

**INTER-AMERICAN TROPICAL TUNA COMMISSION**  
**COMMITTEE ON ADMINISTRATION AND FINANCE**

**4<sup>TH</sup> MEETING**

La Jolla, California (USA)

23 June 2016 PM

**DOCUMENT CAF-04-05c**

**FINANCING FOR THE IATTC REGIONAL OBSERVER  
PROGRAM FOR TRANSSHIPMENTS AT SEA, 2016-2017**

**1. INTRODUCTION**

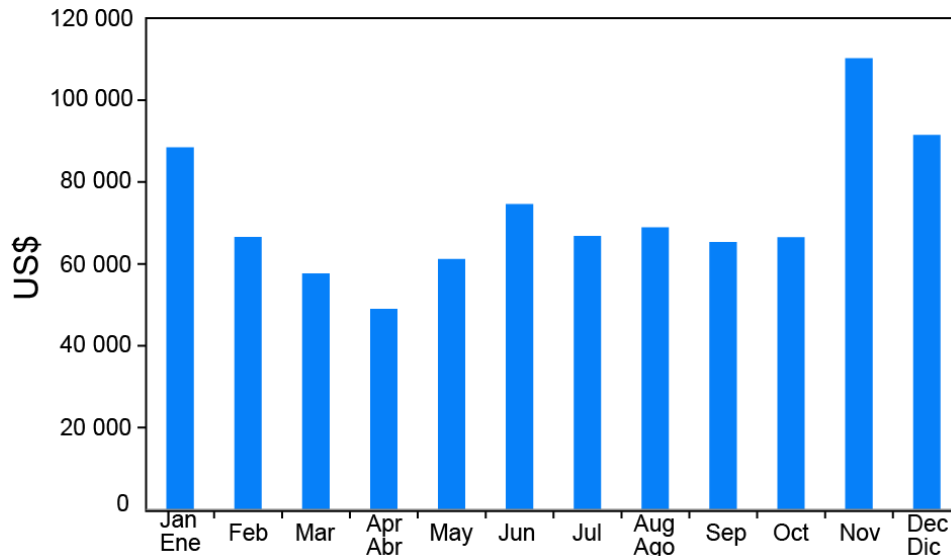
The IATTC observer program to monitor transshipments at sea by carrier vessels was established by Resolution [C-08-02](#), and is now regulated by Resolution [C-12-07](#). The program is financed in 2016 almost entirely by China, Korea, Japan, Chinese Taipei, and Vanuatu, the five IATTC Members that participate fully in the program. In 2016 payments were also received from Panama, which does not contribute to the program's agreed budget, but pays per transshipment made. The program is operated by the Marine Resources Assessment Group Ltd. (MRAG) consortium.

This document presents information on the agreed budget for 2016 and the projected budget for 2017.

**2. CURRENT BUDGET**

During the 88<sup>th</sup> meeting of the Commission in July 2015, a budget of US\$ 800,000 was agreed for the transshipment program in 2016, US\$ 700,000 of which would be covered by the contributions of the five participants, and the remainder by the accumulated surplus from previous years (**Table 1**).

**Figure 1** shows the program's monthly costs in 2015. The increase in November and December is due to a considerable increase in requests for observers, which reduced the accumulated surplus substantially, and the budget for 2016 had to be reconsidered.



**FIGURE 1.** Monthly costs of the transshipment program in 2015, in US\$.

**Table 1** shows the status of the program budget during 2009-2015. During 2015 the accumulated surplus decreased from approximately US\$ 325,000 to about US\$ 200,000.

<b>TABLE 1. Program budget, 2009-2015, in US\$</b>					
	<b>Contributions from participants</b>	<b>Contributions from others</b>	<b>Program costs</b>	<b>Surplus/ (deficit)</b>	<b>Accumulated surplus</b>
2009	741,346	-	698,801	42,545	42,545
2010	800,000	4,640 <sup>1</sup>	792,381	12,259	54,804
2011	946,971	6,060 <sup>2</sup>	999,731	(46,700)	8,105
2012	1,006,060	6,060 <sup>2</sup>	674,241	331,819	339,924
2013	1,000,000	-	771,083	228,917	568,841
2014	500,000	16,635 <sup>3</sup>	760,950	(244,315)	324,526
2015	700,000	43,905 <sup>4</sup>	867,175	(123,270)	201,254

<sup>1</sup>Perú; <sup>2</sup>Belize; <sup>3</sup>Includes Belize (6,064), (1,485) Indonesia and Panama (9,090); <sup>4</sup>Panamá: includes US\$ 37,875 for transshipments in 2015 and US\$ 6,045 as a payment toward 2016 transshipment activity.

Based upon the results shown in **Table 1**, the accumulated surplus has been slowly decreasing to help offset the annual program costs corroborating the need to increase participant contributions, in order to avoid the possibility of an operating deficit in future years. Given that MRAG suggested that the budget be increased in order to cover similar increases in activity and the training of new observers at the beginning of 2016, the participants agreed to adjust their budget contributions for 2016 to US\$ 950,000.

**Table 2** shows the contributions payable by each participant in 2016.

<b>TABLE 2. Contributions for 2016, in US\$</b>				
<b>Participant</b>	<b>Total contribution</b>	<b>First installment (50%); due 15 January</b>	<b>Paid</b>	<b>Second installment (50%); due 15 June</b>
China	354,087	177,044	✓	177,043
Japan	147,813	73,906	✓	73,906
Korea	132,535	66,267	✓	66,268
Chinese Taipei	172,909	86,454	--	86,455
Vanuatu	142,657	71,329	✓	71,328
<b>Total</b>	<b>950,000</b>	<b>475,000</b>	<b>388,546</b>	<b>475,000</b>

The payments for individual transshipments were established to accommodate those CPCs whose vessels transship only occasionally. In this regard, the number of transshipments by Panamanian vessels has been increasing recently, reaching 25 in 2015. The staff considers that this level of activity cannot be considered occasional, and recommends that Panama join the five Members that currently participate fully in the program.

**Table 3** shows the number of transshipments made during the period established as the basis for calculating the contributions for 2016 (September 2014-August 2015).

<b>TABLE 3. Transshipments in the EPO, September 2014-August 2015</b>	
China	189
Japan	80
Korea	50
Panama	20
Chinese Taipei	110

Vanuatu	79
<b>TOTAL</b>	<b>528</b>

To calculate each participant's contribution, the budget is divided equally between two components, the number of transshipments made and the quantity of fish transshipped, and each participant's contribution is calculated in proportion to its fleet's activity in each of these two components. Contributions are payable in two installments, on 15 January and 15 June, to cover costs during the first and second semesters, respectively (Table 2).

**Table 4** summarizes the financial situation of the program as of 30 April 2016.

Item	Amount
1 January – 30 April	
First semester contributions received	388,762
Surplus from prior years	201,254
Subtotal	590,016
Payments to MRAG	(346,898)
Balance as of 30 April	243,118
Expected income	
Second semester contributions (payable 15 June)	474,770
First-semester contribution pending	86,454
Subtotal	561,224
<b>Total</b> (contributions received and payable, minus January-April costs)	<b>804,342</b>

Therefore, there would be US\$ 804,342 available to cover the costs of the program during the eight remaining months of 2016. Appendix 1a summarizes the expenditures in 2015 in greater detail, and Appendix 1b those of the first four months of 2016.

Based upon MRAG estimates, the budget for 2017 should be US\$ 950,000. However, unforeseen observer requests could occur (as in the first two years of the program), making it advisable to have funds in reserve. Taking this into consideration, the staff recommends a minimum reserve of about US\$ 200,000, to cover any unforeseen expenditures.

In December 2016 the Secretariat will notify the participants of their contributions for 2017, calculated on the basis of the agreed cost-sharing formula in **Table 5**. The first contribution for 2017 is payable by 15 January of that year, and in May 2017 the Secretariat will send a reminder for the second contribution for that year, payable by 15 June.

% of budget	Basis	Period
50%	Number of transshipments in the EPO	1 September 2014- 31 August 2015
50%	Amount of fish transshipped in the EPO	

In order to continue with this program, the Committee should recommend to the Commission that it:

1. Approve the 2017 budget of US\$ 950,000.
2. Renew the contract with MRAG for one additional year.
3. Confirm that the agreed formula currently in use for sharing contributions among the participants in the program will continue to be used.
4. Urge Panama to participate fully in the program and accept being included in the calculation of contributions to the program's budget.
5. Maintain a reserve of approximately US\$ 200,000 to cover unforeseen costs.



**Anexo-Appendix 1a**

Gastos del programa de transbordos, 2015 (US\$)  
 Transshipment program costs, 2015 (US\$)

	<b>Costo por unidad</b>	<b>Unidades cobradas</b>	<b>Costo</b>
	<b>Unit cost</b>	<b>Units paid</b>	<b>Cost</b>
Días en el mar Days at sea	330	2,205	\$ 727,650
Días de viaje Travel days	333.82	131	43,730
Capacitación Training	453	0	0
Equipo, materiales, viajes Equipment, materials, travel	-		95,795
<b>Total</b>			<b>US\$ 867,175</b>

**Anexo-Appendix 1b**

Gastos del programa de transbordos en 2016, al 30 de abril (US\$)  
 Program costs, 2016, through 30 April (US\$)

	<b>Costo por unidad</b>	<b>Unidades cobradas</b>	<b>Costo</b>
	<b>Unit cost</b>	<b>Units paid</b>	<b>Cost</b>
Días en el mar Days at sea	330	830	\$ 273,900
Días de viaje Travel days	333.82	59	19,695
Capacitación Training	453	35	15,853
Equipo, materiales, viajes Equipment, materials, travel			37,450
<b>Total</b>			<b>US\$ 346,898</b>