

## **Note on the treatment of fishing licenses in the national accounts of Kiribati**

*Prepared by the United Nations Statistics Division – 27 February 2015*

### **Introduction**

The Expert Group Meeting (EGM) on the preparation of the triennial review of the list of Least Developed Countries (LDCs), New York, 29-30 January 2015, consulted with Kiribati representatives and reviewed the vulnerability profile of Kiribati prepared by the United Nations Conference on Trade and Development (UNCTAD) to determine the possible graduation of Kiribati from the LDC list.

The EGM noted that proceeds from fish licensing fees contribute 20 - 30 per cent to Kiribati's gross national income (GNI) and that the UNCTAD report asserts that these fees should not be included in Kiribati's GNI. Consequently, the EGM requested the United Nations Statistics Division to clarify how these fishing licensing fees (FLF) should be recorded in the national accounts in accordance with the relevant international standards and practices. Moreover, in case the current recording would deviate from current standards and practices, to also provide an assessment of the impact of such deviations on gross domestic product (GDP) and GNI of Kiribati.

### **International statistical standards**

The way that FLFs are recorded in the national accounts<sup>1</sup> (and the balance of payments)<sup>2</sup> has an impact on the level of GNI. The recording of FLFs is dependent on the residency of the fishing fleets and the purpose of the payment.

In the case of Kiribati the FLFs are payments received from foreign fishing fleets for the right to fish in the Kiribati exclusive economic zone (EEZ) for a period less than one year.

national accounts as resource leases or rent, which in turn are classified as property income

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Because the FLFs are payments from non-residents (foreign fishing fleets) to the government of Kiribati, the FLFs are recorded in the national accounts as property income (rent) received from the rest of the world. Property income (rent) received from the rest of the world is added to GDP to derive GNI.

### **Conclusion**

The recording of the proceeds of the FLFs in the Kiribati national accounts and balance of payments is in accordance with the relevant international statistical standards and practices.

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