



# THE ECONOMIC IMPACT OF HUAWEI IN AUSTRIA

NOVEMBER 2020

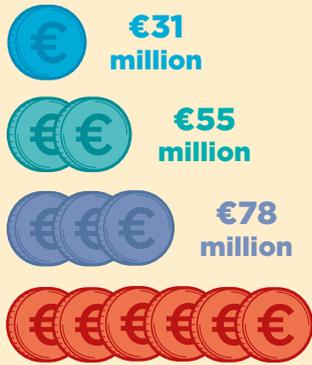
# AUSTRIA

## HUAWEI'S ECONOMIC IMPACT IN 2019

● Direct    ● Indirect  
● Induced   ● Total

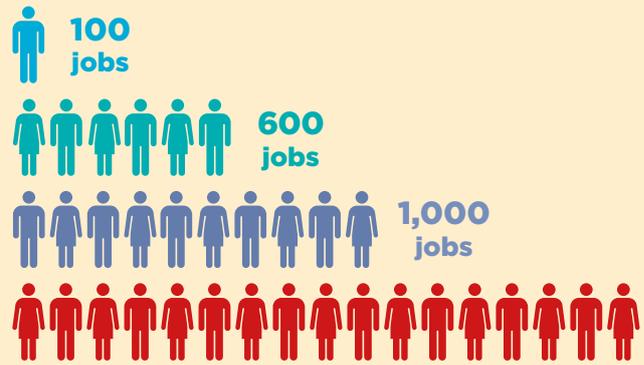
Totals may not sum due to rounding.

### CONTRIBUTION TO GDP



0.04% of Austria's total GDP

### EMPLOYMENT



0.04% of Austria's total employment

### TAX REVENUES



## HUAWEI'S ECONOMIC IMPACT BETWEEN 2015 AND 2019

All figures are annual averages (monetary values in 2019 prices)

### Contribution to GDP:



### Employment:



### Tax revenues:



Real growth in tax revenues 2015-2019:



# THE ECONOMIC IMPACT OF HUAWEI IN AUSTRIA

Huawei began its Austrian operations in Vienna in 2007, and holds the second largest market share of terminal handsets in the country. As a company, it has collaborated with more than 50 local companies across various sectors, from media to engineering. Huawei has made a notable contribution to the Austrian economy over the last five years, through its local operations and its procurement from Austrian-based suppliers.

Huawei commissioned Oxford Economics to investigate and quantify its economic contribution to Europe in 2019. This summary report details the contribution the company made in Austria.

## HUAWEI'S ECONOMIC CONTRIBUTION

Huawei's contribution to the Austrian economy is captured through three channels:

- Huawei's **direct contribution** is generated through its own operations in Austria, as well as the direct hiring of Austrian staff and direct tax payments to the Austrian government.
- In conducting its operations, Huawei purchases inputs of goods and services from Austrian suppliers. This procurement supports economic activity, jobs and taxation further along its local supply chain. This activity along the supply chain is known as the firm's **indirect contribution**.
- In addition, Huawei and the firms in its supply chain pay their staff wages. These wage payments are spent on goods and services at retail, leisure and other outlets, stimulating additional gross value added (GVA), employment and taxes through Huawei's **induced contribution**.

In 2019, Huawei made a direct GVA contribution to Austrian GDP of €31.4 million—more than twice the value than in 2015 (€14.9 million), with growth having averaged 20.4% per year.<sup>1</sup>

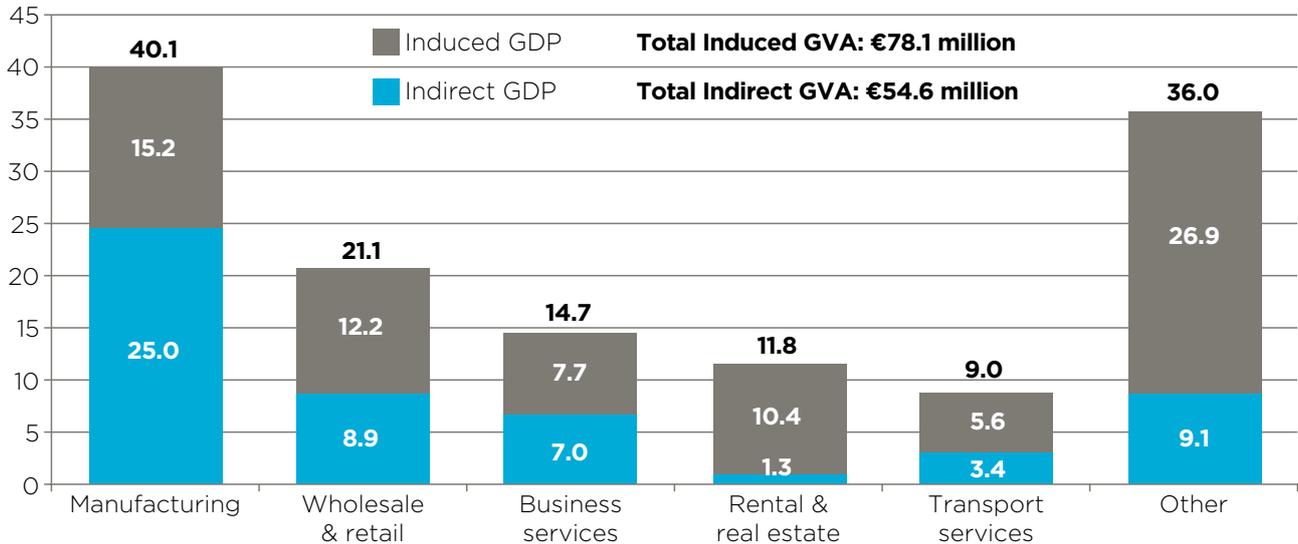
Huawei's procurement stimulated a further €54.6 million in GVA contribution along its Austrian supply chain (its indirect impact) in 2019, up from €32.0 million in 2015. This is equivalent to an average annual growth of 14.3%. Almost half of this contribution was stimulated in the manufacturing industry (see Fig. 1), accounting for 45.7% of Huawei's total indirect GVA contribution to GDP in Austria.

In 2019, a €78.1 million contribution to Austrian GDP was supported through the induced channel—up from €44.3 million in 2015, representing an average annual rise of 15.2%. Of this, almost one-fifth, or €15.2 million, was supported in the manufacturing industry.

<sup>1</sup>All figures throughout this report are presented in 2019 prices and comparisons are measured in real terms.

**Fig. 1: Huawei’s indirect and induced contribution to Austrian GDP by industry, 2019**

€ million

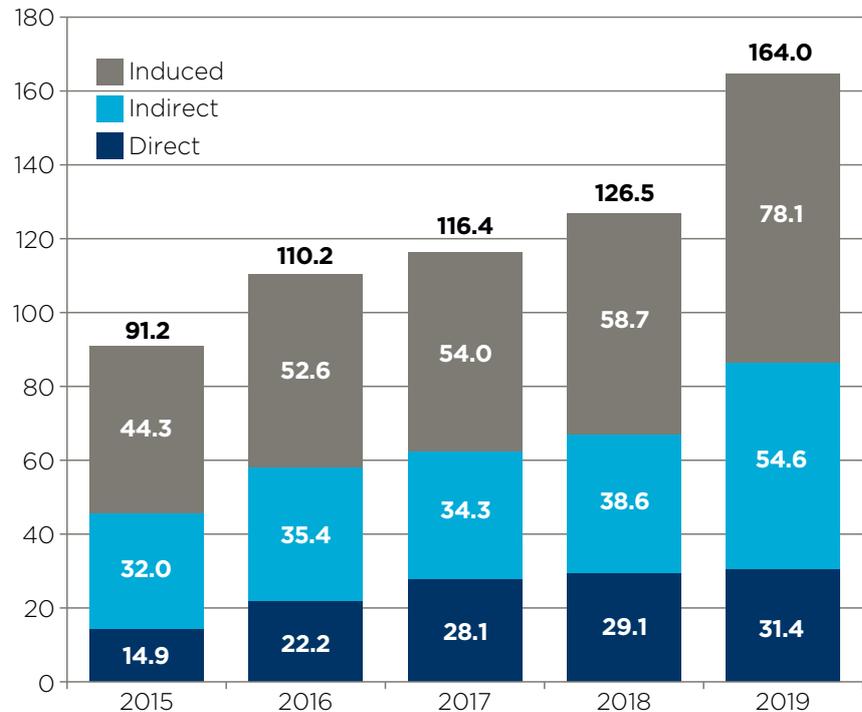


Source: Huawei, Oxford Economics

In total we estimate that Huawei’s operations around Europe supported an overall contribution to Austrian GDP of €164.0 million in 2019, accounting for 0.05% of Austria’s total economy that year (see Fig. 2). The firm’s contribution to the Austrian economy has increased significantly in recent years, recording an average annual real growth rate of 15.8% between 2015 and 2019.

**Fig. 2: Huawei’s direct, indirect and induced contribution to Austria’s GDP, 2015-2019**

€ million (2019 prices)



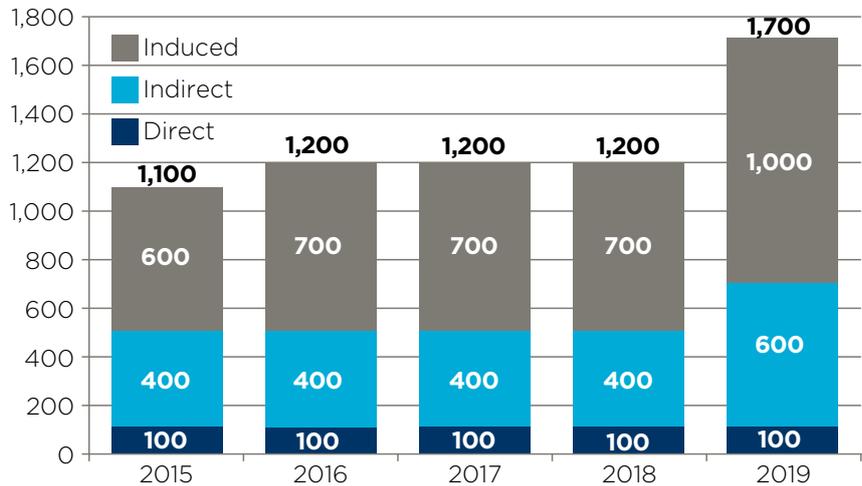
Source: Huawei, Oxford Economics

The economic activity Huawei supported in Austria also sustains employment in the country. The company employed 100 workers in Austria in 2019, the same as in 2015 (see Fig. 3). Its procurement supported 600 jobs along its Austrian supply chain, up from 400 in 2015—this is equivalent to an average annual rise of 10.7%. A further 1,000 jobs were sustained by wage-financed spending in the induced channel, representing an average annual rise of 13.6% since 2015.

Combined, the total number of jobs supported in Austria by Huawei was 1,700 in 2019. This was a rise from the 1,100 jobs supported in 2015 (which corresponds to a 11.5% average annual rise) and equated to 0.04% of employment in Austria in 2019.

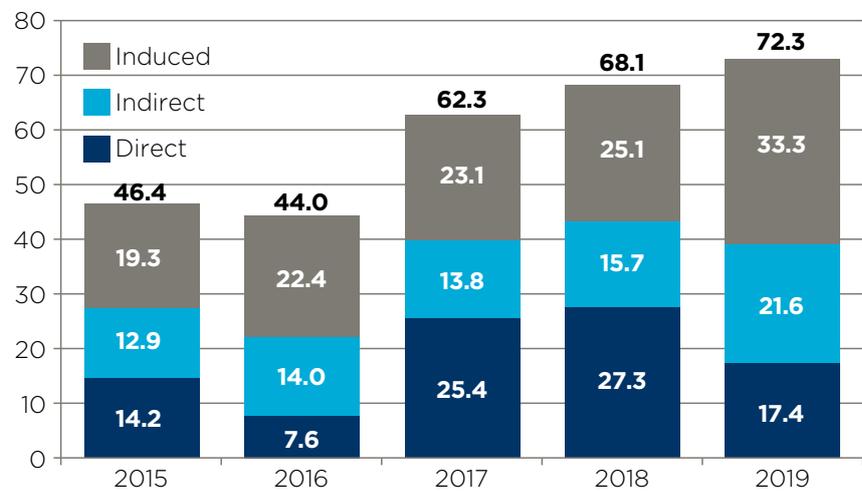
Finally, Huawei makes a significant contribution to public finances in Austria, through taxes generated in the direct, indirect and induced channels. This supports essential spending on important public services. Huawei and its staff contributed €17.4 million to Austrian tax receipts in 2019, a substantial rise from the contribution in 2015 (€14.2 million)—see Fig. 4. Huawei’s procurement from Austrian suppliers stimulated a further €21.6 million in tax receipts in the indirect channel. Compared to the €12.9 million in 2015, this represented an average annual rise of 13.9%.

**Fig. 3: Huawei’s contribution to employment in Austria, 2015-2019**  
Headcount



Source: Huawei, Oxford Economics

**Fig. 4: Huawei’s contribution to Austrian tax receipts, 2015-2019**  
€ million (2019 prices)



Source: Huawei, Oxford Economics

An additional contribution to taxation of €33.3 million was supported in 2019 via the induced channel. This compares to €19.3 million through the same channel in 2015, an average annual rise of 14.6%. In total, Huawei supported €72.3 million in tax

receipts in Austria in 2019—equivalent to an average annual increase of 11.8% since 2015. The combined taxation of €72.3 million supported by Huawei in 2019 is roughly equal to the average salaries for 1,400 Austrian teachers.<sup>2</sup>

<sup>2</sup>Using OECD data. Based on an annual salary of €50,581 in 2019 for lower secondary teachers.

## HUAWEI'S WIDER CONTRIBUTION

Outside of these expenditure impacts, Huawei plays an important role in R&D investment across the globe. In 2018, it was the fifth largest corporate investor in R&D in the world, making a global investment of €12.7 billion. Its role is particularly important in Europe, where it made the most patent applications to the European Patent Office in 2019. Huawei has an Austrian research centre, the Institute of Magnetic Materials, and has collaborated with several universities and research facilities including the Technical University of Vienna and the University of Applied Sciences in Graz and Hagenberg.

Huawei has also made important social contributions to Austrian life, in addition to the investment in R&D and economic impact. Huawei's extended its "Seeds for the Future" programme to Austria in 2013. This programme selects the top 10 ICT students in Austria each year and provide them with two weeks of training and learning opportunities in China. In addition, Huawei offer scholarships in cooperation with OEJAB (Austrian Young Workers Movement).

# OXFORD ECONOMICS

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on more than 200 countries, 250 industrial sectors, and 7,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centres in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Melbourne, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ 400 full-time staff, including more than 250 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

Oxford Economics is a key adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base now comprises over 1,500 international organisations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

## November 2020

All data shown in tables and charts are Oxford Economics' own data, except where otherwise stated and cited in footnotes, and are copyright © Oxford Economics Ltd.

**This report is confidential to Huawei and may not be published or distributed without their prior written permission.**

The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

To discuss the report further please contact:

Oxford Economics  
4 Millbank  
London  
SW1P 3JA  
United Kingdom

Tel: +44 203 910 8000

## Photo credits

Cover: DKosig/istockphoto.com



OXFORD  
ECONOMICS

**Global headquarters**

Oxford Economics Ltd  
Abbey House  
121 St Aldates  
Oxford, OX1 1HB  
UK  
**Tel:** +44 (0)1865 268900

**London**

4 Millbank  
London, SW1P 3JA  
UK  
**Tel:** +44 (0)203 910 8000

**Frankfurt**

Marienstr. 15  
60329 Frankfurt am Main  
Germany  
**Tel:** +49 69 96 758 658

**New York**

5 Hanover Square, 8th Floor  
New York, NY 10004  
USA  
**Tel:** +1 (646) 786 1879

**Singapore**

6 Battery Road  
#38-05  
Singapore 049909  
**Tel:** +65 6850 0110

**Europe, Middle East  
and Africa**

Oxford  
London  
Belfast  
Dublin  
Frankfurt  
Paris  
Milan  
Stockholm  
Cape Town  
Dubai

**Americas**

New York  
Philadelphia  
Boston  
Chicago  
Los Angeles  
Toronto  
Mexico City

**Asia Pacific**

Singapore  
Hong Kong  
Tokyo  
Sydney  
Melbourne

**Email:**

[mailbox@oxfordeconomics.com](mailto:mailbox@oxfordeconomics.com)

**Website:**

[www.oxfordeconomics.com](http://www.oxfordeconomics.com)

**Further contact details:**

[www.oxfordeconomics.com/  
about-us/worldwide-offices](http://www.oxfordeconomics.com/about-us/worldwide-offices)