

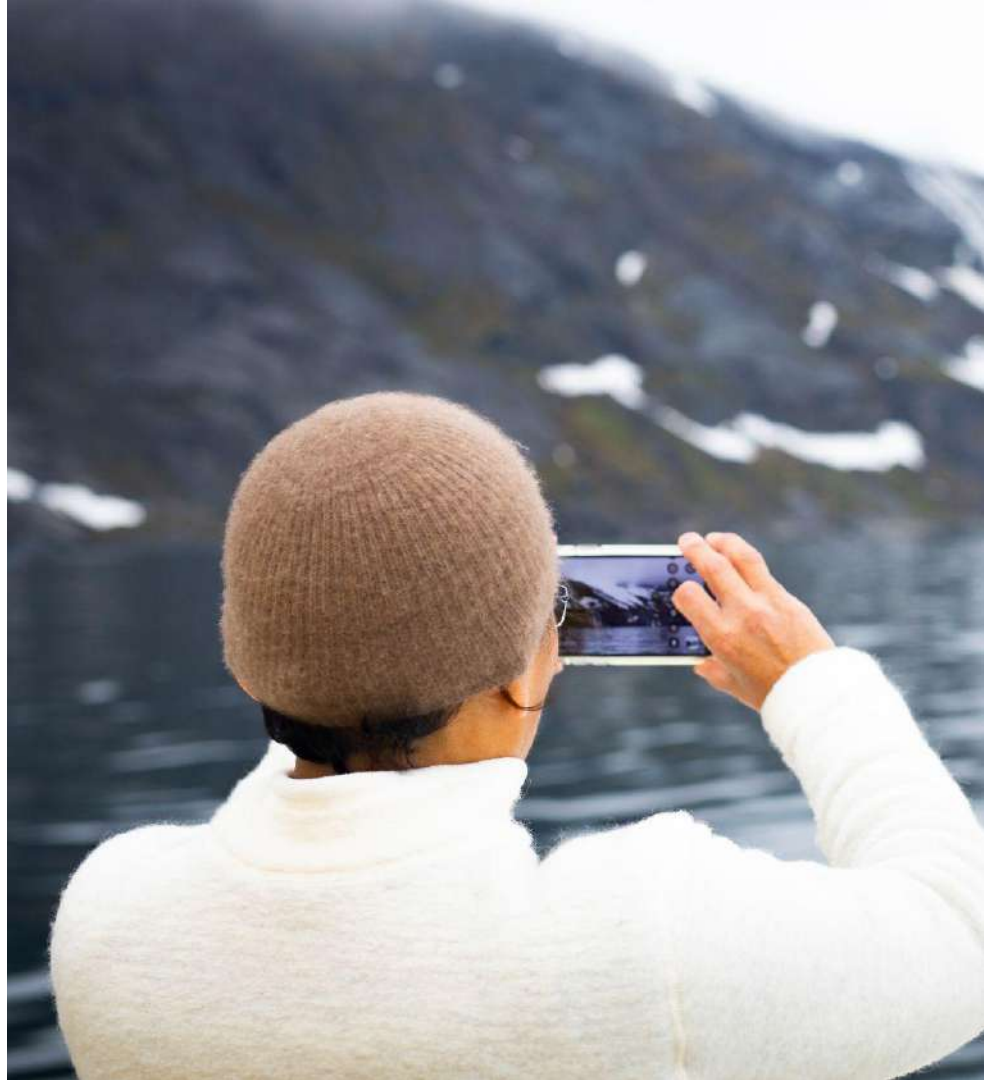
Mapping the Greenlandic Cruise Industry

Stine Selmer



Agenda:

- Methodology
- Passengers, ships and segmentation
- Cruise insights
- Cruise tax
- The public opinion
- Anchoring tourism locally
- Priorities



Method

- 43 individual interviews with stakeholders who are in direct contact with cruise or cruise industry in Greenland.
- Recruited via participants in Visit Greenlands earlier cruise initiatives and open call through newsletter, social media and traditional media.
- Relatively representative, but aware that more can always be done.

Interviews

- Semi-structured consisting of both qualitative and quantitative questions.
- Combination of completely open questions, so the respondent could lead the direction of the interview.
- Additional theme specific questions based upon the political debate and media debate.
- Multiple feedback sessions

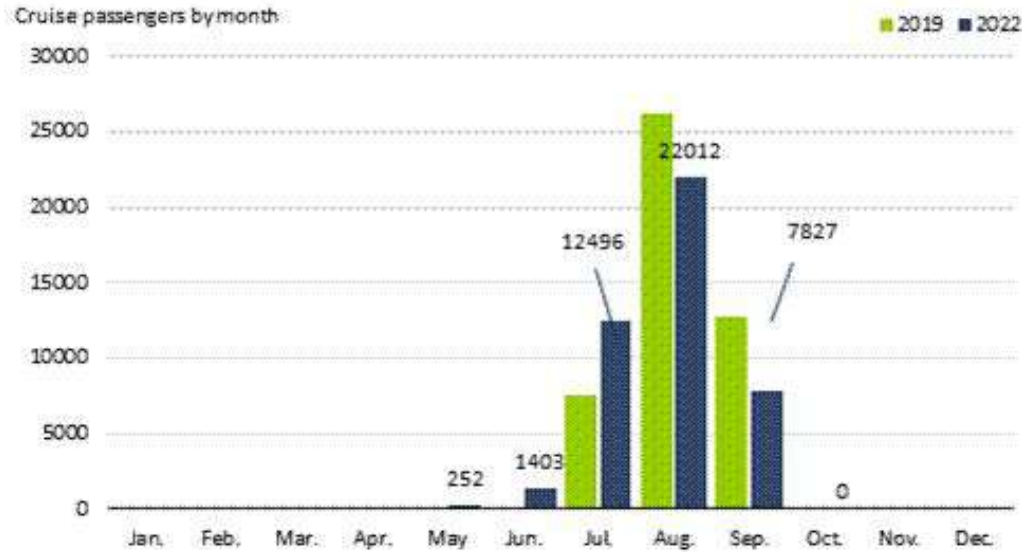
Tax Model Benchmark

- Desk study comparing cruise tax models and levels cruise taxes of 23 destinations to the Greenlandic model.
- All based upon public accessible information.
- Calculated comparable scenarios by using three different-sized ships that operates in Greenland regularly - again based on public available information.

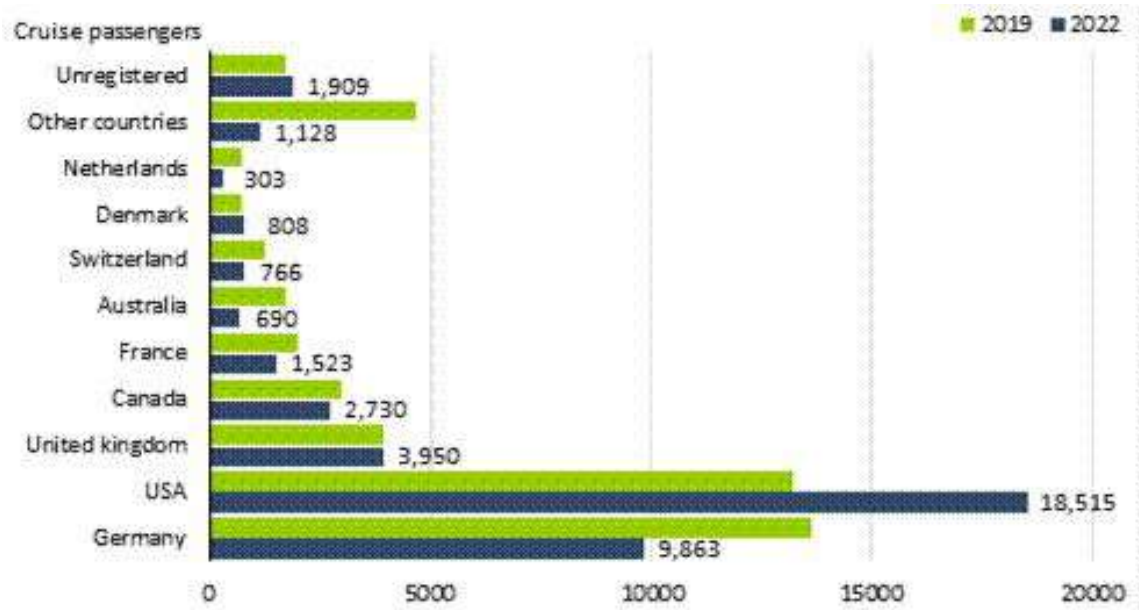
Passengers, Ships and Segmentation



Cruise landscape



Nationalities



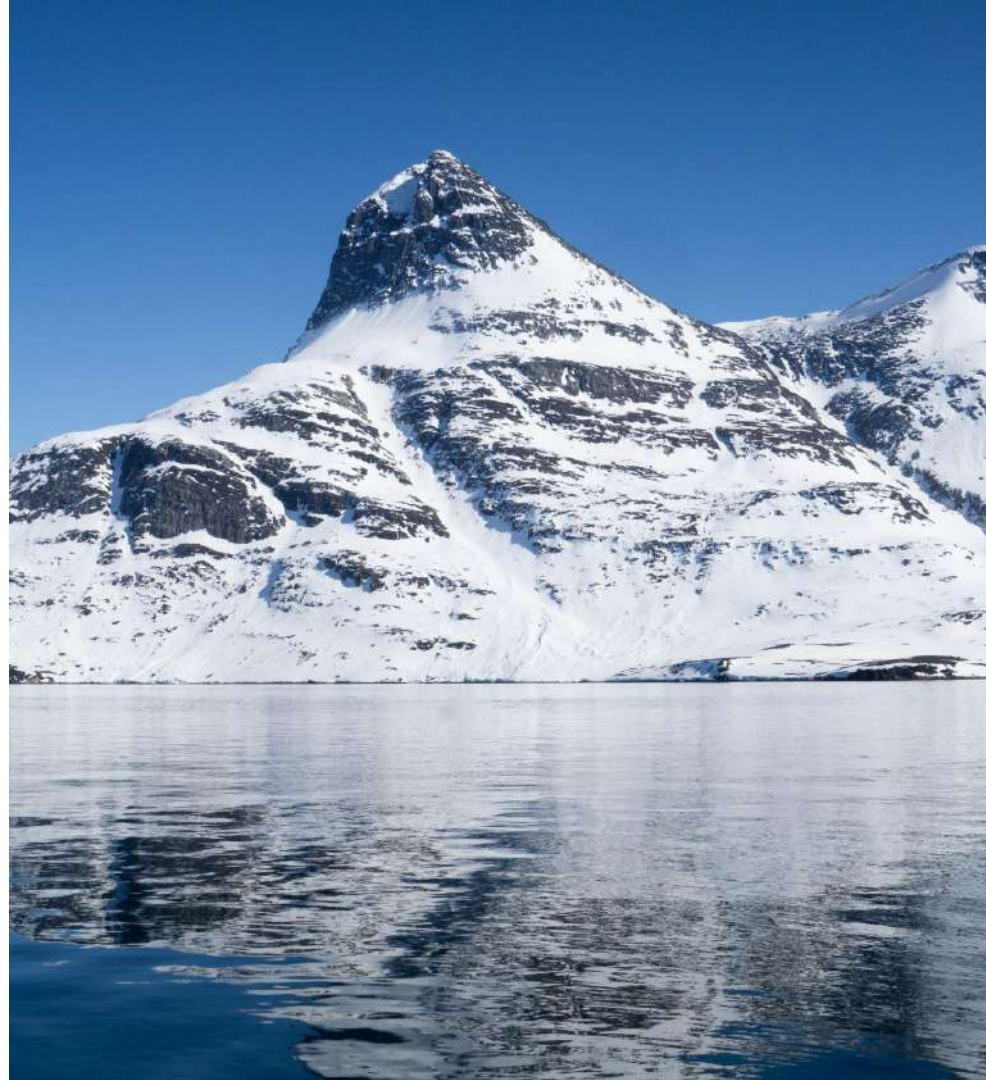
Conventional and expeditions cruises

- 67 % stated they did experience differences while 30 % did not - the rest was unable to answer.
- A few respondents explain that they only have experience with one of the two segments. They know from others that there are differences, but are not able to point them out from their own experience.

Differences

- The bigger ships carry more people which put local societies under more pressure and are harder to manage - however, if several small ships call at the same time, the problem is there also.
- The guests on expedition ships are better prepared, more interested and more mobile.
- The expedition ships are more demanding regarding products, meaning they take more effort to service, while bigger ships buy standard products.
- Expedition ships bring their own guides and equipment, meaning they buy less locally, while bigger ships are forced to buy locally because they don't have guides and equipment.

Cruise insights



The benefits

- Economic impact
- Mobile and independent in terms of infrastructure
- Easy to take part in for locals
- Pride and joy in working with tourists
- Cruises bring life to smaller places
- Well-controlled systems that can be regulated
- Cooperation opportunities to support research, supply, etc.
- Sustainability efforts in expeditions cruising

The challenges

- Destination and harbour facilities
- Cultural heritage protection like Unesco areas and the National Park
- Unpredictability due to weather, ice, etc.
- Climate effects, emissions and pollution
- Healthcare, safety and SAR
- Lack of workforce locally

Over-tourism, capacity and regulation opportunities

- Bad for locals and bad for guests.
- Opinions on limits and regulations.
 - Time slots
 - Guest capacity
 - Number of ships
- 40 % agree that limitations should be regional and adapted to the capacity of the destination.
- Some destinations want less cruise guests, while others want more.
- 14 % opposed to regulation, because the industry is self-regulation.

Cruise Tax

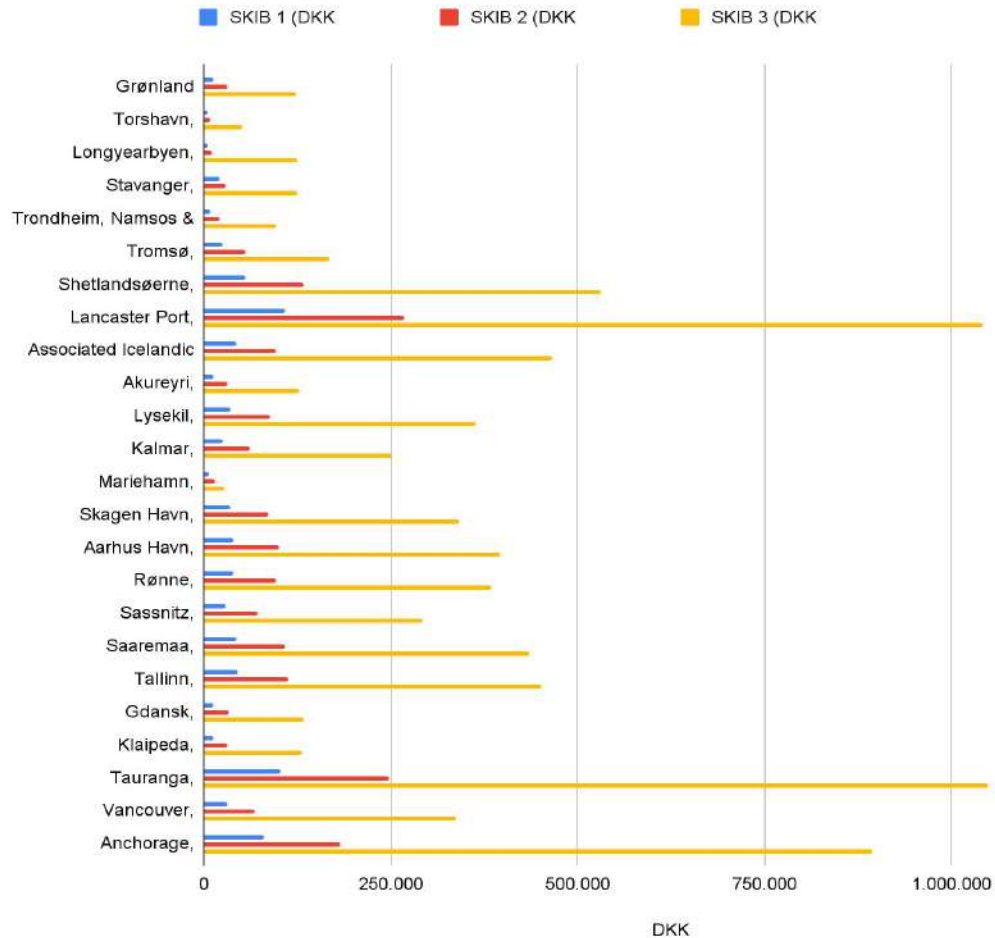


Current Harbour Tax

- Harbour tax of 1,10 DKK. per tonne
- Paid to the Tax Agency of Greenland
- 7,5 mio. in 2022
- Additional harbour and passenger tax in Sikuki Harbours
- ISPS in Sikuki Harbours

Benchmark Analysis

- Most common model = combined tonnage and passenger tax
- Additional fees or discount:
 - Environmental taxes
 - Environmental price or discounts based on EPI or ESI
 - Safety fee
 - ISPS
 - Tourist tax
- The level of the tonnage tax is most significant for the overall price



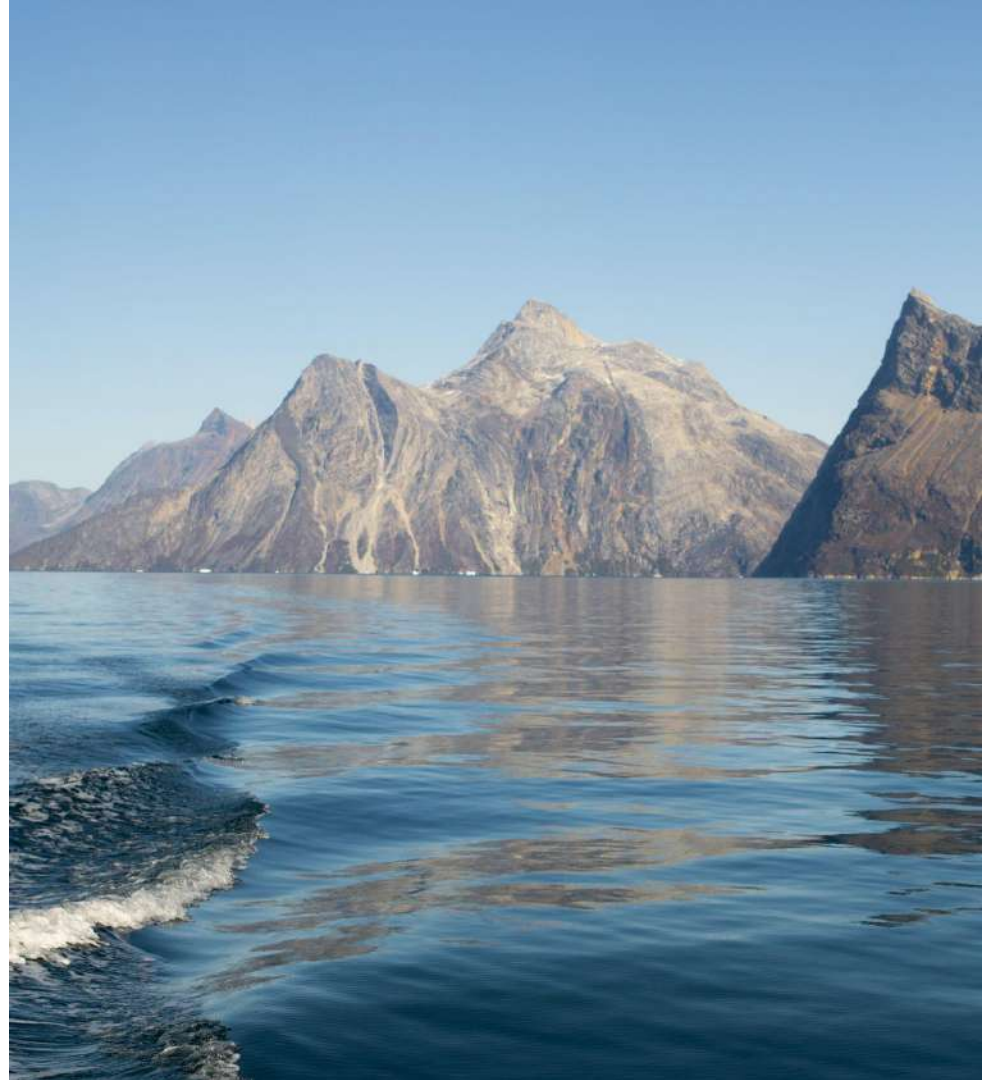
Insights and Recommendations

- Free nature calls and free entry in sensitive areas like the National park and Unesco Sites.
- There are issues in the payment process, and it could be simplified.
- To limit and set standards for emissions and pollution there should be looked into an environmental compensation.
- There should be visual benefits from tax payments for the cruise lines.
- Issue in the fact that the taxes are governmental while the tourist infrastructure is municipal.

Suggestion: day-based tax model

- The cruise line pays a fee or fees per day they spend in Greenlandic territory.
- Ensure taxes no matter where the ship is.
- Easy to manage.
- Disclaimer:
 - No general back-up because it has not been specifically asked about
 - No recommendations for tax levels
 - No consequence analysis

What does the locals
think?



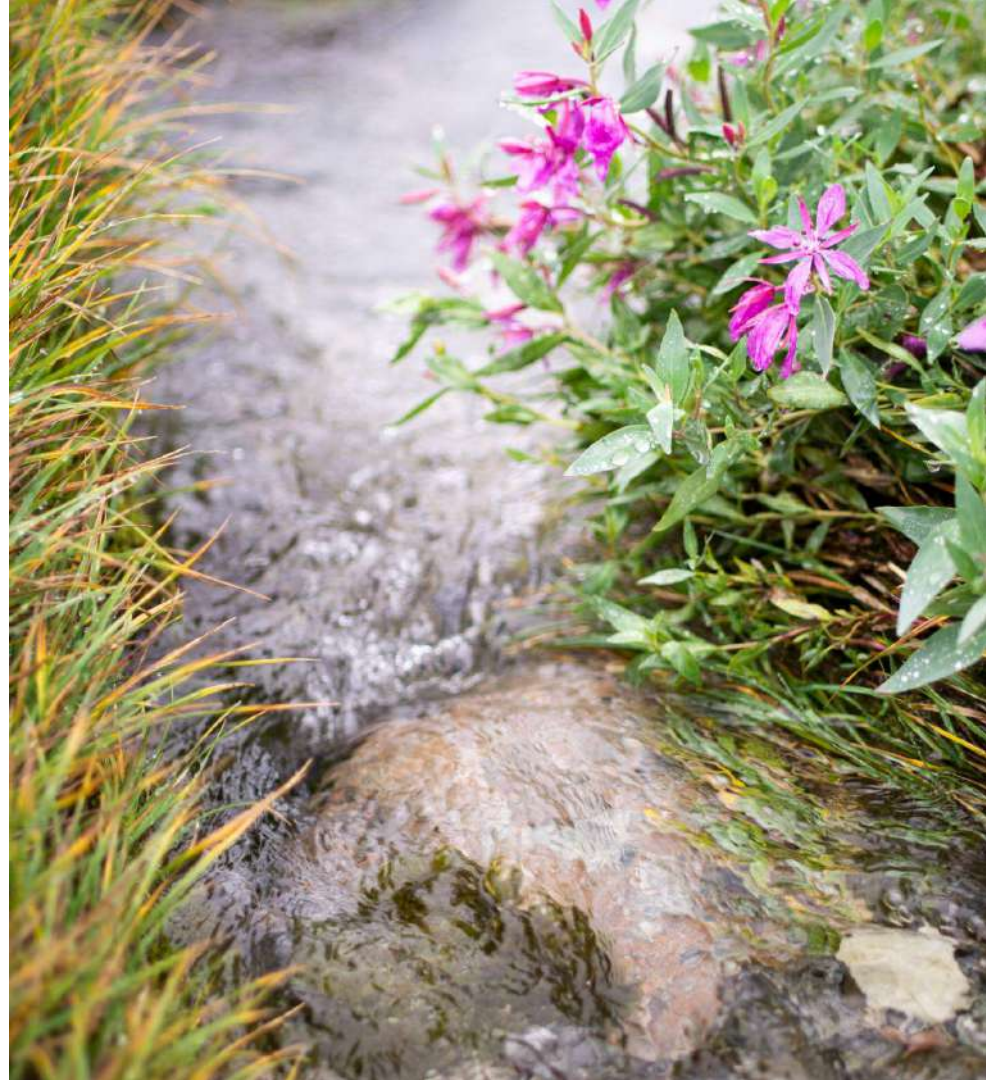
Visit Greenland Survey 2022

- 2189 people living in Greenland answered the survey - 1807 in Greenlandic and the rest in Danish.
- Only 8 % are working in tourism.
- 78,4 % are positive or very positive towards cruise tourism.
- 82,6 % agree that cruise tourists act respectful to the locals and nature.
- 74,4 % agree that cruise tourists contribute positively to the Greenlandic society.

The Interviews

- There is a myth that cruise does not bring in money.
- The guests can be “in the way” for locals - this could be solved by investing in more spaces for tourists.
- Positive feedback on the AECO Community Guidelines.
- There is a need to control the guest flow better.
- The negative opinion showcased in the media does not reflect the public opinion.
- Better information about tourism and inclusion of locals into the industry.

Anchoring Tourism Locally



- The demand for Greenland as a tourism destination is explosive, and the growth needs to benefit Greenland.
- Both good and bad examples of foreign companies operating tourism in Greenland and we need to find a way to ensuring proper behavior, safe operations and contributions to society while keeping the market free.
- It needs to be ensured that the growth of tourism is something Greenland can live off and live with.

To Law or not to Law?

50 % think that there should be installed laws that ensure local anchoring of tourism companies, while 50 % thinks there should not be laws about this.

Pros

- Ensure a proper framework, quality control and market situation.
- What should this law do?
 - A percentage of the employees should be Greenlandic workforce.
 - Companies need to have a Greenlandic address.
 - Standards for how much of the year the company should be active.
 - A part of the revenue should be re-invested in Greenland.
 - Sustainability demands and standards.
 - Controlled pay levels like we know from other industries.
 - Secure that houses are available for locals and not just for tourists in a small part of the year.

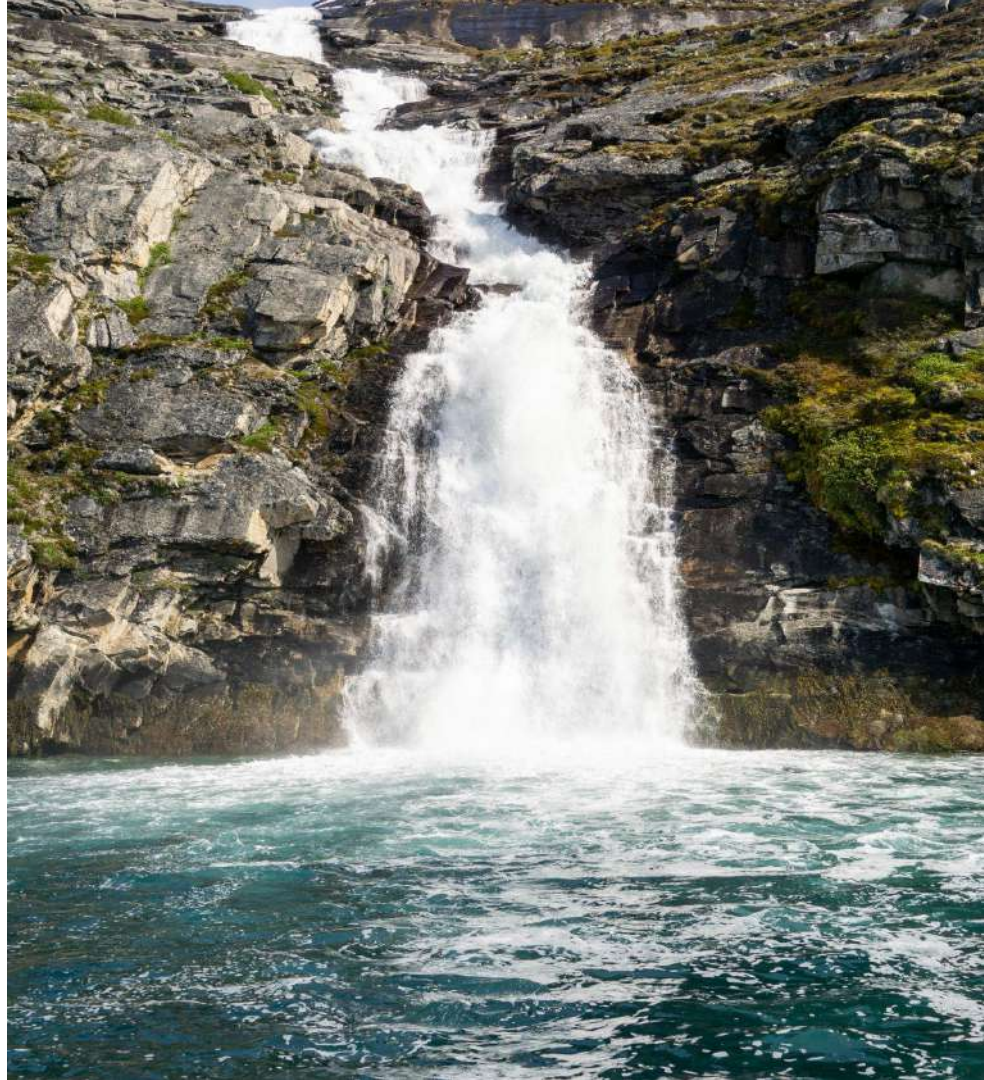
Cons

- Lack of data to showcase how big the described problems with foreign companies actually are.
- Low capacity locally and therefore we need money, workers and knowledge from foreign companies.
- Against making laws about who can do business in Greenland, and suggest to focus on maximising outputs from tourism and up-qualifying the local industry.
- Free competition will force all players to heighten their quality.
- Encourage partnerships between locals and foreigners to benefit mutually.

When is a Company Local?

- Nobody wanted to define, what a Greenlandic company is.
- Important that tourism companies in Greenland:
 - Has an actual and active address in Greenland.
 - Has employes on the address.
 - Pays taxes in Greenland.
 - Operates actively in Greenland as long a possible during the year.
 - The owner or some of the owners should live in Greenland.
- Conclusion: companies need to benefit Greenland.

Priorities



Which two problems should be solved first?

1. Re-design of the tax model - 42 %
2. Maintenance and expansion of harbours - 31,5 %
3. Establishing and/or expanding tourism facilities outside of harbours - 21 %
4. New taxes like an environment tax - 21 %
5. Increase the workforce in tourism - 21 %

Stine Selmer Andersen
Mail: stine@sustine.gl
Tlf: +299 586271
[LinkedIn](#)

