

INTER-AMERICAN TROPICAL TUNA COMMISSION

WORKING GROUP ON FINANCE

MINUTES OF THE 8TH MEETING

La Jolla, California (USA)

7-9 February 2007

AGENDA

1. Opening of the meeting
2. Adoption of the agenda
3. Review of the results of previous meetings and current practices
4. Formula for calculating budget contributions:
 - a. base payment
 - b. operational payment/contribution
 - c. per capita GDP or other measure of wealth
 - d. weighting factor
 - e. catch
 - f. utilization
5. Other business
6. Recommendations to the Commission
7. Adjournment

The 8th meeting of the IATTC Working Group on Finance was held in La Jolla, California (USA), on 7-8 February 2007. The attendees are listed in Appendix 1.

1. Opening of the meeting

Dr. Robin Allen, Director of the Commission, opened the meeting. Ms. Allison Routt of the United States, chair of the Working Group, presided over the meeting.

2. Adoption of the agenda

The agenda was adopted and it was agreed to discuss, under item 5 of the agenda, *Other business*, the issue regarding the calculation of catches, for purposes of the budget, in the area of overlap between the IATTC and the Western and Central Pacific Fisheries Management Commission (WCPFC).

3. Review of the results of previous meetings and current practices

Dr. Allen reviewed the results of the previous meetings of the Working Group, as well as the outstanding payments for the fiscal years (FY) 2003 through 2006 (Appendix 2). He also mentioned that no payments have been made for FY 2007, and noted that some countries have indicated that they may reduce their contributions for this fiscal year below the amounts specified in Resolution [C-06-01](#), adopted in June 2006.

Costa Rica advised the meeting that it has developed a plan, which needs to be approved by the Minister of Agriculture, to pay all of its contributions which are in arrears, as well as to ensure that future payments are made in a timely manner.

Dr. Allen presented Document [FIN-8-04a](#), which includes two spreadsheets, FIN-8-S1 and FIN-8-S2, containing example calculations for the FY 2008 budget. FIN-8-S1 uses the formula used at the meeting of the Working Group in June 2006; FIN-8-S2 shows the effects of not including utilization, as currently defined. Both include a comparison of these results with the amounts in [Resolution C-06-01](#).

For the purse-seine and pole-and-line fisheries, catches are estimates for 2006; for other fisheries, catches are for the latest year for which data are available.

Following the decision at the 74th Meeting of the Commission in June 2006, half of the catch for French Polynesia is used in the calculations. That has not been done for the catches of other countries in the overlap area between the IATTC and the WCPFC, but the effect is expected to be of little significance that should not affect the discussions on the contribution formula.

Each member's contribution is weighted by its *per capita* gross national income (GNI) category, as used by the 5th meeting of Working Group in 2001 and subsequently.

Dr. Allen then reviewed Document [FIN-8-04b](#), which elaborates the contribution schemes of the International Commission for the Conservation of Atlantic Tuna (ICCAT), the Indian Ocean Tuna Commission (IOTC), and the WCPFC. In response to a request, information was presented later in the meeting on the effect on member country contributions of applying these schemes to the IATTC. There was little further discussion on this, as the calculations presented clearly indicated that there would be major difficulties with the application to the IATTC of any of these schemes.

4. Formula for calculating budget contributions

a. Base payment:

Several delegations, including Japan, Mexico, and Panama, expressed their view that it might be more equitable if the base payment, in combination with the operational payment, were higher. Costa Rica, supported by other delegations, stated that it did not wish to see a higher base payment, as that would result in a disproportionate impact upon countries, especially developing countries, that do not have large fishing fleets.

b. Operational payment:

During the discussion of this matter, Vanuatu expressed its concern over the Commission not having some mechanism to ensure that the member countries comply with their financial obligations.

Also, Mexico expressed its concern about the financial stability of the Commission because of its dependence on the contributions of two countries, observing that, if for some reason either of them could not pay on time, the Commission would face a very difficult financial situation.

c. Per capita GDP or other measure of wealth:

Dr. Allen explained that, in performing its calculations, the staff had changed from using gross domestic product (GDP) to GNI as a measure of wealth, and was using the most recent information made available by the World Bank.

The Working Group examined the idea of expanding the number of categories of *per capita* GNI in the formula. It was thought that using more categories, instead of the current four, might be a more precise way to categorize the economic development of countries, and might contribute to an agreement on the formula. El Salvador made a written proposal (see Appendix 3) along these lines which attracted a great deal of support among delegations, although there was not a consensus to adopt it at this time.

d. Weighting factor:

After a long discussion of this matter, the Working Group generally agreed that having the weighting factors equal to the GNI categories would be desirable, particularly if there was agreement on expanding the number of GNI categories in the formula.

e. Catch:

Spain suggested using catch information based on an annual average, taking into account the three most recent years of catch data, Spain noted that annual variations in catch could lead to changes in member country contributions, and this would be very difficult to manage from a budget standpoint.

f. Utilization:

Spain, supported by Japan, argued that utilization is not a good element to include in the contribution formula, both for practical reasons and as a matter of principle. The United States observed that any contribution formula adopted pursuant to the 1949 IATTC Convention must contain the element of utilization because the convention requires it. Spain acknowledged that, although this term appears in the text of the Convention, the Commission could decide to change what is meant by utilization, or could decide that the weight assigned to utilization in the formula should be minimal.

5. Other business

The matter of the calculation of catches, for purposes of the budget, in the area of overlap between the IATTC and the WCPFC was discussed. Dr. Allen noted that, during the meeting of the Commission in June 2006, France expressed concern that the catches by French Polynesia in that area were the basis for payments to both Commissions, and stated its view that this was not fair. France's view was that one-half of its catches in this overlap area should be the basis for its contribution to each Commission. France advised that it wished to see this modification in the calculation of France's contribution to the budget reflected in the Commission's budget for FY 2008 and thereafter. The Commission agreed that such a consideration should apply to all the Parties fishing in the overlap area.

Dr. Allen noted that, for purposes of this meeting, the staff had calculated catches by France in the overlap area on this basis, but had not done this calculation for catches by other nations; this will be done for future budget calculations. Dr. Allen noted that the effect on the budget was expected to be relatively small.

6. Recommendations to the Commission

The Working Group did not have any recommendations for the Commission, but did agree on a written summary of the key results of the meeting (Appendix 3).

7. Adjournment

The meeting took place on 7-8 February and briefly again on the evening of 9 February, and was adjourned at 9:00 p.m. on 9 February.

Appendix 1.

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Appendix 2.

Contribuciones pendientes, febrero 2007 – Contributions outstanding, February 2007

(US\$000)		2003	2004	2005	2006	2007 ¹	Total
Costa Rica	CRI	21	32	52	57	57	219
Ecuador	ECU	0	0	0	0	312/493	312
España	ESP	-	-	0	0	359/468	359
France	FRA	0	0	0	0	111	111
Guatemala	GTM	0	0	40	34	31	105
Japan	JPN	0	0	0	0	372	372
Korea	KOR	-	-	88	0	179	267
México	MEX	0	0	0	0	918/1155	918
Nicaragua	NIC	0	0	0	0	26	26
Panamá	PAN	0	0	0	208	245	453
Perú	PER	0	0	1	30	37	68
El Salvador	SLV	0	0	0	46	66	112
United States	USA	0	0	0	0	1,747	1,747
Vanuatu	VUT	0	0	0	0	44	44
Venezuela	VEN	0	0	0	0	276/304	276
Total		21	32	181	375	4,780	5,389

¹ Where two amounts are shown in this column, the first is the amount which the country has committed to pay for FY 2007, the second is the amount specified in Resolution C-06-01

Appendix 3.

SUMMARY

The working group examined a series of factors regarding the formula which constitutes a contribution formula. It includes an expansion of the categories of GNI per capita in the formula to better express the differences between the different levels of economic development of the members. The delegation of El Salvador presented new categories for consideration (Table 1), but this did not obtain consensus. There was a recognition by the meeting that there was value in having the weighting factors be equivalent to GNI categories. A proposal was made to base the catch element on an average of several years instead of the most recent year, but no agreement was reached on this.

While there was consensus that the expansion of GNI categories was a step forward, discussion at the meeting revealed that there remain some issues to be resolved before it could be agreed. Some members believed that the expansion of the range of GNI categories should be associated with an increase of base fee, or a reduction or elimination of the weight given to utilization as currently defined. Other members, while supporting an expansion of the GNI categories, stressed the importance of retaining the element of utilization as a significant factor in the formula. Some of the alternatives were examined using a model spreadsheet illustrated in Table 2.

The balance in the formula between the weight given to base fees and operational fees was also an issue that needed further attention in considering the entirety of the formula.

There was also an understanding that, if a contribution formula could be agreed at this stage, it would be reviewed at such time as the entry into force of the Antigua Convention.

Table 1 – Tabla 1.

Category-Categoría	GNI per capita-INB per cápita (US\$)
0.5	< 1,000
1	1,000 – 2,999
2	3,000 – 5,499
3	5,500 – 7,999
4	8,000 – 10,499
5	10,500 – 15,999
6	> 16,000

