

INTER-AMERICAN TROPICAL TUNA COMMISSION

102ND MEETING

**Panama City, Panama
2-6 September 2024**

PROPOSAL IATTC-102 F-2

SUBMITTED BY CANADA

RESOLUTION C-24-XX

EXPLANATORY MEMORANDUM

In 2023, there were concerns expressed by several Members related to the application of the current contribution formula in C-15-05 for 2024 as some Members had jumped 2 GNI categories in the space of a year - significantly increasing their annual contribution. There was no consensus in the Committee to support requests for exemptions for those Members, but there was support to freeze Member contributions to 2023 levels, and in accordance with paragraph 6, that the Resolution be reviewed at the next annual meeting of the Commission.

Understanding the financial pressures that significant jumps in contributions from year to year can have on Members, Canada proposes an alternative option to the GNI 'categories' to apply a Member's GNI in the contribution formula - the use of a factor model. The factor model method could mitigate significant increases in Member contributions from year to year, such as those experienced in recent years using the GNI category model.

The factor model plots the GNI categories 1-5 against the middle of the GNI range (US\$); the GNI category 0.5 was plotted against a GNI of 1,499, representing the minimum bound and the GNI category 5.5 was plotted against a GNI of 21,000, representing the maximum bound. The expectation is that the current limits be respected, whereby no Member would have a GNI factor less than 0.5 nor more than 5.5. The line of best fit was then applied to the data series (the R² value, a statistical measure of how well the regression predictions approximate the real data points, is 0.9981). The regression formula associated with the line of best fit was used to determine a GNI factor (a number which includes several decimal places to allow a smooth transition) rather than a discrete category. The factor model is responsive to all fluctuations in a Member's GNI, and therefore, buffers against large fluctuations in Member contributions relative to the existing formula. A visual representation is included in Annex A.

Understanding that any change in the contribution formula will have immediate effects for some Members, the goal is to temper the large fluctuations in Member contributions year over year with a different (but very similar) model.

RESOLUTION C-24-XX (AMENDMENT TO C-15-05) MEMBER CONTRIBUTION CALCULATIONS

The Inter-American Tropical Tuna Commission (IATTC), gathered in ~~Guayaquil, Ecuador, on the occasion of its 89th Meeting;~~ Panama City, Panama, on the occasion of its 102nd meeting:

Recognizing the importance of equity and stability in the calculation of the contributions of Members to the Commission's budget, and of fully funding the work of the Commission so that it may fulfill its duties and responsibilities;

Giving due consideration to the principle that the proportion of the expenses paid by each Member should be equitable, transparent, and related to its proportion of the total catch of tunas from the Convention Area and other components of the formula used to calculate the contributions, as well as to the consensus of the Members that other factors should be considered in determining their proportional contributions; and

Taking into account the relevant provisions of the Antigua Convention;

Resolves as follows:

± Beginning in 2025, the following elements shall be used in the determination of IATTC Member contributions ~~of the contributions of Members to the IATTC budget. until such time as a Member requests review and revision of the contribution formula as provided for in paragraph 6 of this Resolution.~~

- a. Each Member's contribution shall be calculated as follows: 10% of the total budget, minus any special contribution, divided equally among all the Members (base contribution); the remaining 90% is shared among the Members, weighted by Gross National Income (GNI) category factor, as follows:
 - i. An operational component (10%);
 - ii. The catches by their flag vessels (70%);
 - iii. Their utilization of tuna from the Convention Area (10%).

GNI Category	GNI range (US\$)
0.5	<1,499
±	1,500 – 4,499
±	4,500 – 6,499
±	6,500 – 10,999
4	11,000 – 15,999
±	16,000 – 20,999
±	≥21,000

~~Table 1. GNI categories used for allocating contributions~~

- b. The weighting factors used in calculating contributions shall be the same as the GNI categories factors. The GNI factors are calculated using the following formula:

$$\text{GNI factor} = -6E-09 (\text{GNI})^2 + 0.0004 (\text{GNI}) - 0.0557, R^2 = 0.9981$$

The GNI factors will be no less than 0.5 and no more than 5.5 (see Annex A for GNI factor model).

- c. Each Member's catch contribution shall be based on the annual average of the catches by its flag vessels in the three most recent years for which catch data are available.
- d. In the determination of a Member's utilization, 50% of the tuna loins included in the calculation shall be attributed to the Member that exported the loins and 50% to the Member that imported them.

- e. In the case of a Member that is also a member of the Western and Central Pacific Fisheries Commission, only 50% of catches made by its flag vessels in the overlap area between the two Commissions shall be included in the calculation of that Member's contribution based on catch.
2. That the Director shall inform each Member, at least two months prior to the annual meeting, of its projected contribution for the following two fiscal years.
3. That the contributions of any new Member of the Commission shall be determined on the same basis as the contributions of existing Members, subject to the Commission's financial regulations.
4. That all IATTC non-Members which have vessels fishing for fish covered by the Convention, should make, and request their flag vessels to make, voluntary contributions to the Commission, preferably on the same basis as the contributions of existing Members.
5. To invite non-governmental organizations interested in the work of the IATTC to make contributions to the Commission's budget.
6. ~~This ad hoc formula shall be used to calculate Members' contributions to the IATTC budget for the years 2013-2017, and indefinitely thereafter, unless a~~ **If a Member believes that the formula is no longer appropriate, it may** ~~indicates that the formula is no longer appropriate and~~ **requests** that a new contribution formula be considered at the following Annual Meeting of the IATTC. ~~Any Member making a request to reconsider this formula is encouraged to provide an explanation to the Commission of the reasons for its dissatisfaction with it.~~ **A Member requesting revisions to this formula is encouraged to explain to the Commission the reasons for its dissatisfaction with it.**
7. This **Resolution** replaces Resolution ~~C-12-04~~**C-15-05**.

Annex A

GNI category	GNI range	GNI value used in GNI factor model (see Figure 1)
0.5	<1499	1,499
1	1500-4499	3,000
2	4500-6499	5499.5
3	6500-10999	8749.5
4	11000-15999	13499.5
5	16000-20999	18499.5
5.5	>=21,000	21000

Table 1. GNI categories and ranges previously used for allocating contributions, as well as the GNI values used in the new GNI factor model. GNI values for GNI categories 0.5 and 5.5 represent the lower and upper limits, respectively, and the GNI values for GNI categories 1 to 5 represent the middle of the GNI range.

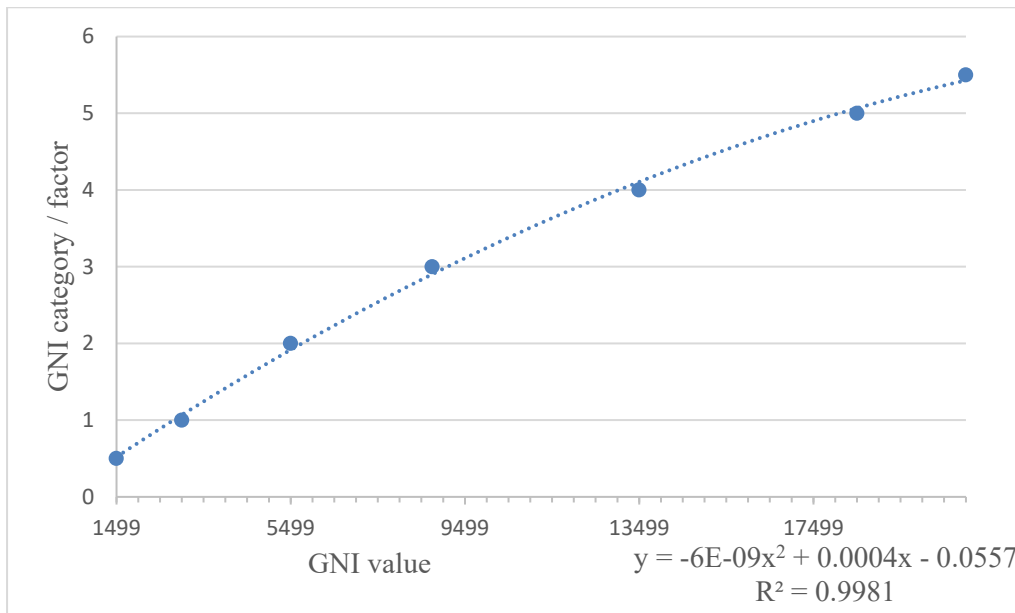


Figure 1. The GNI categories (y axis) plotted against the GNI value (x axis) listed in Table 1. The following formula represents the line of best fit ($R^2=0.9981$): GNI factor = $-6E-09 (GNI)^2 + 0.0004 (GNI) - 0.0557$