


Slowdown in growth and major challenges ahead

The Greenlandic economy is slowing down, with modest growth and serious challenges for public finances. This is partly because the expansion of infrastructure in the form of airports is nearing completion and planned major projects in energy supply and other areas have not yet begun. At the same time, vital shrimp stocks are declining, although cod fishing is doing better. Public finances deteriorated surprisingly sharply in 2025, and liquidity in the Greenland Treasury fell to a critically low level in the second half of the year. Consequently, the 2026 Finance Act contains necessary fiscal tightening measures. More fiscal challenges lie ahead, with a declining and ageing population putting further pressure on the economy.

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 **11 pages**



Economic slowdown with low growth and government deficits

Growth was very modest in 2025, and public finances deteriorated surprisingly sharply. The all-important shrimp fishing industry slowed down, while investments in infrastructure fell as planned. There is still a shortage of labour, especially skilled workers, and structural pressure on the labour market could grow further as the working-age population becomes even smaller.



Necessary fiscal tightening

The Budget Act's limits for public balance and expenditure have been almost fully utilised for several years. This means that there has effectively been no buffer in the public economy to handle the deterioration in public finances in 2025. Liquidity in the Greenland Treasury fell below the level deemed sufficient to handle major fluctuations in income and expenses without having to borrow.



A declining and ageing population will put pressure on the economy

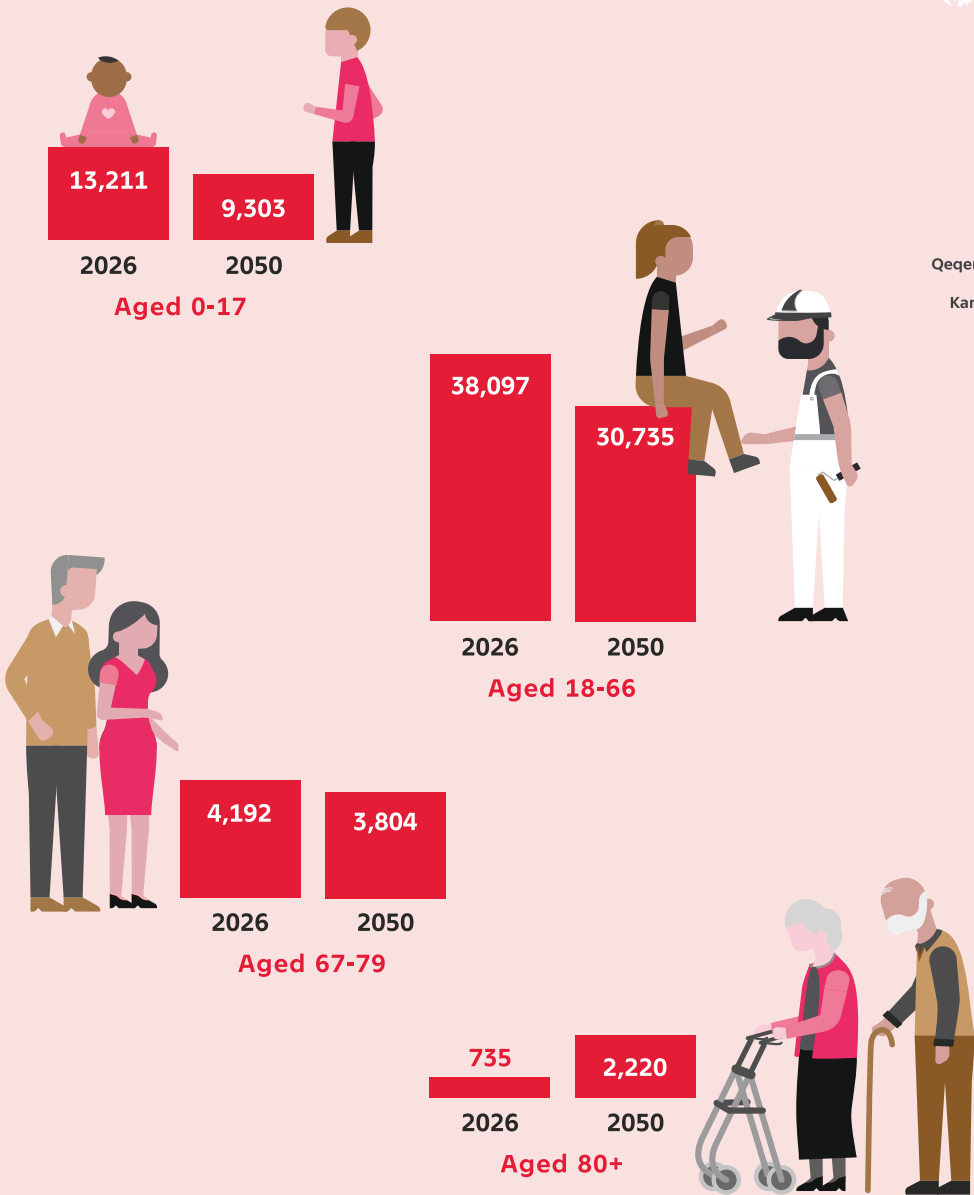
The resilience of public finances is under pressure from demographic trends, with the prospect of a declining and ageing population and shrinking workforce. Among other things, this also means increased pressure on healthcare and elderly care costs. In the healthcare sector, a framework agreement has been signed with Denmark to increase support for the treatment of Greenlandic patients in Danish hospitals.

Why is it important?

Danmarks Nationalbank is the central bank for the entire Danish Realm. We are therefore responsible for analysing developments in the Greenlandic and Faroese economies to live up to our purpose of ensuring stable prices and ensuring the best basis for assessing the possible emergence of socio-economic imbalances.

Main chart

Greenland's population now and in the future



The population is expected to decrease by 20 per cent by 2050. Fewer working-age and more older people will put pressure on the economy



Population and economy

Population (number, Q4) 2025	56,699
of which born in Greenland	49,657
of which in Nuuk (capital)	20,281
Labour force, 18-67 years (number, 2024)	28,979
of which employed	28,015
of which unemployed	963
Out of the labour force, 18-67 years	8,075
GDP (kr. billion, 2023)	22.9
per capita (kr.)	405,200



The population of Greenland's larger towns is growing, with fewer and fewer people living in the many smaller communities. Almost two thirds of the population now live in Nuuk or towns with over 3,000 inhabitants. Less than 7 per cent of the population currently lives in one of the smaller communities with up to 200 residents. This is half of what it was 30 years ago.

Keywords

Greenlandic economy

01

Slowdown in growth and major challenges ahead

The Greenlandic economy is in a slowdown, with modest growth and serious challenges for public finances in the form of large deficits and a long-term sustainability problem. The fiscal challenges will be discussed in chapter 2.

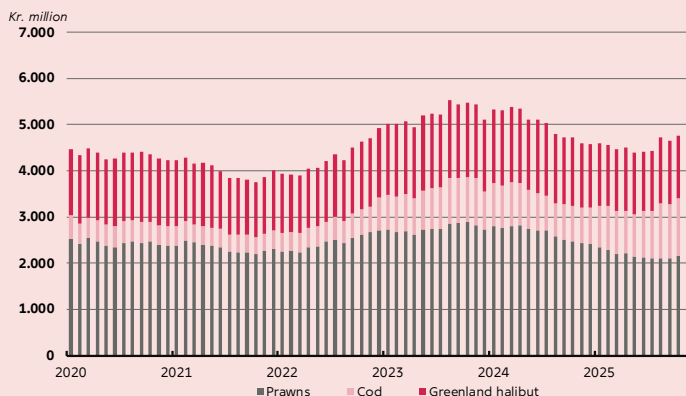
Gross domestic product, GDP, increased by 0.8 per cent in 2024 and 0.2 per cent in 2025. The slowdown is mainly due to less activity in major construction projects and a decline in fishing catches. The modest growth looks set to continue this year, with GDP expected to grow by 0.8 per cent, according to the Greenland Economic Council's autumn 2025 report. A few years of slow growth will ease the pressure on production capacity, but the economy will continue to face a shortage of labour, especially people with vocational skills. The labour problem is structural and a key challenge in the Greenlandic economy.

Decline in shrimp fishing

Goods exports are predominantly seafood in various degrees of processing. The export value of seafood peaked at kr. 5.5 billion in 2023 and has since declined due to declining catch volumes and falling seafood prices, see chart 1. The all-important shrimp fishing industry in particular is under pressure from declining stocks and prices. The biological recommendation for shrimp catches has decreased from 110,000 tonnes in 2023 to 80,000 tonnes in 2025, and shrimp quotas have more or less followed suit. The quotas for shrimp fishing reflect the biological advice, and the industry is MSC-certified as sustainable. The same applies to the seagoing Greenland halibut fisheries. Catch volumes can deviate from quotas due to the quota flex scheme, under which boat owners can transfer or take an advance on quotas to avoid large year-to-year fluctuations in the industry.

CHART 1

The export value of seafood has decreased since 2023

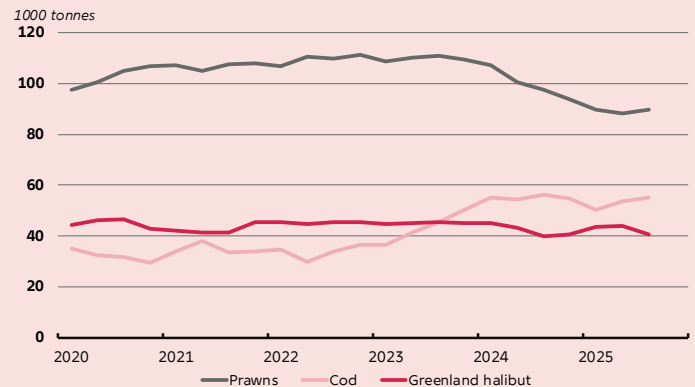


Note: Total over the last 12 months' export values.
Most recent observation is October 2025.

Source: Statistics Greenland.

CHART 2

Decrease in shrimp catches but increasing cod catches



Note: Catches in Greenlandic waters totalled over the last 4 quarters. Most recent observation is Q3 2025.

Source: Statistics Greenland.

Cod stocks, on the other hand, are on the rise and contributing to the reduction in shrimp stocks, as shrimp is an important part of the cod's diet. As a result, the amount of cod caught and exported has increased. The export value of cod increased in the first 10 months of 2025 by 70 per cent compared to the same period last year, see chart 2. This is due to a 48 per cent increase in export volumes and 15 per cent higher export prices for cod products. The growth in cod fishing was so strong that the total export value of fish products increased in the second half of 2025.

A voluntary system of individually transferable quotas, ITC, was introduced in the coastal halibut fishing industry in 2025. The aim is a more sustainable coastal fishing industry. There was solid support for the voluntary ITC system among dinghy fishermen. 80 per cent of the coastal Greenland halibut quota was included in the voluntary ITC system, while the remaining 20 per cent of the quota was fished according to the Olympic principle, i.e. first come, first served. By mid-2025, the quota share for Olympic fishing was already close to exhausted and the Greenlandic government, Naalakkersuisut, decided to increase the coastal quota for Greenland halibut. For a voluntary ITC system to work effectively and credibly, it is important that the quota follows the biological advice and is therefore not increased when the quota is close to being used up.

Plans for new investments in infrastructure

Total investments amounted to 36 per cent of GDP in 2023, which is the most recent year of statistics for Greenlandic national accounts. Few countries in the world had a similarly high level of investment activity in relation to production output. The new international airport in Nuuk was opened in 2024, and the new airports in Ilulissat and Qaqortoq are scheduled to open this year. The state contributes financing and guarantees to the new airports in Nuuk and Ilulissat, and also has an ownership share of one third. The airports have become a lot more expensive than budgeted, and in July 2025 the Danish government granted a construction subsidy of kr. 400 million to finance the ongoing construction of the airport in Ilulissat. The state will also re-lend kr. 1.1 billion to the company behind the airports.

Construction activity has peaked for the time being, but major new capital investments are on the horizon. In the energy sector, plans are under way to expand the Buksefjord power plant near Nuuk and subsequently establish a hydropower plant to supply Aasiaat and Qasigianniguit. The construction cost of the Nuuk hydropower project was originally estimated at around kr. 3 billion, but rising prices have created uncertainty about the total construction costs and when development will begin. An agreement has been reached on a 95 per cent Danish state guarantee for the construction of the hydropower plant near Nuuk, which will significantly reduce the interest cost and risk for the Greenlandic government.

In the field of infrastructure, Denmark has recently agreed to contribute full funding for the construction of a new regional runway at Ittoqqortoormiit in East Greenland and a deep-water harbour in Qaqortoq in South Greenland. These two projects are part of the framework agreement of 16 September 2025 between the government and Naalakkersuisut on a self-sustaining Greenland, which also contains health policy initiatives, see chapter 2. The parties must jointly identify the criteria for realisation of the projects.

Exploration and feasibility studies are still the most important activities in the area of raw materials. Just under 100 licences for such studies were valid in 2024, roughly the same number as in previous years. Mining licences have been issued for several large mineral projects, but the licensees have been unable to obtain financing, meaning those projects have not yet been started and put into operation. The mineral project at Kuannersuit (Kvanefjeldet) cannot be realised

as originally intended due to zero tolerance for uranium. High gold prices have increased the likelihood that the gold mine in South Greenland could be reopened. There is one active mineral project extracting anorthosite at Kangerlussuaq Fjord, which opened in 2019.

Educational levels and demographic problems increase pressure on the labour market

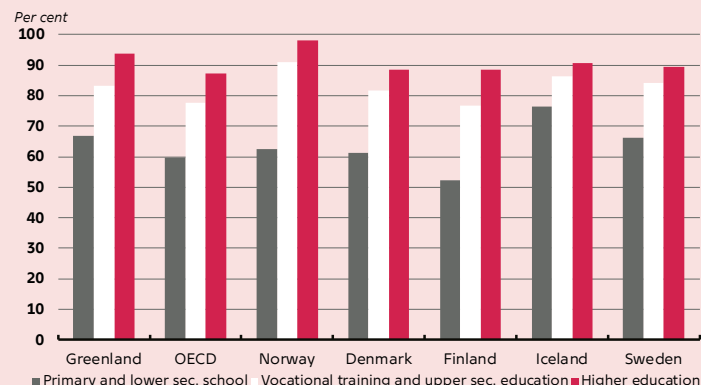
The slowdown in the economy is reflected in the labour market. The number of people contacting their municipality with unemployment as a problem has increased since the beginning of 2024. In the first 10 months of 2025, there was an average of 1,670 job seekers per month. That figure was 1,400 people in 2024 and 1,280 people in 2023, when there were the fewest jobseekers. Part of the increase is due to the introduction of a new jobseeker's allowance in 2024, which increases the incentive to register as a jobseeker. Unemployment was 3.3 per cent of the workforce in 2024, which is the most recent year with register-based statistics for the labour market.

29,232 people were in employment in 2024. Approximately 9 per cent of permanent residents in employment were Danish citizens born in Denmark, while foreign citizens made up 4.4 per cent of the total. This is a low estimate of dependence on foreign labour. The report does not include employed persons who work in Greenland for part of the year or otherwise do not fulfil the criterion for being permanent residents, i.e. being resident in the country both at the beginning and end of the year. The recruitment of foreign labour looks set to continue in 2025. The number of registered foreign nationals aged 17 to 64 reached 2,500 in Q4 2025, compared to 2,300 the year before. Asian labour is mainly recruited within the service, construction and fishing industries. The continued recruitment of and dependence on foreign labour testifies to the structural challenge of strengthening labour supply.

The workforce makes up around [78] per cent of the population between the age of 18 and the retirement age of 67. Labour market participation is relatively low compared to other countries, which is closely linked with education and qualifications. In Greenland, people with post-school education have the same high employment rate as in the Nordic and OECD countries. Similarly, school-leavers who do not go on to further education have the same relatively low chances of employment as in other countries, see chart 3. Education is thus the main reason why the employment rate is lower in Greenland than in other countries. Almost half of the population between the ages of 25 and 64 only have school qualifications as their highest level of education. This is a significantly higher proportion than in the OECD and Nordic countries, see chart 4.

CHART 3

Education increases the chances of employment

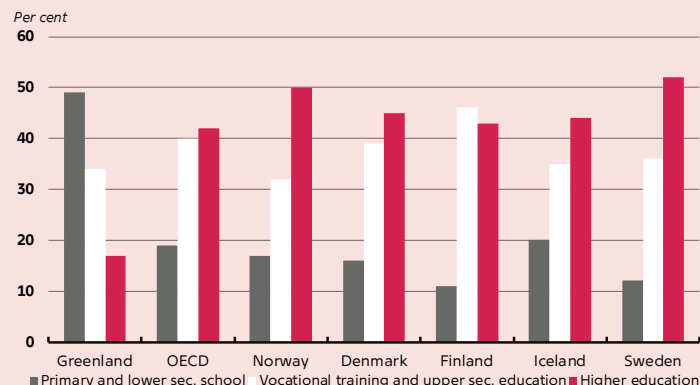


Note: Employment rate by highest level of education attained for 25-64-year-olds for OECD countries and for 18-65-year-olds for Greenland. Data is from 2024.

Source: Statistics Greenland and OECD, *Employment Outlook* (2025).

CHART 4

Greenland lags significantly behind in educational level



Note: Proportion of 25-64 year olds by highest completed level of education. Data is from 2024.

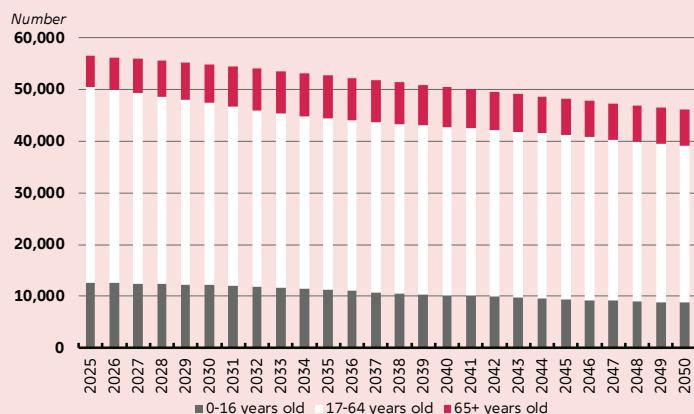
Source: Statistics Greenland and the OECD, *Employment Outlook* (2023).

The pressure on the labour market and the need for foreign labour must also be seen in the light of demographic developments. Statistics Greenland's latest projection shows that the total population will decrease by approximately 10,500 people from the current 56,500 to 46,100 by 2050. The number of children and young people up to the age of 16 will fall by a third from 2025 to 2050, and there will be 20 per cent fewer people in the working ages from 17 to 65. On the other hand, there will be significantly more elderly people, see also the main chart on page 2.

Demographics are thus creating difficulties in the labour market, where the workforce will shrink due to fewer people of working age, see chart 5. The severity of the situation is underlined by the fact that education levels are stagnating, judging by current data on the educational behaviour of young people. This means that the decline will mainly occur among people with a vocational education, see chart 6. This will make it more difficult to recruit skilled workers for elderly care, health and education, where there are already staff shortages and more labour will be needed in the future. Reforms aimed at achieving better education levels and chances of employment will therefore be crucial.

CHART 5

Declining population and significantly fewer people of working age

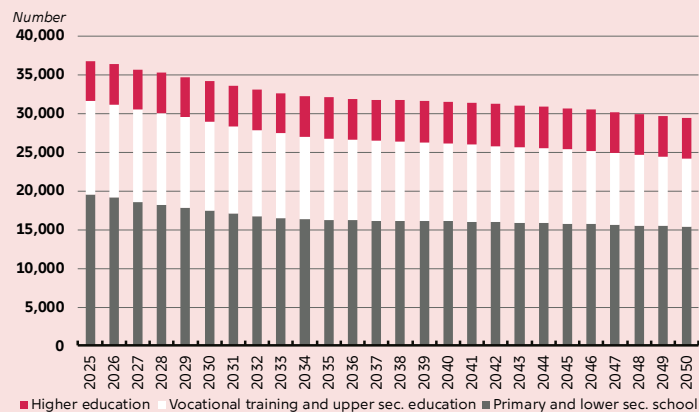


Note: The population projection (the main alternative, which is the name for the main scenario) is based on historical data for fertility, mortality and net migration for people born in Greenland.

Source: Statistics Greenland.

CHART 6

Fewer skilled workers expected by 2050



Note: Projection of the number of 18-64 year olds residing in Greenland by highest completed level of education. Model calculation of education level in Greenland based on actual educational behaviour (enrolments, dropouts, completions, etc.).

Source: Statistics Greenland and Economic Council.

02

Public finances under considerable pressure

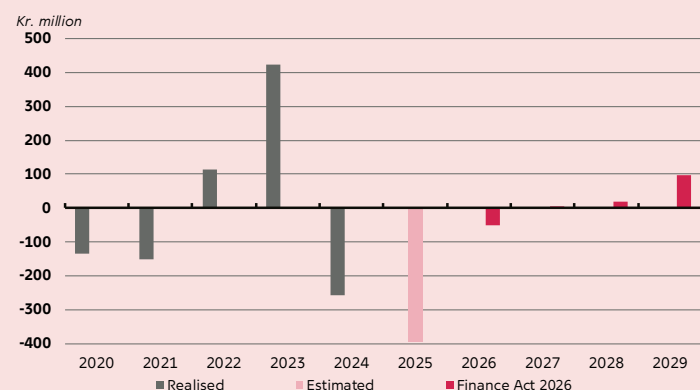
Public finances deteriorated significantly during 2025. This was partly due to a decrease in expected dividends from government-owned companies. The government's majority ownership of the country's largest companies entails a high risk exposure when the financial performance of those companies is unexpectedly poor, as was the case with fishing group Royal Greenland in 2025. Lower revenues from shrimp taxes, import duties and personal taxes, and unexpectedly high increases in healthcare and retirement pension spending also had a negative impact.

The development in public finances was also linked to political decisions that either required expenditure or reduced revenue, such as tax cuts in the form of higher personal allowances. The Finance Act for 2025 was more expansive than called for in the draft Finance Act. The latest budget follow-up for 2025 estimates a deficit of up to kr. 400 million in the Greenland Treasury's operating and fixed assets balance sheet, see chart 7.

The deterioration in public finances in 2025 was surprisingly sharp. For example, when the draft Finance Act for 2025 was presented in the summer of 2024, a surplus of kr. 111 million was estimated for the operating and fixed assets balance sheet in 2025. Consequently, liquidity in the Greenland Treasury has decreased significantly. As a rule of thumb, healthy liquidity in the Greenland Treasury should not be less than 10 per cent of operating expenses. This corresponds to no less than approximately kr. 800 million. Liquidity of this magnitude is considered sufficient to handle major fluctuations in income and expenses without having to borrow. However, recent developments in public finances have resulted in the Greenland Treasury's funds being below that level in 2025. Credit facilities were utilised in August and September (i.e. negative bank deposit balance) and the treasury's liquidity in the form of bond holdings has also reduced significantly, see chart 8.

CHART 7

Deficit on the Greenland Treasury's operating and fixed assets balance sheet

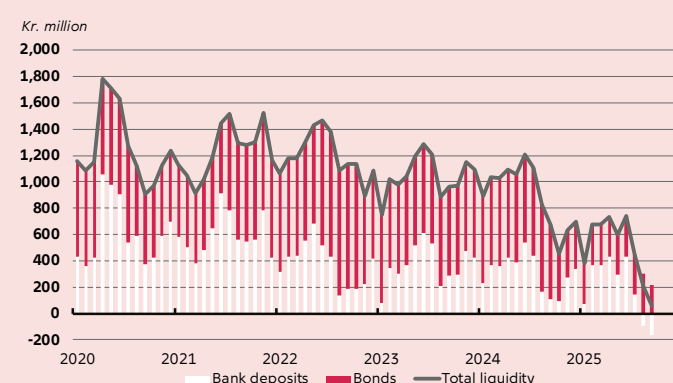


Note: Positive figures are surpluses on the operating and fixed assets balance sheet. Realised result for operating and fixed assets balance sheet to 2024. Estimated operating and fixed assets balance sheet in 2025 from budget follow-up by the Ministry of Finances and Taxes. 2026 is the fiscal year 2026, and 2027-29 are the budget years.

Source: Greenland Treasury accounts, Finance Act for 2026 and Ministry of Finances and Taxes.

CHART 8

Liquidity in the Greenland Treasury significantly reduced in 2025



Note: The treasury's liquidity is divided into bank deposits and bond holdings. Negative bank deposits can be interpreted as drawings on credit facilities (overdraft).

Source: Statistics Greenland.

There are large monthly fluctuations in liquidity in both upward and downward directions, so single drops such as in August and September 2025 should be interpreted with caution. However, there is no doubt that the public finances are in a vulnerable position.

Fiscal tightening in 2026

An agreement was reached on the budget for 2026 in November. It contains fiscal tightening measures aimed at restoring a balance between revenue and expenditure as well as healthy liquidity in the Greenland Treasury. Measures will include 'green harvest savings' in areas of self-government, with the exception of healthcare, Inatsisartut (parliament), housing and infrastructure. The Greenland Treasury deficit is estimated to be around kr. 40 million in 2026, after which it should roughly be in balance in 2027, with expected surpluses in 2028 and 2029. The expected surplus in 2029 assumes favourable development in treasury revenue in the form of taxes, duties and dividends from state-owned companies.

The Finance Act complies with the Budget Act, which establishes a reasonable framework for public finances. The Budget Act requires balance between income and expenditure at least over the four-year period of the budget, i.e. budget year 2026 and the three subsequent budget estimate years, 2027-2029. The Budget Act also stipulates that operating and capital expenditure may not grow in real terms by more than 1 per cent in one year and 2 per cent over a four-year period.

The problem is that limits set for public balances and expenditure by the Budget Act have been almost fully utilised for several years. Rising revenues in years of favourable economic conditions have been accompanied by large increases in expenditure, all within the framework of the Budget Act. This means that there has effectively been no buffer in the public economy to handle a downturn. A drop in revenue will then require spending cuts or increases in other taxes, and the economic policy risks exacerbating the downturn. This is an unfortunate asymmetry in fiscal policy that risks becoming cyclical. The Greenland Economic

Council has therefore proposed introducing a balance target in the Budget Act, i.e. a requirement to budget with a surplus in the Greenland Treasury in order to make public finances more resilient.

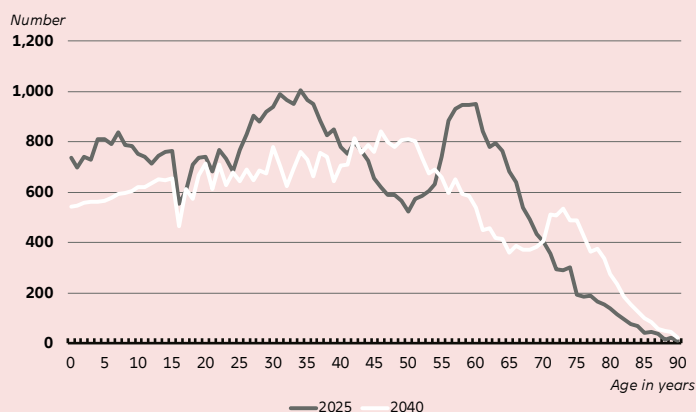
Ageing population will put pressure on public finances

The resilience of public finances is also threatened by demographic trends, with the prospect of a declining population, more elderly people and a shrinking workforce, see chart 9 and the previous chapter on the workforce issue. Greenland is not alone in facing these structural challenges, which are a feature of many Western economies.

More elderly people means increased pressure on healthcare, elderly care, pensions, etc. The cost pressures are evident today and will increase, especially over the next few decades. Public revenues as a share of GDP are also slowly decreasing as the block grant is adjusted according to Danish price and wage trends, which are lower than Greenlandic trends. The result is that public revenues cannot keep up with spending pressure, making public finances unsustainable in the long term, see chart 10. According to the Danish Economic Councils, rising costs and pressure on revenues will mean that there will be an annual shortfall of around kr. 800 million in funding if the development in public finances is to be sustainable. This figure can be interpreted as the future budget improvements needed to fulfil the Budget Act's requirement for balance between income and expenditure. Naalakkersuisut has adopted a four-year work programme for its *Sustainability and Growth Plan*, which is the central framework for work on economic policy and reform up to 2029. The aim is to achieve sustainable public finances and promote economic development.

CHART 9

There are more older people and fewer working-age people

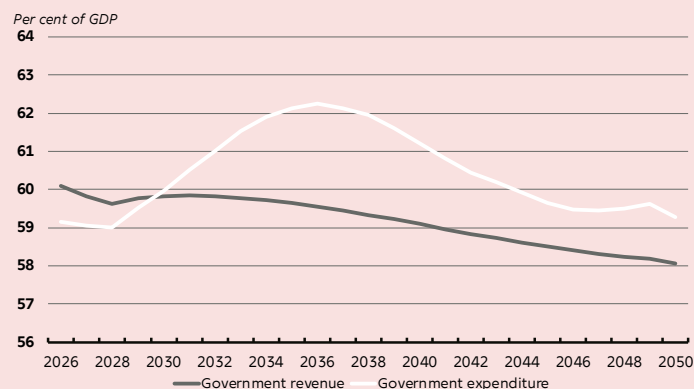


Note: The age breakdown is based on the 2025 projection (main alternative). The decrease in the number of 15-16-year-olds is mainly related to attendance of boarding schools for the last one or two years of secondary education, with most such schools located in Denmark.

Source: Statistics Greenland.

CHART 10

High spending pressures make fiscal policy unsustainable



Note: Public service and administration revenue and expenditure are exclusive of interest, 2026-50. Revenues include the government subsidy (block grant). Differences correspond to the primary government balance in the national accounts. Modelling from September 2025, which does not include the deterioration of public finances in 2025 or the Finance Act for 2026.

Source: Statistics Greenland, DREAM and Economic Council.

The budgetary impact of demographic change is already being felt in key welfare areas. Healthcare is particularly challenged by staff shortages and the need to recruit external labour. Demand is also high for Greenlandic patients to be treated in the Danish healthcare system. More funds have been allocated to the

health sector in recent finance acts, and in 2024 the Danish Parliament allocated extraordinary funds for a health pool in Greenland.

With the framework agreement of 16 September 2025 between the Danish government and Naalakkersuisut, agreement was reached that from January 2026, Denmark will increase its funding of the Greenlandic healthcare system for the treatment of patients in Danish hospitals, corresponding to the costs that Greenland has incurred so far. In the draft Finance Act for 2026, the cost of patient treatments abroad was budgeted at almost kr. 200 million in 2026. The specific model for referrals to healthcare treatment in Denmark will be developed in collaboration between Danish and Greenlandic authorities. The framework agreement also agrees to explore the possibility of further support and co-operation in the field of healthcare. This is a far-reaching, strengthened collaboration between Denmark and Greenland in a key welfare area. The framework agreement will also relieve the pressure on the Greenland Treasury to the extent that the saved costs for the treatment of patients in Danish hospitals are not fully utilised in other areas of expenditure. The framework agreement can thus contribute to strengthening fiscal sustainability.

The Greenlandic authorities took over responsibility for healthcare in the early 1990s, including legislation, administration and financial responsibility. The block grant was increased at that time, corresponding to the state's healthcare costs in Greenland prior to the takeover. Developments in the health sector show some of the issues associated with public service provision in Greenland. The public sector is organised according to the same principles as in the Scandinavian countries. There are rights to welfare services, but a small and dispersed population means diseconomies of scale in the production of these services. Strengthened cooperation with Danish authorities in the healthcare sector can help to ensure up-to-date public healthcare services.

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The analysis consists of a Danish, Greenlandic and an English version. In case of doubt as to the correctness of the translation, the Danish version will prevail.

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