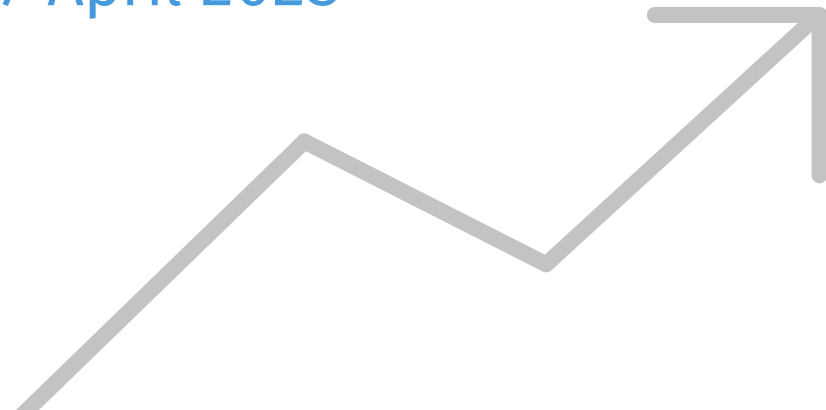


Identifying economic ownership of Intellectual Property Products: The German experience using the GMPG Decision Tree



Meeting of the Group of Experts on National
Accounts

Geneva, Switzerland, 25-27 April 2023



Intellectual Property Products (IPPs)

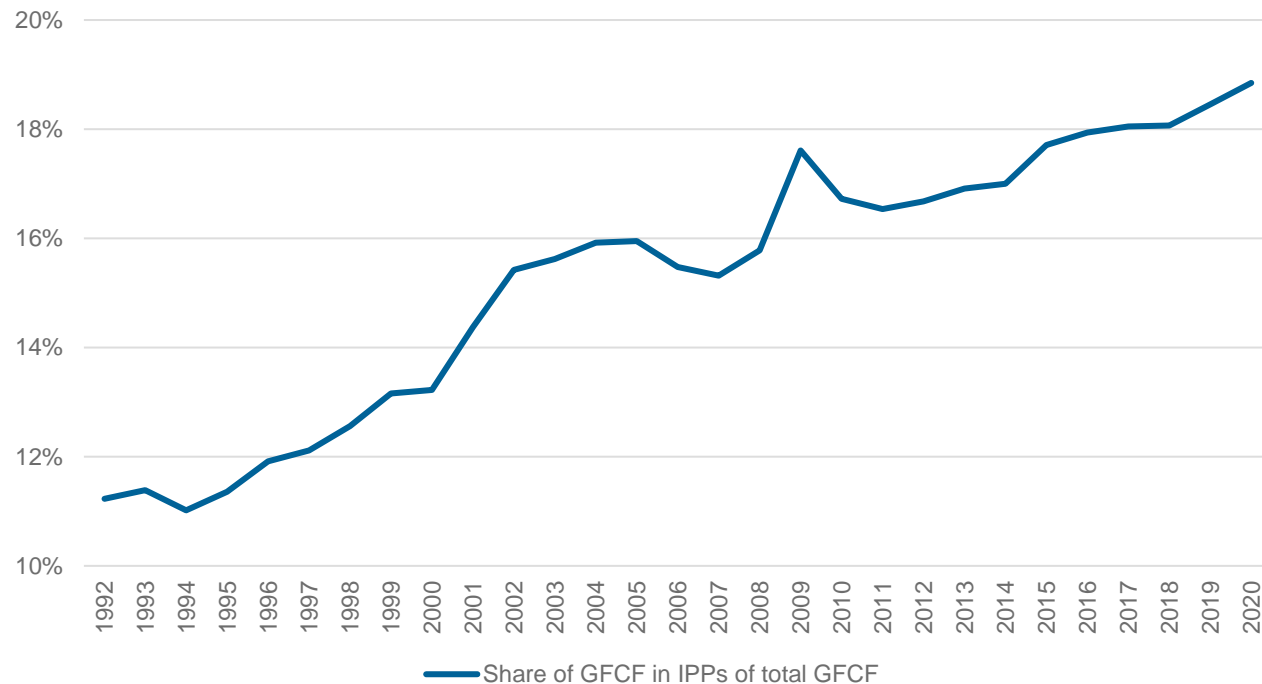
Definition

„the result of research and development, investigation or innovation leading to knowledge, use of which is restricted by law or other means of protection” (ESA 3.132)

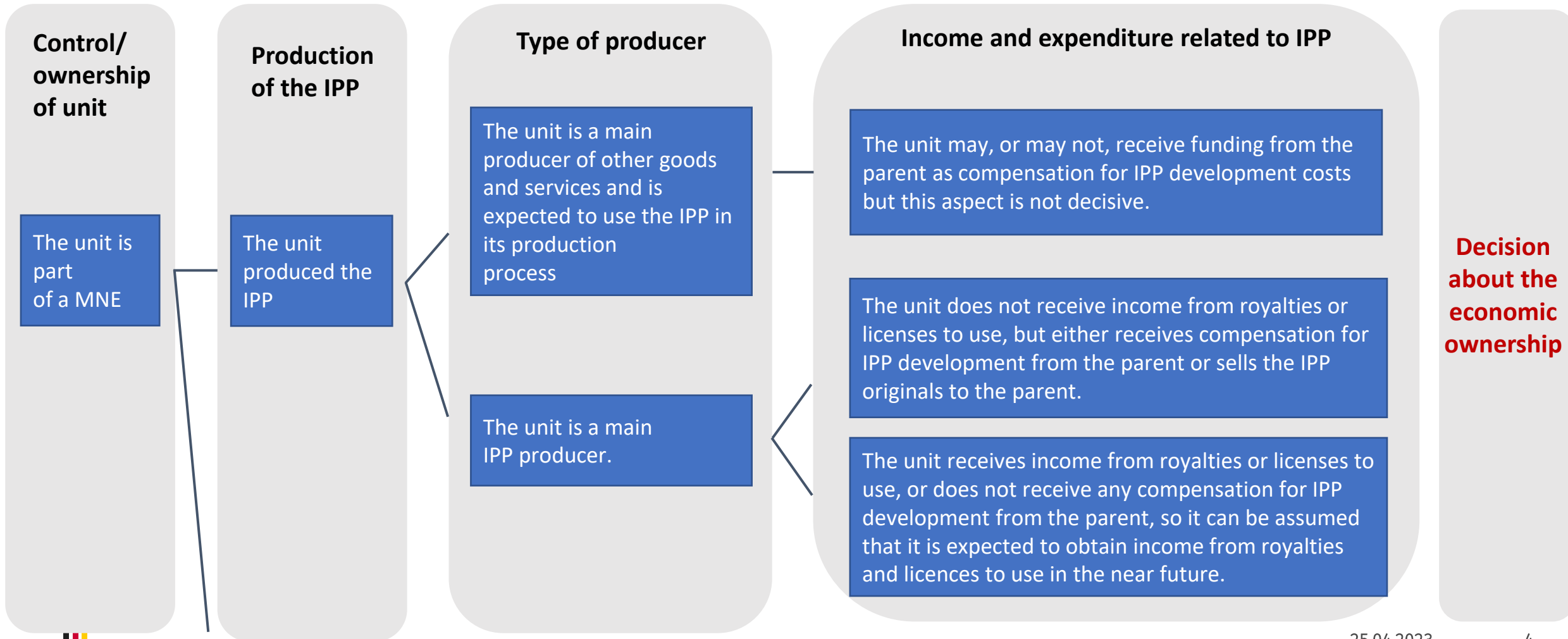
- challenging issue: identification of economic ownership of IPPs
- Guide on Measuring Global Production (GMGP) offers a decision tree

IPPs in German National Accounts

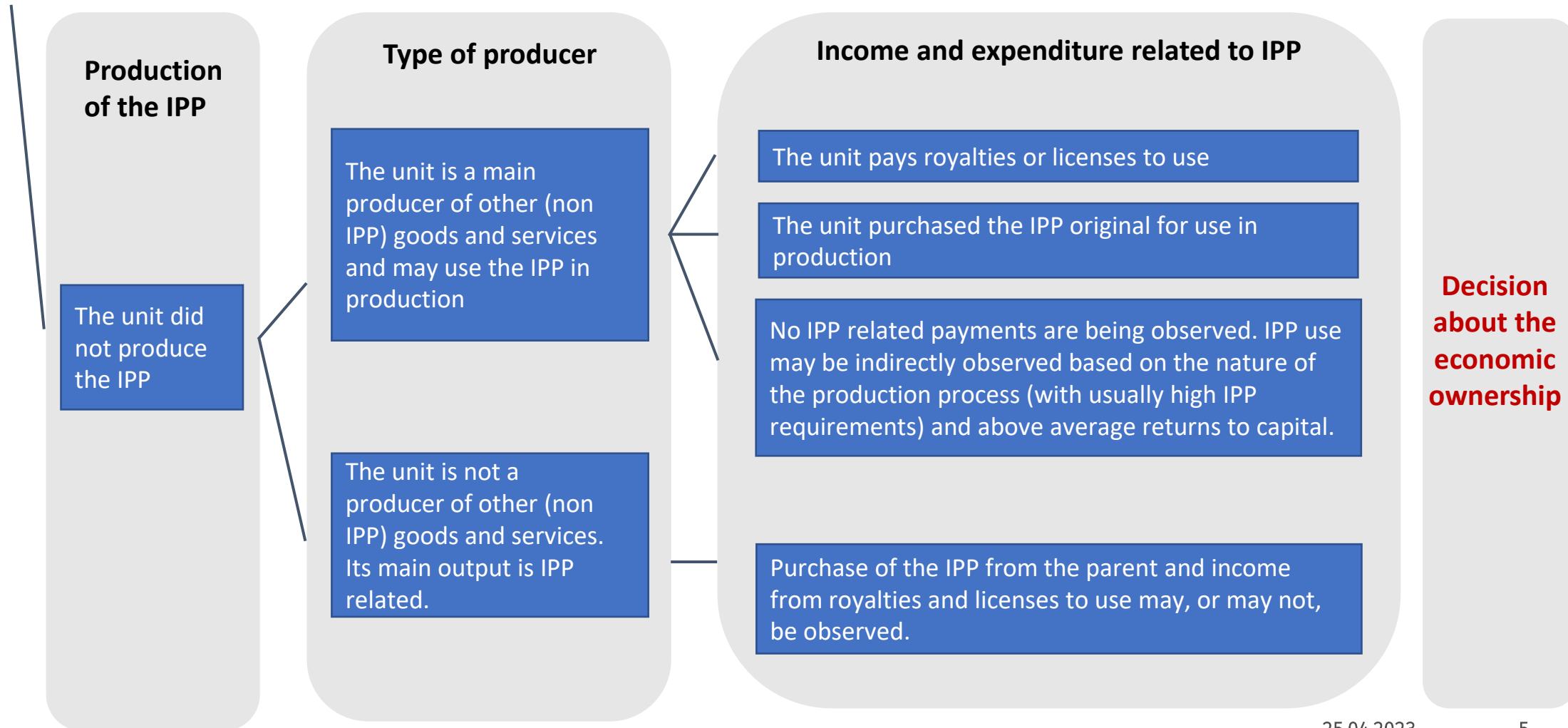
Share of GFCF in IPPs of total GFCF in Germany for the years 2000-2020 , percentage value



GMGP decision tree



GMGP decision tree



German Approach

Using the GMGP decision tree

- Data basis: Multinational enterprises (MNEs) of the GNI reservation on globalisation
- Key advantages of the test sample:
 - Data exchange between different institutions in Germany
 - Further shared data of EU member states
 - Additional information from direct MNE contacts

Relevant data sources

Node	Control/ownership of the unit	Is the unit part of an MNE?	Data sources
1	Production of the IPP	Is the unit an IPPs producer?	SBS, public sources, other
2	Type of producer	What is the main kind of activity of the unit?	NACE REV. 2 - ISIC REV. 4
3	Use of IPPs	Is the unit expected to use the IPPs in the production process?	Public sources
4.1	Income from royalties	Does the unit receive income from royalties or licenses to use IPPs?	Balance of payments
4.2	Expenses for royalties	Does the unit pay royalties or for licenses to use IPPs?	Balance of payments
5	Compensation for R&D	Does the unit receive compensation for IPPs development?	Balance of payments
6.1	Income from selling IPPs	Does the unit receive income from selling IPPs?	Balance of payments
6.2	Expenses for buying IPPs	Has the unit expenses for buying IPPs?	Balance of payments

Results

Depending on the MNE case:

- GMGP decision tree is useful
 - for small units with a distinct business activity
- GMGP decision tree is not feasible
 - for large and complex units e.g. parent companies
 - IPP flows are not available on the level of the individual transaction

 General problem of data availability

Open issues when applying the GMPG decision tree

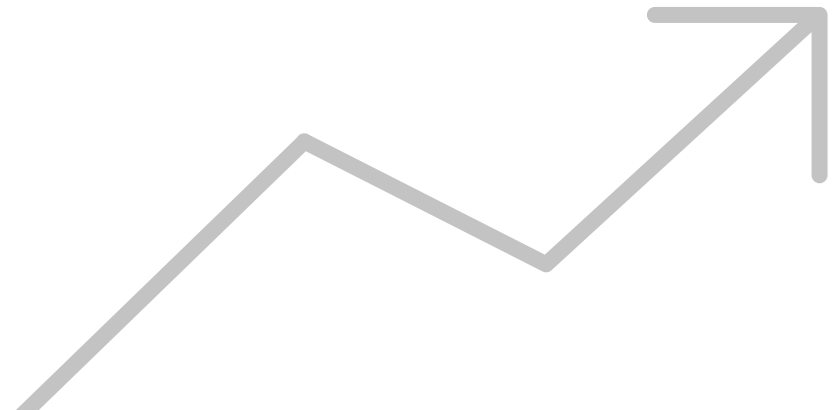
- Data availability
 - Insufficient data basis in the German/European statistical system
 - Limited information of financial reporting of MNEs
 - Direct MNE contact can be useful
- Utilization of the derived results?
 - Adequate coordination involving all relevant NSIs
 - Possibility to share microdata

Conclusions

- German experience led to differing results
- Useful instrument for a limited range of units
- Sufficiently large data basis is required to apply the GMPG decision tree
- **Current data basis in ESS needed to be extended**
- Remaining obstacles regarding the utilisation of the results are not solved, e.g. microdata exchange

Thank you for your attention!

Questions?



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