

C. Economic territory and categories of goods

19.11. The application of the concept of economic territory requires further explanation in the case of trade in ships and aircraft, bunkers, stores and enclaves/exclaves.

19.12. *Ships and aircraft.* As mentioned in IMTS 2010 (para. 1.29), ships and aircraft, which are goods that are mobile by definition, might never enter the economic territory of the reporting country. However, they are nevertheless to be viewed as part of the material resources of a country if the owner is a resident of that country. This can be seen as a convention that allows for the recording of ships and aircraft that is most meaningful and, despite its difficulties, most practical. The attribution of ships and aircraft to the material resources of a country could also be based on the degree of physical presence and maintenance arrangements which, however, would be less meaningful, given the importance of ownership and probably much less practical.

19.13. *Bunkers and stores.* As indicated in IMTS 2010 (para. 1.32), the recording of bunkers and stores does not present much difficulty, either conceptually or practically, if these transactions take place within the own economy, e.g., in the case of refuelling of foreign aircraft and ship, as the supplies are apparently leaving the economic territory on board of the foreign vessels and ships. However, such transactions also need to be recorded as imports by the country where the economic owner of the ship resides, despite the fact that these supplies most likely will never cross the geographical-economic border of these countries. Conceptually, ships and aircrafts need to be viewed as part of the economic territory of the country where the economic owner resides. This should be obvious, as these ships and aircraft contribute to the value added/gross domestic product (GDP) of the countries where the economic owner resides and hence all imports required to generate this value added should be attributed to that country as well.

19.14. *Enclaves.* IMTS 2010 (para. 2.10) specifies that the economic territory also includes territorial enclaves in the rest of the world. These are clearly demarcated land areas (such as embassies, consulates, military bases, scientific stations, information or immigration offices, aid agencies, central bank representative offices with diplomatic immunity, etc.) located in other territories and used by Governments that own or rent them for diplomatic, military, scientific, or other purposes with the formal agreement of Governments of the territories where the land areas are physically located. Goods supplied by and to enclaves of foreign Governments are to be excluded and treated under trade in services (see IMTS 2010, para. 1.49 (c)).