



THE ECONOMIC IMPACT OF HUAWEI IN SWEDEN

NOVEMBER 2020

SWEDEN

HUAWEI'S ECONOMIC IMPACT IN 2019

● Direct ● Indirect
● Induced ● Total

Totals may not sum due to rounding.

SPENDING WITH SWEDISH SUPPLIERS:



CONTRIBUTION TO GDP



€410 million

0.1% of Sweden's total GDP

EMPLOYMENT



3,900 jobs

0.1% of Sweden'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 Swedish suppliers:



€159 million

Contribution to GDP:



€380 million

Employment:



Tax revenues:



€203 million

Real growth in tax revenues 2015-2019:



THE ECONOMIC IMPACT OF HUAWEI IN SWEDEN

Huawei first expanded its operations to Sweden in 2000. Huawei has the majority share in the ICT market, and its products serve about 90 percent of Swedish locals. It has several regional offices located in Gothenburg, Karlskoga, Karlskrona, Lund and Stockholm. Huawei has made a sizeable contribution to the Swedish economy over the last five years, through its local operations and its procurement from Swedish-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 Sweden.

HUAWEI'S ECONOMIC CONTRIBUTION

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

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

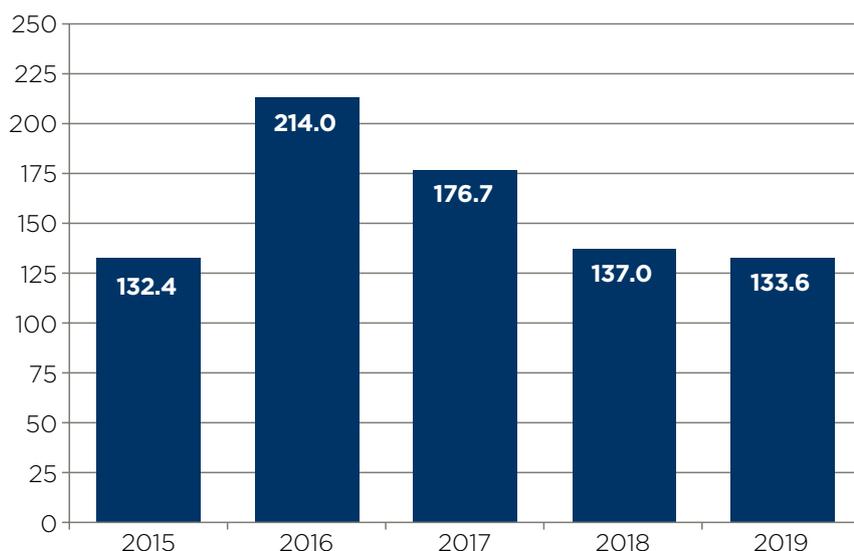
- In addition, Huawei and the firms in its supply chain pay their staff wages. These wage payments are spent on goods and services at retail, leisure and other outlets, stimulating additional gross value added (GVA), employment and taxes through Huawei's **induced contribution**.

In 2019, Huawei made a direct GVA contribution to Swedish GDP of €124.8 million, up from €72.0 million in 2015—equivalent to an average annual growth of 14.8%.¹ In making this direct GVA contribution in 2019, Huawei spent €133.6 million on inputs from Swedish suppliers (see Fig. 1 below); this was 1.6% of Huawei's procurement in Europe.² Compared to 2015, Huawei's procurement in 2019 has remained broadly stable in Sweden, however, this masks the variation recorded over the five year period.

Huawei's procurement stimulated a €128.9 million GVA contribution along its Swedish supply chain (its indirect impact) in 2019. This is a 4.4% average annual rise from the €108.6 million in 2015. The majority of this contribution (€51.3 million or 39.8%) was stimulated in the manufacturing industry (see Fig. 2).

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

€ million (2019 prices)

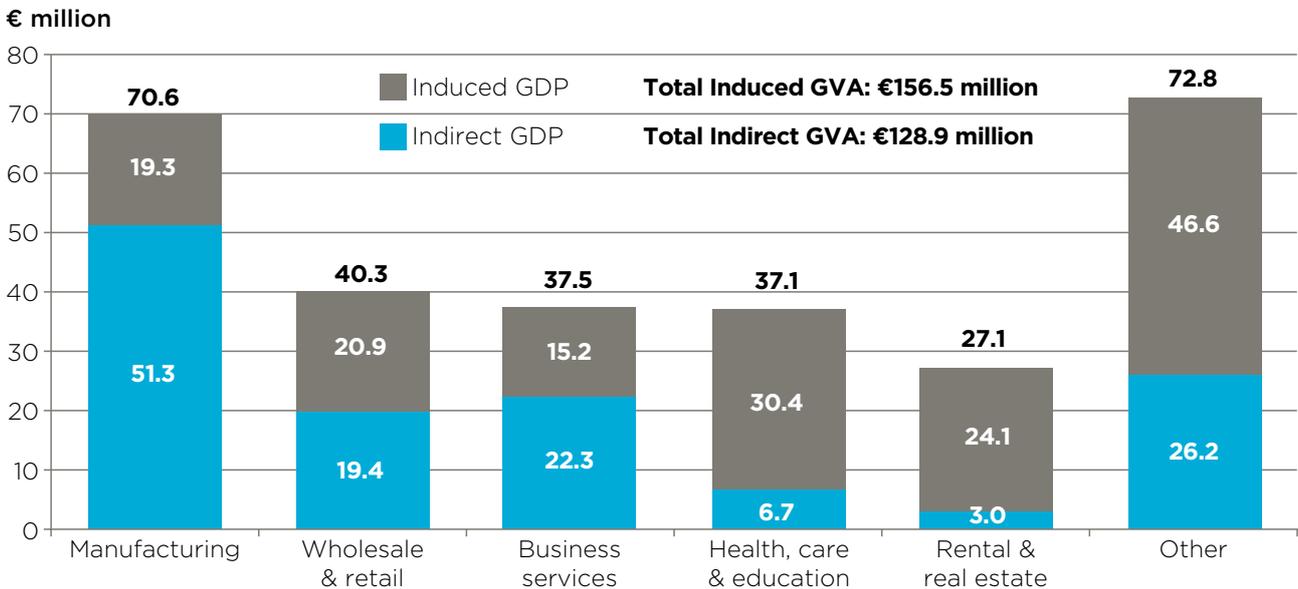


Source: Huawei

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 Swedish GDP by industry, 2019

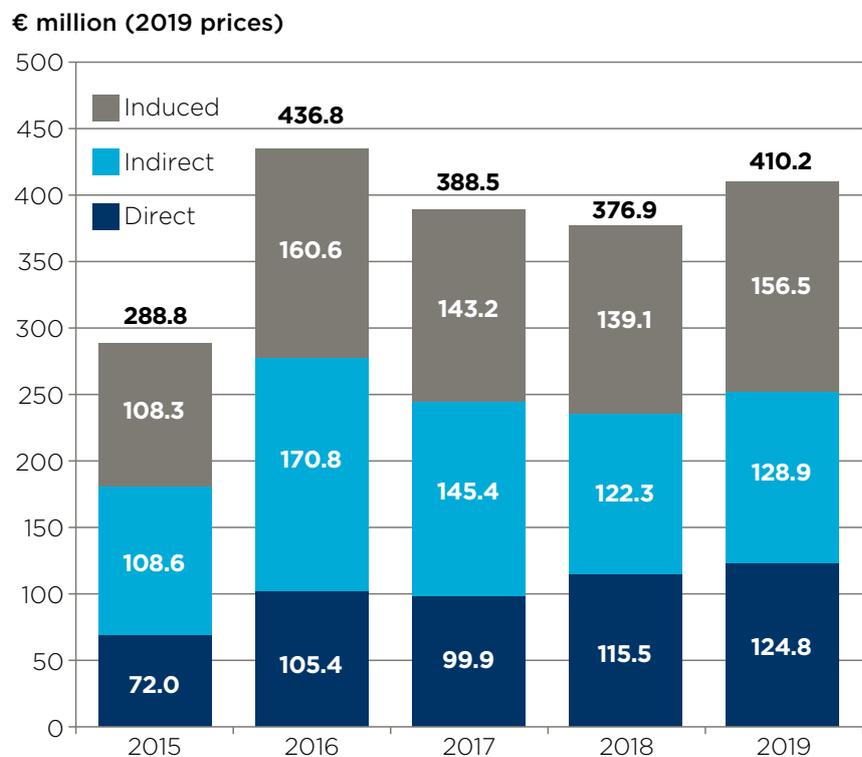


Source: Huawei, Oxford Economics

A further €156.5 million contribution to Swedish GDP was supported through the induced channel in 2019. This was up from €108.3 million in 2015, corresponding to an average annual rise of 9.6%. Of this, 19.4%, or €30.4 million, was supported in the health, care & education sector.

In total we estimate that Huawei’s operations around Europe supported an overall contribution to Swedish GDP of €410.2 million in 2019, accounting for 0.10% of Sweden’s total economy that year (see Fig. 3). The firm’s contribution to the Swedish economy has increased significantly in recent years, recording an average annual growth rate of 9.2% between 2015 and 2019.

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



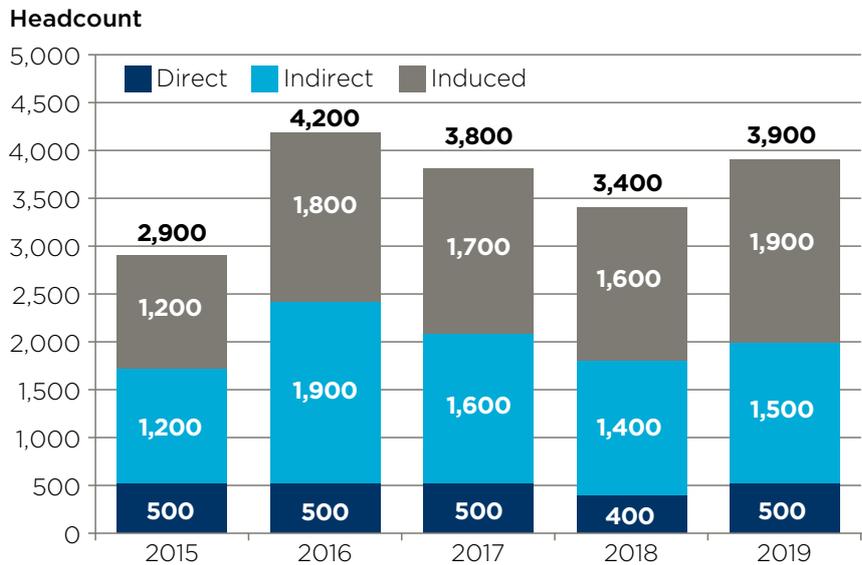
Source: Huawei, Oxford Economics

The economic activity Huawei supported in also sustains employment in the country. In 2019, the company employed 500 workers in Sweden, a level unchanged since 2015 (see Fig. 4). Its procurement supported 1,500 jobs along its Swedish supply chain, up from 1,200 in 2015 —this is equivalent to an average annual rise of 5.7%. A further 1,900 jobs were sustained by wage-financed spending in the induced channel in 2019, representing an average annual increase of 12.2% since 2015.

Combined, in total Huawei supported 3,900 jobs across Sweden in 2019. This was up from the 2,900 jobs supported in 2015 (an average annual rise of 7.7%) and equated to 0.08% of national employment in 2019.

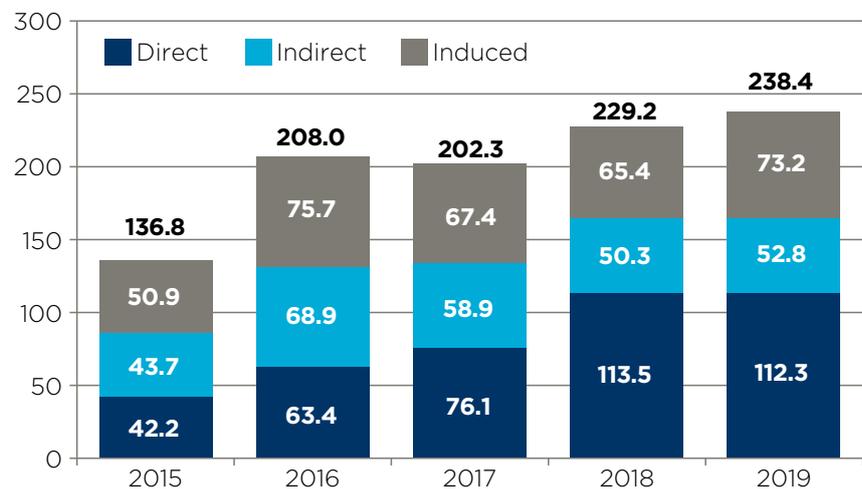
Finally, Huawei makes a significant contribution to public finances in Sweden, through taxes generated in the direct, indirect and induced channels. This supports essential spending on important public services. Huawei and its staff contributed €112.3 million to Swedish tax receipts in 2019, an increase from €42.2 million in 2015—see Fig. 5. Huawei’s procurement from Swedish suppliers stimulated a further €52.8 million in tax receipts in the indirect channel. Compared to the €43.7 million in 2015 this represented an average annual rise of 4.8%. An additional contribution to taxation of €73.2 million was supported in 2019 via the induced channel.

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



Source: Huawei, Oxford Economics

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



Source: Huawei, Oxford Economics

This compares to €50.9 million through the same channel in 2015, an average annual rise of 9.5% over the five-year period. In total, Huawei supported €238.4 million in tax receipts in Sweden in 2019, equivalent

to an average annual increase of 14.9% since 2015. The total taxation of €238.4 million supported by Huawei in 2019 is roughly equivalent to the average salaries for 5,500 Swedish teachers.³

³Using OECD data. Based on an annual salary of €43,049 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 is also at the forefront of innovation—complimenting the amount of R&D undertaken by the company. The company has established an R&D centre in Sweden which employs 300 researchers. The centre is focussed on investigating key technologies for the future including 5G, wireless algorithms and MPE technology.

Huawei has also made important social contributions to Swedish 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 in the country. Similar to elsewhere, the company extended their flagship programme 'Seeds for the Future' to Sweden in 2014. In addition, Huawei donates smart phones to less fortunate children every Christmas, helping to bridge the technology gap between communities, and has worked with the Dyslexia Federation to help children who struggle with reading on mobile phones.

OXFORD ECONOMICS

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