

**Director General's Keynote Opening to the High-Level Conversation on
Unlocking Intangible Asset Finance**

1 November 2022

Daren Tang

[Check against delivery]

Excellences,

Distinguished Delegates,

Dear Colleagues and Friends,

It is my great pleasure to welcome you to WIPO's inaugural High-Level Conversation on Unlocking Intangible Asset Finance. Our warm welcome also extends to the many of you joining us online.

At the outset, please also allow me to also extend WIPO's gratitude to our keynote speaker, His Excellency, Mr. Tharman Shanmugaratnam, Senior Minister of the Government of Singapore and Chairman of the Group of Thirty, an independent body of eminent global economic and financial leaders.

As enterprises and economies increasingly use innovation to drive growth, asset creation increasingly is shifting from tangibles to intangibles.

Intangible assets like patents, trademarks, brands, designs, copyright, trade secrets, data, know-how, and others, is now estimated to be worth more than 70 trillion US dollars – more than the combined value of world's five largest economies. 90 per cent of the value of companies in the S&P 500 is already in these assets. With the acceleration towards digitalization, technology and innovation, these numbers will only increase not only in developed countries but everywhere in the world.

And yet, intangible assets are like the dark matter of our financial world – mysterious and largely invisible, even if they are now exerting a huge and increasingly visible influence on our companies and economies.

This is not healthy for our world.

It is not healthy for our most innovative entrepreneurs and enterprises, who need to unlock new avenues of financing for growth, using their most valuable assets, and especially in times when money supply has shrunk substantially.

It is not healthy for our regulatory, financial, accounting and valuation frameworks that are not able to adequately understand, measure and analyse what is increasingly the key asset of enterprises they regulate and support.

And it is not healthy for our economies and financial markets, when the understanding of the role that intangible assets play in trade, finance, economic growth remains unclear.

It is therefore timely for us to come together to start a conversation on this issue, and we are very pleased that stakeholders from the government, IP and finance sector from all over the world have come together today for this purpose.

To be fair, the issue of IP financing and collateralization is not new in the world. Attempts to collateralize and finance intangible assets have been ongoing since the 1990s. “Bowie Bonds” was one such early attempt, allowing the investor to enjoy royalty streams and revenues from future album sales of iconic musician David Bowie. And in 2007, the world’s first financial market for licensing and trading IP rights, IPXI, was launched by Ocean Tomo.

But these attempts have been sporadic and ad hoc, or confined to very specific contexts. I need only mention that IPXI closed down in 2015 after an 8 year run.

However, momentum has begun to pick up again, this time driven by two factors.

First, while early experiments in IP financing came from the private sector, in recent years government interest in this area has begun to pick up substantially, driven by the desire to find new sources of financing to support enterprise growth. These have

come not just from developed countries, but also developing countries like China, Brazil, Jamaica, Mexico, Saudi Arabia and Türkiye, who see this issue as critical for supporting SME and enterprise growth. With the dry up in money supply, I believe that these efforts will become more urgent.

Second, enterprises have continued to leverage their intangibles to secure the financing that they need to grow, and some financial institutions have begun to broaden their products to include intangibles.

I will share 3 examples for companies at different growth stages.

In Japan, a mature company trying to harness the power of spider silk for all kinds of applications, Spiber, recently secured over USD 300 million in loans through the collateralization of their IP portfolio. The funds have helped to expand operations, build new factories abroad and strengthen product diversification.

In the US, Blue Spark Technologies raised USD 40 million loan through IA collateralization to accelerate the development of their health-tech brand.

And in China, a bank has just issued a digital yuan loan worth US\$68,000 to a firm using IP as collateral.

These indications of the interest from governments, enterprises and finance institutions, gives us a glimpse into the potential for IP financing to support the growth of enterprises at different stages of development, from start-ups and scale-ups to mature companies, and for this issue to begin to move from the fringe to the mainstream.

Addressing a 70 trillion dollar issue cannot be addressed just by WIPO or the IP community alone. Rather it is a much larger issue for which other stakeholders like the regulators, financiers, investors, insurers, financial institutions, development banks, accountants, valuers and others, need to be brought onboard.

What WIPO can offer is our expertise as the UN agency for innovation, creativity and IP, as well as our ability to provide a neutral, professional and global platform for these issues to be discussed and moved forward.

My colleague, Marco Alemán, Assistant Director General of our IP and Innovation Ecosystems Sector, will set this out in more detail later this morning, but allow me to highlight the three pillars that will guide our future work.

First, we will continue to raise the profile of intangible asset finance, through this forum, as well as the creation of a number of expert groups that will take a deep dive into key issues.

Second, we will continue to widen the available evidence base by developing a series of country reports that lift the lid on what is happening on the ground.

And third, beyond talking and sharing what is happening on the ground, we want to start providing practical support, including through the development of a new, practical finance toolkit that will help borrowers and lenders communicate more effectively.

The issues and challenges we see ahead of us are substantial and addressing them will need action at the systemic and strategic levels, both domestically as well as globally. But it is a challenge worth taking on because of its immense potential to transform the innovation, financial and economic landscape, for the good of everyone, everywhere.

WIPO certainly does not have the all answers to the challenges and gaps that are present in this exciting and important area, but by working together with all the stakeholders, we can begin to understand the issues, and chart a path forward together.

Thank you, once again, for attending today's event and for joining us on this journey of great promise.