

The right to use/exploit non-produced resources between residents and non-residents

Summary conclusion

Questions

1. The AEG members were asked whether they agreed to the following 11 points:

For land:

- (a) All land must be owned by a resident unit, whether it is natural land or land improvements?
- (b) The lessor of land or buildings held under a financial lease must be a resident unit, notional if necessary?

For mineral deposits (or static natural resources subject to multi period extraction),

- (c) The issue of a licence establishes a sufficient centre of economic interest for the holder of the licence to be regarded as resident (the BOPCOM view) or must production start to establish this (the CG view)?

For radio spectra (where there is no change in the asset brought about by usage),

- (d) the holder of a licence to use the spectra would normally be resident but exceptions may occur in certain cases such as geographically small countries covered by facilities in neighbouring countries?

For logging (or static natural resources subject to short-term extraction),

- (e) extraction must take place for more than a year to establish a resident unit?
- (f) A fee for one-time extraction represents the sale of an asset?
- (g) Illegal extraction should be recorded as uncompensated seizure?

For fish:

- (h) A fishing vessel becomes resident only if the operator establishes a base in the country in question, otherwise the residence of the vessel remains that of the operator, regardless of the area in which it is fishing?
- (i) Fish beyond the EEZ may be treated as assets if allocated by international agreement?
- (j) Permits to catch fish may represent assets in their own right?
- (k) Illegal fishing should in principle be recorded as uncompensated seizure?

2. The AEG members who participated in the e-discussion overwhelmingly supported all except one of the proposed recommendations. The ninth proposal, (i), generated some disagreement.

Outcome

3. The AEG was pleased to note the agreement revealed by the e-consultation. On the third proposal, the views of BOPCOM and the Canberra II Group are different, with the former considering that a licence being issued is sufficient to establish residence while the latter considered production must be observed before residence is established. The AEG recommends that the BOPCOM approach be adopted in the updated SNA.