



THE ECONOMIC IMPACT OF HUAWEI IN DENMARK

NOVEMBER 2020

DENMARK

HUAWEI'S ECONOMIC IMPACT IN 2019

● Direct ● Indirect
● Induced ● Total

Totals may not sum due to rounding.

SPENDING WITH DANISH SUPPLIERS:



CONTRIBUTION TO GDP



€145 million

0.05% of Denmark's total GDP

EMPLOYMENT



1,400 jobs

0.1% of Denmark's total employment

TAX REVENUES



HUAWEI'S ECONOMIC IMPACT BETWEEN 2015 AND 2019

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

Spend with Danish suppliers:



€56 million

Contribution to GDP:



€161 million

Employment:



1,500 jobs

Tax revenues:



€77 million

Real growth in tax revenues 2015-2019:

7%

THE ECONOMIC IMPACT OF HUAWEI IN DENMARK

Huawei expanded their operations to Denmark in 2007, with headquarters located in Copenhagen, as well as offices in Aarhus, Kolding and Odense. Huawei has made a positive contribution to the Danish economy over the last 5 years, through its local operations, procurement from Danish-based suppliers, and wider socioeconomic contributions.

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 Denmark.

HUAWEI'S ECONOMIC CONTRIBUTION

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

- Huawei's **direct contribution** is generated through its own operations in Denmark, as well as the direct hiring of local staff and direct tax payments to the national government.
- In conducting its operations, Huawei purchases inputs of goods and services from Danish 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**.

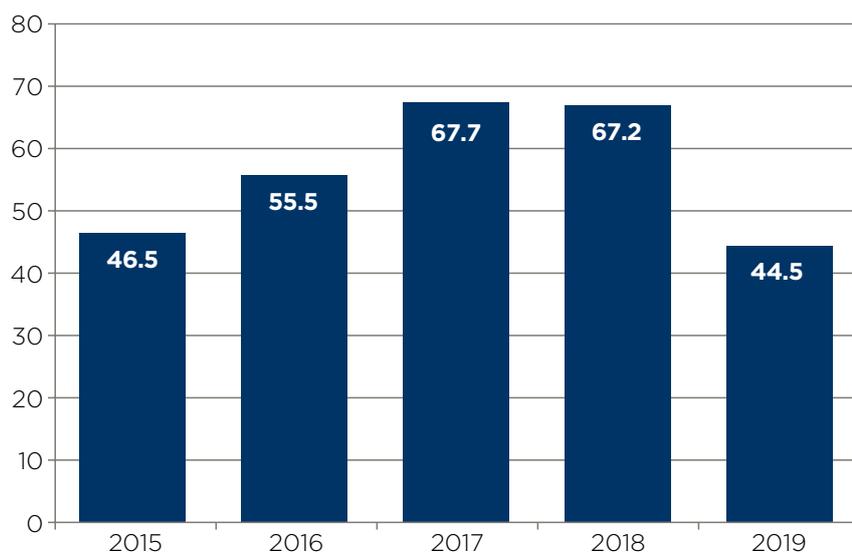
- In addition, Huawei and the firms in its supply chain pay their staff wages. These wage payments are spent on goods and services at retail, leisure and other outlets, stimulating additional gross value added (GVA), employment and taxes through Huawei's **induced contribution**.

In 2019, Huawei made a direct GVA contribution to Denmark's GDP of €22.2 million, down from €42.4 million in 2015.¹ This is equivalent to an annual average decline of 14.9% over the last five years. In making this direct GVA contribution in 2019, Huawei spent €44.5 million on inputs from Danish suppliers (see Fig. 1 below); this was 0.5% of Huawei's procurement in Europe.² Huawei's procurement in Denmark has declined by 1.1% per year on average between 2015 and 2019.

Huawei's procurement stimulated €48.9 million in GVA contribution along its Danish supply chain (its indirect impact) in 2019, an increase from €41.8 million in 2015. This represents an average growth of 4.0% per year between 2015 and 2019. The majority of this contribution was stimulated in the manufacturing industry (see Fig. 2), accounting for almost half (48.1%) of the total indirect GVA contribution to Denmark's GDP.

Fig. 1: Huawei's procurement from Danish suppliers, 2015-2019

€ million (2019 prices)



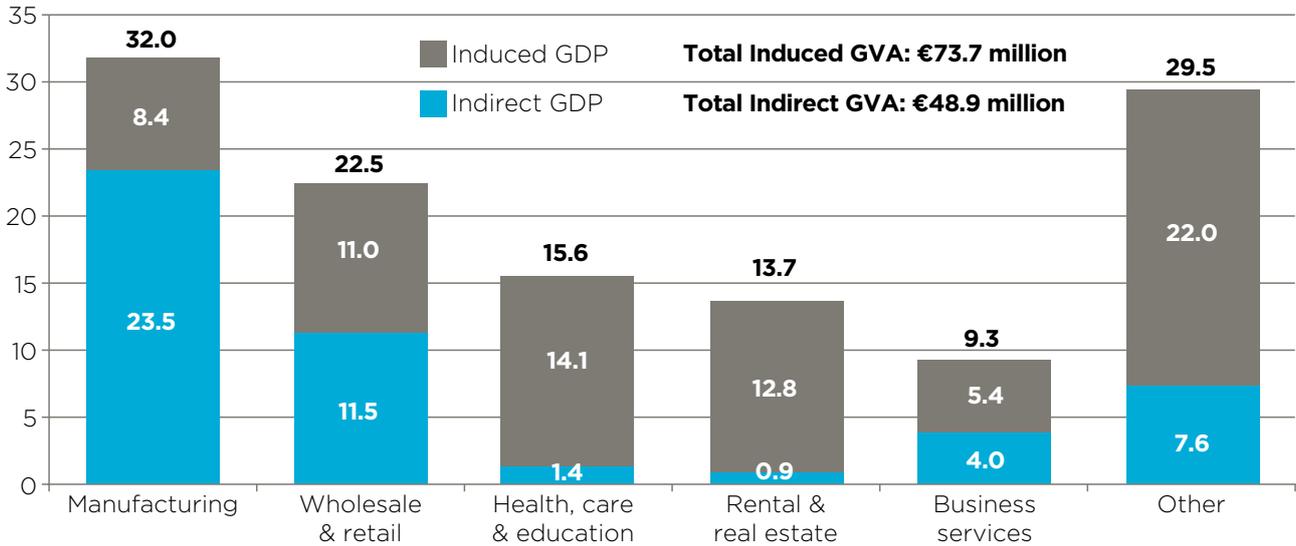
Source: Huawei

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

² More specifically, the twelve countries in which Huawei conducts most of its procurement within Europe.

Fig. 2: Huawei’s indirect and induced contribution to Denmark’s GDP by industry, 2019

€ million



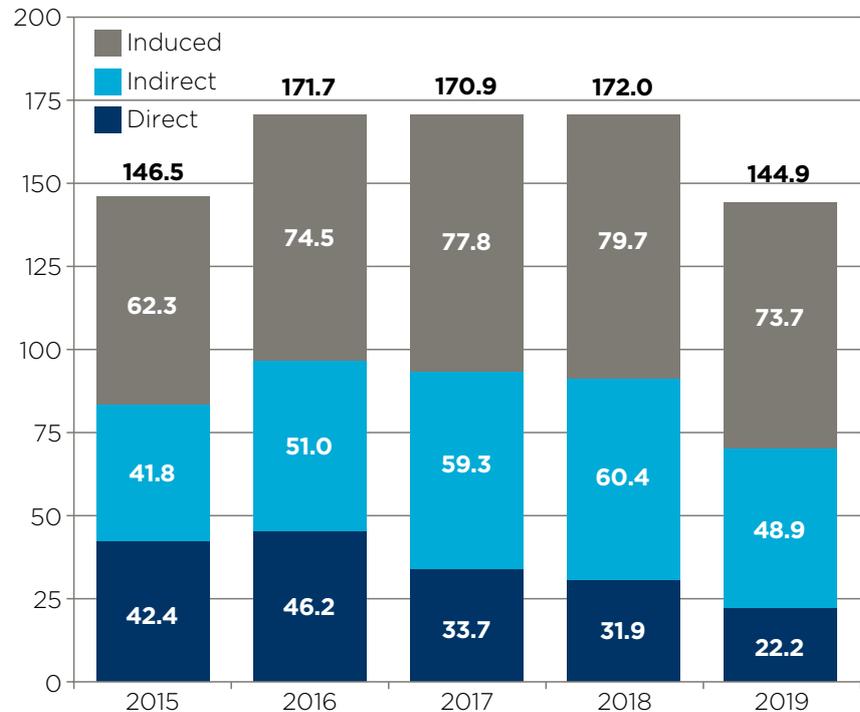
Source: Huawei, Oxford Economics

In 2019, a €73.7 million contribution to Denmark’s GDP was supported through the induced channel—up from €62.3 million in 2015, representing an average annual rise of 4.3%. Of this, €14.1 million or 19.2% was supported in the health, care & education sector.

In total we estimate that Huawei’s operations around Europe supported an overall contribution to Denmark’s GDP of €144.9 million in 2019, accounting for 0.05% of Denmark’s total economy that year (see Fig. 3). This was down slightly from €146.5 million in 2015, representing an average annual decline of 0.3% between 2015 and 2019.

Fig. 3: Huawei’s direct, indirect and induced contribution to Denmark’s GDP, 2015-2019

€ million (2019 prices)



Source: Huawei, Oxford Economics

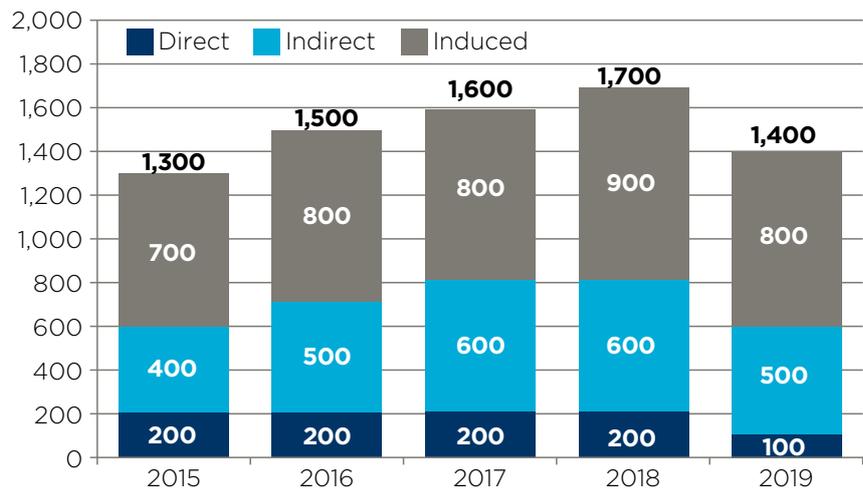
The economic activity Huawei supported in Denmark also sustains employment in the country. In 2019, the company employed 100 workers in Denmark, down from 200 workers in 2015 (see Fig. 4). Its procurement supported 500 jobs at Danish suppliers, up slightly from 400 workers in 2015—this is equivalent to an average annual rise of 5.7%. A further 800 jobs were sustained by wage-financed spending in the induced channel in 2019, having increased by 100 jobs since 2015, averaging growth of 3.4% per year.

Combined, Huawei supported a total of 1,400 jobs across Denmark in 2019. This was a marginal increase from 1,300 jobs in 2015 (which corresponds to a 1.9% average annual rise) and equated to 0.05% of the national employment in 2019.

Finally, Huawei makes a positive contribution to public finances in Denmark, through taxes generated in the direct, indirect and induced channels. This supports essential spending on important public services. Huawei and its staff contributed €25.3 million to Danish tax receipts in 2019, down from €36.6 million in 2015—see Fig. 5. Huawei’s procurement from Danish suppliers stimulated a further €15.8 million in tax receipts in the indirect channel. Compared to the €13.7 million in 2015 this represented an annual average rise of 3.7%. An additional contribution to taxation of

Fig. 4: Huawei’s contribution to employment in Denmark, 2015-2019

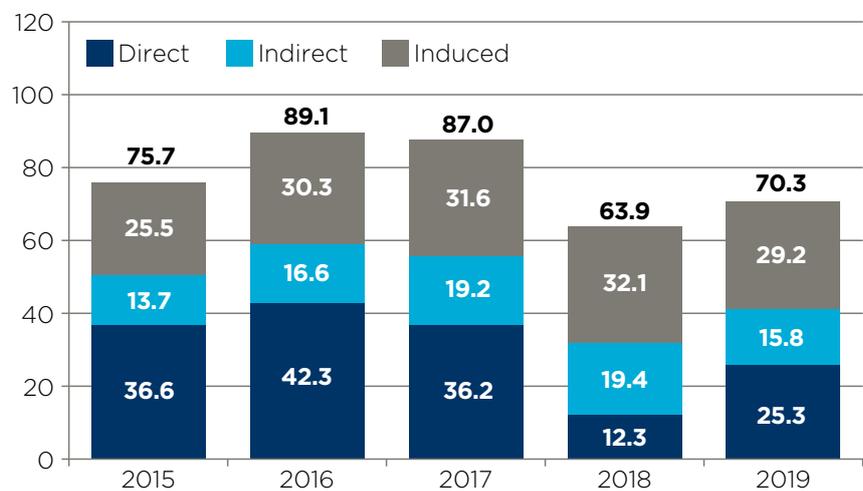
Headcount, thousands



Source: Huawei, Oxford Economics

Fig. 5: Huawei’s contribution to Danish tax receipts, 2015-2019

€ million (2019 prices)



Source: Huawei, Oxford Economics

€29.2 million was supported in 2019 via the induced channel. This compares to €25.5 million through the same channel in 2015, an average annual rise of 3.5% over the last five years. In total, Huawei supported a total of €70.3 million in tax receipts

in Denmark in 2019, equivalent to an average annual decrease of 1.8% since 2015. The total taxation of €72.3 million supported by Huawei in 2019 is roughly equal to the average salaries for 1,300 Danish teachers.³

³ Using OECD data. Based on an annual salary of €52,182 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, they were 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 have also played an important role in society in Denmark through their education programmes. Similar to other countries, Huawei worked with the Technical University of Denmark and Aalborg University to extend their flagship programme to Denmark 'Seeds for the Future' in 2014, enabling students to develop their ICT skills and gain exposure in a professional environment.

OXFORD ECONOMICS

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