



THE ECONOMIC IMPACT OF HUAWEI IN FINLAND

NOVEMBER 2020

FINLAND

HUAWEI'S ECONOMIC IMPACT IN 2019

● Direct ● Indirect
● Induced ● Total

Totals may not sum due to rounding.

SPENDING WITH FINNISH SUPPLIERS:



CONTRIBUTION TO GDP



0.1% of Finland's total GDP

EMPLOYMENT



0.1% of Finland'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 Finnish suppliers:



Contribution to GDP:



Employment:



Tax revenues:



Real growth in tax revenues 2015-2019:



THE ECONOMIC IMPACT OF HUAWEI IN FINLAND

Huawei expanded its operations to Finland in 2008. The company has offices in Helsinki and Tampere. Huawei has made a sizeable contribution to the Finnish economy over the last 5 years, through its local operations and its procurement from Finnish-based suppliers; and in its 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 Finland.

HUAWEI'S ECONOMIC CONTRIBUTION

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

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

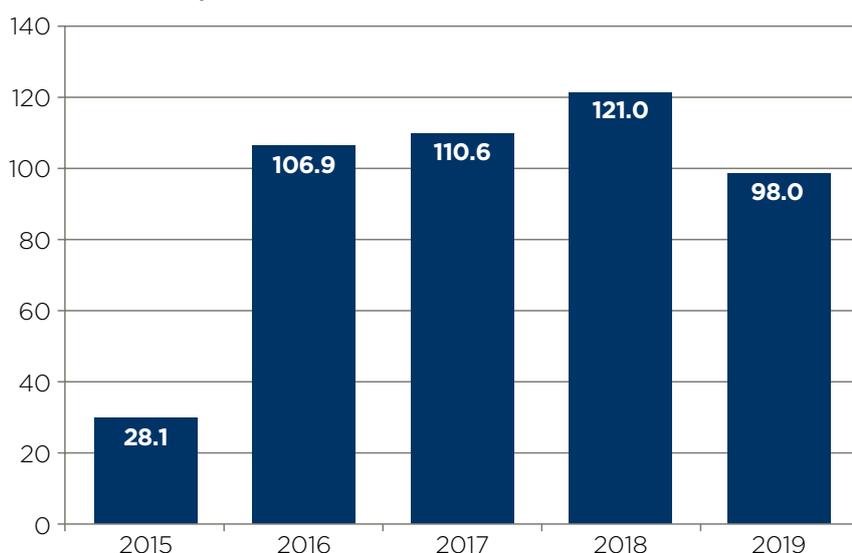
- In addition, Huawei and the firms in its supply chain pay their staff wages. These wage payments are spent on goods and services at retail, leisure and other outlets, stimulating additional gross value added (GVA), employment and taxes through Huawei's **induced contribution**.

In 2019, Huawei made a direct GVA contribution to Finnish GDP of €56.6 million, a significant rise from €14.9 million in 2015—equivalent to an average annual growth of 39.5% over the five-year period.¹ In making this direct GVA contribution in 2019, Huawei spent €98.0 million on inputs from Finnish suppliers (see Fig. 1 below); representing 1.2% of Huawei's procurement in Europe.² This marks a significant increase since 2015, when Huawei's procurement was €28.1 million.

Huawei's procurement stimulated a €73.4 million GVA contribution along its Finnish supply chain (its indirect impact) in 2019. This is a 31.8% average annual rise from the €24.3 million in 2015. The majority (€42.9 million or 58.4%) of this contribution was stimulated in the manufacturing industry (see Fig. 2).

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

€ million (2019 prices)



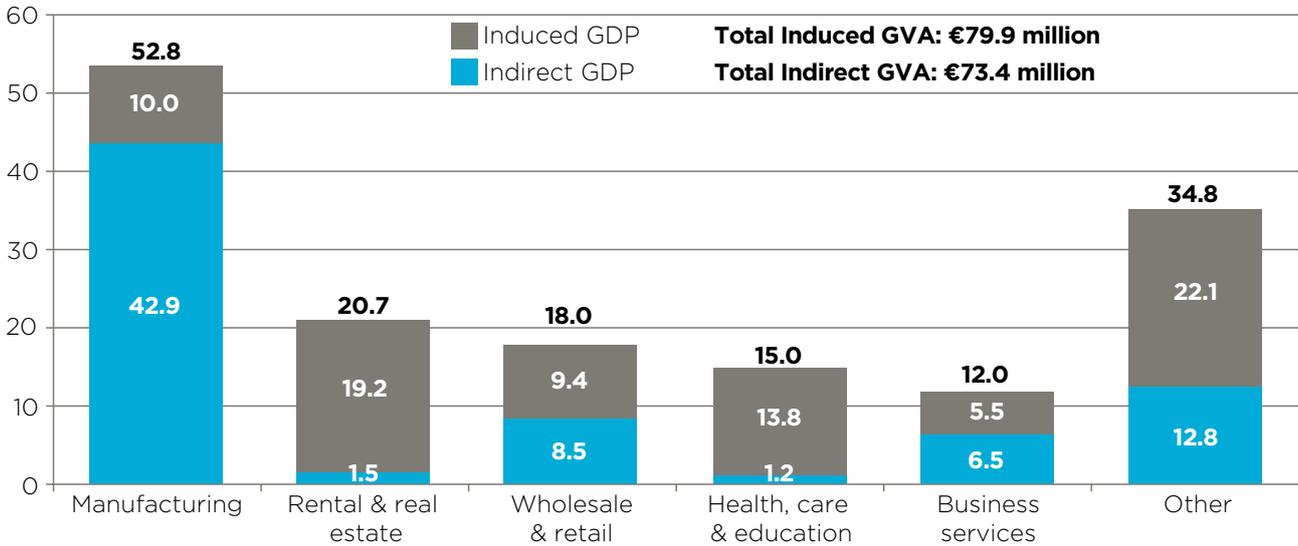
Source: Huawei

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 Finnish GDP by industry, 2019

€ million



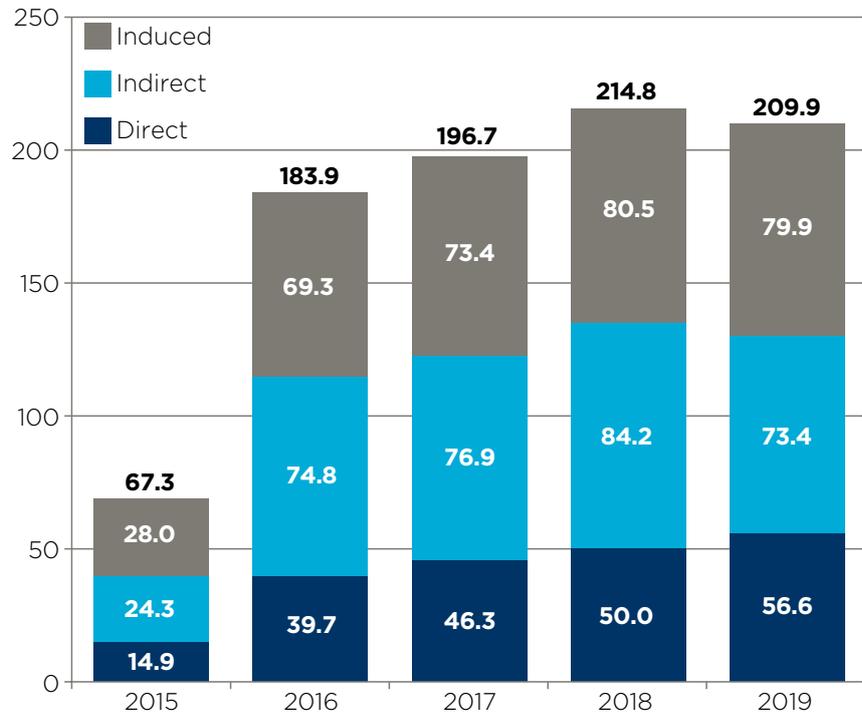
Source: Huawei, Oxford Economics

A further €79.9 million contribution to Finnish GDP was supported through the induced channel in 2019. This was up from €28.0 million in 2015, corresponding to an average annual rise of 30.0%. Of this, 24.0%, or €19.2 million, was supported in the rent & real estate sector.

In total we estimate that Huawei's operations around Europe supported an overall contribution to Finnish GDP of €209.9 million in 2019, accounting for 0.1% of Finland's total economy that year (see Fig. 3). The firm's contribution to the Finnish economy has increased significantly in recent years, recording an average annual growth rate of 32.9% between 2015 and 2019.

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

€ million (2019 prices)



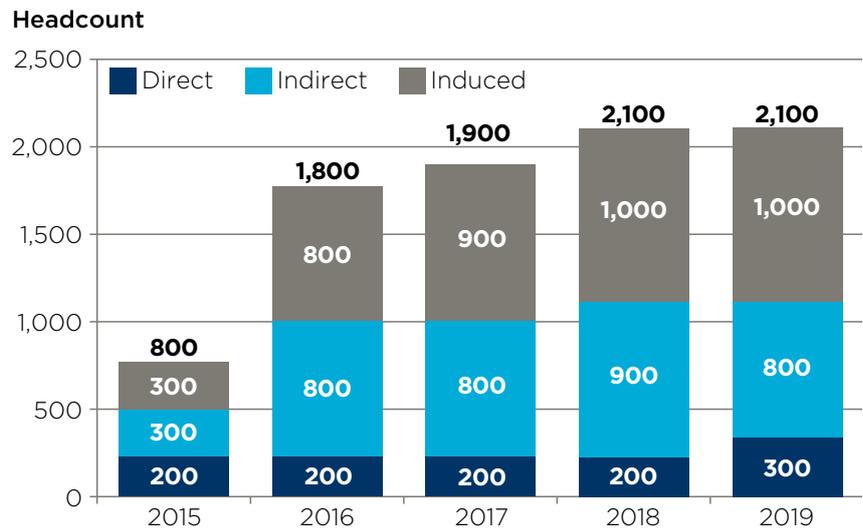
Source: Huawei, Oxford Economics

The economic activity Huawei supported in Finland also sustains employment in the country. In 2019, the company employed 300 workers in Finland, up from 200 since 2015 (see Fig. 4). Its procurement supported 800 jobs along the Finnish supply chain, up from 300 in 2015—this is equivalent to an average annual rise of 27.8%. A further 1,000 jobs were sustained by wage-financed spending in the induced channel, an increase of 700 jobs since 2015—representing average annual growth of 35.1% between 2015 and 2019.

Combined, the total number of jobs supported in Finland by Huawei was 2,100 in 2019; accounting for 0.08% of national employment. This compares to 800 jobs in 2015 and represents job growth of 27.3% per year on average over the five-year period.

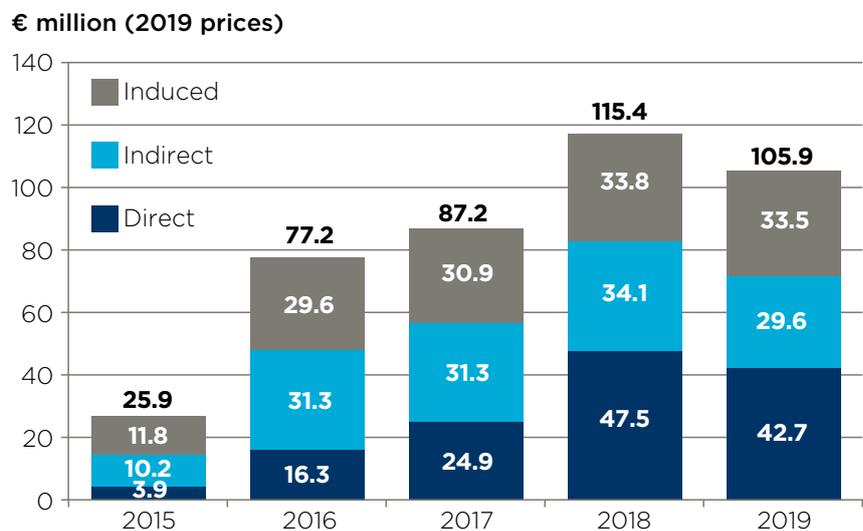
Finally, Huawei makes a considerable contribution to public finances in Finland, through taxes generated in the direct, indirect and induced channels. This supports essential spending on important public services. Huawei and its staff contributed €42.7 million to Finnish tax receipts in 2019, significantly more than in 2015 (€3.9 million)—see Fig. 5. Huawei’s procurement from Finnish suppliers stimulated a further €29.6 million in tax receipts in the indirect channel. Compared to the €10.2 million in 2015 this represented an average annual rise of 30.6%. An additional contribution

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



Source: Huawei, Oxford Economics

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



Source: Huawei, Oxford Economics

to taxation of €33.5 million was supported in 2019 via the induced channel. This compares to €11.8 million through the same channel in 2015, marking a rise of 29.9% per year on average over the five-year period. In total, Huawei supported €105.9 million

in tax receipts in Finland in 2019—equivalent to an average annual increase of 42.2% since 2015. The total taxation of €105.9 million supported by Huawei in 2019 is roughly equal to the average salaries for 2,500 Finnish teachers.³

³Using OECD data. Based on an annual salary of €41,817 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. In 2012, Huawei invested €70 million in Finland as it opened a smartphone R&D centre in Helsinki.⁴ The investment continued in 2016 with the opening of Huawei's new R&D unit at the University of Tampere. This investment in turn created opportunities for both Huawei and the Finnish telecoms industry.

Huawei has also made important social contributions to Finnish life, in addition to the investment in R&D and economic impact. More specifically, Huawei has made strong commitments to promoting local talent and capabilities, providing students with opportunities to develop their skills and rewarding their innovative ideas. For example, in 2016, Huawei extended the Seeds for the Future programme to Finland, which gave the opportunity for ten highly intelligent students to visit Huawei's headquarters in China, enabling the students to further advance their digital skills as well as gaining exposure in a professional environment.

⁴Business Finland. (2016). Huawei's Finnish Success Story Continues With New R&D Unit In Tampere. Available at: <https://www.businessfinland.fi/en/whats-new/cases/2016/huaweis-finnish-success-story-continues-with-new-rd-unit-in-tampere/> [Accessed: 17 September 2020]

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