'LVWU   *HQI
2FWRU
2ULJLQDO   (

&RPPLWWHH RI ([SHUWV RQ ,QWHUQDWLRQDO
&RRSHUDWLRQ LQ 7UR7USPDW

01(V DUH JURXSV RI FRPSDQLHV DQG JHQH
VXEVLGLDULHV RU SHUPDQHQW HVWDEOLVKPHQWV
SDUWQHUVKLSV $W WKH RSHUDWLRQDO OHYHO

IXQFWLRQ LQ DQ 01(WR PLQLPLJH WKH ULVN RI W
ZKLOH 01(V WHVW WKH SHUIRUPDQFH RI WKHLU EX
DUH UHTXLUHG WR UHSRUW WKH SHUIRUPDQFH RI

UHVROXWLRQ ZLWK D WD[DXWKRULW\

7KHRU\ RI WKH)LUP DQG 'HYHORSPHQW RI 0XOWLQDW

PHDVXUH IRU WHVWLQJ WKH SHUIRUPDQFH RI DQ 01(.W

FRPPRG LQ W KLV FKDSWPHU VW&SO\ FKDLQ LV XVHG IRU

ERWK JRRGV DQG VHUYLWHV F YODOXH FKDLQ LV GHIL

LQFOXGLQJ SURGXFWLRQ PDUNHWLQJ DQG WKH SURY

LQWHJUDWLRQ RI SURGXFWLRQ E\ 01(V FUHDWHV FKDO
DGDSWLQJ WKH PHWKRGV IRU DOORFDWLQJ WKH LQFR
MXULVGLFWLRQV IRU WD[SXUSRVHV

Multinational Enterprises and the Global Economy   WKH DXWKRUV DUJX
WKDW WKH KLVWRU\ RI 01(V ZDV VKDSHG E\ SROLWLFD
LQIOXHQ**FRZQ** HWKHLU RUJDQL]DWLRQ DQG ORFDWLRQ
RI WKHLU JRRGV DQG VHUYLFHV 7KH DXWKRUV FODLP
RSHUDWLRQV XQWLO WKH ODWH V DQG WKHQ PRUH
DFWLYLWLHV LQ **ZKLFK FRPSHWLWLRQ** DGYDQWDJHV

)RU PRVW RI WKH WZHQWLHWK FHQWXU\ 01(JURXSV
RSHUDWLQJ WKURXJK EUDQFKHV RU VXEVLGLDULHV WK
YDOXH DGGLQJ DFWLYLWLHV DQG E\ WKH ODWH   V I
SURGXFWLRQ DQG PDUNHWLQJ IXQFWLRQV 8S WR WKH
HQJDJHG LQ OLPLWHG RU QR RXWVRXUFLQJ RI RSHUDW
LQWHJUDWHG FRQJORPHUDWH %XW WKH DXWKRUV D
EHJDQ RXWVRXUFLQJ PDQ\ DFWLYLWLHV WKDW ZHUH S
WKHPVHO**IURP** WKH HDUO\   V 01(V EHJDQ UHVWUXFWX
DUHDV LQ ZKLFK WKH\ KDG FRPSHWLWLYH DGYDQWDJH
DVVHWV LQ SDUWLFXODU **DW WKHLU YDO&HWKHWFDOJDELOLW**
SURYLGHG WKH ILUPV ZLWK WKHLU PDUNHW SRVLWLRQ

01(V H[DPLQHG WKHLU YDOXH FKDLQV WR LGHQWLI\
DGYDQWDJH RYHU **7KRW WKUQLHPJVDQ GHFLGLQJ** RQ ZKLFK
ZRXOG SHUIRUP WKHPVHOYHV DQG ZKLFK IXQFWLRQV
LQGHSHQGHQW ILUPV D SURFHVV FDOOHG YDOXH FKD
VHUYLFHV 01(V PLJKW GHFLGH WR SURYLGH VRPH VHU
FHQWUHV :KLOH WKH LQLWLDO IXQFWLRQV WKDW ZHU
VXFK DV SD\UROO ELOOLQJ DQG PDLQWHQDQFH VHUY
FRYHU FRUH DFWLYLWLHV 7KH FRUH DFWLYLWLHV PD\
SURYLGLQJ VHUYLFHV)RU H[DPSOH PDQ\ ILUPV RXWV
FHUWDLQ DGPLQLVWUDWLYH IXQFWLRQV WR LQGHSHQ
HGXFDWHG ZRUNIRUFHV DQG UHODWLYHO\ ORZ FRVW
JURXSV RUJDQL]H WKHLU FURVV ERUGHU RSHUDWLRQV
DUUDQJHPHQWV ZLWK LQGHSHQGHQW HQWHUSULVHV D
UHODWLRQVKLSV

 -RKQ 'XQQLQJ DQG 6DULDQQD /XQGDQ ³0XOWLQDWLRQDO (QWHUSU
&KHOWHQKDP (GZDUG (OJDU   DW SDJH
 5HIHU WR IRRWQRWH   HVSHFLDOO\ DW SDJH
 5HIHU WR IRRWQRWH   HVSHFLDOO\ DW SDJH

~~2.3.5.7. A different possible structure of the same value chain could be that Company 1 performs R&D on a contract basis for Company 3, which is the legal owner of any intangible property developed through that R&D, and Company 2 acts as a limited risk contract manufacturer through a contractual arrangement with Company 3. In this case, Company 3 is the legal owner of the intangible property of the MNE, and bears substantial risk as~~ }o š   Á } š Z   š Z   u v µ (š µ Œ] v P   v   •   o •   } (š Z   D

~~vp   x C ⅏ V H~~ Z U T X O ™ E H P G L R, F X P P H G I W Q p^WEU/JL E XHQPW N~~ FHD~~ S W H U V   H D

~~U H V X O W   L Q   G L I I H U H Q W~~   W U D Q V I H U   S U L F L Q J   R X W F R P H V

0 D Q D J L Q J   W K H   7 U D Q V I H U   3 U L F L Q J   ) X Q F W L R Q

7KH DOORFDWLRQ RI SURILWV DQG FRVWV WR WKH YDU
SHUIRUPHG ULVNV DVVXPHG DQG DVVHWV HPSOR\HG 6LQFH 01(
LV YHU\ GLIILFXOW WR DOORFDWH WKH SURILWV DQG FRVWV W
PDUNHW IRUFHV ,W LV D FRPSOH[H[HUFLVH WR FRPH XS ZLWK I
WKH OHJDO VWUXFWXUHV

7KH DUP¶V OHQJWK SULQFLSOH DOORZV QDWLRQDO WD[
RI RQH HQWHUSULVH ZKHUH WKH WHUPV RI WUDQVDFWLRQV EH
ZRXOG EH DJUHHG EHWZHHQ XQUHODWHG HQWHUSULVHV LQ VL
GLVUHJDUG D FRQWUROOHG WUDQVDFWLRQ LQ H[FHSWLRQDO F
DVVRFLDWHG HQWHUSULVHV GLIIHU IURP WKRVH EHWZHHQ XQUH
DQ 01(EHDUV WKH ULVN RI WUDQVIHU SULFLQJ DGMXVWPHQWV
&RXQWU\ $ LV LQFUHDVHG DV D UHVXOW RI D WUDQVIHU SULFLQ
WKHUH ZRXOG EH D FRUUHVSRQGLQJ WUDQVIHU SULFLQJ DGMXV\
LQFRPH RI WKH RWKHU DVVRFLDWHG HQWHUSULVH LQ &RXQWU\

$GYLVUHJXLUHV D WKRURXJK NQRZOHGJH RI DQ 01(¶V
PLVFRQFHSWLRQ WKDW WKH WD[GHSDUWPHQW PDNHV WKH NH\
EXVLQHVV XQLWV RI DQ 01(ZLOO LGHQWLI\ EXVLQHVV RSSRUWX
RSSRUWXQLW\ LI LW ILWV LQWR WKH 01(¶V JOREDO EXVLQHVV VV
RI WUDQVIHU SULFLQJ DGMXVWPHQWV DQG WKHUHIRUH RSWLPL
LQYROYHG LQ DQ 01(¶V GHFLVLRQ PDNLQJ

,Q WRGD\¶V HQYLURQPHQW WKHUH LV DQ LQFUHDVLQJ O
WUDQVIHU SULFLQJ GRFXPHQWDWLRQ UHTXLUHPHQWV 0RVW (
GRFXPHQWDWLRQ PDVWHUILOHV RI WKH YDULRXV JOREDO EXV
DUH SUHSDUHG IRU ORFDO SXUSRVHV EDVHG RQ WKH LGHQWLILH

7D[DXWKRULWLHV DURXQG WKH ZRUOG DUH LQFUHDVL
H[SDQGLQJ WKHLU WUDQVIHU SULFLQJ FDSDELOLWLHV 01(V KD
GHWDLOHG FRPSOH[DQG RIWHQ FRQIOLFWLQJ GRPHVWLF WUDQ
RSHUDWH 6RPH FRXQWULHV IROORZ JXLGDQFH IURP LQWHUQDV
JXLGDQFH ZKLOH VRPH GHYHORS WUDQVIHU SULFLQJ UXOHV LQG

7D[DXWKRULWLHV VKRXOG QRW VWDUW IURP WKH DVVXI
LQ RUGHU WR REWDLQ WD[EHQHILWV ɔFRYˋP€ DUH G@€`UIU™`€ɟ

'™€   GR™„™– W

GLVDJUHH ZLWK WKH DSSURDFK WDNHQ DQG WKHUH LV WKXV W
XQFHUWDLQW\ IRU 01(V LQFOXGLQJ WKH SRWHQWLDO DVVRFLDV
PDQDJLQJ WD[DXGLWV DQG FRQGXFWLQJ OLWLJDWLRQ 1RWZLW
DUH PDQLSXODWHG WR VKLIW SURILWV IURP RQH MXULVGRH –`U"

)LJXUH   *OREDO (IIHFWV 7UDQVIHU 3ULFLQJ $GMXVWPH
(after adjustment)

allocation issue between countries

Increase of profit in Country A must result

in corresponding adjustment in Country B