



# THE ECONOMIC IMPACT OF HUAWEI IN NORWAY

NOVEMBER 2020

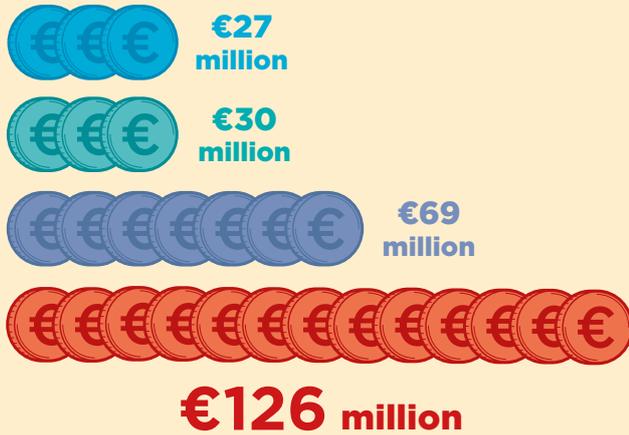
# NORWAY

## HUAWEI'S ECONOMIC IMPACT IN 2019

● Direct    ● Indirect  
● Induced    ● Total

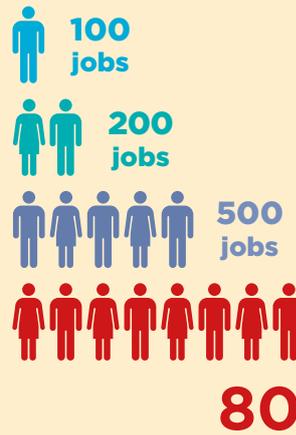
Totals may not sum due to rounding.

### CONTRIBUTION TO GDP



0.03% of Norway's total GDP

### EMPLOYMENT



0.03% of Norway'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:



### Employment:



### Tax revenues:



Real growth in tax revenues 2015-2019:



# THE ECONOMIC IMPACT OF HUAWEI IN NORWAY

Huawei began its Norwegian operations in Oslo in 2007. Huawei has made a notable contribution to the Norwegian economy over the last 5 years, through its local operations and its procurement from Norwegian-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 Norway.

## HUAWEI'S ECONOMIC CONTRIBUTION

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

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

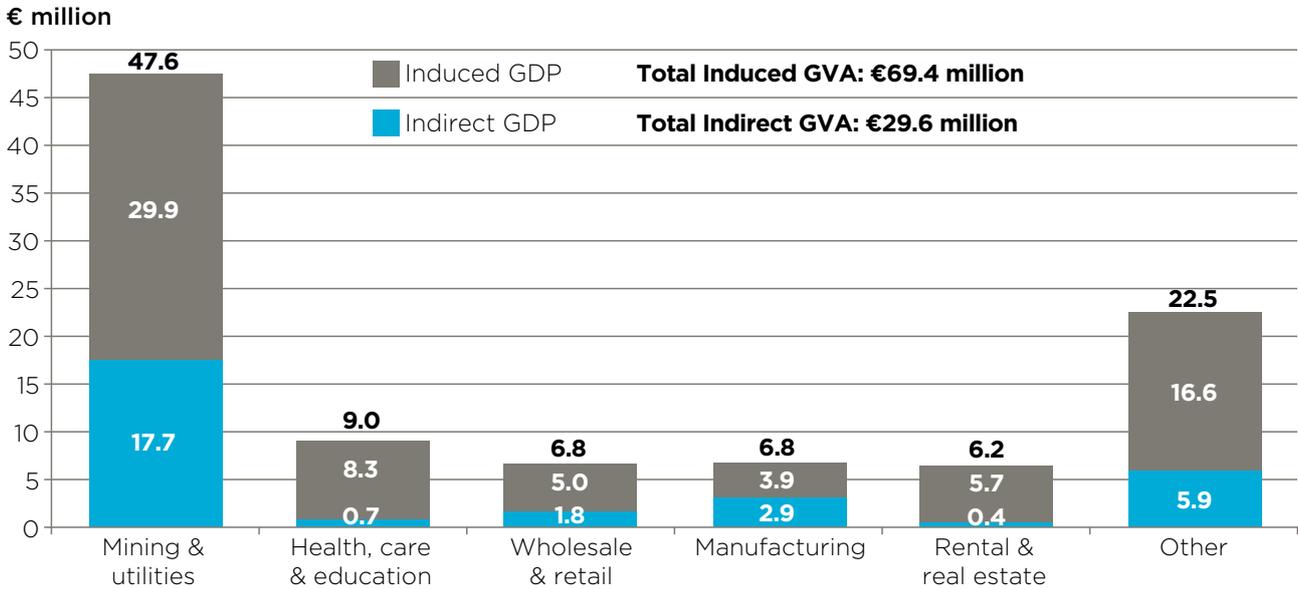
In 2019, Huawei made a direct GVA contribution to Norwegian GDP of €27.5 million, down from €31.8 million in 2015.<sup>1</sup> This is equivalent to an average yearly decline of 3.6% over the last five years. However, this masks an increase since 2018, when GVA contributions stood at €19.7 million.

Huawei's procurement stimulated a further €29.6 million in GVA contributions along its Norwegian supply chain (its indirect impact) in 2019, more than double the value in 2015 at €14.0 million. This represents an annual average growth of 20.6% per year between 2015 and 2019. Of this contribution, 60% or €17.7 million was stimulated in the mining & quarrying sector (see Fig. 1).

In 2019, a €69.4 million contribution to Norwegian GDP was supported through the induced channel—up from €45.0 million in 2015, representing an average annual rise of 11.4% over the five-year period. Of this amount the majority (43.0% or €29.9 million) was supported in the mining & quarrying sector.

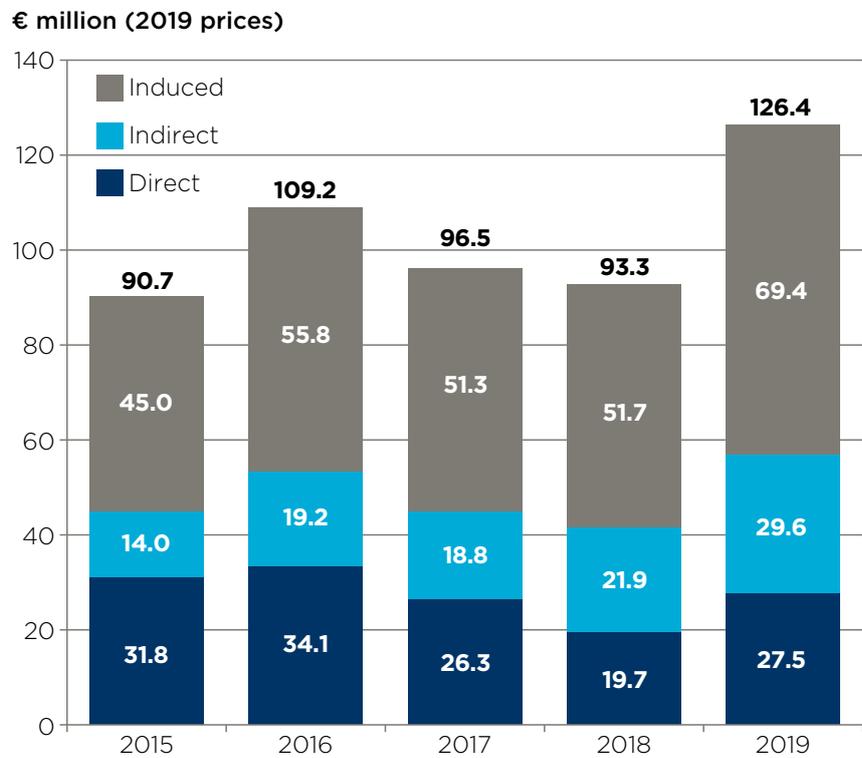
<sup>1</sup>All figures throughout this report are presented in 2019 prices and comparisons are measured in real terms.

**Fig. 1: Huawei’s indirect and induced contribution to Norwegian GDP by industry, 2019**



In total we estimate that Huawei’s operations around Europe supported an overall contribution to Norwegian GDP of €126.4 million in 2019, accounting for 0.04% of Norway’s total GDP that year (see Fig. 2). The firm’s contribution to the Norwegian economy has increased significantly in recent years, recording an average annual growth rate of 8.6% between 2015 and 2019.

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

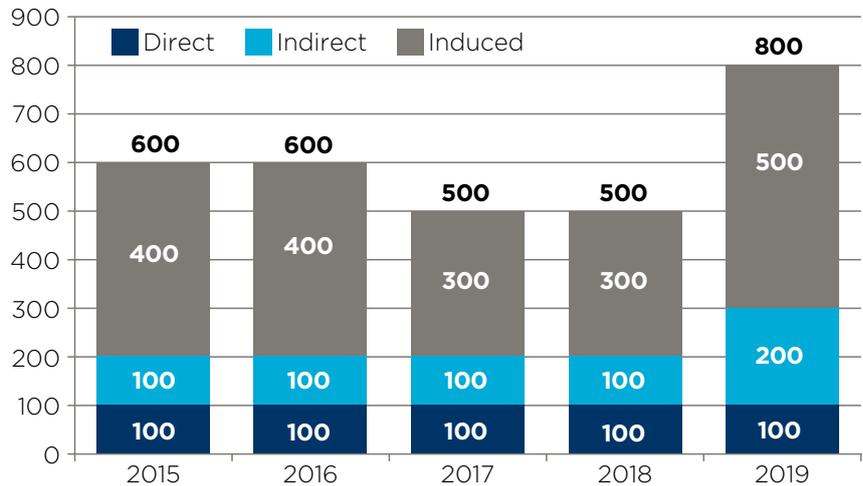


The economic activity Huawei supported in Norway also sustains employment in the country. In 2019, the company employed 100 workers in Norway, with levels having remained broadly stable over the last five years (see Fig. 3). Its procurement supported 200 jobs along its Norwegian supply chain, having doubled since 2015 (an average annual growth rate of 18.9%). A further 500 jobs were sustained by wage-financed spending in the induced channel in 2019, representing an average annual increase of 5.7% since 2015.

Combined, the total number of jobs supported in Norway by Huawei was 800 in 2019. This was a rise from the 600 jobs supported in 2015 (which corresponds to a 7.5% average annual rise) and equated to 0.03% of employment in the country in 2019.

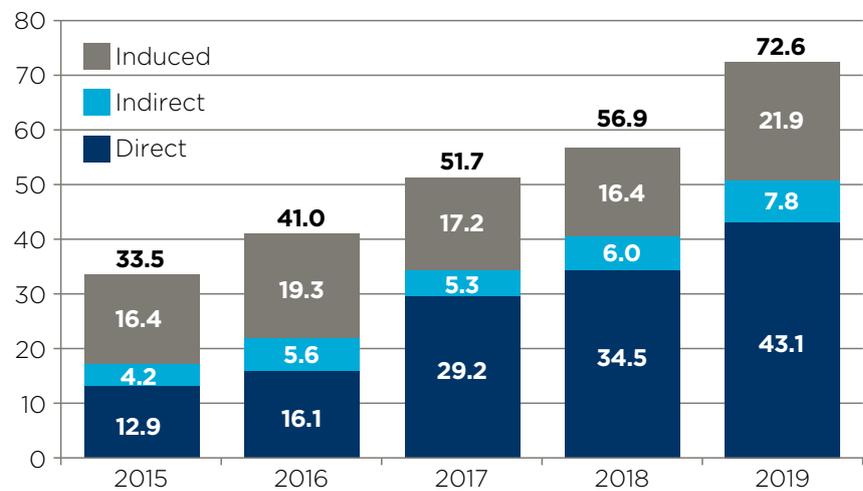
Finally, Huawei makes a notable contribution to public finances in Norway, through taxes generated in the direct, indirect and induced channels. This supports essential spending on important public services. Huawei and its staff contributed €43.1 million to Norwegian tax receipts in 2019, up significantly from €12.9 million in 2015—see Fig. 4. Huawei’s procurement from Norwegian suppliers stimulated a further €7.8 million in tax receipts in the indirect channel. Compared to the €4.2 million in 2015 this represented an average annual rise of 16.8%. An additional

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



Source: Huawei, Oxford Economics

**Fig. 4: Huawei’s contribution to Norwegian tax receipts, 2015-2019**  
€ million (2019 prices)



Source: Huawei, Oxford Economics

contribution to taxation of €21.9 million was supported in 2019 via the induced channel. This compares to €16.4 million through the same channel in 2015, marking an average annual rise of 7.5% over the five-year period. In total, Huawei supported

€72.8 million in tax receipts in Norway in 2019—equivalent to an average annual increase of 21.4% since 2015. The total taxation of €72.8 million supported by Huawei in 2019 is roughly equivalent to the average salaries for 1,700 Norwegian teachers.<sup>2</sup>

<sup>2</sup>Using OECD data. Based on an annual salary of €43,308 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 a pioneer of global innovation, complimenting the company's involvement in R&D. Huawei run a Joint Innovation Center with Telenor, and a Seeds for the Future program with the Norwegian University of Science and Technology and Oslo Metropolitan University.

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