The Good, the Bad and the Unknown: How Climate Change is Shaping Greenland’s Nation Branding Summary

Executive Summary
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National prestige has been a constant feature that statesmen throughout time have tried to project onto other nations to obtain one benefit or another, sometimes through the powers of armies, other times through dazzling riches. Nowadays, national governments have expanded the concept of national "prestige" into the more business-oriented concept of national "brand," and are using a softer tool to enhance the power of their armies and gather riches. That tool is marketing. Nation branding is an intriguing concept, but more importantly it is a practice that has emerged from the clashing of the diplomatic world with the entrepreneurial mindset.

Nation branding is a difficult task to manage and coordinate even for stable, strong democracies and economies, but it is proportionately more difficult when it is done for a sub-structure, or a non-sovereign state. In addition to severe diplomatic restrictions, non-sovereign states are often characterized by political instability, military intervention, poor economic development or social hardship. In their quest for survival, differentiation, or necessity to fly under the radar, non-sovereign states do not have the freedom to engage on the official international scene and can be banned from membership in international organizations.

Greenland poses an interesting example of this modern nation branding phenomenon. The melting of the ice caps has raised the profile of the Arctic and has empowered Greenland with tools that can boost its economy and transform it into a regional player. The paper examines how climate change offers opportunities as well as challenges for Greenland in terms of public diplomacy, tourism, exports and foreign direct investments. It performs a nation-brand audit on Greenland’s up-to-date marketing efforts and offers strategic recommendations for future developments.

In terms of public diplomacy, Greenland has embarked on the road to independence from Denmark. Under the Self-Rule Agreement, Greenland has taken over additional responsibilities for domestic affairs, with Denmark still in charge of areas such as foreign affairs, security and fiscal policy. About 60% of Greenland’s GDP comes from a Danish subsidy and thus the question of independence is irrelevant until this subsidy will be phased out. Thus, Greenland’s efforts will be targeted on achieving financial sustainability and solving its internal social problems. One challenging theme is Greenland’s stance on climate change. On the one hand, Greenland is getting a free ride on the momentum of climate change, while on the other hand, the country is exploiting the riches of nature. Maintaining the thin balance between environmental responsibility and the need for cash inflows is going to be one of the toughest challenges for Greenland’s diplomacy. Geopolitically, Greenland will be torn between the EU and US spheres of influence, with occasional interference to be expected from Russia, Canada and Asian countries. Greenland people are not Danes, nor Europeans. They are Intuits, with their own language, culture and way of life. Deciding which geopolitical block they belong to is going to be another daunting task.
Tourism, exports and foreign direct investments are the tools Greenland is using in hope to boost its bottom line. The melting of the ice caps has transformed the region into a realm of business opportunities. Greenland’s rich deposits of oil, uranium, zinc, diamonds and others can now be drilled or mined.

However, until these revenues start coming in, Greenland has had to focus on additional sources of income. Tourism is a very successful attempt that the government is supporting. With strategic public-private partnerships and very specific targeted projects, Greenland is attracting tourists from key markets: Denmark, the UK, the US, and Germany. Its Top Ten List of reasons to visit Greenland include the Illulisat Icefjord, a UNESCO World Heritage, the Aurora Borealis, and the Midnight Sun. For business travelers, Greenland has created the MICE (Meetings, Incentives, Conferences and Events) program. However, there are limits to what tourism can do for Greenland. Developing a niche in the luxury 5* segment is impossible right now due to the nonexistence of strong infrastructure. Greenland must also battle misperceptions in terms of accessibility, logistics and infrastructure, as well as significant competition from other Arctic nations.

In terms of exports, Greenland’s Balance of Payments and export diversification index are not very promising. Its international trade can be characterized by a high reliance of imports and a 1-item export portfolio. Currently, more than 90% of its exports are fish, and fish products, with shrimp accounting for about three quarters of this. Nevertheless, potential for prospective new exports are amazing. In addition to newly discovered natural resources, Greenland can successfully start exporting luxury items such as fresh water, luxury Greenland stone, shark and seal skin, rare earths, and special foods. Its fresh water resources can be exported to different industries, from drink manufacturers to cosmetic companies.

Because these changes have occurred so drastically, Greenland has not had the time to develop the needed internal infrastructure, logistics and trained labor force. Thus, many of Greenland’s export opportunities have to be backed by foreign direct investment. The main topic in this area is, of course, natural resources. The cost of prospecting and then drilling or extracting them, and the technology needed to do so, make it unlikely such resources will produce revenue in the near future. That is why, in addition to these, the island can launch itself into the alternative energy sector. It is estimated that it has a hydropower capacity of approximately 800,000 GW/year. More than 11 sites have been identified as appropriate for building hydropower plants. Also, a US firm signed an agreement with the Greenland Home Rule government to study the feasibility of building a multi-billion dollar aluminum smelter.

In addition to the revenue stream, there are other reasons that motivate engagement in the nation branding exercise. For non-sovereign states, nation branding is relevant not only for the economic benefits it brings, but most importantly, because it creates internal cohesion. When done properly, nation branding associates a people with a common identity, a common purpose
and a common understanding of world realities. The way it is designed, nation branding ensures communication and cooperation at different levels of society. Military, political, social, cultural, and economic elements of a society are forced to engage in dialogue and ultimately, compromise. This is the supreme essence of the democratic exercise, and by establishing a pattern of collaboration, nation branding facilitates future similar developments. Greenland is internally tormented by social issues such as alcoholism, domestic violence, poor education, brain drain phenomenon and others. However, by boosting exports, attracting the right kind of investment, increasing the inflow of tourists, and promoting local values and people, Greenland can practice nation building through nation branding.