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ECONOMICS



HUAWEI



# THE ECONOMIC IMPACT OF HUAWEI IN GREECE

NOVEMBER 2020

# GREECE

## HUAWEI'S ECONOMIC IMPACT IN 2019

● Direct      ● Indirect  
● Induced    ● Total

Totals may not sum due to rounding.

### CONTRIBUTION TO GDP



**€36 million**

0.02% of Greece's total GDP

### EMPLOYMENT



**600 jobs**

0.02% of Greece'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:



**€28 million**

### Employment:



### Tax revenues:



**€26 million**

Real growth in tax revenues 2015-2019:

**5%**

# THE ECONOMIC IMPACT OF HUAWEI IN GREECE

Huawei expanded operations to Greece in 2005, with headquarters located in Athens. The company has partnered with various carriers to develop new technologies such as 5G, and has helped support young, local talent in the country. In addition, Huawei has made a notable contribution to the Greek economy over the last 5 years, through its local operations and its procurement from Greek-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 Greece.

## HUAWEI'S ECONOMIC CONTRIBUTION

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

- Huawei's **direct contribution** is generated through its own operations in Greece, as well as the direct hiring of Greek staff and direct tax payments to the Greek government.
- In conducting its operations, Huawei purchases inputs of goods and services from Greek 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 Greek GDP of €18.5 million, up from €14.3 million in 2015.<sup>1</sup> This is equivalent to an average yearly growth of 6.6% over the last five years.

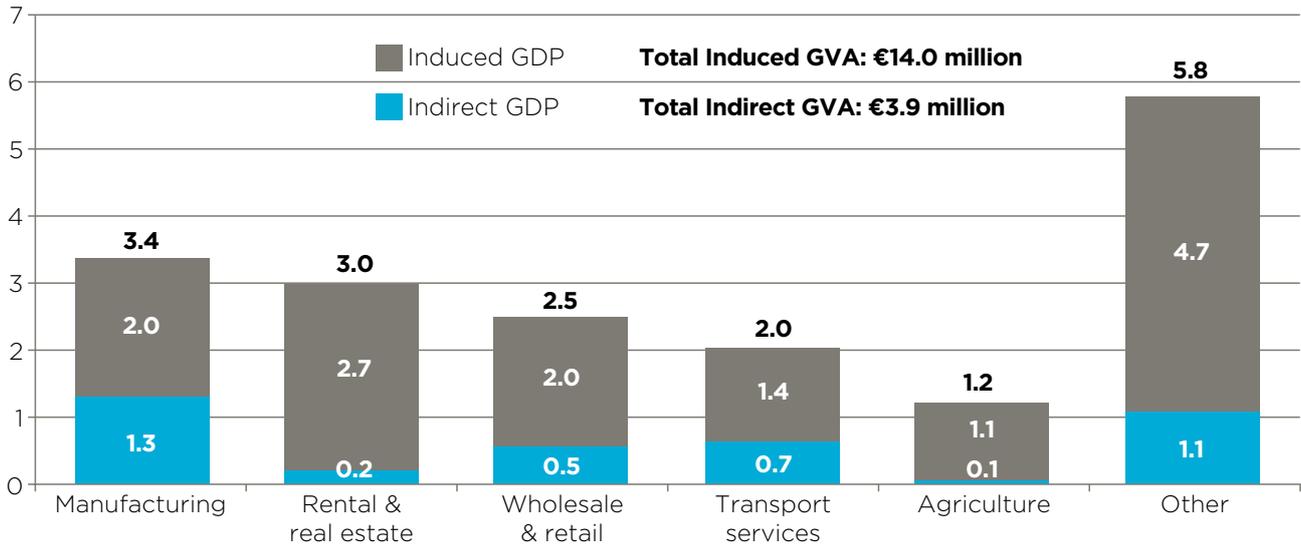
Huawei's procurement stimulated a further €3.9 million in GVA contribution along its Greek supply chain (its indirect impact) in 2019, an increase from €1.8 million in 2015. This represents an average growth of 21.7% per year between 2015 and 2019. The majority of this contribution was stimulated in the manufacturing industry (see Fig. 1), accounting for 34.1% of total indirect GVA contribution to Greek GDP.

In 2019, €14.0 million in GVA contribution to Greek GDP was supported through the induced channel—up from €8.3 million in 2015, representing an average annual rise of 14.1%. Almost a fifth of this contribution, or €2.7 million, was supported in the rent & real estate sector.

<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 Greek GDP by industry, 2019**

€ million

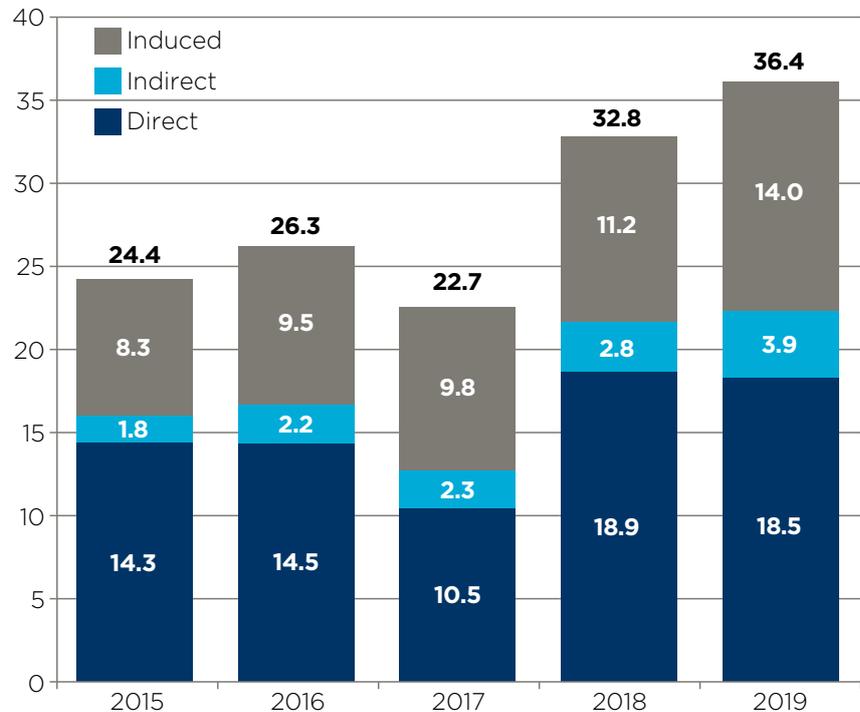


Source: Huawei, Oxford Economics

In total we estimate that Huawei’s operations around Europe supported an overall contribution to Greek GDP of €36.4 million in 2019, accounting for 0.02% of Greece’s total economy that year (see Fig. 2). The firm’s contribution to the Greek economy has increased significantly in recent years, recording an average annual growth rate of 10.5% between 2015 and 2019.

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

€ million (2019 prices)



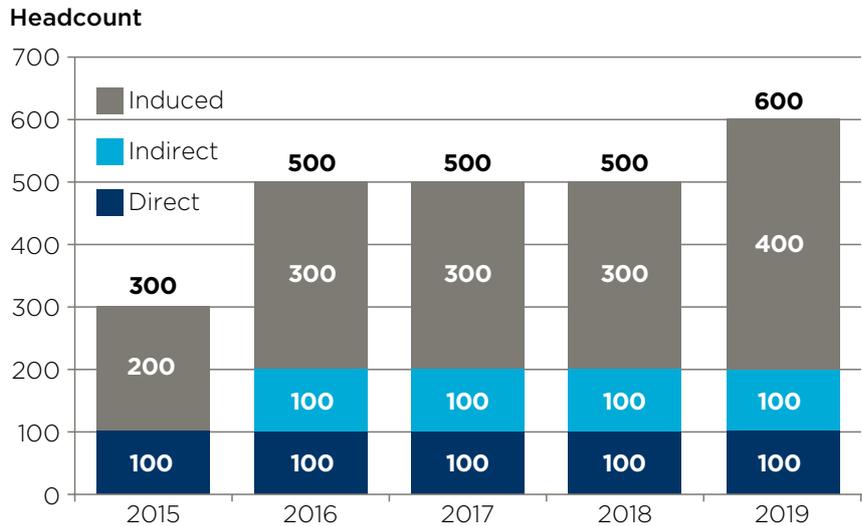
Source: Huawei, Oxford Economics

The economic activity Huawei supported in Greece also sustains employment in the country. In 2019, the company employed 100 workers in Greece, a stable number since 2015 (see Fig. 3). Its procurement supported 100 jobs along its Greek supply chain, remaining stable over recent years. A further 400 jobs were sustained by wage-financed spending in the induced channel in 2019, having doubled since 2015 and averaging growth of 18.9% per year.

Combined, the total number of jobs supported in Greece by Huawei was 600 in 2019. This was twice the number supported in 2015 (equivalent to an average annual growth rate of 18.9%) and equated to 0.01% of the national employment in 2019.

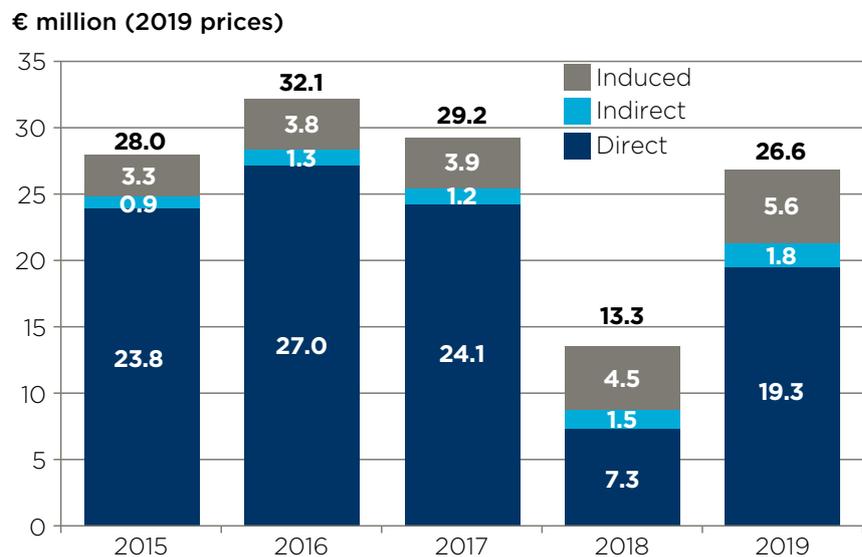
Finally, Huawei makes a positive contribution to public finances in Greece, through taxes generated in the direct, indirect and induced channels. This supports essential spending on important public services. Huawei and its staff contributed €19.3 million to Greek tax receipts in 2019, down from €23.8 million in 2015—see Fig. 4. Huawei’s procurement from Greek suppliers stimulated a further €1.8 million in tax receipts in the indirect channel. Compared to the €0.9 million in 2015 this represented an average annual rise of 17.9%. An additional contribution to taxation of €5.6 million was supported in

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



Source: Huawei, Oxford Economics

**Fig. 4: Huawei’s contribution to Greek tax receipts, 2015-2019**



Source: Huawei, Oxford Economics

2019 via the induced channel. This compares to €3.3 million through the same channel in 2015, an annual average rise of 14.1%. In total, Huawei supported €26.6 million in tax receipts in Greece in 2019—

equivalent to an average annual decrease of 1.3% since 2015. The total taxation of €26.6 million supported by Huawei in 2019 is roughly equivalent to the average salaries for 1,100 Greek teachers.<sup>2</sup>

<sup>2</sup> Using OECD data. Based on an annual salary of €23,924 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 also plays an important role in Greece's education sector. Huawei provided opportunities for students. In 2018, the company launched expanded its 'Seeds for the Future' programme to Greece. As part of this, 11 University students from 6 top level Greek universities took part. It provided students with the opportunity to expand their digital skills and gain exposure in a professional environment. Huawei continued this program in 2019, sending 10 students from 7 top Greek universities to China. Elsewhere, in 2017 Huawei offered "SOS Children Villages", an NGO, clothes, shoes and 60 pieces of office furniture.

# OXFORD ECONOMICS

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