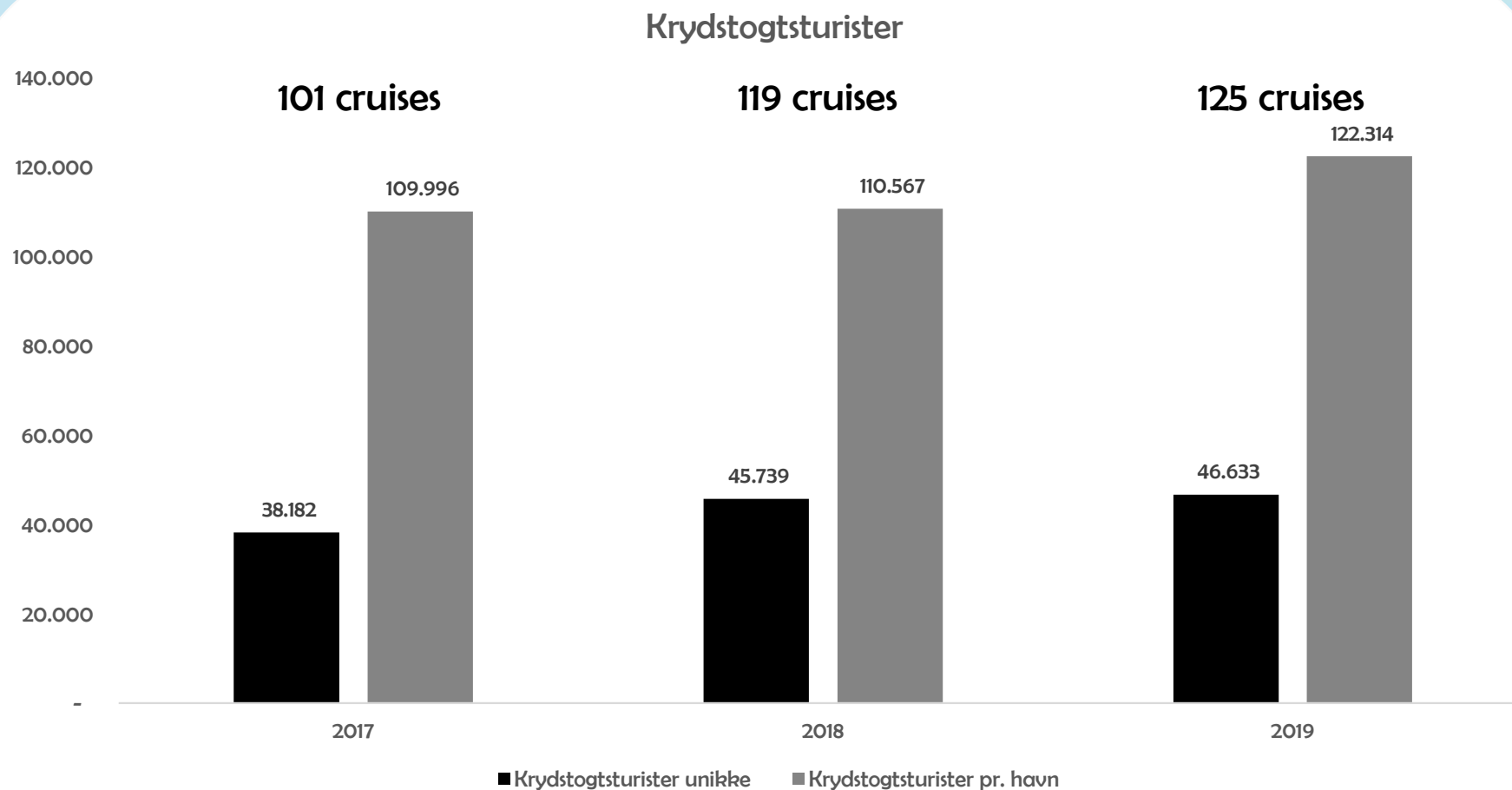
Airline passengers (*leaving* Greenland)





Cruise-passengers

48 ship-bookings
for Nuuk in 2022

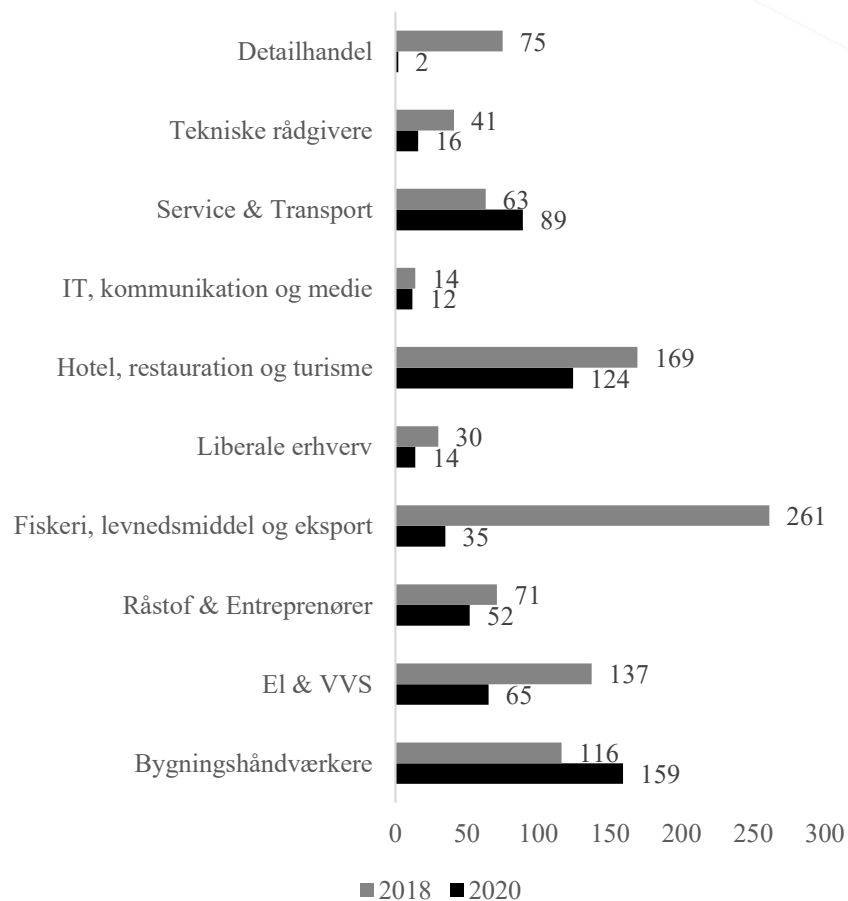


Many ships have more than one stop in Greenland during a cruise.
The season is typically June, July, August and September.

LABOUR MARKET

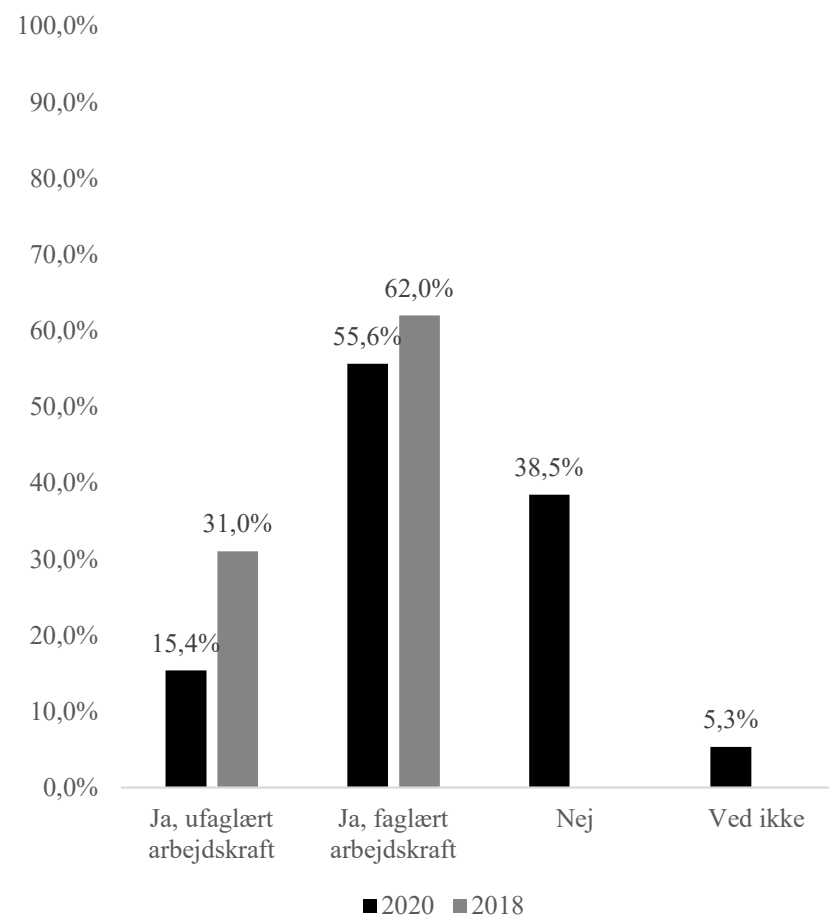
Lack of workforce

Workforce (18-65-year olds):
approx. 27,100 pers.



What industries lack a workforce?

An additional 600-900 employees are needed!

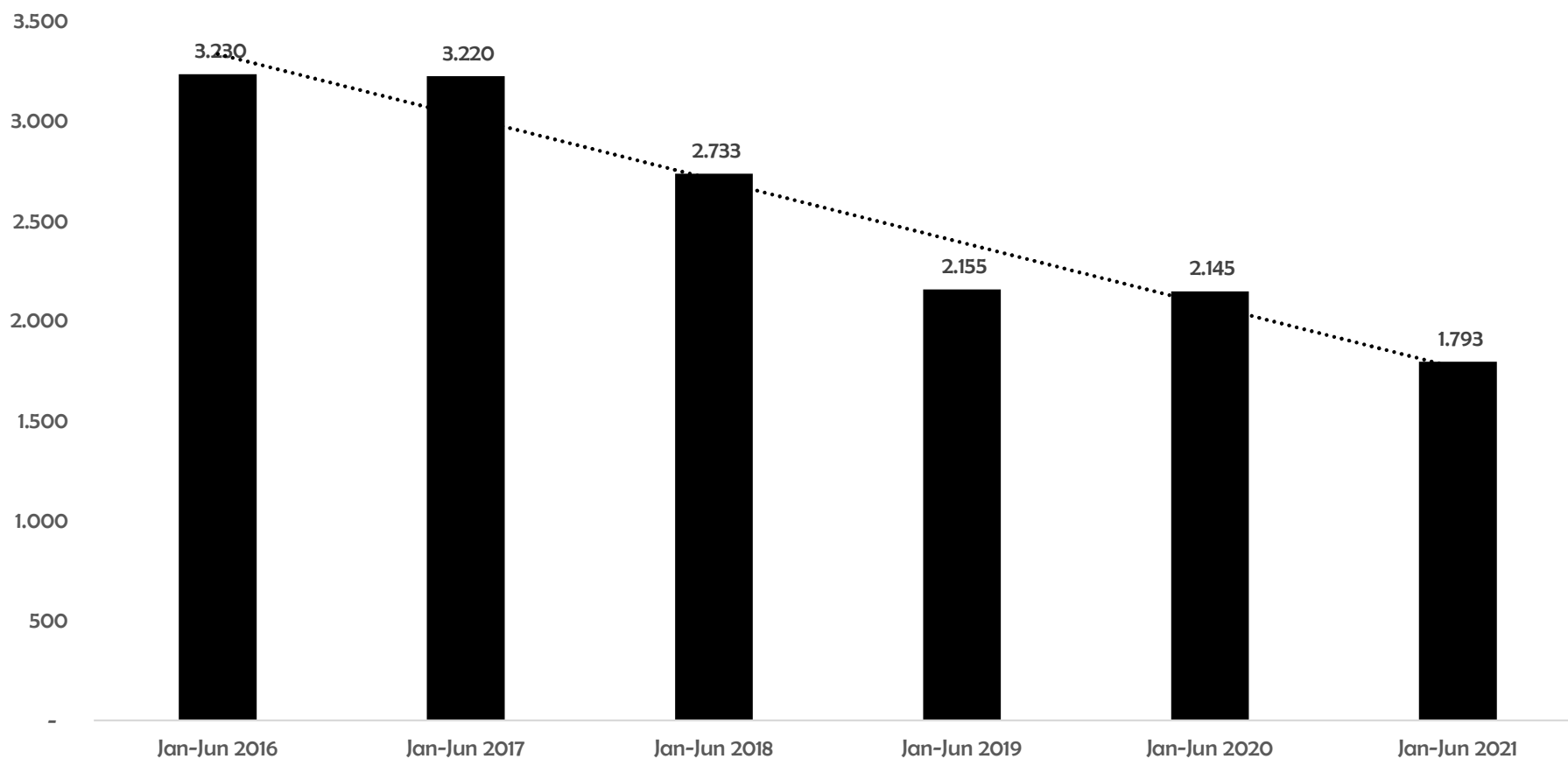


Does your company lack employees?



Employment

Unemployed – avg. per 6 months January-June 2016-2021





Education

Of the students that start on the professions-educations only 53 % finish

30 %

28.2 % *finish* primary schooling with a result that gives them access to further education (70.8 % fail one or more subjects)

50 %

Approx. 50 % *start* a youth education (often measured within 2 years of leaving school)

48 %

Approx. 48 % of the students on the youth education pass/finish

55 %

Approx. 55 % of the students that start the shorter educations finish

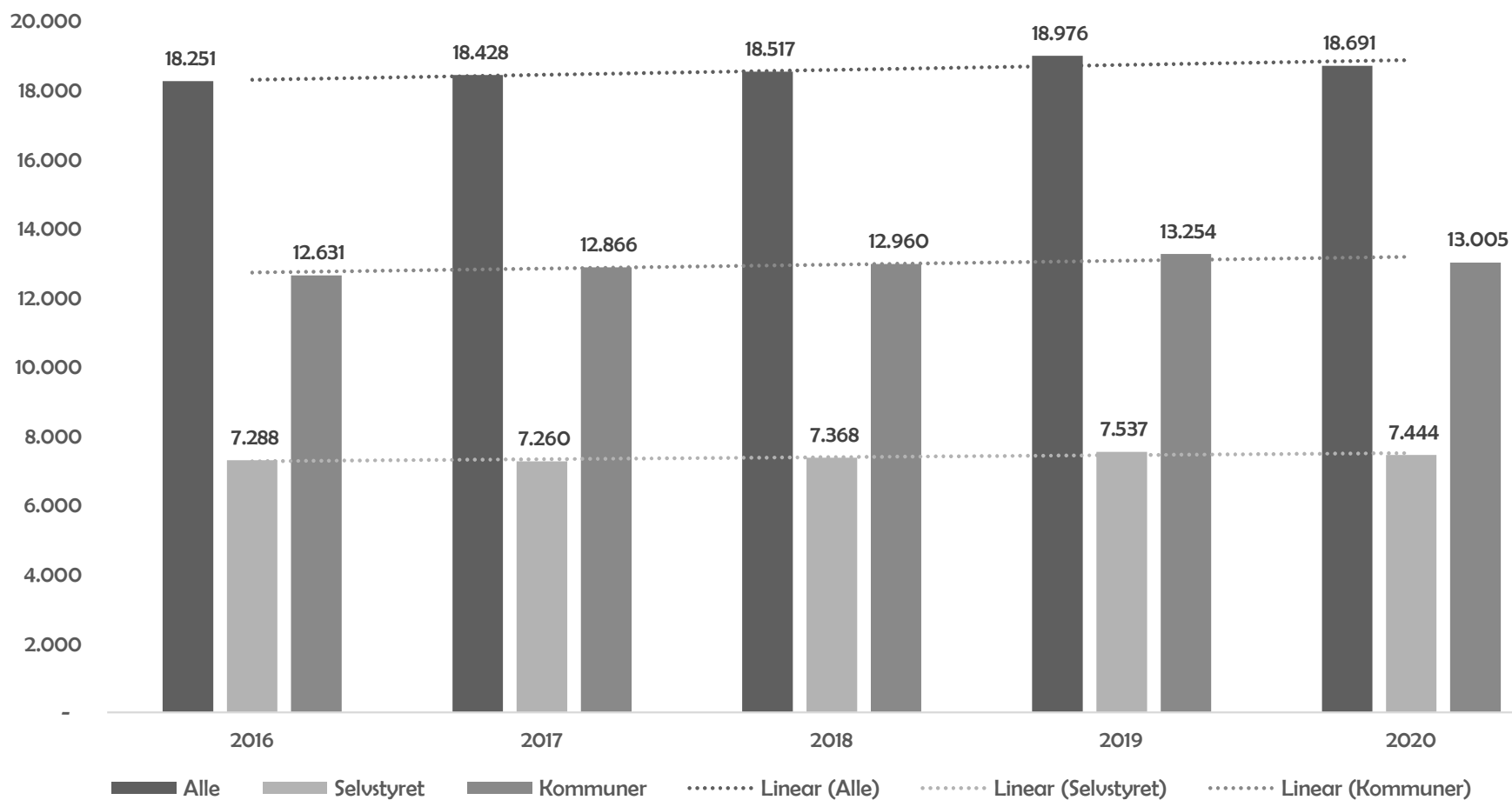
29-53 %

29-53 % (Ba. 29 % / Cand. 53 %) of the students on the higher educations finish (up to 5 years after the normed timeframe)

Approx. 25 % of public expenditure is aimed at educational activities (approx. 2.5 bill. DKK per year)

Growing public sector

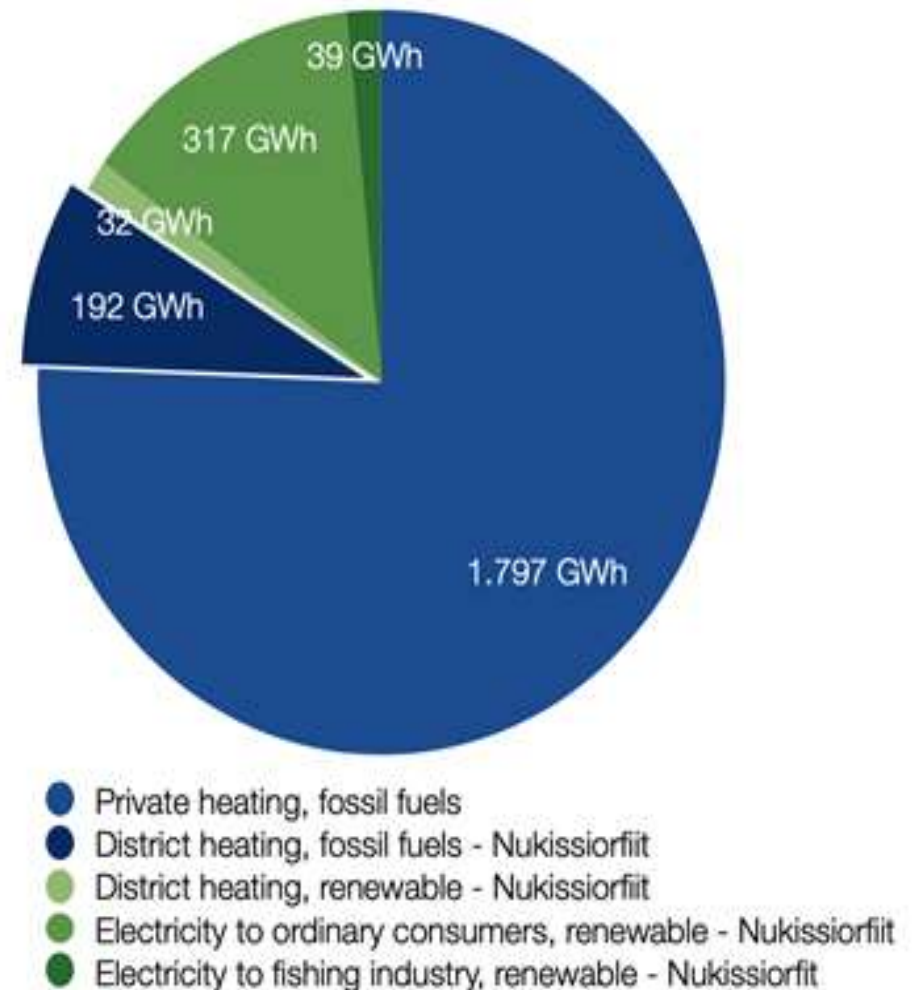
Employees in the public sector



SUSTAINABILITY

Energy production in Grønland

- 83.7 % of the energy is based on fossil fuels
- 16.3 % of the energy is produced by hydro-plants (constructed 1993-2012)
- Two monopolized energy providers: Nukissiorfiit and Polar Oil



Based on 2016-numbers

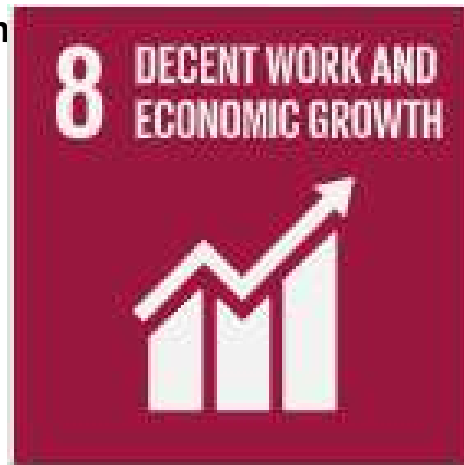
Sustainability – SDG-principles

- The future workforce
- Apprentices
- Involved at educational institutions



- The whole Greenland
- Across sectors
- Political priorities

- Employer's organisation
- The Danish Model
- Collective agreements
- Workenvironment



- Our largest industry
- Effective and sustainable
- Certifications





Christian Keldsen

- **Director, Greenland Business Association**
- **Danish/English – raised in Greenland and Denmark**
- **Masters in Law and Exec. MBA – specialized in aviation**
- **Previous experience includes:**
 - **Consultant and partner in Visiobox Consulting ApS**
 - **Chief Commercial Officer at Air Greenland Inc.**



+299 36 37 10



ck@ga.gl



www.sulisutsisut.gl