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For information

Progress Report on Work Undertaken on Intellectual Property Products

Prepared by the Intellectual Property Products Task Team (IPTT)

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Progress Report on Work Undertaken on Intellectual Property Products¹

This report presents an overview of the activities and the progress made by the Intellectual Property Products Task Team (IPTTT) since its inception in February 2020. This update includes the ongoing work in the preparation of a guidance note (GN), covering methodological, classification, and other issues associated with the intra-firm allocation of intellectual property products in multinational enterprises. The final draft of this GN will be sent to the IPTTT members for comments before the end of the year. A virtual meeting will be called before the next Committee meeting (February 2021) among IPTTT members to discuss the way forward of the work of this task team until the end of its mandate.

INTRODUCTION

- 1. The IPTTT is one of the joint TTs established to provide technical inputs and make recommendations on the methodology of intellectual property products (IPPs) within the framework of the update of the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)* and *System of National Accounts 2008 (2008 SNA)*.** It works closely with the Balance of Payments Task Team (BPTT) and the Advisory Expert Group on National Accounts (AEG) which are responsible for sending Guidance Notes (GNs) produced by IPTTT to the IMF's Committee on Balance of Payments Statistics (the Committee) and to the Inter-secretariat Working Group on National Accounts (ISWGNA) for final endorsement. The Chair of IPTTT is the Organisation for Economic Co-operation and Development (OECD) while the Secretariat is the IMF. Its membership comprises four countries and five international organizations.²
- 2. The IPTTT was officially launched in February 2020 with a mandate that spans until March 2022.** Within that time frame, IPTTT is expected to undertake thorough research, discuss, reach conclusions, and present proposals for endorsement by the Committee. Key issues to be addressed by IPTTT are presented in the List of Topics Identified adjoining its terms of reference (this is also included in Appendix I of this report).

OVERVIEW OF THE IPTTT's WORK

- 3. At its inaugural meeting, the role of IPTTT members, working procedures, research issues, approval process for the GNs and tentative timeline for producing the GNs were discussed and agreed.** The target dates to produce the GNs are usually associated with the dates for the upcoming Committee and AEG meetings, although some of them may be approved via written procedure.
- 4. The IPTTT has identified four research topics for the Committee's and ISWGNA's consideration.** The topics are presented in Appendix I. The first topic is included in a GN on intra-firm allocation of IPPs in multinational enterprises (MNEs). A first draft of this GN was circulated to IPTTT members for comment and a follow-up meeting was held between the Chair and Secretariat to discuss the way forward. A revised version of this GN is currently under preparation and examines different criteria that could be used to assign the economic ownership and thus determines the location of the IPP.

¹ Prepared by the IPTTT.

² Australia, Ireland, Russia, USA, ECB, Eurostat, UN, OECD (Chair), and IMF (Secretariat). See Appendix II.

This GN also highlights the importance of increasing coordination among countries to determine the consistent allocation of IPPs across countries.

5. **Moving forward, the production of the remaining GNs will be decided during a virtual meeting called before the next Committee meeting, which is scheduled for February 2021.** During this virtual meeting, the IPTT Research Issues – Sequence and Timing of the GNs will be presented and discussed indicating if they qualify as high or medium priority issues. Additionally, a proposed timeline for the preparation of the corresponding GNs will be prepared for the next Committee meeting. The proposed timeline will provide enough time to integrate and discuss comments received from within the IPTT, as well as other relevant task teams, and have the GNs sent for public consultation before being presented to the Committee. While no meeting has been held with IPTT members following the inaugural meeting, the Chair and Secretariat have been coordinating activities of the IPTT on a regular basis. The IPTT will be holding communications with its members about future plans, to discuss the work plan, and also to inform them on the overall work associated with the update of the manuals. The next meeting will take place after the Committee's meeting to notify IPTT members about the outcomes.

Appendix I. List of Topics Identified

Topics
<p>Relocation of IPPs across borders, and the implications this raises for economic versus legal ownership, and indeed measures of trade, especially bilateral trade statistics. In cases of a firm relocating its headquarters in its entirety from one territory to another, guidance is also needed to ensure appropriate imputations (and estimates) of transfers of IPPs.</p>
<p>Free intra-firm transactions, whether these be for services provided by IPPs or wholesale transfers of IPPs</p>
<p>Global production arrangements by factoryless goods producers whose core value is generated through IPPs</p>
<p>Payments for “knowledge-based capital” such as “brands”, for example franchise payments, that are in practice included within international trade statistics but should arguably be treated as a new category of payments for non-produced assets generating primary income</p>

Appendix II. Intellectual Property Products Task Team Members

No.	Name	Economy/Organization
1	Mr. Nadim Ahmad (chair)	OECD
2	Ms. Rita Mesías (secretariat)	IMF
3	Mr. Kenneth Egesa (secretariat)	IMF
4	Ms. Maria Borga	IMF
5	Ms. Jennifer Ribarsky	IMF
6	Ms. Padma Hurree	IMF
7	Mr. Michael Connolly	Ireland
8	Mr. Branko Vitas	Australia
9	Mr. Steinar Todsén	Eurostat
10	Mr. Dylan Rassier	BEA/USA
11	Mr. Robert Pupynin	Russia
12	Mr. Celestino Giron	ECB
13	Mr. Hermanus Smith	UN