



Forty-Second Meeting of the IMF Committee on Balance of Payments Statistics

Bali, Indonesia
October 24–26, 2023

BOPCOM—23/07
For discussion

Progress on Other Compilation Initiatives: Task Teams on Marketing Assets, Data, and Natural Resources

Progress on Other Compilation Initiatives: Task Teams on Marketing Assets, Data, and Natural Resources¹

The purpose of this report is to take stock on the progress made by three new task teams. These are the OECD informal Expert Group on Natural Capital, the Joint Eurostat-IMF Task Team on Measuring Data as an Asset in National Accounts, and the Task Team on Measuring Marketing Assets. The report updates the members on the (i) terms of reference of the respective task teams, (ii) current stages of work, and (iii) the timelines going forward.

INTRODUCTION

1. The Balance of Payments Committee (the Committee) and The Inter-Secretariat Working Group on National Accounts (ISWGNA), assisted by the Advisory Expert Group on National Accounts (AEG), oversee the program of updating the *2008 System of National Accounts (2008 SNA)* and the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)*.
2. As part of this work, methodological guidance has been provided in the updated BPM and SNA on several issues which were absent from or were treated differently under *BPM6* and *2008 SNA*. Members of the respective committees have expressed the need for clear practical guidance on these issues as well as a common understanding of the issues in each case.
3. To address this need, the ISWGNA and AEG have set up three new task teams in 2023, namely the OECD informal Expert Group on Natural Capital, the Joint Eurostat-IMF Task Team on Measuring Data as an Asset in National Accounts, and the Task Team on Measuring Marketing Assets to provide guidance in this area for the *2025 SNA*.
4. The task teams will build on country experiences and on recommendations in guidance notes WS.6, WS.8, WS.10, and WS.11 drafted by the Wellbeing and Sustainability Task Team (WSTT), guidance note DZ.7 drafted by the Digitalization Task Team (DZTT), and guidance note G.9 drafted by the Globalization Task Team (GZTT). In each case the respective task team will develop a Handbook or Guide containing practical guidance to assist countries in implementing the *2025 System of National Accounts (2025 SNA)* and the *Balance of Payments and International Investment Position Manual, seventh edition (BPM7)*.

MARKETING ASSETS TASK TEAM

5. The **Marketing Assets Task Team (MATT)** is a new task team set up in 2023 following the agreement, by the AEG and BOPCOM, that marketing assets should be included in the production boundary and be treated as produced nonfinancial assets in the *2025 SNA* and *BPM7*.
6. The MATT is co-chaired by the IMF and by the Irish Central Statistics Office and is set up to develop conceptual and practical guidance on measuring knowledge-based capital (marketing assets) in macroeconomic statistics. The task team will develop concrete compilation guidance to assist countries in

¹ Prepared by Patrick Quill, Balance of Payments Division, IMF Statistics Department.

the compilation of estimates (including early implementation) and to promote comparability of data across countries. The guidance will also help to assess the impact of the estimates on the national accounts and balance of payments aggregates.

7. Guidance note G.9 discussed the treatment of payments for use, the outright acquisition/sale, sublicensing, and creation of marketing assets. Other key issues to be addressed by the MATT include:

- (i) the scope of advertising to be included in a costs approach measure of marketing assets production;
- (ii) the appropriate sources and methods to estimate the depreciation and service life of marketing assets; and
- (iii) the inclusion of nonprofit institutions and the public sector as brand builders.

8. The task team builds on the recommendations of G.9 and on the GZTT workshop on the measurement of marketing assets in June 2022 which presented two countries' practical approaches to measuring marketing assets. The first used an approach based on expenditures on marketing and advertising, and the second was a sum of costs approach.

9. The kick-off meeting of the MATT took place on September 27, 2023, and the workplan runs to March 2025 with the publication of a **Handbook**. The draft outline of the Handbook contains the following sections:

- I. Conceptual Framework
- II. Definition and Scope
- III. Data Sources and Estimation
- IV. Service Lives
- V. Price and Volume Estimation
- VI. Measuring Cross-border Flows
- VII. Other Challenges
- VIII. Case Studies

10. The next meeting of the MATT will take place in November 2023.

TASK TEAM ON MEASURING DATA AS AN ASSET IN NATIONAL ACCOUNTS

11. The **Joint Eurostat-IMF Task Team on Measuring Data as an Asset in National Accounts ("Data TT")** was set up in 2023 following the recommendation in guidance note DZ.7 to include data in the SNA production and asset boundaries. The task team's role is to provide additional practical guidance, including the sharing of best practice in a Handbook to assist countries incorporate the conceptual recommendations that were made in the guidance note.

12. The Data TT will follow the recommendations given in guidance note DZ.7, including:

- Data is distinct from "observable phenomena" (OP);
- Explicit payments to access OP should be treated as rent;
- Most data are produced on own-account and valued at sum of costs;

- Only data used in production and providing economic benefit are included in SNA asset boundary;
- Data are subject to economic ownership, valuation (and re-valuation) and depreciation; and
- Data are to be classified to a newly created asset category called “data and databases” which would include the current output associated with the production of databases and exclude the current category of computer software.

13. The task team had its first and second meetings in June and September 2023. The focus of the task team up to January 2024 is on the writing of a draft annotated outline for the Handbook. The target is for the Handbook to be completed in 2024. Its approach is to build on existing work and has gathered results from five countries, experience from two more, and research from OECD and academic work.

14. The draft structure of the Handbook contains the following sections:

- I. Defining the conceptual boundary of data for inclusion in the SNA
- II. Creating a nominal estimate of GFCF through the sum of cost method
- III. Creating volume estimates
- IV. Creating Capital Stock estimates
- V. Overarching measurement questions
- VI. Conclusion and list of recommendations

15. The next meeting of the task team will take place in November 2023.

INFORMAL EXPERT GROUP ON NATURAL CAPITAL

16. The **OECD informal Expert Group on Natural Capital (EG NC)** is a new task team set up in 2023. Led by the OECD, the EG NC will provide guidance on the recording and valuation of Natural Capital in the SNA.

17. The EG NC was set up to address the need for practical guidance in implementing the changes in the 2025 SNA in relation to the reporting of natural resources. The EG NC will develop a **Handbook** with practical guidance and building on the recommendations contained in the four guidance notes drafted by the WSTT that contain proposals for changes in the SNA relating to natural capital (WS.6, WS.8, WS.10, and WS.11). The OECD will aim to publish this handbook in early 2025.

18. The EG NC is led by the OECD National Accounts Division of the Statistics and Data Directorate and members will include participants of the OECD Working Party on National Accounts, International Organizations (including the IMF), countries that have participated in the SNA update process as part of the WSTT or via the consultations as well as additional countries to reflect balance.

19. Some of the main issues relate to guidance note WS.6 Accounting for the Economic Ownership and Depletion of Natural Resources. The AEG has arrived at several recommendation, as follows:

- Depletion of natural resources is to be recorded as a cost of production;
- The resource rent from the natural resource should be partitioned between the government and the extractor;

- Natural resource assets should be partitioned, using the distribution of resource rents, on the corresponding balance sheets of governments; and
- The appearance and disappearance, including ownership changes, of natural resources should be reflected as another volume change.

20. The kick-off meeting of the EG NC took place on October 10–11, the 2023 and the workplan runs to March 2025 with the publication of the Handbook.

Questions for the Committee:

- 1) *Are there any Committee members willing to participate and contribute to the work of these TTs?*
- 2) *Do Committee members have any suggestions on these TTs?*