

INTER-AMERICAN TROPICAL TUNA COMMISSION

WORKING GROUP ON FINANCE

12TH MEETING

La Jolla, California (USA)

22 June 2012

DOCUMENT FIN-12-04 (REVISED)

**FORMULA FOR DETERMINING CONTRIBUTIONS TO THE
IATTC BUDGET**

This document consists of extracts from the minutes of the 11th meeting of the working group, held in July 2011.

“(…)

4. Review of the formula approved at the 10th meeting of the Working Group

The Chair reviewed the work done at the previous meeting. He noted that the formula agreed during that meeting was applicable to the contributions for 2011 only, and the Working Group had been charged with continuing its deliberations in order to have a formula applicable in the long term.

The formula used to calculate the contributions for 2011 is made up as follows: 10% of the total budget, minus any special contribution, divided equally among all the members (base contribution); the remaining 90% is shared among the members, weighted by Gross National Income (GNI) category, as follows:

- i. An operational component (10%);
- ii. Catches by its flag vessels (70%);
- iii. Its utilization of tuna from the Convention Area (10%).

GNI category	Range (USD)
0.5	< 1,499
1	1,500 - 3,499
2	3,500 - 6,499
3	6,500 - 10,999
4	11,000 - 15,999
5	16,000 – 20,999
5.5	≥ 21,000

It had been decided to establish an informal virtual working group before this meeting of the Working Group and the next annual meeting of the Commission, with the goal of making further progress toward a permanent formula for contributions, but no new proposals were presented, so the Chair prepared only new examples for the 11th meeting.

5. Consideration of the formula for determining contributions to the IATTC budget for 2012 and subsequent years

“(…)

After reviewing various scenarios of the formula, varying its components, the Working Group discussed the factors and percentages that should constitute it.

Some delegations indicated that the utilization component should be done away with, since it was not

transparent, and the tuna-importing countries were already paying, in the purchase price, for the benefit they obtain from the product. One delegation stated that it was complicated to establish the amount of the utilization, since the Secretariat's calculations did not always agree with those of the Member involved. Numerous delegations noted that there is transparency in the use of that factor, and that both the producers and the importers benefit from the harvesting of the product, so the concept of utilization should be kept in the formula.

The Secretariat was asked to explain the concept of utilization and how it is calculated¹. The Director, Dr. Guillermo Compeán, answered that, during the current meeting, all the Members were sent information on how the calculation of the utilization component was done. He clarified that each member is asked to send to the Secretariat its calculation of this component; if the Secretariat calculates it, it is sent to each Member for review and confirmation. He stressed that the best way to proceed to define this element would be for each Member to send its calculation to the, but that this happened in only a few cases.

It was generally accepted that the utilization component should be reduced gradually, but consensus was not reached on which other component of the formula (operational, catch, and/or base) the reduction in that component should be applied to.

Various delegations reiterated that the utilization component should not be less than 10 or 15% of the contributions to the budget, since in 2003 it formed 40% of the contributions, and in 2007 it had fallen to 15%, and that those reductions were already sufficient.

Costa Rica proposed a scheme for the gradual reduction of the utilization component, by which the percentage reduction of that component would be distributed between the catch and operational components in different percentages and at different stages.

On being unable to reach consensus with regard to a permanent formula, and recognizing the need to continue its deliberations, the Working Group decided to submit to the consideration of the Commission the four scenarios of the formula that came closest to achieving consensus. In these scenarios, summarized in the following table, the same GNI categories are used as in the formula used for 2011.

Scenario	Component (%)			
	Base	Operational	Catch	Utilization
1	10	10	70	10
2	10	10	72.5	7.5
3	10	12.5	70	7.5
4	10	12.5	72.5	5

“(…)

7. Recommendations to the Commission

The Working Group decided to submit to the consideration of the Commission four scenarios of application of the formula, in which the utilization component is varied and the difference is distributed between the other components of catch and/or operation, reflected in the table under item 5 of these minutes. The calculation of the 2012 budget of USD 6,210,793 approved by the Commission, based on Scenario 1, is shown in Appendix 1.

(…)”

¹ A member's "utilization" is defined as the round weight of tuna from the EPO consumed or receiving final processing for consumption in the territory of that member. Thus, a member's utilization is the sum of the tuna landed in that member's territory, less exports of unprocessed or lightly processed tuna (*e.g.* loins), plus imports of unprocessed or lightly processed tuna.

Appendix 1.

CALCULO DE LAS CONTRIBUCIONES / CALCULATION OF CONTRIBUTIONS

Aplicado al presupuesto aprobado de 2012 – Applied to the approved budget for 2012

USD	Captura (t) Prom 3 años	Utilización (t)	Factor de ponderación	Contribución					% del pre-supuesto	
	Catch (t) 3-year avg	Utilization (t)	Weighting factor	Básica	Operacional (ponderada)	Captura (ponderada)	Utilización (ponderada)	Especial	Total	
				Base	Operational (weighted)	Catch (weighted)	Utilization (weighted)	Special	Total	
	2009		10%		10%	70%	10%			% of budget
BLZ	725	-	2	22,259	15,079	2,924	0		40,262	0.6
CAN	5,746	5,695	5.5	22,259	41,467	63,730	8,748		136,204	2.2
CHN	2,058	2,481	1	22,259	7,539	4,150	693		34,642	0.6
COL	43,741	46,474	2	22,259	15,079	176,415	25,959		239,711	3.9
KOR	5,794	7,047	5	22,259	37,697	58,420	9,841		128,217	2.1
CRI	3,589	8,448	2	22,259	15,079	14,475	4,719		56,532	0.9
ECU	180,810	230,999	2	22,259	15,079	729,236	129,028		895,602	14.4
SLV	17,776	29,794	1	22,259	7,539	35,847	8,321		73,966	1.2
USA	10,485	19,637	5.5	22,259	41,467	116,291	30,164	1,536,372	1,746,553	28.1
FRA	3,497	3,437	5.5	22,259	41,467	38,786	5,279		107,791	1.7
GTM	9,018	11,143	1	22,259	7,539	18,186	3,112		51,096	0.8
JPN	23,393	24,369	5.5	22,259	41,467	259,456	37,432		360,614	5.8
KIR	-	-	1	22,259	7,539	0	0		29,799	0.5
MEX	123,107	120,374	3	22,259	22,618	744,766	100,855		890,499	14.3
NIC	14,670	29	0.5	22,259	3,770	14,792	4		40,825	0.7
PAN	73,775	1,933	3	22,259	22,618	446,320	1,620		492,817	7.9
PER	2,141	4,149	2	22,259	15,079	8,635	2,317		48,290	0.8
TWN	5,670	5,144	5	22,259	37,697	57,170	7,183		124,309	2.0
EUR	15,433	33,884	5.5	22,259	41,467	171,170	52,048		286,944	4.6
VUT	10,485	1,126	1	22,259	7,539	21,144	314		51,257	0.8
VEN	47,966	47,508	3	22,259	22,618	290,182	39,805		374,864	6.0
TOTAL	599,879	603,671	62	467,442	467,442	3,272,095	467,442	1,536,372	6,210,793	100.0