INTER-AMERICAN TROPICAL TUNA COMMISSION

WORKING GROUP ON FINANCE

MINUTES OF THE 6TH MEETING

La Jolla, California (USA)
23-24 February 2004

AGENDA

1. Opening of the meeting
2. Election of Chairman
3. Adoption of the agenda
4. Review of the results of previous meetings
5. Recommendations to the Commission
6. Other business
7. Adjournment

DOCUMENTS

FIN-6-04 IATTC member contributions: summary of recent developments and updated data

APPENDICES

1. List of attendees
The 6th Meeting of the IATTC Working Group on Finance was held in La Jolla, California (USA) on February 23-24, 2004. The attendees are listed in Appendix 1.

1. Opening of the meeting
   The Director of the Commission, Dr. Robin Allen, opened the meeting.

2. Election of Chairman
   Mr. Carlos Domínguez, of Spain, was elected to chair the meeting.

3. Adoption of the agenda
   The provisional agenda was adopted without modification.

4. Review of the results of previous meetings.
   Dr. Allen reviewed for the delegations the results of previous meetings of the Working Group on Finance and meetings of the IATTC when the issue of member country contributions was discussed. He noted that the 1949 IATTC Convention specifies that each member’s contribution to the Commission’s budget shall be related to the proportion of the catch of tunas from the eastern Pacific Ocean that is utilized by that member. “Utilized” is understood to mean tuna consumed fresh or substantially processed for internal consumption or export; thus, tunas landed in the territory of a member but subsequently exported whole or as loins are not included in computing that member’s contribution, but those that are exported canned are included.

   Dr. Allen recalled that the 5th meeting of the Working Group, in August 2001, agreed to use a provisional formula to calculate the contributions incorporating this component of utilization, but including other elements as well, such as catch and per capita gross domestic product (GDP). That meeting also agreed on a draft resolution on financing which included a sample calculation composed of a base fee, a variable fee, and a fee dependent upon participation in the fishery. It was agreed that this calculation should incorporate the most current and reliable information available at the time, and would be used to calculate each Party’s contribution to the IATTC budget for financial year (FY) 2003 and provisionally for FY 2004 and FY 2005.

   The 69th meeting of the IATTC took account of the report of the 5th meeting of the Working Group in agreeing on a schedule of contributions for FY 2003 and provisionally for FY 2004.

   The 70th meeting of the IATTC agreed upon a schedule of contributions for FY 2004, taking account of the funding formula recommended by the Working Group, and agreed to convene the Working Group to continue its work on finding a formula to determine each member’s contribution to the budget for FY 2005 and for the longer term. The Working Group was instructed to take into account the provisions of the Antigua Convention, particularly Article XV concerning contributions.

   Dr. Allen reminded the delegations that the formula agreed by the 5th meeting of the Working Group included a weighting factor, based on each member’s per capita GDP reported by the World Bank, used to scale the contributions. Members were classified into the following categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>per capita GDP (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt;1,500</td>
</tr>
<tr>
<td>2</td>
<td>1,501-5,000</td>
</tr>
<tr>
<td>3</td>
<td>5,001-10,000</td>
</tr>
<tr>
<td>4</td>
<td>&gt;10,000</td>
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</tbody>
</table>

   It was explained that the World Bank has now changed its measurement to gross national income (GNI) per capita.

   Dr. Allen referred the participants to the tables in Document FIN-6-04 REV, pointing out that Table A shows, for current members and for others that have expressed their intention of joining the Commission,
the data used to calculate contributions using the formula recommended by the Working Group at its last meeting.

In Tables 2a and 2b the formula is applied to the budget requested for FY 2005, for the current members of the Commission and for current members plus others that have expressed their intention of joining the Commission, respectively.

Several delegations asked questions of Dr. Allen, following his presentation, regarding the definition of utilization, payments by non-members, and *per capita* GNI.

5. **Recommendations to the Commission**

Most of the two-day meeting of the Working Group was spent on this agenda item, which was a discussion on what formula to determine member country contributions might be recommended to the member governments for their consideration in June 2004, during the annual meeting of the Commission.

The Chair suggested organizing the discussion by breaking the issue into the following six elements:

A. Sources of data used in the contribution formula;

B. The countries that should contribute to the budget;

C. The levels of the base contribution and the operational contribution;

D. The levels of the catch contribution and the utilization contribution;

E. The weighting category and factor;

F. The fixed contribution by the United States.

A. Regarding the sources of data used to determine certain aspects of the contribution formula, Dr. Allen noted that the Commission staff calculates utilization on the basis of information obtained from fish market and cannery receipts, transshipment records, import and export records, vessel logbooks, and port unloading records. The Working Group had no problem with this process, but decided that each member government should have the responsibility to provide the most recent utilization information for its country. To assist in this, the meeting decided that the Secretariat should provide its most recent pertinent information to the governments and thus provide them with the opportunity to respond.

Also, it was clarified during the discussion that, with respect to tuna caught by longlines and exported whole and frozen, utilization would accrue to the catching or exporting country, not the importing country.

B. A long discussion took place on which countries should contribute to the budget. It was agreed by all of the delegations from IATTC member governments that all countries with vessels fishing for species covered by the IATTC Convention should contribute to the budget. It was considered by the meeting to be simply unacceptable that non-member countries with substantial fishing fleets could, year after year, come to all of the Commission meetings, participate in the discussions, and take advantage of all of work of the IATTC staff, without paying anything towards the budget of the Commission.

Several ideas were discussed, and one which gained considerable support among the participants was to require a minimal contribution to be made by a government or its flag vessels as a prerequisite to obtaining the status of “cooperating party”. Another idea was to begin charging fees to observer governments as a requirement to attending meetings. It was agreed that these ideas should be revisited at the next appropriate meeting.

C. Regarding the percentages to be included in the formula for determining the base contribution and the operational contribution, Japan proposed that these be 6% and 9%, respectively, rather than the 4% and 6% in the formula agreed at the 5th meeting of the Working Group. After some discussion and consideration of other percentages, the Working Group agreed on the percentages proposed by Japan.
D. Regarding the levels of the catch contribution and the utilization contribution, the effect of various percentages on member country contributions was examined at the meeting, but no consensus was reached on changing the numbers from those agreed at the last meeting of the working group, i.e. 47.5% for the catch contribution and 37.5% for the utilization contribution.

E. There was considerable discussion on the appropriate weighting categories and factors to be used in the calculation formula. The Chair proposed that slightly different cutoff points of GNI be used for the four categories in the formula, viz., $2,500 or below; $2,501-$5,000; $5,001-$10,000; and above $10,000. The proposal was supported by some delegations but not agreed by the meeting, and it was decided that this proposal should be considered again during the June 2004 meeting of the Commission. The Director was asked to prepare tables showing the effect of this proposal on the contributions of the member countries.

There followed a discussion on the weighting factors assigned to countries in the formula. The question was raised as to why Japan was assigned a weighting factor of 3.5, although it is listed as a category 4 country in Table A and all of the other category 4 countries have a weighting factor of 4. It was explained by Japan, and confirmed by Dr. Allen, that this number was the result of the negotiations in the 5th meeting of the Working Group, following the consideration of many alternative numbers and tables. El Salvador noted that it had been assigned a weighting factor of 1, based on similar negotiations, and that the tables used as working documents in this and future meetings should reflect this. This same situation was also true for the weighting factors of 1 assigned to Costa Rica and Guatemala. There was general support at the meeting for using the weighting factors that had emerged from the 5th meeting of the Working Group in documents for future meetings. However, there was also considerable support for the idea that, in any final formula that may eventually be agreed, more objective criteria, as opposed to negotiated ones, should be used.

Guatemala inquired about using a Human Development Index (HDI), instead of GNI, for determining a nation’s economic category. It was explained that although HDI was considered at the last working group meeting, it was not accepted by the participating governments. There was no support at this meeting for using the HDI instead of GNI as an element in the budget formula.

F. There was also considerable discussion regarding the fixed contribution by the United States. The formula produced at the 2001 working group meeting includes an amount of $1,500,000 as a fixed “headquarters” payment by that country. The United States advised the meeting that it was not likely that it could continue with this payment indefinitely, and that it therefore had to reserve the right to reduce it, particularly if there were new members of the Commission in the future. The United States also stated that it would prefer to designate it as a “special support payment” rather than a “headquarters” payment. Discussion ensued as to the repercussions of a significant reduction in the U.S. contribution, and it was generally agreed that, should this occur, it was likely that the Commission’s overall budget would be reduced rather than increasing the payments of all of the other members.

6. Other business

No other business was discussed.

7. Adjournment

The meeting was adjourned on February 24.
Appendix 1.

COMISIÓN INTERAMERICANA DEL ATÚN TROPICAL
INTER-AMERICAN TROPICAL TUNA COMMISSION

GRUPO DE TRABAJO SOBRE FINANCIAMIENTO
WORKING GROUP ON FINANCE

6th MEETING – 6ª REUNION
February 23-24, 2004
La Jolla, California

ATTENDEES – ASISTENTES

COSTA RICA

JOSÉ LUIS ARAYA
INCOPESCA

ECUADOR

FRANCISCO BALLEN
LUIS TORRES NAVARRETE
Ministerio de Comercio Exterior,
Industrialización, Pesca y Competitividad

CESAR ROHON
Cámara de Pesquería

RAMÓN MONTAÑO
ATUNEC

EL SALVADOR

SONIA SALAVERRIA
ELSY SORTO
Ministerio de Agricultura y Ganadería

ESPAÑA – SPAIN

CARLOS DOMÍNGUEZ DÍAZ
Secretaría General de Pesca

JAVIER ARÍZ TELLERIA
Instituto Español de Oceanografía

AMOR SOLÁ
Embajada de España – Washington

FELIX GARRIDO
Embajada de España - Londres

GUATEMALA

ERIK VILLAGRAN
UNIPESCA

JAPAN-JAPÓN

KATSUMA HANAFUSA
SEIICHI SAKAMOTO
Fisheries Agency

MEXICO

RICARDO BELMONTES
ANGEL GOMEZ
CONAPESCA

GUILLERMO COMPEAN
Instituto Nacional de la Pesca

NICARAGUA

MIGUEL A. MARENCO
Administración Nacional de Pesca y Acuicultura - MIFIC
UNITED STATES OF AMERICA - ESTADOS UNIDOS DE AMERICA

DAVID HOGAN
JAMES STORY
  Department of State
ALLISON ROUTT
JEREMY RUSIN
BRETT SCHNEIDER
  National Marine Fisheries Service

PETER FLOURNOY
TOBEY GOLDFARB
PAUL KRAMPE
United Tuna Cooperative

VENEZUELA

ALVIN DELGADO
  Programa Nacional de Observadores de Venezuela

OBSERVADORES – OBSERVERS

COLOMBIA

CARLOS E. MOSQUERA
  INCODER

UNIÓN EUROPEA – EUROPEAN UNION

ROBERTO CESARI
ALAN GRAY
  European Commission

PERSONAL – STAFF

ROBIN ALLEN, Director
JOANNE BOSTER
ALEJANDRA FERREIRA
JOSHUE GROSS
BRIAN HALLMAN

BERTA JUÁREZ
NORA ROA-WADE
JENNY SUTER
NICHOLAS WEBB