

# INTERNATIONAL MONETARY FUND

## Statistics Department

### Intellectual Property Products Task Team: Terms of Reference

#### I. MANDATE AND OPERATIONS

##### 1.1 Mandate

The Intellectual Property Products Task Team (IPTT)<sup>1</sup> is one of the Task Teams established jointly by the IMF's Committee on Balance of Payments Statistics (the Committee) and the Intersecretariat Working Group on National Accounts (ISWGNA) to contribute in the process of revising the IMF's *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)* and the *2008 System of National Accounts*. IPTT will provide technical inputs and make recommendations on the methodology of intellectual property products statistics within the framework of the revision. IPTT will deal primarily with issues arising from the developments on intellectual property products. IPTT will seek input from national data compiling authorities and relevant international organizations.<sup>2</sup> To ensure overall consistency and no duplication of work, IPTT will also work closely with the Balance of Payments Task Team (BPTT) and the Advisory Expert Group on National Accounts (AEG) which are responsible for reporting IPTT's Guidance Note to the Committee and to the ISWGNA for final endorsement.

The *BPM6* update process has a five-year timeline—split into two phases<sup>3</sup>—ending in March 2025. IPTT's mandate spans mostly during Phase I of the update process.

##### 1.2 Operational Framework

**Composition:** the OECD chairs and the IMF provides secretariat to IPTT. IPTT will comprise representatives from selected IMF member countries and international organizations, including national accounts experts. The composition takes account of both the depth of expertise required to address the issues identified as well as a geographical

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<sup>1</sup> The membership of IPTT is presented in Annex I.

<sup>2</sup> The work of this TT will take as a starting point related effort in national accounts by the Organisation for Economic Co-operation and Development (OECD), Eurostat, and the United Nations Economic Commission for Europe (UNECE). Significant efforts have been made (and continue to be made) to develop guidance to improve measurement of production and use of intellectual property products. The *2015 UNECE Guide to Measuring Global Production* notable was a notable step forward, including with respect to external sector statistics, but measurement challenges remain.

<sup>3</sup> The update process encompasses Phase I—research on issues appropriate for the subject of each TT, discussions and conclusions, and Phase II—drafting of the *BPM7*.

balance, to portray countries' views across varying degrees of statistical capacity. Members of IPTT work on a voluntary basis, with the capability of making enough commitment of time, and no remuneration is provided by the IMF.

**Communication:** the working language of IPTT is English, without any translation of documents or interpretation at videoconferences or meetings. IPTT will work primarily through electronic means, including video conferences, while the chair may call one or more physical meetings as necessary.<sup>4</sup> The IMF will facilitate electronic communication among IPTT members by organizing videoconferences and using appropriate technologies for document flow and management. To promote wide consultation on—and dissemination of—its work, an IMF-hosted dedicated IPTT webpage will post all IPTT materials, namely these terms of reference, the list of issues to be covered, as well as the agreed recommendations on each issue. The IPTT Secretariat will be responsible for managing the webpage content.

## II. GUIDANCE NOTES, WORKING PROCEDURES, AND REPORTING

In addition to the list of topics identified in Annex III, IPTT may consider, as appropriate, other intellectual property products issues raised by its members or other TTs, which can be relevant for the Balance of Payments Manual (BPM) update. Research issues labeled as high priority should be the core of the work of the group. It is intended that after **June 2022** no new issues<sup>5</sup> will be considered for inclusion in the new manual. This cutoff date is necessary to accommodate the broad process of review and consultation that will take place before the manual is finalized by the end of 2024.

### 3.1 Guidance Notes

To foster focused and efficient discussions and for a consistent and complete coverage of the review items, IPTT's key documentation will be in the form of a "Guidance Note". Guidance Notes should comprise two sections—the first detailing the issue, and the second explaining the recommendations—presented according to a standard format as described in Annex II. Additional background documentation may also be considered/attached.

Guidance Notes will be discussed by written consultations or videoconferencing. Once a conclusion is reached, the recommendations will be summarized in the second section of the Guidance Note and sent to the AEG and BPTT for initial review. The draft Guidance Note is

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<sup>4</sup> If a meeting is called, consistent with the rules of the Committee, the IMF would cover the costs of international travel and accommodation for attendance, except members from international organizations and those from countries in the top 20 percent of the World Bank's list of "high income countries".

<sup>5</sup> Remaining issues will be placed on a research agenda following procedures established by the Committee.

then made publicly available for wider consultation—including with national compilers, such that they can test the practicality of the proposals.

The revised Guidance Note will undergo a second-round review by the AEG and BPTT<sup>6</sup> only if there are significant changes to the draft version before being presented to the Committee and the ISWGNA for endorsement.

The key working procedures and review processes for Guidance Notes are outlined in Figure 1 and detailed in Table 1.

### **3.2 Working Procedures**

IPTT will strive to take decisions by consensus. If decisions cannot be taken by full consensus, minority dissenting opinions will be properly documented in the Guidance Notes (for instance, via footnotes). Decisions on the acceptance of IPTT recommendations reside with the Committee for the *BPM6* Update and with the ISWGNA for the *SNA* update.

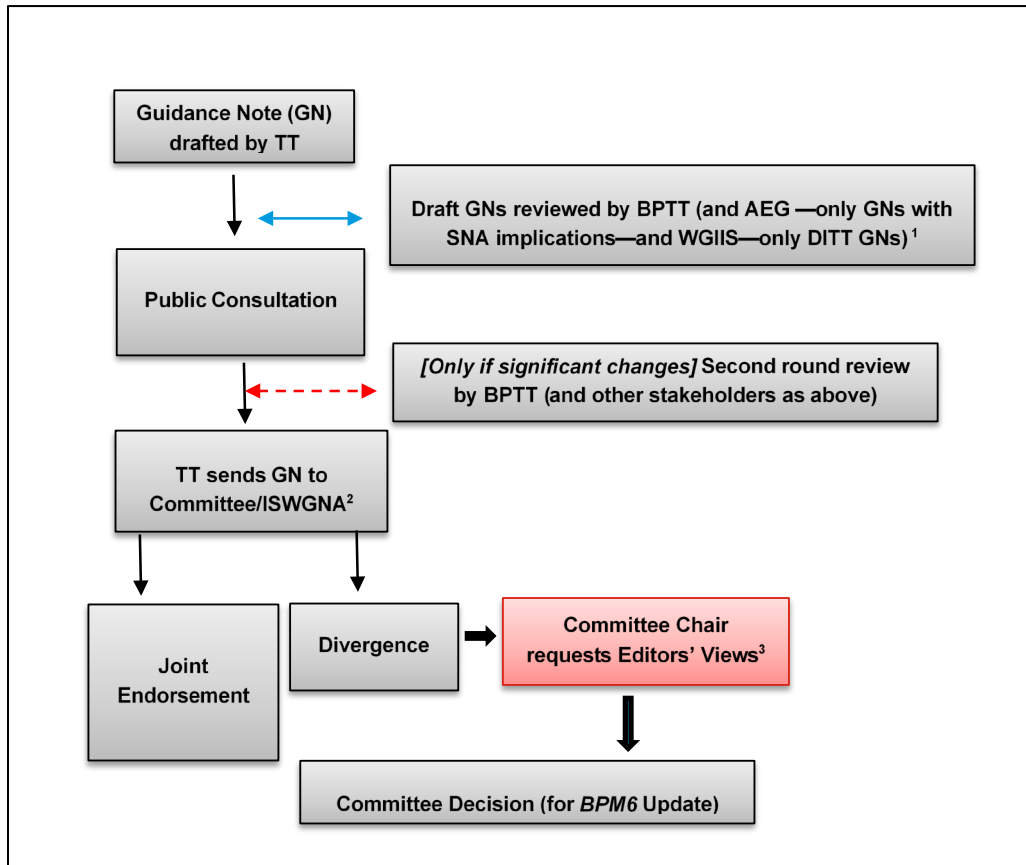
### **3.3 Reporting**

While submission of the Guidance notes to the AEG and BPTT may take place as soon as any recommendations are ready, through its Chair, IPTT will submit periodic reports to the Committee and the ISWGNA. Key among these are progress reports to the Committee's annual meeting (usually in October) and inputs to the ISWGNA's report to the United Nations Statistics Commission meeting (usually in March). Reporting to both bodies will include the outcomes/recommendations on the issues considered through the Guidance Notes.

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<sup>6</sup> BPTT plays an oversight role for other BPM TTs and a coordinating role with the Joint TTs (and the SNA Task Teams). It reviews the draft Guidance Notes primarily for overall consistency by ensuring the proposals have considered related proposals/discussions of other TTs including SNA TTs.

**Figure 1. Life Cycle/Governance of TT Guidance Notes**



1. In its oversight/coordinating role, BPTT reviews primarily for overall consistency of the proposals. First review by AEG of GNs required only for those of: (i) joint groups (FITT, IETT, IFTT, IPTT); and (ii) GNs of BPTT, CATT and DITT if issue impacts SNA.
2. BPTT and other BPM TTs send to ISWGNA only those GNs that impact the SNA, while joint TTs send their GNs to both the Committee and the ISWGNA.
3. For GN of Joint TTs, Chairs of both the Committee and the ISWGNA make the request. The Committee may also utilize this option if it has reservations about the TT's proposals.

**Table 1. Approval Process for Guidance Notes by Task Team**

<b>BPTT Guidance Note</b>		<b>Other TT Guidance Note</b>		<b>Joint TT Guidance Note</b>
Both sections of Guidance Note (GN) are drafted and discussed and agreed by TT				
Draft GN is sent to AEG if GN topic impacts the SNA.		Draft GN is sent to BPTT (and to AEG if GN topic impacts the SNA).		Draft GN is sent to AEG and BPTT (and to WGIIS for GNs produced by DITT).
GN is posted for public comment				
TT finalizes GN taking account of public comments. If changes are significant, the following second round review step below applies.				
Revised GN is sent to BPTT and AEG if GN topic impacts the SNA (and to WGIIS for GNs produced by DITT).				Revised GN is sent to AEG and BPTT (to WGIIS for GNs produced by DITT)
Sent to Committee (and to ISWGNA if it impacts the SNA).		BPTT transmits to Committee (and AEG sends to ISWGNA if it impacts the SNA).		BPTT and AEG send to Committee and ISWGNA, respectively.
Committee/ISWGNA agrees	Divergence of views	Committee/ISWGNA agrees	Divergence of views	Endorsement of Joint TT recommendations reside with the Committee and the ISWGNA (using their respective procedures). If divergent views emerge, Committee and ISWGNA Chairs request SNA/BPM editors' views. If the editors' views also diverge, the Committee and the ISWGNA may consider adopting their respective positions, with transparent documentation of the points of departure.
	Committee's Chair requests SNA/BPM Update editors' views.		Committee's Chair requests SNA/BPM Update editors' views.	
<b>Final endorsement of recommendations on the <i>BPM6</i> Update resides with the Committee;</b> and should take account any new perspectives/considerations raised in the editors' views. Should the Committee have reservations about the TT's proposal, it may also seek the editors' views. In this regard, the Committee should also carefully consider retaining the status quo (i.e., no change) and placing the issue on a future research agenda.				<b>Final endorsement of recommendations on the <i>BPM6</i> Update resides with the Committee;</b> and should, in the absence of agreement with the ISWGNA, carefully consider retaining the status quo (i.e., no change) and placing the issue on a future research agenda.
If decision is to change/update the guidance in <i>BPM7</i> , this is reflected in the annotated outline and issue is closed.				

**ANNEX I. INTELLECTUAL PROPERTY PRODUCTS TASK TEAM (IPTT)**

**Chair:** Mr. Nadim Ahmad (OECD)

**Secretariat:** Ms. Rita Mesias and Mr. Kenneth Egesa (IMF STA)

**Members (13):**

Australia Mr. Paul Roberts

Ireland Mr. Michael Conolly

Russia Mr. Robert Pupynin

United States Mr. Dylan Rassier

ECB Mr. Celestino Giron

Eurostat Mr. Steinar Todsén

UNSD Mr. Herman Smith

IMF Ms. Jennifer Ribarsky (IMF STA Real Sector)

Ms. Maria Borga (IMF STA Balance of Payments)

Ms. Padma Hurree-Gobin (IMF STA Balance of Payments)

**ANNEX II. STANDARD FRAMEWORK OF GUIDANCE NOTES****Title/name of the topic to be addressed**

## SECTION I: THE ISSUE

**Background** (not exceeding two pages)

- A clear statement of the issue (problem statement); and a quantitative size of the issue if known.
- Current international standards for the treatment of the issue, including specific references to the manuals and paragraph or page numbers.
- Concerns/shortcomings of the current treatment, if any (on practical as well as methodological grounds).

**Issues for Discussion** (not exceeding two pages, excluding annexes)

- Possible alternative treatments/options (clearly distinguishing between those which would require a change in the core framework/concepts from those which would be developed outside the framework).
- Questions/points for discussion.

**Supplementary Information (in Annexes)**

- Including references to other documentation.

## SECTION II: OUTCOMES (not exceeding two pages)

- Recommendation: either
  - (a) to revise: describe the proposed revision, rationale, and practical feasibility; or
  - (b) not to revise: provide arguments in support of the position.
- Rejected alternatives, setting out reasons for rejection.
- Identify changes required to the current statistical standards.
- If relevant, identify in an annex all chapters/paragraphs in the current statistical standards which would need to be updated (with suggested text) to introduce/retain/ensure consistency across statistical domains.

## ANNEX III. LIST OF TOPICS IDENTIFIED

<b>Topics</b>
<p><b><i>Relocation of IPPs across borders</i></b>, 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><b><i>Free intra-firm transactions</i></b>, whether these be for services provided by IPPs or wholesale transfers of IPPs</p>
<p><b><i>Global production arrangements by factoryless goods producers</i></b> whose core value is generated through IPPs</p>
<p><b><i>Payments for “knowledge-based capital”</i></b> 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>