

Annex XXIII.A. Compilation of data on external trade in ships and aircraft: experience of Italy

23.A.1. *Background.* In 2010, European legislation took on board United Nations directives concerning the use of “economic ownership” as the key concept to be used in defining external trade of vessels and aircraft. In order to comply with the new legal framework, Italy put in place an ad hoc procedure designed to determine the best classification and measurement of external trade for this kind of goods.

23.A.2. *Methodology.* The first assumption made by Italy in implementing this new definition has entailed the adoption of the economic concept of *operator* as a reasonably good proxy for identifying the economic owner:

- For vessels, the operator is “the natural person or the legal unit responsible for the commercial decisions concerning the employment of a ship and the one who decides how and where that asset is employed. The direct beneficiary of the profits from the operations of the asset may also be responsible for purchasing decisions on bunkers and port services”.
- The term “air operator” refers to a natural person residing in a member State or a legal unit established in a member State that uses one or more aircraft in accordance with the regulations applicable in that member State, or a European Union air carrier, as defined in European Union legislation (Council Regulation (EEC) No. 3922/91 of 16 December 1991 on the harmonization of technical requirements and administrative procedures in the field of civil aviation).

23.A.3. *Partner-country identification.* The partner country is the place where the operator is established. This definition may have some flaws, but in most cases, it has proved to be the best proxy available. The assumption that the operator is a good proxy for the new concept of economic owner paves the way for the adoption of additional data sources for the correct classification and measurement of external trade of vessels and aircrafts.

23.A.4. *Data sources.* Given the complexity of the definition and measurement of trade in vessels and aircrafts, it was recognized that a single data source could not comply with the legal requirements (involving, for example: different managements of vessels/aircraft registers and completeness of data source). Consequently, a set of different data sources were identified: standard customs data, the Fairplay World Register^[21] of ships and, where possible, multilateral cooperation and exchange of information between partner countries. Finally, a case-study approach has been used, in order to optimally exploit the integration of all the available information.

23.A.5. *Conclusions.* The results are twofold: only statically relevant transactions are recorded; and problems of over- and underestimation, linked to each single source, are overcome. For example, customs information may overestimate the data when a sale or acquisition takes place without a change of economic ownership; vice versa, there may be an underestimation when a transaction according to the concept of economic ownership occurs without the obligation of providing a customs/fiscal declaration (for example, without a sale/acquisition of the vessel itself); in this latter case, the Fairplay World Register of ships is most useful. It must be noted that the above procedure is highly advantageous in terms of quality but highly time-consuming at the same time. Hence, for smaller transactions (in terms of value), only customs data, data from the Fairplay World Register of ships and, possibly, direct contacts with the respondents are integrated, while a total casestudy is carried out for larger transactions.

23.A.6. *Two illustrative cases.* In the first case, a shipbuilding company in Italy sold a super-luxury cruise ship to a company established in an offshore country and regularly presented a customs declaration. However, the economic owner was another company based in Italy, which used the ship to organize cruises. This transaction was excluded from Italy's foreign trade data, because the seller and the new economic owner were established in the same country. In the second case, a shipbuilding company in Italy sold a super-luxury cruise ship to a multinational corporation established in the United States of America. However, the operator of the asset was a company belonging to the same corporation established in the United Kingdom of Great Britain and Northern Ireland. Hence, a transaction between Italy and the United Kingdom was recorded. In both cases, all the above mentioned sources were crucial to decision-making.

[21] The Fairplay World Register is an international database developed and maintained by IHS Fairplay for maritime safety (according to international agreements) and business purposes, based on direct contact with the respondents, profiling of complex multinational corporations and publicly available information (e.g., from the Internet and newspapers).