



**FOURTH REGULAR SESSION  
FINANCE AND ADMINISTRATION COMMITTEE  
Tumon, Guam, USA  
02-07 December 2007**

---

**COMMUNICATION FROM JAPAN REGARDING  
2008 PROPOSED WORK PROGRAMME AND BUDGET**

---

**WCPFC4 -2007-DP14  
19 November 2007**



**FISHERIES AGENCY**

MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES, GOVERNMENT OF JAPAN  
2-1, 1-Chome, Kasumigaseki, Chiyoda-ku, Tokyo 100-0013, Japan TEL: +81-3-3502-8111 EXT:

Mr. Glenn Hurry  
Independent Chairman of WCPFC  
c/o P.O. Box 2356  
Kolonia, Ponpei State 96941  
Federated States of Micronesia

November 19, 2007

Dear Chairman Hurry,

**Re: Issues of proposed budget for the Commission's work programme in 2008**

I wish to refer to the fourth regular session of the Commission to be held in Guam, USA in this December. In particular, I am writing this letter to express Japan's views regarding the proposed budget for the Commission's work programme in 2008 (WCPFC4-2007-FAC1/13).

In the past meetings, some members accused Japan by saying that Japan was simply purport to reduce the level of Commission budget without taking account of the situation; I have to say this is not our intension. Our concern is not merely a total level of budget but also an accountability and transparency of specific item appropriated as well as the program in its entirety. In this sense, Japan has to explain fully its concerns to other Members so that the discussion on this issue would be constructive. In fact, Japan's position on this item comprises several general and specific considerations that have been held by Japanese delegation consistently. Followings are our comments:

1. General consideration

Firstly, in these three years, there are considerable unspent balance between the budget approved and actual expenditure in each year (UD\$501,708 in 2007). This fact indicates that the budget seems to be over-appropriated in a too ambitious manner. One problem to Members is that an unspent balance will be deposited to the working capital fund and never be used for the originally approved purpose in the following year. In this sense, Members are requested to pay twice for the same activity. For example, independent review of Science structure and functions, which was not conducted in 2007 (US\$80,000 approved in 2007) is appeared again in 2008 (US\$81,000)).

Japan therefore suggests that the totally unspent budget item that was already approved but its disbursement was deferred to following year due to external reasons should be carried over to following year's General Account Fund. Consequently, it increases available surplus for 2007 that is added to the General Account Find 2008 so that the burden for all the Members will be reduced. At the same time, reminder of resource on certain budget item obtained by the Secretariat's cost saving efforts (e.g., General operating expenses, Capital expenditure) will be deposited to the working capital fund so that the efforts by the Secretariat will be rewarded.

Secondly, Commission's budget should be formulated taking account of the affordability of each Member, in both short and long term. Financial situations of many Member governments are not healthy enough. I see some developing Members have difficulty to deposit their financial contributions in time, although significant treatments such as the discount factor are already made in the calculation formula. In Japan, the government is working under zero-nominal growth scenario in every major area of budget expenditure; in this sense, affordability of Japan is restricted regardless of the policy importance of WCPFC to Japan; this is a situation not particular to WCPFC but applicable to other international organizations in general.

In a rather long term, significant increase of annual budget is projected and hence the burden shared by Members will be increasing over coming years. I am not sure sustainable funding by all the Members would be secured to sustain the projected scale of program if the Commission budget is to expand continuously and significantly. Increase of the budget level in subsequent years should be moderate and reasonable so that every Member could afford such increase. In this sense, Japan proposes that the ceiling of maximum increase rate of annual budget would be agreed in this session.

Thirdly, Commission budget is utilized to develop and implement a series of agreements including conservation and management measure (CMM) of the Commission, in addition to basic services of the Secretariat. Particular care should be placed on the activities that entail policy implications so that the Commission budget will not be used in an unfair and biased manner. From Japan's point of view, some of the out-sourcing activities conducted in the past seemed to lack transparency and neutrality, although we confirmed later that these were not made on purpose. In this sense, transparency and accountability of proposed budget item should be further ensured in approving the work plan and its budget. Standing Committee of Finance and Administration (SCFA) serves for this purpose and Commission decision should be made after exhausting the discussion at SCFA.

Lastly, some of the items on the proposed budget such as Regional Observer program (ROP) and Commission VMS are still under consideration by the Commission. Budget implications of these policy issues completely depend on the consideration and decision of the Commission to be made in this session and the SCFA should examine the budget for these items after the Commission's decision. As for ROP, opinions regarding the financing of observer differ among the Members; Japan's position was not accommodated in the current budget proposal. As for the Commission VMS, necessary cost for the system and its operation is subject to the discussion regarding possible options. In this sense, Japan is not in a position to approve 2008 budget before exhausting the discussion on these matters at the Commission.

I also touch upon national currency rate against US dollar. In fact, comparison of the rates at the time of October 2006 with 2007 make little sense at least to Japan because the base rate in projecting national budget will be determined in a different formula which entails considerable time lag. For example, the official rate that the government of Japan uses is 120Yen/USD for 2008 contribution, while that for 2007 was 116Yen/USD, which shows that the Japanese Yen was devaluated against US\$ and burden against Japan is further increased in this year. The proposition to support increase of budget based on national currency evaluation also justify the decrease of budget if

the trend changes. I have to state that Japan has never raised a currency exchange rate in discussing the Commission's budget regardless of Japanese Yen's upward/downward trend against US\$.

2. Specific points with regard to the proposed budget

- Commission VMS

As stated above, even together with the circular 2007/25, proposed budget for the Commission VMS does not provide enough information, in light of calculating overall cost based on several scenarios, which yet to be determined. For example, separation of Secretariat function also requires associated costs such as personnel fees to be involved in VMS duty. Since the operation of Commission VMS will be continued in a long term, in addition to the initial cost, its running cost also should be considered; this requires full consideration at SCFA and the Commission.

In relation to the Commission VMS, I refer to the paper prepared by the Secretariat on Staff establishment (WCPFC4-2007-FAC1/12 Rev.1). In the page 3, it says "[a]n issue that will require consideration in future will be the hosting arrangements for the Commission's VMS and the WCPFC Record of Fishing Vessels as dynamic linkages will need to be managed between two systems". We are neither sure whether such discussions on the linkage occurred nor whether even a suggestion was made so far. Japan is unable to endorse this idea at this time but is prepared to consider this matter in light of both its financial and policy implications including data security and management once clearly stated proposal is submitted.

- Staff establishment and associated cost

No doubt this is complex and difficult issue. In each Member, we are struggling for addressing same kind of issue inside the government. While official duties before us are becoming complex and difficult, and the needs and expenditure for private life are diversified and increasing, government personnel expenditure is always restricted and is unable to satisfy all of these demands. In Japan, base salary for national civil servants has been frozen for 10 years and only 0.7% increase was approved this year. On the other hand, the welfare of staff people of an international organization is more favorably treated than that of national government including Japan. This is one of the most privileged job posts in contemporary world.

Personnel costs of the Secretariat are of a long term nature, thereby making the Commission's budget level stuck at a high level. In the real sense, available financial resource is limited so we have to identify the issues of priority to which budget will be allocated. In this sense, new staff establishment should be considered after we decide whether to strengthen any accommodation to existing staff people.

As for the staff establishment, the third session of the Commission already approved its staffing (Attachment 1 of WCPFC3-2006/22). It is not credible to us that new staffing of the Secretariat is coming year after year. New staffing added on existing ones need careful consideration in terms of both financial and operational implication of the Commission, which may include scrap and build of existing post. In particular, independent review of science structure and functions is scheduled in 2008 and RFMO performance review is currently proposed, it is

advisable to consider new staffing after seeing the results of these reviews.

- Catches in overlapping area between WCPFC and IATTC

I refer to paragraph 180 of the report of the third session of the Commission. It noted that "France requested that in the future, consideration be given to adjusting its assessed contributions to take into account its membership in two RFMOs with overlapping areas of application".

In the 75<sup>th</sup> session of the IATTC in 2007, IATTC adopted new financial contribution formula that includes a item "in the case of a member that is also a member of the WCPFC, only 50% of catches made by its flag vessels in the overlap area between two Commissions shall be included in that member's contribution based on catch". Japan suggests that same kind of arrangement would be considered also in WCPFC. Please note that this proposal does not significantly reduce Japan's contribution but it would be one of the symbolic improvements in financial arrangement through tuna RFMOs.

Finally, I am pleased to note that Japan is prepared to have informal consultations with interested CCMs with regard to any relevant matters before or during the Commission meeting. Japanese delegation will arrive in Guam on the 1<sup>st</sup> of December. In any case, due cooperation based on mutual trust among us is only the key for the long-term success in this forum.

I would appreciate it if you kindly forward this letter to other CCMs. I am looking forward to seeing you and your colleagues in Guam.

Thank you for your cooperation.

With best regards,

(D) 新 0/2

Akira Nakamae  
Deputy Director General  
Japanese Commissioner to WCPFC  
c/o International Affairs Division  
Fisheries Agency of Japan  
1-2-1 Kasumigaseki, Chiyoda-ku,  
Tokyo 100-8907 Japan

cc: Mr. Andrew Wright, the Executive Director