



## **Weekly Briefing**

**Albania economy briefing:**  
**Huawei in Albania and the very (non)visible hand of**  
**free market economy**  
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# **Huawei in Albania and the very (non)visible hand of free market economy**

## **Summary**

*There is hardly any person using technology today that does not recognize Huawei. By connecting over three billion people in more than 170 countries, the Chinese telecommunication giant according to Fortune 500 is ranked as the 11<sup>th</sup> largest company in China and 49<sup>th</sup> in the world. Founded in 1987 in Shenzhen by Ren Zhengfei, in three decades has been a pioneer of innovation and technological breakthroughs. By 2010 approximately 80% of the world's top 50 telecom companies had worked with Huawei and as of 2020 it employs 194,000 people worldwide.*

*Much is known on Huawei on the global stage, but in this briefing we will focus on a more local scenery.*

*An overview of Huawei's presence in Albania is presented with timeframe analysis as well as by delineating the main traits of the company in the country.*

## **Introduction**

Huawei Albania is part of Huawei South Balkans Region Rep office, which is present with own offices and service teams in five countries: Greece, Albania, North Macedonia, Bulgaria and Cyprus. The Rep Office is employing more than 300 persons in the area with more than 60 service support engineers for all domains.

In Albania the staff is composed by more than 90% of local employees, and prides for full participation and support in the National Information Communications Technology (ICT) development plan, ICT knowledge dissemination and Corporate Social Responsibility (CSR) activities.

## **Huawei in Albania**

In 2017 Liu Zuokui, while analyzing the presence of Chinese enterprises in Central and Eastern Europe (CEE) would argue that China needs to advocate the positive ideas of the “Belt and Road Initiative” (BRI) in order to enhance mutual trust, remove misgivings, and to expand the channels of cooperation. To that end the author argues that Chinese enterprises are better suited to do that abroad because Chinese enterprises can tell better “Chinese stories.”<sup>1</sup>

To that is point it is normal to ask, what is the [Chinese] story that Huawei is telling in Albania? – In order to do that it is important to see the business path of the company in Albania since the very beginning.

**Phase 1:** Huawei is present in Albania since 2007. Starting just before the outburst of the financial crisis, expectations were high and it appears that the crisis did not affect the company, on the contrary, business flourished.

In 2008 Albtelecom selected Huawei as its main equipment vendor for the construction of a GSM-based network for its wholly owned subsidiary Eagle Mobile.

**Phase 2:** starts with the proclamation of the BRI in 2013. It appeared that business could only expand and Chinese enterprises now had more motivations not only to “go global” but to stay global. In Albania as well there were high expectations, a new government was in charge and at the time the narrative toward Chinese companies was very welcoming and proactive.

**Phase 3:** Starting from late 2016 and especially 2017, the new American administration lead by Trump would aggravate not only the narrative but also the actions towards China as whole. From the “trade-war” to aggressive discourse, Huawei was caught in the middle of a great powers rivalry. In Albania this was portrayed in the media constantly and it is only safe to assume that Huawei Albania was absorbing this domino effect of this narrative.

**Phase 4:** starting from 2019. Cartwright argues that the US has used the international market dominance of its companies to directly disrupt Huawei’s operations and the appeal of its products in third markets.

The response by the US has been to attempt to shrink the ‘geo-economic space’ available to Huawei by pressuring other states to ban the company from their national 5G rollouts. This has included traditional tools of statecraft. <sup>ii</sup>

**Phase 5:** starts from 2021. “It is always a pride for Albania to be by the side of the USA” – these were the words of Albanian PM while signing a cooperation agreement, with Secretary of State Antony Blinken on common priorities in Brussels on June 13<sup>th</sup> 2021. The fact that this is not a Memorandum of Understanding (MoU) makes it a legally binding document including a commitment to use only trusted device providers for 4G and 5G technology networks.<sup>iii</sup>

This was the last step after a very public affair initiated in October 2020. Where Edi Rama stated: "Albania sees its role in the region not just as a constructive role in building peace and strengthening dialogue, but as a proactive role in the 5G Clean Path. In addition to Albania’s commitment to 5G Clean Path, the then Under-Secretary of State Department Keith Krach and Albania’s Finance Minister Anila Denaj signed a Memorandum of Economic Cooperation, laying the foundation on 5G security. <sup>iv</sup>

If we observe the above timeline, the struggle and the very existence of Huawei in Albania is not linked to any business logic, it has mostly whirled around political events. In a country where the GDP per capita is around 5,000\$ and poverty rates are at a 45%, the provider with the most competitive prices in the market is sidelined.

### **Huawei for the local community**

Despite geopolitical interferences the desire to achieve more and give back to the community has been (and still is) a cornerstone of Huawei in Albania. In the aftermath of the devastating earthquake that hit the country in late 2019, the company donated large sums for the affected families.

For the most vulnerable of the Albanian society with difficult socio-economic background, orphans in the peripheral areas of the capital, Huawei has participated in aid programs with local NGOs.<sup>v</sup>

One of the most important assets Albania has is its youth; to that point Huawei Albania in cooperation with the Faculty of Information Technology, finalized a journey of the international and intensive program "Seeds for Future" for the excellent students of this faculty. Huawei representatives, faculty professors, guests and students shared the unique experience of implementing the program for the first time in the country, awarding certificates for the best participants.<sup>vi</sup>

The company also promotes gender equality through different programs. Women's empowerment, inclusion and diversity were the topics of the first Masterclass of the "Huawei4HER" initiative, an activity held on May 25, 2021 in Tirana with the theme "Securing cyberspace through data science". It was a very well received activity by all actors involved in academia, business and civil society.<sup>vii</sup>

Promoting innovative Albanian start-ups is also at the priority list of Huawei as presented in 2021 when the company co-sponsored with other the prizes awarded to the most avant-garde startups locally.<sup>viii</sup>

Last but not least, the company ranks third in the 2020 EU Industrial (Research and Development) R&D Investment Scoreboard thus any spillover of this type in the Albanian market is more than welcomed.<sup>ix</sup>

### **Some theoretical considerations**

Adam Smith would famously argue that if individuals are left to act in their own self-interest there would be unintended greater social benefits and public goods, namely the concept of the "invisible hand". This theory would later apply to enterprises as well. So, in order to

unleash the full potential of an economic entity, companies should be left struggling and profiting on their own terms in the battlefields called the free-market and global economy.

All the nations of the West sooner or later embraced this concept, and not only, they endorsed it and went even further so as much as to proclaim it the only way to prosperity.

The same principle however would not be applied when a Chinese company would ask to do the same. Huawei also embodies another layer of challenge; as the city where it was created Shenzhen, this company is proving to the public that the term “factory of the world” is not suitable for China any longer. Huawei and other pioneering companies in the field are changing the perception from “Made in China” to “Invented in China” and that is cause for concern to the exiting tech-hegemony.

### **Conclusions**

The story Huawei is telling in Albania is one of commitment, innovation, efficiency, altruism, and perseverance despite local condition and political implications. It is such companies that give a boost to the much desired economic recovery of developing country.

The undeniable truth is Huawei's investment is in Albania, it belongs to an Albanian company and must be supported, like any Albanian company. At its best times Huawei was employing 120 Albanians, plus foreigners. In a country that is bleeding to emigration youth and trained professionals, 120 jobs means 120 families all set, and all this was made possible by a Chinese company.

In trying to play favorites in the big geo-political game Albanians' welfare was not a variable for calculation.

From the experience that Huawei has in setting up internet connectivity all over the world, professionals can confirm that the technology is evolving and changing very fast. Politicizing the topic of 5G networks is the worst thing that can happen to users. They must have a choice as the quality of the product offered, and not bias and political affiliation. Politicizing the use of technology is useless.

It is impossible to know what the future will hold for Huawei in Albania, it is only hoped that a win-win cooperation mindset will prevail over the zero-sum game mentality.

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<sup>1</sup> Zuokui, Liu. "China-CEEC Cooperation: China's Building of a New Type of International Relations." *Croatian International Relations Review* 23, no. 78 (2017): 19-34. DOI [10.1515/cirr-2017-0005](https://doi.org/10.1515/cirr-2017-0005)

<sup>ii</sup> Cartwright, M. (2020). Internationalizing state power through the internet: Google, Huawei and geopolitical struggle. *Internet Policy Review*, 9(3), 1-18. Retrieved from:

<https://policyreview.info/articles/analysis/internationalising-state-power-through-internet-google-huawei-and-geopolitical>

<sup>iii</sup> Gazeta Sot (2021, June 13). Edi Rama meets Anthony Blinken in Brussels. Retrieved from:

<https://sot.com.al/english/politike/edi-rama-takohet-me-anthony-blinken-ne-bruksel-ja-cfare-shkruan-zeri-i-i-447071>

<sup>iv</sup> Office of the Prime Minister of Albania (2020, October 3). Historic day in the relations of friendship and partnership with the United States of America. Retrieved from: <https://kryeministria.al/en/newsroom/nje-dite-e-shenuar-ne-marredheniet-e-miqesise-dhe-partneritetit-me-shtetet-e-bashkuara-te-amerikes/>

<sup>v</sup> Gazeta Tema (2019, November 11). "Huawei Albania" u vjen në ndihmë fëmijëve që jetojnë dhe studiojnë në periferi të Tiranës. Retrieved from: <https://www.gazetatema.net/2019/11/16/huawei-albania-u-vjen-ne-ndihme-femijeve-qe-jetojne-dhe-studiojne-ne-periferike-te-tiranes/>

<sup>vi</sup> Gazeta Sot (2021, May 18). Huawei Albania certified the best information technology students. Retrieved from: <https://tiranapost.net/tech/huawei-albania-certifikoi-studentet-me-te-mire-te-teknologjise-se-informaci-498005>

<sup>vii</sup> Business Magazine Albania (2021, June 29). Women4Cyber Albania dhe Huawei lançuan me sukses iniciativën inovative #Huawei4HER. Retrieved from: <https://businessmag.al/women4cyber-albania-dhe-huawei-lancuan-me-sukses-iniciativen-inovative-huawei4her/>

<sup>viii</sup> Uplift Albania (NGO). Uplift albania shpall fituesit e edicionit të dytë, takime me investitorë dhe çmime për startupet më të mira. Retrieved from: <https://uplift.al/uplift-albania-shpall-fituesit-e-edicionit-te-dyte-takime-me-investitore-dhe-çmime-per-startupet-me-te-mira/>

<sup>ix</sup> Huawei EU Press Release (2020, December 18). . EU Ranks Huawei among Top Three Global Innovators. Retrieved from: <https://www.huawei.eu/press-release/eu-ranks-huawei-among-top-three-global-innovators>