

**INTER-AMERICAN TROPICAL TUNA COMMISSION**

**WORKING GROUP ON FINANCE**

**MINUTES OF THE 6<sup>TH</sup> 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 6<sup>th</sup> 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 5<sup>th</sup> 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 69<sup>th</sup> meeting of the IATTC took account of the report of the 5<sup>th</sup> meeting of the Working Group in agreeing on a schedule of contributions for FY 2003 and provisionally for FY 2004.

The 70<sup>th</sup> 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 5<sup>th</sup> 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:

Category	<i>per capita</i> GDP (US\$)
1	<1,500
2	1,501-5,000
3	5,001-10,000
4	>10,000

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 5<sup>th</sup> 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 5<sup>th</sup> 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 5<sup>th</sup> 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**

**6<sup>th</sup> MEETING – 6<sup>a</sup> REUNION**

**February 23-24, 2004**

**La Jolla, California**

**ATTENDEES – ASISTENTES**

**COSTA RICA**

**JOSÉ LUIS ARAYA**  
INCOPECA

**ECUADOR**

**FRANCISCO BALLEEN**  
**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 ROUTH**

**JEREMY RUSIN**

**BRETT SCHNEIDER**

National Marine Fisheries Service

**PETER FLOURNOY**

**TOBEY GOLDFARB**

American Fisherman's Research Foundation

**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**