

**INTER-AMERICAN TROPICAL TUNA COMMISSION**

**WORKING GROUP ON FINANCE**

**MINUTES OF THE 3<sup>RD</sup> MEETING**

**La Jolla, California (USA)  
January 31- February 2, 2001**

**Chairman: Svein Fougner (United States)**

**AGENDA**

1. Opening of the meeting
2. Adoption of the agenda
3. Review of the second meeting of the Working Group on Finance (February 9-10, 2000)
4. Development of a possible system of contributions for future years
5. Other business
6. Adjournment

**INFORMATION DOCUMENT**

Allocation of contributions to the budget of the Inter-American Tropical Tuna Commission (revised)

**APPENDICES**

1. List of attendees
2. Definition of utilization
3. Draft resolution on financing the IATTC, February 2001

The 3<sup>d</sup> Meeting of the Working Group on Finance was held in La Jolla, California, on January 31-February 2, 2001. The attendees are listed in Appendix 1.

The Chairman, Mr. Svein Fougner of the United States, opened the meeting. The agenda was adopted without modifications. The Director, Dr. Robin Allen, stated that to date none of the member's contributions for the current financial year had been received, and that if these did not arrive soon, he would be forced to curtail some of the staff's activities.

The Director also informed the meeting that he had, in accordance with the resolution on financing the IATTC adopted at the 66<sup>th</sup> Meeting in June 2000, sought voluntary contributions to the budget of the IATTC from non-Parties that either participate in or are interested in the work of the IATTC. To date he had received a response from Taiwan, which had made a voluntary contribution of US\$10,000.

Mexico made a request to read a statement not related to the Working Group's mandate. The Chairman asked Mexico to postpone its statement until later in the meeting. After a discussion in which Mexico expressed its disagreement with this suggestion, Mexico indicated it would make its statement available to the delegates outside the meeting room.

The Director presented the document *Allocation of Contributions to the Budget of the Inter-American Tropical Tuna Commission* prepared by the staff, which included examples of contributions based on formulae for calculating national contributions developed at previous meetings, but using updated figures for catch and GDP and including countries not previously contemplated.

Suggestions made by members of the group included considering (1) a revised or refined definition of utilization; (2) the potential for using the value of the catch as a factor in determining contributions; (3) the effect of changes in the size of national fleets; (4) indexing the entire base fee; and (5) that the Director should explore opportunities for voluntary additional contributions from external sources.

Some participants proposed that, for transparency and simplicity, catch from the eastern Pacific should be used instead of utilization as a basis for the calculations, but it was noted by others that utilization was stipulated as the basis for calculating contributions in the IATTC Convention, and that using catch alone would not resolve the problem of distributing the budgetary burden fairly.

It was generally agreed that, for the contributions to be both stable and predictable, they should consist of two parts, a base fee, which would be paid by all members, and a variable fee based on participation in the fishery. However, there was no agreement on what percentage of the budget should be covered by the base fee, with preferences ranging from 5% to 20%. It was agreed that any formula should allow the proportion covered by the base fee to be increased gradually, and that the rate of increase should be established at the outset, to make future contributions more predictable.

Most participants thought that the base fee should be a fixed, predictable amount (the selected percentage of the total budget divided evenly among the Parties), but some thought that the entire contribution should be indexed by development category or some other index reflecting the Party's level of development. Guatemala proposed that the United Nations Development Programme's Human Development Index (HDI) be used as a basis for calculating each Party's contribution rather than the World Bank index utilized in the background paper.

At the group's request, the staff circulated a definition of utilization as used for calculating contributions (Appendix 2). The Working Group discussed whether the definition should be revised or refined and, if so, how that would be done.

It was generally agreed that the Commission budget (and thus national contributions) should no longer cover any portion of the costs associated with placing observers on vessels of non-member states. The flag state of the vessel involved should be responsible for these costs. Also, many Parties noted the importance of all nations fishing in the EPO being members of the Commission and contributing to the budget; this would have the effect of reducing the costs to existing members.

There was general agreement that, whatever the system adopted, it should use the most recent catch and utilization data deemed to be reliable. It was noted, however, that some data are not available on the same time frame as other data; also, fishery and fleet conditions can change from year to year for individual nations, and the system needed to have some flexibility to accommodate such circumstances.

The European Union circulated a proposal, based on the system used by the Indian Ocean Tuna Commission, with a fixed base fee, a fixed operational fee, and a variable component based on catch. The group discussed this proposal at length, with several suggested modifications and adjustments, including weighting the operational fee and dividing the variable component into two parts, one based on catch and the other on utilization. Eventually the group agreed on a draft resolution on financing (Appendix 3), to be presented to the Commission at its meeting in June, which incorporated most of the ideas expressed. Several delegations made clear that the table of contributions contained in this resolution represents only a working proposal for consideration by the Parties. In this working proposal, only the base membership fee (initially 5% of the budget) would be fixed; the other three components – operational, catch, and utilization – would be weighted by the level of development of the Parties and membership in the International Dolphin Conservation Program (IDCP), as follows:

1. The weighted operational contribution for each Party is calculated by multiplying 5% of the budget by the weighting factor for that Party and dividing the result by the sum of the weighting factors for all Parties.
2. The weighted catch contribution is calculated by multiplying 45% of the budget by the product of the catch and the weighting factor for that Party and dividing the result by the sum of the products of catch and factor for all Parties.
3. The weighted utilization contribution is calculated by multiplying 45% of the budget by the product of the utilization and the weighting factor for that Party and dividing the result by the sum of the products of utilization and factor for all Parties.

The group agreed that it was important that this new system should be introduced as soon as possible but, recognizing that it would require approval from national financial authorities in some member countries and that the contributions to the budget approved for FY 2002 (October 1, 2001, to September 30, 2002) had already been calculated and submitted for payment, decided that the earliest practical date for using the new system would be in the budget for FY 2003, and included this recommendation in the draft resolution.

The group did not have any other business to discuss, and adjourned the meeting on February 2, 2001.

**Appendix 1.**

**COMISION INTERAMERICANA DEL ATUN TROPICAL  
INTER-AMERICAN TROPICAL TUNA COMMISSION  
GRUPO DE TRABAJO SOBRE FINANCIAMIENTO  
WORKING GROUP ON FINANCE**

**3ª REUNION – 3<sup>RD</sup> MEETING**

**31 de enero al 2 de febrero de 2001– January 31-February 2, 2001  
La Jolla, California, USA**

**ASISTENTES - ATTENDEES**

**MIEMBROS--MEMBERS**

**COSTA RICA**

**GEORGE HEIGOLD**

Instituto Costarricense de Pesca y Acuicultura

**ECUADOR**

**RAFAEL TRUJILLO BEJARANO**

**LUIS TORRES NAVARRETE**

Ministerio de Comercio, Industria y Pesca

**EL SALVADOR**

**MARGARITA S. DE JURADO**

Ministerio de Agricultura y Ganadería

**ABDON ENRIQUE AGUILLON**

Ministerio de Economía

**GUATEMALA**

**RICARDO SANTA CRUZ**

**FRATERO DIAZ**

Ministerio de Agricultura, Ganadería y Alimentación

**MARIA OLGA MENENDEZ**

AGEXPRONT

**JAPAN - JAPON**

**DAISHIRO NAGAHATA**

**KENGO TANAKA**

Ministry of Agriculture, Forestry and Fisheries

**YUKE NISHIDA**

Ministry of Foreign Affairs

**MEXICO**

**GUILLERMO COMPEAN JIMENEZ**

**MIGUEL ANGEL CISNEROS**

Instituto Nacional de Pesca

**RICARDO BELMONTES ACOSTA**

**MICHEL DREYFUS**

Secretaría de Agricultura, Ganadería, Desarrollo Rural,  
Pesca y Alimentación

**NICARAGUA**

**MIGUEL ANGEL MARENCO**

ADPESCA

**PANAMA**

**HUGO ALSINA**

**UNITED STATES OF AMERICA – ESTADOS UNIDOS DE AMERICA**

**JAMES MCCARTHY**

Commissioner

**WILLIAM GIBBONS-FLY**

**DAVID HOGAN**

State Department

**SVEIN FOUGNER**

**NICOLE LEBOEUF**

National Marine Fisheries Service

**VANUATU**

**ANTHONY TILLET**  
**EDWARD WEISSMAN**

**MARK MCAULIFFE**

**VENEZUELA**

**ALVIN DELGADO**  
Programa Nacional de Observadores

**JON CELAYA**  
**AVATUN**

**OBSERVERS - OBSERVADORES**

**COLOMBIA**

**JORGE A. RODRIGUEZ**  
**IVAN DARIO ESCOBAR**  
Instituto Nacional de Pesca y Acuicultura

**CLARA GAVIRIA**  
Ministerio de Comercio Exterior  
**ARMANDO HERNANDEZ**  
**ANDI**

**ESPAÑA - SPAIN**

**JUAN IGNACIO ARRIBAS**  
Secretaría General de Pesca Marítima

**EUROPEAN UNION - UNION EUROPEA**

**ALAN GRAY**

**PERU**

**JORGE VERTIZ**  
Ministerio de Pesquería

**GLADYS CARDENAS**  
Instituto del Mar del Perú

**NON-GOVERNMENTAL ORGANIZATIONS --ORGANIZACIONES NO GUBERNAMENTALES -**

**KATHLEEN O'CONNELL**  
Whale and Dolphin Conservation Society

**NINA YOUNG**  
Center for Marine Conservation

**IATTC Staff – Personal de la CIAT**

**ROBIN ALLEN**, Director  
**MONICA GALVAN**  
**MARTHA GOMEZ**  
**BRIAN HALLMAN**

**BERTA JUAREZ**  
**TERESA MUSANO**  
**NORA ROA-WADE**  
**NICHOLAS WEBB**

## Appendix 2.

### DEFINITION OF UTILIZATION

For the purposes of calculating budget contributions, a Party's "utilization" is considered to be the round weight of tuna from the EPO consumed or receiving final processing for consumption in the territory of that Party. Utilization figures are calculated on the basis of information obtained from fish market and cannery receipts, transshipment records, import and export records, vessel logbooks, and port unloading records. A Party's "utilization" is the sum of tuna from the EPO landed in that Party's territory, less exports of unprocessed or lightly processed tuna (e.g. loins), plus imports of unprocessed or lightly processed tuna. In the case of Japan, it is assumed that all catches by Japanese vessels are utilized in Japan.

## Appendix 3.

### INTER-AMERICAN TROPICAL TUNA COMMISSION WORKING GROUP ON FINANCE 3<sup>RD</sup> MEETING

La Jolla, California (USA)  
January 31, February 1-2, 2001

### DRAFT RESOLUTION ON FINANCING

*The Parties to the Inter-American Tropical Tuna Commission (IATTC):*

*Understanding* the importance of ensuring sufficient funding for the Commission so it may continue to effectively develop and implement the agreed conservation and management program for the living marine resources of the eastern Pacific Ocean (EPO);

*Aware that* the allocation of the costs of supporting the Commission among Parties should be transparent, fair and equitable, stable, and predictable, but also should allow for redistribution of costs as new Parties join;

*Giving due consideration* to the requirement in the Convention establishing the Commission that the proportion of the expenses paid by each Party should be related to the proportion of the total catch utilized by that Party and the consensus of the Parties that other factors should be considered in determining their proportional contributions;

*Recognizing* that the ability of a Party to make its contribution may be limited by circumstances beyond its control, and that such a situation may require a reconsideration of the budget for that year;

*Noting* that several non-Parties derive benefits from catching or utilizing fish covered by the Convention, but do not make contributions to the Commission;

*Recalling* that the Resolution on Finance adopted by the Commission at its 66<sup>th</sup> Meeting in June 2000 established that the formula for determining a Party's contribution should comprise a combination of a base fee and a variable fee; and

*Taking note of* the recommendations of the 3<sup>rd</sup> meeting of the Working Group on Finance in February 2001 and the urgent need to implement a long-term financing system;

*Have agreed as follows:*

1. To use the following formula, as illustrated in the attached tables, to calculate each Party's contribution to the IATTC budget for financial year (FY) 2003 and thereafter:
  - a) The base fee shall consist of a membership component, to cover [5]% of the budget, divided among all Parties in equal shares, and an operational component, to cover another [5]% of the budget, scaled to the level of development of the Parties and membership in the International Dolphin Conservation Program (IDCP);  
  
[The percentage allocated to the base fee shall increase in annual increments of [ ]% up to a total of [ ]%].
  - b) The variable portion of each Party's contribution is based on its catch and utilization of fish covered by the Convention in the most recent year for which reliable data are available, scaled to the level of development of the Party and membership in the IDCP. This portion shall have two components: (1) 45% of the budget, based on the catch of fish covered by the Convention by that Party's vessels, and (2) 45% of the budget, based on that Party's utilization of fish covered by the Convention;
2. Each Party shall make its contribution in a timely manner to ensure that the program of work adopted by the Commission can be carried out.
3. The Director shall inform each Party, at least two months prior to the annual meeting, of its projected contribution for the following two financial years.
4. To call upon States not presently members of the IATTC which have vessels fishing for fish covered by the Convention to make voluntary contributions to the Commission until such time as they might become members.
5. That the cost of placing observers on vessels of non-Party states should not be covered by the regular IATTC budget.

Modelo de cálculo de las contribuciones al presupuesto de la CIAT, en US\$, basado en el presupuesto aprobado para el AF 2002, para ilustrar el uso de la fórmula elaborada por la 3ª Reunión del Grupo de Trabajo sobre Financiamiento, febrero de 2001. \* = capturas por menos de 3 compañías.

Sample calculation of contributions to the IATTC budget, in US\$, based on the approved budget for FY 2002, to illustrate the use of the formula developed by the 3<sup>rd</sup> Meeting of the Working Group on Finance, February 2001. \* = catches by less than 3 companies.

Captura 1999	Utilización 1997	Ponderación		Cuota básica		Cuota variable (ponderada)		Contribución total	% del presupuesto	
		Categoría	Factor	Miembro (fija)	Operacional (ponderada)	Captura	Utilización			
Catch 1999	Utilization 1997	Weighting		Base fee		Variable fee (weighted)		Total contribution	% of budget	
		Category	Factor	Membership (fixed)	Operational (weighted)	Catch	Utilization			
				5%	5%	45%	45%			
<b>ESTADOS MIEMBROS – MEMBER STATES</b>										
Costa Rica	2,819	16,941	2	2	19,941	11,965	7,610	37,401	76,917	1.61
Ecuador	209,491	78856	1	1	19,941	5,982	282,762	87,047	395,732	8.27
El Salvador	*	-	2	2	19,941	11,965	17,838	-	49,744	1.04
France	566	2,233	4	4	19,941	23,929	3,056	9,860	56,786	1.19
Guatemala	*	-	2	2	19,941	11,965	26,587	-	58,493	1.22
Japan	59,524	65,683	4	4	19,941	23,929	321,373	290,023	655,266	13.69
México	143,002	120,240	3	3	19,941	17,947	579,053	398,188	1,015,129	21.21
Nicaragua	*	-	1	1	19,941	5,982	4,506	-	30,429	0.64
Panamá	12,162	-	2	2	19,941	11,965	32,831	-	64,737	1.35
USA	28,725	72,611	5	16	19,941	95,717	620,348	1,282,450	2,018,456	42.18
Vanuatu	45,620	-	1	1	19,941	5,982	61,576	-	87,499	1.83
Venezuela	72,640	22,042	2	2	19,941	11,965	196,092	48,663	276,661	5.78
<b>Total</b>	<b>594,344</b>	<b>378,606</b>	<b>29</b>	<b>40</b>	<b>239,292</b>	<b>239,292</b>	<b>2,153,632</b>	<b>2,153,632</b>	<b>4,785,849</b>	<b>100.00</b>

Modelo de cálculo de las contribuciones al presupuesto de la CIAT, en US\$, basado en el presupuesto aprobado para el AF 2002, para ilustrar el uso de la fórmula elaborada por la 3ª Reunión del Grupo de Trabajo sobre Financiamiento, febrero de 2001. \* = capturas por menos de 3 compañías.

Sample calculation of contributions to the IATTC budget, in US\$, based on the approved budget for FY 2002, to illustrate the use of the formula developed by the 3<sup>rd</sup> Meeting of the Working Group on Finance, February 2001. \* = catches by less than 3 companies.

Captura 1999	Utilización 1997	Ponderación		Cuota básica		Cuota variable (ponderada)		Contribución total	% del presupuesto	
		Categoría	Factor	Miembro (fija)	Operacional (ponderada)	Captura	Utilización			
Catch 1999	Utilization 1997	Weighting		Base fee		Variable fee (weighted)		Total contribution	% of budget	
		Category	Factor	Membership (fixed)	Operational (weighted)	Catch	Utilization			
				5%	5%	45%	45%			
<b>ESTADOS PARTICIPANTES – PARTICIPATING STATES</b>										
Bolivia	-	-	1		14,076	-	-	-	14,076	0.29
Colombia	*	39189	2	2	14,076	10,183	59,766	75,127	159,152	3.33
Costa Rica	2,819	16,941	2	2	14,076	10,183	6,451	32,477	63,187	1.32
Ecuador	209491	78856	1	1	14,076	5,091	239,709	75,586	334,462	6.99
El Salvador	*	-	2	2	14,076	10,183	15,122	-	39,381	0.82
España	57,007	54,363	4	4	14,076	20,365	260,920	208,434	503,795	10.53
France	566	2,233	4	4	14,076	20,365	2,591	8,562	45,594	0.95
Guatemala	*	-	2	2	14,076	10,183	22,539	-	46,798	0.98
Honduras	*	-	1	1	14,076	5,091	7,218	-	26,385	0.55
Japan	59,524	65,683	4	4	14,076	20,365	272,442	251,837	558,720	11.67
México	143,002	120,240	3	3	14,076	15,274	490,889	345,760	865,999	18.09
Nicaragua	*	-	1	1	14,076	5,091	3,820	-	22,987	0.48
Panamá	12,162	-	2	2	14,076	10,183	27,833	-	52,092	1.09
Perú	-	-	2		14,076	-	-	-	14,076	0.29
USA	28,725	72,611	5	16	14,076	81,461	525,896	1,113,594	1,735,027	36.25
Vanuatu	45,620	-	1	1	14,076	5,091	52,201	-	71,368	1.49
Venezuela	72,640	22,042	2	2	14,076	10,183	166,236	42,256	232,751	4.86
<b>Total</b>	<b>683,775</b>	<b>472,158</b>	<b>36</b>	<b>47</b>	<b>239,292</b>	<b>239,292</b>	<b>2,153,632</b>	<b>2,153,632</b>	<b>4,785,849</b>	<b>100.00</b>