



# THE ECONOMIC IMPACT OF HUAWEI IN POLAND

NOVEMBER 2020

# POLAND

## HUAWEI'S ECONOMIC IMPACT IN 2019

● Direct      ● Indirect  
● Induced    ● Total

Totals may not sum due to rounding.

### SPENDING WITH POLISH SUPPLIERS:



### CONTRIBUTION TO GDP



0.1% of Poland's total GDP

### EMPLOYMENT



0.1% of Poland'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 Polish suppliers:



### Contribution to GDP:



### Employment:



### Tax revenues:



Real growth in tax revenues 2015-2019:



# THE ECONOMIC IMPACT OF HUAWEI IN POLAND

Huawei expanded its operations to Poland in 2017, with its representative office based in Warsaw. Huawei’s products and services reach millions of local people, working alongside providers including P4, Orange, T-Mobile and Polkomtel. Huawei has made a sizeable contribution to the Polish economy over the last five years, through its local operations and its procurement from Polish-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 Poland.

## HUAWEI’S ECONOMIC CONTRIBUTION

Huawei’s contribution to the Polish economy is captured through three channels:

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

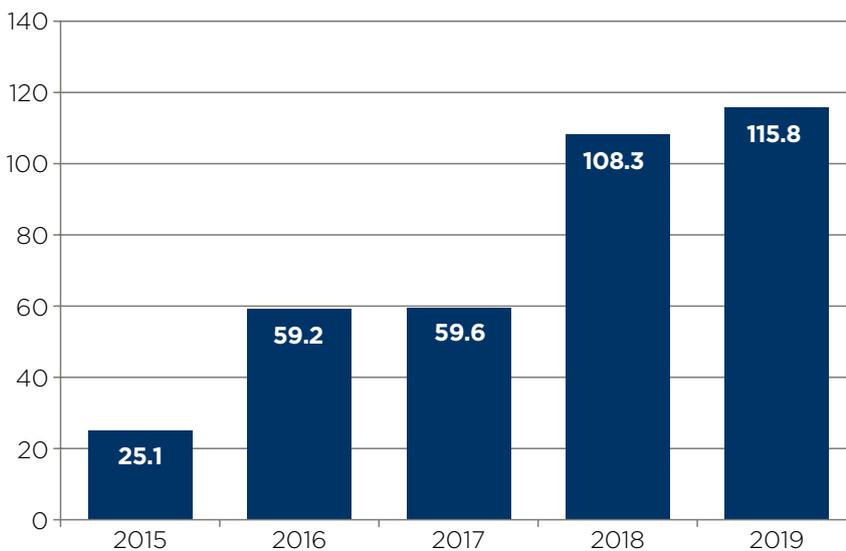
- In addition, Huawei and the firms in its supply chain pay their staff wages. These wage payments are spent on goods and services at retail, leisure and other outlets, stimulating additional gross value added (GVA), employment and taxes through Huawei’s **induced contribution**.

In 2019, Huawei made a direct GVA contribution to Polish GDP of €94.9 million, up from €44.7 million in 2015—equivalent to average annual growth of 20.7%.<sup>1</sup> In making this direct GVA contribution in 2019, Huawei spent €115.8 million on inputs from Polish suppliers (see Fig. 1 below); this was 1.4% of Huawei’s procurement in Europe.<sup>2</sup> Huawei’s procurement in Poland has increased significantly over the last five years—up from €25.1 million in 2015. This increase is equivalent to average growth of 46.5% per year between 2015 and 2019.

Huawei’s procurement stimulated a €125.5 million GVA contribution along its Polish supply chain (its indirect impact) in 2019. This is a 27.2% average annual rise from the €47.9 million in 2015. The majority of this contribution (€51.0 million or 40.6%) was stimulated in the manufacturing industry (see Fig. 2).

**Fig. 1: Huawei’s procurement from Polish suppliers, 2015-2019**

€ million (2019 prices)



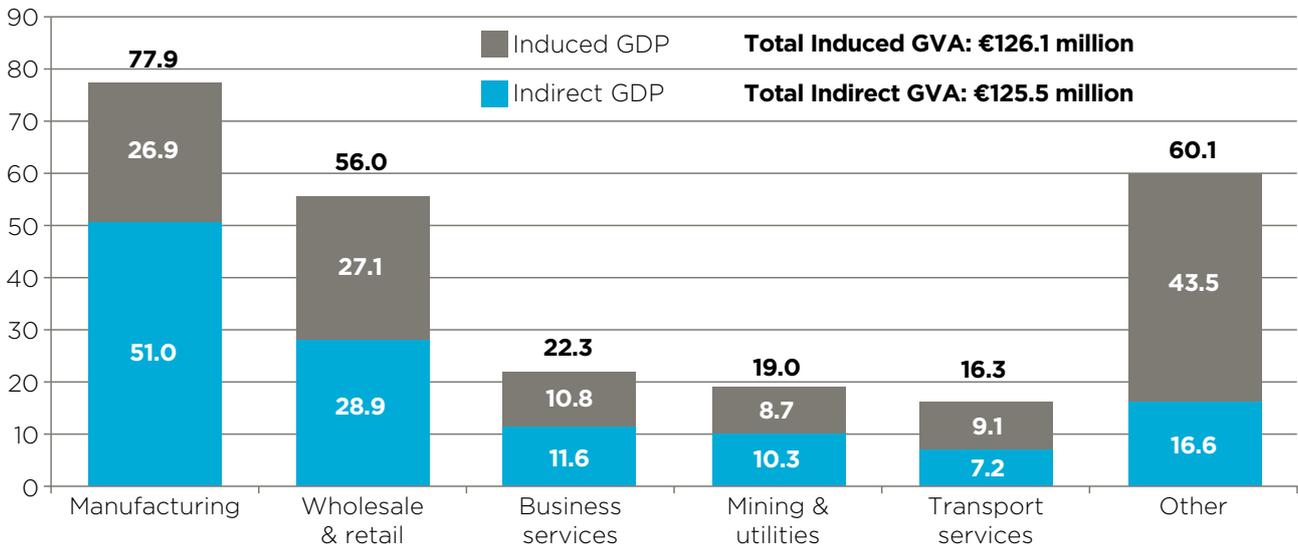
Source: Huawei

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

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

**Fig. 2: Huawei's indirect and induced contribution to Poland's GDP by industry, 2019**

€ million



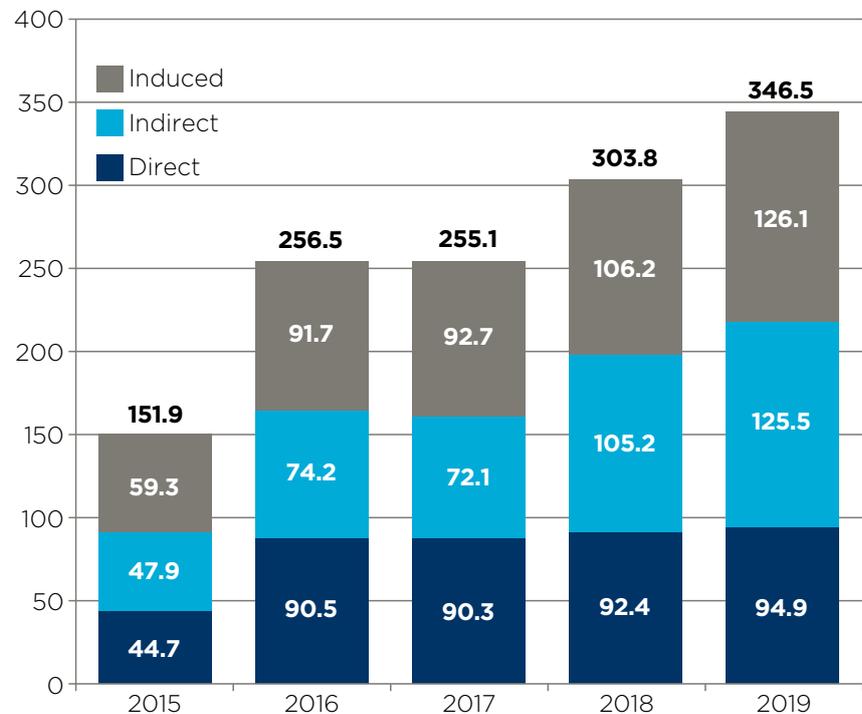
Source: Huawei, Oxford Economics

A further €126.1 million contribution to Polish GDP was supported through the induced channel in 2019. This was up from €59.3 million in 2015, corresponding to an average annual rise of 20.8%. Of this, €27.1 million or 21.5% was supported in the wholesale & retail sector. A similar amount was also supported in the manufacturing industry.

In total we estimate that Huawei's operations around Europe supported an overall contribution to Polish GDP of €346.5 million in 2019, accounting for 0.07% of Poland's total economy that year (see Fig. 3). The firm's contribution to the Polish economy has increased significantly in recent years, recording an average annual growth rate of 22.9% between 2015 and 2019.

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

€ million (2019 prices)



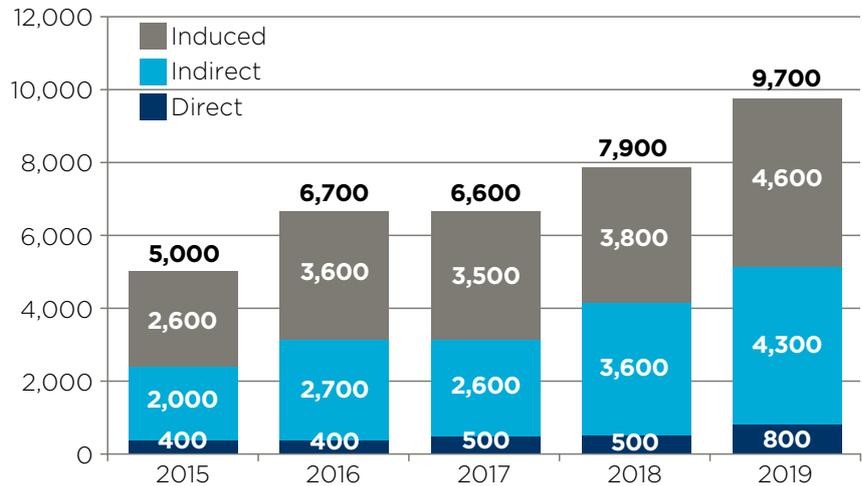
Source: Huawei, Oxford Economics

The economic activity Huawei supported in Poland also sustains employment in the country. In 2019, the company employed 800 workers in Poland, twice the level recorded in 2015 (see Fig. 4). Its procurement supported 4,300 jobs along its Polish supply chain up from 2,000 in 2015—this is equivalent to an average annual rise of 21.1%. A further 4,600 jobs were sustained by wage-financed spending in the induced channel in 2019, representing an average annual increase of 15.3% since 2015.

Combined, Huawei supported a total of 9,700 jobs across Poland in 2019. This was an average annual growth of 18.0% from the 5,000 jobs supported in 2015, and equated to 0.06% of national employment in 2019.

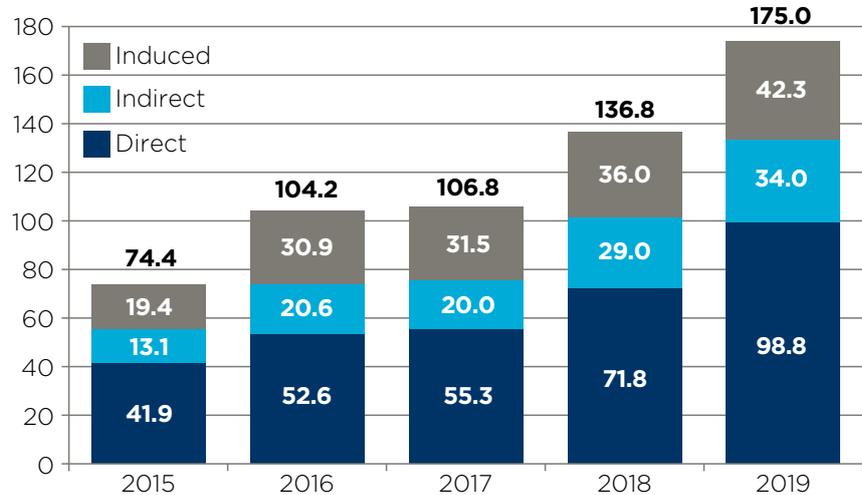
Finally, Huawei makes a positive contribution to public finances in Poland, through taxes generated in the direct, indirect and induced channels. This supports essential spending on important public services. Huawei and its staff contributed €98.8 million to Polish tax receipts in 2019, more than double the amount generated in 2015 (€41.9 million)—see Fig. 5. Huawei’s procurement from Polish suppliers stimulated a further €34.0 million in tax receipts in the indirect channel. This was almost three-times the contribution made in 2015 (€13.1 million) and represented an average annual

**Fig. 4: Huawei’s contribution to employment in Poland, 2015-2019**  
Headcount



Source: Huawei, Oxford Economics

**Fig. 5: Huawei’s contribution to Polish tax receipts, 2015-2019**  
€ million (2019 prices)



Source: Huawei, Oxford Economics

rise of 26.9%. An additional contribution to taxation of €42.3 million was supported in 2019 via the induced channel. This compares to €19.4 million through the same channel in 2015, representing average growth of 21.5% per year over the last five years. In total, Huawei supported

€175.0 million in tax receipts in Poland in 2019, equivalent to an average annual increase of 23.8% since 2015. The total taxation of €175.0 million supported by Huawei in 2019 is roughly equivalent to the average salaries for 7,000 Polish teachers.<sup>3</sup>

<sup>3</sup>Using OECD data. Based on an annual salary of €24,904 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. The company's commitment towards R&D and innovation is also present in Poland. For example, Huawei has established an R&D centre in Warsaw and has held its Developer Day conference in the capital. Furthermore, it was announced in October 2019 that Huawei would invest \$10 million into the development of its own 'ecosystem' in Poland.<sup>4</sup>

Huawei has also made important social contributions to Polish life, in addition to the investment in R&D and economic impact. In 2019 Huawei ran its sixth edition of 'Seeds for the Future' alongside six Polish universities and four patrons. In addition, Huawei worked alongside Poznan University of Technology and launched an ICT competition aiding engagement in ICT, of which 100 students were involved.

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