

INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

INTERNATIONAL REVIEW PANEL

WORKING GROUP ON VESSEL ASSESSMENTS AND FINANCING

2ND MEETING

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EUROPEAN COMMUNITY WORKING DOCUMENT ON A NEW METHOD FOR CALCULATING VESSEL ASSESSMENTS

1. HISTORICAL BACKGROUND AND BASIC ELEMENTS OF THE CURRENT METHOD

Article XIII of the Agreement on the International Dolphins Conservation Programme (AIDCP) established an On-Board Observer Programme which operates according to the provisions of Annex II of the said Agreement and which is applied only to the vessels larger than 363 metric tons (classified as Class 6 vessels).

Point 11 of the Annex II of AIDCP establishes the rules that the Parties should follow to calculate and transfer the fees relating to the On-Board Observer programme.

The observers' fees are the only direct income to finance AIDCP activities. The revenue is complemented by 30 % of the costs associated with AIDCP Observer Programme, financed by the Inter-American Tropical Tuna Commission (IATTC).

The fee contributions by the Parties to the AIDCP have been calculated on the basis of a fixed fee multiplied by the cubic meter of wells volume of the individual vessels.

This inconsistency between the reference to vessels larger than 363 metric tons included in the text of the Agreement and the practice of payment based on cubic meters, resulted from a change of criteria in measuring the capacity of the vessels decided by the AIDCP Parties during the 19th Meeting of the International Review Panel (October 1998); a decision ratified by the 37th Inter-Governmental Meeting.

The Organisation is now trying to amend the text of the Agreement to re-establish consistency between the method applied since 1999 and the basic text of the Agreement.

In any case, during the same IRP Meeting in October 1998, it was decided to fix a fee of 14.17 dollar per cubic meter to be paid by the Parties to fund the Observer Programme. This figure was reduced to 12.552 USD/m³ during the 20th IRP Meeting in January 1999.

These fees are paid by all Class 6 vessels (> 363 mt) without any differentiation being made as to the vessels activities i.e. fishing on dolphins, on schools, on FADs etc.

It should be also noted that the Parties agreed during the 30th IRP Meeting in Manzanillo (June 2002) to start an exercise of re-measurement of all the vessels which fish in the Eastern Pacific Ocean (EPO), due to the uncertainties in the conversion between metric tons and cubic meters (the old and the new IATTC criteria to measure the vessel's capacity). The exercise also responded to concerns expressed in Manzanillo, June 2002 that some vessels not included in Class 6 had set on dolphins, without having an observer on board, and therefore without paying any fees to the AIDCP.

The current method was approved in 1998 after the first meeting of the Working Group on Vessel Assessment. During that meeting, some possible alternative criteria to the method which was subsequently approved, were suggested.

In the last four years, the AIDCP has recorded an important financial deficit, resulting from new responsibilities and activities assumed by the Organisation, but also due to unchanged method of calculation of vessels assessments.

The European Community, aware of the difficult financial situation of the AIDCP and with the objective of developing with other AIDCP Parties possible solutions to this critical situation, suggested to re-open the discussion on this issue, thereby exploring some possible options for new criteria and approaches for vessels assessments.

2. CURRENT PROBLEMS AFFECTING THE VESSEL ASSESSMENT METHOD AND OUR OBJECTIVES

A thorough examination of the current AIDCP situation requires an analysis of the problems which have affected the implementation of the method of payment of vessel assessments, which in our opinion may be identified as follows :

- Until 2001, the AIDCP as well as the IATTC has functioned without a basic element, namely, an agreed Vessel Register giving a clear picture of the fleet situation active in the EPO and, consequently of its capacity calculated in cubic meters.

The Organisation now maintains such a register, and can therefore start the exercise of verification and re-measurement of the capacity of all the fleets in cubic meters (the criteria chosen to calculate the vessel assessment)

- another element which plays a role in the current AIDCP difficult budgetary situation is the interrelation between the IATTC and the AIDCP budgets.

In fact, not all the AIDCP Members are IATTC Members. Therefore, the former cannot contribute to the IATTC budget nor partake in any decision concerning it; the most important of which is that of the funding the AIDCP budget on the basis of the 30 % of the associated costs.

What is uncertain is whether this 30 % corresponds in terms of value to the real input/information provided by the AIDCP Observer Programme to IATTC for its activities. However, this element is not central to this exercise and we are aware that some IATTC Members are not AIDCP ones and thus have little interest to modify this figure.

In any case, the basic element of the EC approach on possible alternative criteria for vessels assessment, is provided by the fact that the AIDCP is an agreement whose benefits, results, and notably data, are exploited by all participants and by IATTC.

We consider that the Observers' activities constitute an essential element not only of control and monitoring of the fisheries activities, but also for the general management of the tuna resources in the EPO. Their activities represent a benefit for all the participants to these fisheries, with no distinction between classes of vessels or membership of IATTC.

The functioning of this Organisation and in particular of its core activity, the On-Board Observer Programme, should be a goal shared by all the participating Parties and observers. We have a shared responsibility to guarantee the effectiveness of this Agreement.

To summarise, we need to reflect on a possible new methodology to calculate the vessels fees which should be more equitable, transparent, more directly related to the observers' activities concerning the AIDCP, and which should ensure that the AIDCP financial revenue and expenditure is in balance.

3. POSSIBLE NEW CRITERIA FOR THE VESSEL'S FEES

The general approach to possible new criteria should take into account the goals that have been mentioned in the last paragraph of point 2, namely, the identification of an equitable and transparent method ensuring

coverage of the AIDCP deficit, giving to the Organisation the means to work effectively in accordance with the objectives of the Agreement.

To reach these two objectives, the European Community proposes two basic elements, firstly, the extension of the scope of the fees coverage and secondly, the introduction of a fee composed of three separate components namely, a basic fee component, a fee component based on the utilisation of the Programme, and a fee component based on the real presence on board of the observer.

3.1. Extension of fees coverage i.e. who has to pay the observers fees

We would like to draw the attention to some basic elements of the vessel assessment system.

The current total number of purse-seine vessels on IATTC register fishing in the EPO is 264 (Vessel Register at 29 October 2002, only active vessels). Of this number, 173 are Class 6 vessels; the only vessels with a requirement to have an observer on board.

Since part of Class 6 vessels are covered by National Observer Programmes, then only 114 vessels pay observer fees to the AIDCP.

In our opinion, and as we have already mentioned, all participants in the fisheries, without distinction, benefit from the work of the On-Board Observer Programme and of the functioning of the AIDCP as a recognised and effective Organisation.

It seems therefore coherent with this situation that there be an extension of the “financial coverage” in two different respects;

- introduce a basic fee for all vessels participating in the fisheries (vessels included in the Register, active and non active) which could be calculated on the basis of the vessels capacity (i.e. Class 1 vessels to pay less than Class 2 and so on);
- extend the obligatory observer coverage to more than Class 6 vessels; since some of Class 5 or 4 vessels may fish on dolphins. This would imply modifications to the AIDCP Agreement.

Such an approach would result in an increase of the income of the AIDCP.

3.2. Components of a new “fee”

3.2.1. The second element that we would have to take into consideration, for a reason of equity and transparency, is the evaluation of the real and effective work that an observer carries out on board a vessel.

In this regard, we need to make a distinction between the vessels which have a DML assigned and those which have not. It seems evident that the observer on a vessel holding a DML has much more work in terms of control and monitor of the fishing activity compared to an observer on board a vessel fishing for example on FADs.

On this basis, we suggest to introduce an adjusted fee dependent on whether the vessels have DMLs and fish on dolphins, and those which have no DMLs, the former category paying a higher fee.

This second element would be a payment which we can define as “utilisation component”, which would be paid by class 4, 5 and 6 vessels.

3.2.2. The third element of the new method has been developed during the first meeting of the Working Group on Vessel Assessment and it was proposed during that meeting as an alternative to that of the wells volume (cubic meter).

In the report of that meeting it is clearly stated that the costs of the Observer Programme is not directly linked to the size of the vessels but it is determined by a simple factor: the average days per year spent at sea by the observer.

In that report an interesting statistical table is included which shows the yearly average of the days at sea of a vessel in relation to its size, but we think that that table should be revised since our information would indicate that larger vessels spend more days at sea than smaller ones.

In any case, according to this third element, the vessels would pay on the basis of the following costs:

- Travel costs of the observer + days spent at sea (working days) + salary of the observers

In relation to this proposal, the European Community is aware that it could be necessary to keep within the global method of calculation of the vessel assessments, a more direct relation with the vessel capacity. Considering that a re-measurement exercise is ongoing, we consider that the two alternatives a) days spent at sea by the observer and b) a fee to be paid on the basis of m^3 of wells volume, have to be considered.

4. CONCLUSIONS

To summarise, the European Community proposes to modify the current system of vessel assessment for the AIDCP On-Board Observer Programme (a fee to be paid on the basis of the m^3 of wells volume), by the introduction of fee which will be based on the following three components:

- A basic fee component to be paid by all the vessels, according to their size, with the extension of the observer coverage to Class 4 and 5 vessels;
- A fee component based on the "utilisation" i.e. vessels fishing on dolphins would pay more compared to vessels not fishing on dolphins (50 % of the vessels covered by National Programmes will be, of course, excluded);
- A fee component based on the costs associated with the real presence of the observer on board (days spent at sea + trip of the observer + salary of the observer). An alternative method of calculation for the last component would be to maintain the direct relation between the fees and the vessels size by a classical fee component based on cubic meters of the vessels.