

# The Measurement of Stocks and Flows of Intellectual Property Products

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The share of intellectual property products (IPP) in total investment and total capital stock continues to increase. For productivity analysis, it is vital that the statistics on IPP are comparable across countries. Eurostat and OECD have produced over the years a significant amount of guidance for the measurement of gross fixed capital formation (GFCF) in R&D and software and are in the process of updating this guidance, including more specific guidance on the measurement of stocks. In addition, the globalisation dimension will be reflected more specifically by focusing on the determination of the economic owner of IPP assets. In the case of R&D, estimates of investment are in most countries based on expenditure surveys, such as those based on the Frascati manual. This provides for a comparable statistical basis across countries. (In the case of software, such a comparable input source does not exist.) The capitalised Frascati-based expenditures enter the Perpetual Inventory Method (PIM) to estimate capital stock and consumption of fixed capital. However, the resulting value of capital stocks may be very different from what is recorded in the respective company's accounts. This may lead to inconsistencies in case of globalisation events where companies move IPP from one country to another.

This paper summarises the updated measurement guidance as well as the recommendations regarding globalisation impacts.