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Hedge fund buys big share of Matson's parent: breakup of Alexander & Baldwin possible

In late March, hedge fund investor, William Ackerman, head of New York-based Pershing Square Management and Richard Ackerman, the managing member of San Francisco-based Marcato Capital Management, spent \$168.8 million to purchase 4.1 million shares of Alexander & Baldwin (A&B), the parent company of SUP-contracted Matson Navigation Company.

In addition to the A&B shares purchased outright, Pershing Square and Marcato have economic interest in approximate 372,900 common shares. This will make the hedge fund the company's largest shareholder at 11%.

Ackerman hasn't publicly detailed his intent, but said in a broad statement that he plans to hold discussions with A&B management, director, other stockholders and other parties "concerning the business, assets, capitalization, financial condition, operations, governance, strategy and future plans" of the company.

A&B said it is open to hearing Ackerman's ideas, but won't comment on the subject of discussions.

Stock analysts and other observers of A&B believe Ackerman will seek some kind of breakup of the company, which has 2,300 employees.

A giant perceived prize that often inspires wide eyes from shareholders seeking a breakup has been A&B's 87,840 acres of land in Hawai'i largely used for growing sugarcane on Maui and coffee on Kauai.

George Pickral, a research analyst with Arkansas-based financial services firm Stephens Inc., values A&B's real estate holdings, which include the farmland and developed commercial property, at nearly \$2.3 billion.

A&B doesn't break out the value of its Hawai'i real estate. All its assets—including the land, its fleet of Matson cargo ships, shopping centers and office buildings—are worth about \$2.5 billion, according to the company's 2010 annual report.

A&B has been adept at deflecting breakup efforts throughout its history. But the potential for big short-term rewards have led a number of major shareholders to take a crack at splitting the company apart.

Perhaps the most raucous breakup attempt was made in the 1980s by Harry Weinberg, a Hawai'i stock speculator who at the time was one of the nation's 100 wealthiest individuals.

Weinberg bought a 6% stake in A&B in 1978, which secured him a seat on the company's board of directors. The activist investor failed to persuade A&B to sell its real estate or Matson, so he amassed more stock—roughly 25%—and asked other shareholders in 1985 to oust directors who didn't support his plan.

In the fight for control, Weinberg criticized A&B for "squandering" money on sugar production and claiming there was no realistic way to accurately value its Hawai'i land holdings that then covered 96,000 acres. "Ask yourself

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Maritime industry blasts proposal to transfer RRF from MARAD to MSC

An ill-conceived proposal floated last month by the Defense Department to transfer ownership and operational control of the Maritime Administration's Ready Reserve Fleet to the U.S. Navy's Military Sealift Command, prompted a response in opposition to Secretary of Transportation Ray LaHood.

The following letter, sent on April 8 to Secretary LaHood, was signed by the Sailors' Union, MFOU, MM&P, MEBA, Central Gulf Lines, Matson Navigation Company, Waterman Steamship Corp., and former Maritime Administrators John Gaughan, Vice Admiral Albert Herberger, and Captain William Schubert:

Dear Secretary LaHood:

We write you to strongly disagree with the recent Secretary of Defense Decision Memorandum (Decision Memorandum) dated March 14, 2011, recommending the transfer of the RRF from MARAD to the Military Sealift Command (MSC).

The Merchant Ship Sales Act 1946 established the National Defense Reserve Fleet (NDRF) and along with the Merchant Marine Act 1936 governs the maintenance of the RRF as a component of the NDRF. Further, Congress has vested the exclusive ownership of the RRF vessels to MARAD under delegated authority from the Secretary of Transportation. Any changes to the statutory provisions would require new legislation which we trust the Department of Transportation would oppose.

It is almost inconceivable that another Federal Agency would unilaterally reach a conclusion to assume ownership of RRF without proper consultation with the Secretary of Transportation and MARAD. In this regard MARAD and

the DOD Office of Transportation Policy were jointly in the process of reviewing the cost benefit of either retaining the RRF within MARAD, or transferring the RRF to MSC. This joint review had not been completed by the time the March 14 Decision Memorandum was issued which would certainly appear to be a lack of "good faith" in these discussions.

Contrary to the unilateral recommendation in the Decision Memorandum, all parties are well aware of the independent cost benefit analysis commissioned by DOD's U.S. Transportation Command, and concluded in October 25, 2006. This independent analysis affirmed that MARAD's vessel management program is significantly more cost effective than MSC's program. Further, this analysis was used to justify the transfer of all eight Fast Sealift Ships (FSS) from MSC to the RRF to take full advantage of MARAD's cost effective approach. The ships were transferred during fiscal year 2009, and MARAD has successfully executed all their responsibilities within budgetary funding limits. It is also well documented that MARAD improved the condition and reliability of the ships to meet mission requirement. As a result of this transfer, the independent analysis estimated that the U.S. tax payer will save \$19.9 million per year for the years 2010-2023 under MARAD's management compared to MSC's management.

There are many budgetary, operational, and policy reasons that would justify the retention of the RRF vessels under MARAD's management program as intended by Congress. If MARAD was to lose a significant program such as the RRF, we are particularly concerned about the potential col-

lateral damage to MARAD's core mission as the only promotional Agency for the U.S. Maritime Industry. The RRF staff expertise retained within MARAD is also essential to maintaining visibility on relevant maritime labor issues.

We have summarized some of the other important considerations for keeping the RRF within MARAD in the attached point Paper. Of note, MARAD regulations that limit ship management contracts to only "Section 2" citizens are intended to promote a core base of ship management companies that are exclusively controlled by U.S. citizens. Based on the current available information, we believe there would be significant additional cost savings to the tax payers, and improved state of readiness for our strategic sealift if the remaining surge sealift vessels (estimated 8-10 LMSR vessels) were transferred from MSC to MART).

In summary, we respectfully disagree with the RRF mandate contained within the Decision Memorandum and urge the Department of Transportation in the strongest terms to use the authority granted it by Congress to retain the RRF program under MARAD's highly efficient management program.

Background attachment

1. The Maritime Administration (MARAD) Policies and Procedures for the award of Ship Management contracts have the following objectives:

a. Utilize commercial industry standards and procedures to economically manage the RRF vessels to meet DOD surge and specialized sealift requirements in times of national emergency.

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SUP Honor Roll

Voluntary contributions from the membership to the following funds:

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Repeal drive for Ohio's anti-worker bill moves forward

The drive to repeal a law backed and recently signed by Republican Ohio Governor John Kasich that eliminates the rights of 350,000 public employees to bargain for middle-class jobs, got the official go ahead on April 15. The Ohio attorney general and secretary of state certified the 1,000 signatures needed and approved the petition language submitted earlier this month.

The action now allows opponents of the bill to begin collecting signatures to put the repeal of S.B.5 on the November ballot. Workers and their allies need to gather 231,000 signatures by June 30, to qualify. If they do, the law will not go into effect and its fate will be decided by the voters.

We Are Ohio, a coalition of Unions, community, student and other groups, is mobilizing volunteers to gather the signatures. On April 8, more than 11,000 people rallied at the Capitol in Columbus to kick off the repeal campaign.

Final Departures

Daniel Jensen , Book No. 4306. Born in Idaho in 1938. Joined SUP in 1967. Died February 11, 2011. (Pensioner)	Franklin Walsh , Book No. 3640. Born in Massachusetts in 1953. Joined SUP in 1987. Died in Santa Rosa, California, March 19, 2011.
Gerald Spafford , Book No. 6467. Born in Canada in 1920. Joined SUP in 1943. Died January 31, 2011. (Pensioner)	Antone Ledesma , Book No. 4032. Born in Hawai'i in 1926. Joined SUP in 1951. Died in Hawai'i, April 2, 2011. (Pensioner)
Eugene Gerendaci , Book No. 2993. Born in Czechoslovakia in 1925. Joined SUP in 1968. Died February 25, 2011. (Pensioner)	

Alexander & Baldwin

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whether management really wants you to know what the land is worth?" Weinberg wrote in his letter to shareholders.

With Weinberg, A&B defended its diversified business model. The company touted its strong annual profit and called Weinberg's claims about land values unrealistic.

Weinberg lost the shareholder vote by a roughly 60-40 margin. Later, A&B bought back most of Weinberg's shares for more than \$300 million with a caveat that he not influence the company for seven years.

A&B has long promoted the idea that control of Matson, Hawai'i's largest delivery service of goods from the Mainland, is best held by a Hawai'i company.

Loss of prime farmland could lead to the shutdown of the state's last sugar plantation, Hawaiian Commercial & Sugar Company, which has struggled financially over the past few years as A&B tries to find a way to possibly convert the operation to crop-based production of renewable energy.

A breakup also could reduce or eliminate charitable giving. The A&B Foundation donated \$1.3 million last year to Hawai'i nonprofit organizations along with \$300,000 to mainland organizations. Since A&B established the foundation, it has donated more than \$18 million to nonprofits mostly in Hawai'i.

Another impact could be the end of what some consider Hawai'i's only remaining company of the Big Five, which dominated commerce when the economy of the islands was driven by agriculture.

A&B was the youngest of the Big Five. In just the past few decades, three of the four others —Amfac, C. Brewer & Co. and TheoDavies— were sold or liquidated and are no longer active. The fourth, Castle & Cooke, was acquired by billionaire David Murdock, who moved the company's headquarters to California and changed its name to Dole Food Co. before spinning off its homebuilding division under the old name.

A&B was established in 1870 by Samuel Alexander and Henry Baldwin, sons of missionaries who started a partnership growing 12 acres of sugarcane on Maui.

For much of its life, A&B concentrated on agriculture, as it expanded interests to sugar plantations on Kauai, the Big Island and Oahu. But A&B also was quick to begin diversifying.

In 1908, the company invested \$200,000 for minority ownership in an upstart California-based shipping line started by William Matson. Close to 50 years later, A&B along with Amfac, C. Brewer and Castle & Cooke had acquired stakes in Matson that amounted to 74%.

In 1964, A&B bought out its big partners, and Matson became A&B's largest operating asset, overtaking agribusiness, which later went into steep decline as sugar plantations closed. In 1969, A&B acquired the rest of Matson to make it a wholly owned subsidiary.

Last year, transportation and real estate dominated A&B's financial returns. The company reported that 54% of its \$198 million operating profit came from transportation, 43% came from real estate and 3% came from agribusiness.

In its 2010 letter to shareholders, the company said: "We believe that A&B has never been better positioned to create value from its greatest assets: our Hawai'i land and local knowledge, and Matson's brand and expertise."

The truth about taxes

1. The government collected less in taxes in 2010 than it has in over three generations, and tax rates are at historic lows.

2. The Bush tax cuts added \$1.7 trillion to the nation's debt over 2001-2008, which is more than it would cost to send 24 million kids to four-year public universities.

3. Corporate income taxes totaled about 1% of the gross domestic product this year, 60% lower than 40 years ago.

4. General Electric, which reported \$5 billion in U.S. profits, paid ZERO taxes this year. Exxon Mobil, the most profitable corporation in history, paid ZERO federal taxes in 2009.

5. The Bush tax legacy means we currently tax wealth less than work: middle-income paychecks are taxed at 25% compared to stock dividends and capital gains for the wealthiest, which are taxed at a top rate of only 15%.

6. While most small businesses dream of making a killing, only three out of every 100 small business owners pay taxes at the highest rate.

7. A Wall Street transactions tax of only 0.50% on short-term speculation could raise up to \$170 billion annually.

8. A middle-class family with two young children receives on average \$1,200 through the federal child care tax credit, yet the cost of their child care averages \$18,000.

9. Upper income households save an average of \$5,500 thanks to the mortgage interest tax deduction.

10. Only four that are members of the International Organization for Economic Cooperation and Development nations collect less revenue as a percentage of GDP than the United States: Chile, Korea, Mexico and Turkey.

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APL scans Japan export containers for radiation

APL has begun radiation scanning of containerized exports leaving Japan through its terminal on APL vessels.

The company said the move was among the first made by a container line to undertake such large-scale cargo testing for radioactivity since the March 11 earthquake and tsunami struck northeastern Japan and triggered a nuclear crisis at the Fukushima nuclear plant. The tests began on April 6. APL said it expected to scan around 200 boxes per day.

“We are taking this step to protect our people and to do what we can to ensure that our customers’ cargo moves without delay,” APL president Eng Aik Meng said. “We will continue to scan as long as it is necessary to ensure we are not putting our people or customers’ cargo at risk.”

The company said damage to nuclear reactors had heightened radiation levels in the vicinity of Fukushima and noted that Japanese authorities had established a 30 km safety zone around the site.

The decision to scan Japanese exports at Yokohama is the latest in a number of precautions taken by the company. It has

directed ships at sea to remain 200 nautical miles from the Fukushima reactor site and has refused bookings from within the safety zone.

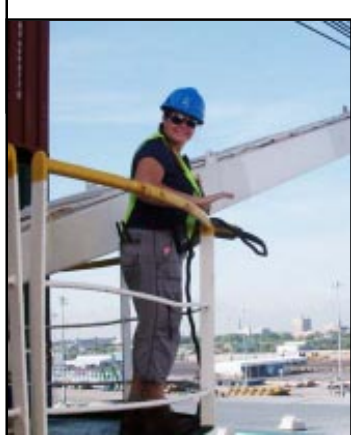
Limited scanning began on March 26 but no radiation abnormalities have been detected on its vessels or containers to date.

APL has hired a Japanese surveying firm to scan export containers passing its Yokohama terminal in-gate using portable detection equipment. This would be used to determine if containers had been exposed to heightened levels of radiation.

APL said that, since the earthquake, its vessels carrying Japanese exports had been scanned at ports in Hong Kong, Los Angeles, Oakland and Xiamen.

All of the containers discharged at those ports have been cleared for delivery, the company added.

APL said it did not expect any disruption to vessel schedules as a result of radiation scanning at Yokohama. It said all of its Japan services are operating normally.



The SUP's newest ship the APL Coral being flagged in to U.S. registry alongside the Columbus St. Terminal in Charleston, South Carolina, on April 14.

Crew of the APL Coral at re-flagging in Charleston on April 14. From left: AB Marcos Gil, Bosun Mike Worth, AB Apolonario Aguirre, AB Phil Romei, STOS Cezar Paeste, and AB James Salera. AB Barbara Shipley (left) operates the stores crane in Charleston aboard the APL Coral. Photo: Dave Connolly

Matson raises fuel surcharge to Hawai'i for the third time this year

Rising fuel prices are once again boosting the cost of shipping goods to Hawai'i just as local consumers are adjusting to the shock of \$4.00-per-gallon gasoline.

Matson said it will raise its fuel surcharge on shipments from the mainland to 43.5% on May 1, the highest level since it broke out fuel costs as a separate item on customers' bills more than 10 years ago. The increase of 8.5 percentage points is the third this year for Matson, which said it is trying to keep pace with the rapidly rising price of the bunker fuel it uses in its ships.

The largest shipping company serving Hawai'i sent a letter to its customers on March 31, saying that when it announced its previous surcharge increase in February, fuel prices “had just begun to spike because of the unprecedented unrest in the Middle East. Since then, the environment has failed to stabilize, causing the global fuel market to remain at near historic highs,” Dave Hoppes, Matson Senior Vice President wrote in the letter. “Matson recognizes that fuel costs impact all businesses, as well as consumers. Unfortunately, transportation companies are especially hard hit, with fuel consumption an unavoidable and significant component of operating costs,” Hoppes said.

Matson's parent, Alexander & Baldwin Inc., warned investors recently that it expected to post an operating loss in the first quarter because of the effects of higher fuel costs on Matson's business.

Horizon Line and Pasha Transport Lines, the other shipping companies serving Hawai'i, have matched Matson's fuel price adjustments in the past.

The price of bunker fuel started the year at \$85.30 a barrel and has risen to past \$111 since then, Matson said. Bunker fuel prices have risen faster over the past year than crude oil futures, the highest since September 2008.

Matson's latest increase means that for a container of produce with a base shipping rate of \$4,592, the surcharge will rise by \$391 on May 1, to \$1,998.

FBI snags pirate negotiator

FBI agents have arrested a pirate negotiator on the ground in Somalia escalating the war against piracy, newly unsealed documents revealed.

According to court filings, Mohammad Shibin is accused of being the negotiator in the hijacking of the yacht *Quest*, during which four Americans were killed on February 22.

Fourteen pirates are already facing life sentences in Virginia in those slayings. The convicted pirates have identified Shibin as their negotiator.

An arrest warrant was signed for Shibin's capture on March 8. FBI agents entered Somalia, snatched Shibin and transported him to Virginia on April 8. Prosecutors claim they have evidence that Shibin used the internet on February 21, to research the *Quest* hostage identities “to determine the amount of ransom to

demand and the identity of family members of hostages whom he could contact about the ransom.”

Shibin claims that he was approached to be the negotiator in the *Quest* hijacking, but that he declined. He does admit to being the negotiator in the December 2010 hijacking of the 13,168 dwt product tanker *Marda Marguerite*, for which he said he was paid \$30,000.

Shibin faces life in prison if convicted. The United States is seeking Shibin's cooperation in targeting more pirate leaders for dry-land arrests. “Shibin clearly has contacts with persons responsible for piracy operations,” a court document said.

U.S. attorney Neil MacBride underscored that pirates “are not beyond the reach of the FBI, whether they board ships or remain on shore in Somalia.”

The new Republican landscape

From Congress to statehouses, the social compact targeted

Six months after voters sent Republicans in large numbers to Congress and many statehouses, it is possible to see the full landscape of destruction that their policies would cause—much of which has already begun. If it was of clear before, it is obvious now that the party is fully engaged in a project to dismantle the foundations of the New Deal and the Great Society, and to liberate business and the rich from the inconveniences of oversight and taxes.

At first it seemed that only a few freshmen and noisy followers of the Tea Party would support the new extremism. But on April 15, nearly unanimous House Republicans showed just how far their mainstream has been dragged to the right. They approved on strict party lines the most regressive social legislation in many decades, embodied in a blueprint by the budget chairman, Paul Ryan. The vote, from which only four Republicans (and all Democrats) dissented, would have been unimaginable just eight years ago to a Republican Party that added a prescription drug benefit to Medicare.

Mr. Ryan called the vote “our generation's defining moment,” and indeed, nothing could more clearly define the choice that will face voters next year.

His bill would end the guarantee provided by Medicare and Medicaid to the elderly and the poor, which has been provided by the federal government with society's clear assent since 1965. The elderly, in particular, would be cut adrift by Mr. Ryan. People now under 55 would be required to pay at least \$6,400 more for health care when they qualified for Medicare, according to the Congressional Budget Office. Fully two-thirds of his \$4.3 trillion in budget cuts would come from tow-income programs.

In addition to making “entitlement” a dirty word, the Ryan bulldozer would go much further in knocking down government programs to achieve its goals. It would cut food stamps by \$127 billion, or 20 percent, over the next 10 years, almost certainly increasing hunger among the

poor. It would cut Pell grants for all 9.4 million student recipients next year, removing as many as one million of them from the program altogether. It would remove more than 100,000 low-income children from Head Start, and slash job-training programs for the unemployed desperate to learn new skills.

And it would do all that while preserving the Bush tax cuts for the rich, and even expanding them. Regulation of business and the environment would be sharply reduced.

The mania for blindly cutting has also spread to statehouses, many with new Republican governors and legislatures. Several states have cut their unemployment benefits below the standard 26 weeks. Governor Jan Brewer of Arizona has proposed removing 138,000 people from Medicaid. Many recession-battered states, including some led by Democrats, have been forced to cut other services because Republicans have made it so politically difficult to raise taxes. Education, mental health and juvenile justice funds have been particular targets.

In Wisconsin, Ohio, Indiana, Maine and Florida, Republican governors have used the smokescreen of a poor economy to pursue a long-held conservative goal of destroying public and private Unions. This has nothing to do with creating jobs, of course, and it has shocked many blue-collar voters who are suddenly second-guessing their support for Republicans last November. Several states are also adopting Arizona-style anti-immigrant laws.

President Obama, after staying in the shadows too long, is starting to illuminate the serious damage that Republicans are doing. Their vision, he said last week, “is less about reducing the deficit than it is about changing the basic social compact in America.” Other Democrats are also beginning to stand up and reject these ideas, having been cowed for months by the electoral wave. Their new found confidence will give voters a clearer view of this bare and pessimistic landscape.

Source: The New York Times editorial, April 18, 2011

A strong maritime industry creates U.S. jobs and protects America's security

The following policy statement was adopted by the Executive Committee of the Transportation Trades Department, AFL-CIO on March 3. The SUP is a member of the TTD:

A vibrant maritime industry capable of accommodating growing cargo demand and sustaining U.S. jobs is integral to both our economic recovery and nation's security interests. Recently, the industry has suffered from a combination of ideological attacks on labor, imprudent budget cuts, inadequate port investments, and misinterpretations of cargo preference requirements. It is imperative that policymakers recognize the strategic role of maritime-related commerce by investing in the industry and adhering to maritime laws and policies.

In the wake of the 2010 *Deepwater Horizon* tragedy, politicians and pundits tried to blame U.S. maritime cabotage law, known as the Jones Act, for the troubled Gulf cleanup efforts. Specifically, opponents claimed the Jones Act prevented foreign vessels and skimmers from providing relief assistance. This is pure fiction. According to the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, the government "did not reject foreign ships because of the Jones Act" and did grant waivers "when the Act did apply." In short, the Commission concluded that the Jones Act's restrictions on foreign vessels were wholly immaterial to cleanup efforts.

However, the entire campaign against the Jones Act was never about providing assistance to the Gulf. Rather, it was a blatant effort to demonize Unions with the hope of ending cabotage protections to the benefit of foreign shipping interests. Proponents of repealing the Jones Act made hollow claims that it "favors labor Unions over consumers" and that abolishing maritime cabotage law would "boost the economy" and "spur job growth." Nothing could be further from the truth. In fact, the Jones Act serves a critical economic role for the nation, sustaining over 500,000 good-paying American jobs and generating \$100 billion in total annual economic output. Eliminating maritime cabotage requirements would result in the loss of hundreds of thousands of American jobs—further eroding the U.S. Merchant Marine—so that foreign entities that do not employ U.S. workers and do not pay taxes to our treasury can operate with impunity on our inland waterways and along our coasts.

We also remain steadfast that U.S. agencies continue to honor U.S. cargo preference laws. The logic supporting the application of cargo preference is clear: these laws ensure a privately owned U.S.-flag fleet that both supports U.S. jobs and is essential for the maintenance of a trained mariner population capable of meeting the U.S. government's sealift objectives. Recently, the Department of Energy (DOE) agreed to follow the Cargo Preference Act of 1954 after consultation with the Department of Transportation. While we appreciate the DOE's willingness to prospectively transport its import purchases on U.S.-flag vessels, we strongly disagree with their continued belief that these purchases should not be subject to cargo preference requirements. The Act is rather clear and applies to all "guarantees made by or on behalf of the United States." Clearly, the imported cargo used for the agency's energy projects, which are backed by explicit government-insured loan guarantees, fall under the Act's authority. Moving forward, we urge the DOE to reexamine its understanding of cargo preference as it applies cargo preference requirements to agency purchases.

Similarly, the Export Import Bank should, where applicable, adhere to the requirements of Public Resolution 17 (PR 17), which requires exports financed by government agencies to be transported on U.S.-flag vessels. Despite claims that PR 17 impedes the Bank's export competitiveness, the Ex-Im Bank has posted consecutive record-breaking years while operating under these preference requirements. In fact, by statute, the Bank is required to "contribute to the employment of United States workers." We believe the strategic and economic case for cargo preference application is clear and urge all appropriate government agencies to comply accordingly.

As the new Congress moves to cut government spending, it must be careful to neither stunt our recovery nor undermine our nation's strategic interests. Unfortunately, at a time when nearly one billion people worldwide suffer from hunger, the House of Representatives has cut foreign food aid programs by 42% in its FY 2011 funding bill. This reduction will severely diminish or stop aid to approximately 18 million needy people. Further, it will dramatically hinder America's ability to deploy a viable merchant marine necessary to transport food aid to countries that are critical to our national security and foreign policy interests. Food aid serves an important domestic economic role as well, sustaining 13,000 jobs and resulting in \$1.9 billion in output for U.S. industries. For decades our nation has supported a robust food aid program and, in the process, maintained our strategic sealift capabilities—made up of a pool of skilled American mariners—that should not be diminished by senseless budget cuts in Washington. These House-proposed cuts to food aid would deal a severe blow to the world campaign to contain a global epidemic of hunger while undermining the U.S. maritime industry and threatening thousands of good jobs here in America. We urge the Senate to fully restore funding to the food aid budget.

Another proven job creation tool is the Maritime Administration's Title XI loan guarantee program. The program guarantees commercial loans for domestic ship construction and shipyard modernization, spurring private sector investment that creates both seagoing and shore-side employment opportunities. However, the program has been subject to intermittent funding, undercutting long-term planning capabilities and the overall economic health of the maritime industry. To combat these strategic failures and create maritime jobs, it is absolutely essential that Congress provide stable, long-term funding for the Title XI program.

Additionally, we urge Congress to fund the Maritime Security Program (MSP) at its fully authorized level of \$186 million. This funding is essential to support the program's security fleet of 60 privately owned and militarily useful vessels and

ensure that a cadre of well-trained merchant mariners can meet our overseas military operations. The Department of Defense has routinely recognized the strategic necessity and economic benefits of the program. In 2010, according to General Duncan McNabb, then-Commander of the United States Transportation Command, without the MSP, "the monetary costs would be astronomical" for the government. A failure to fund the fleet and its American citizen crews could endanger our military's access to vital supplies and imperil the U.S.-flag industry.

Finally, it is in our nation's long-term economic interest to embrace a more comprehensive approach to the movement of cargo by making investments in port infrastructure and enhancing existing and developing new multimodal capabilities. With the economy recovering, a new generation of large ships with greater vessel capacity is expected to transport an increasing amount of containerized goods. This will require the Corps of Engineers civil works budget to be funded to complete deeper dredging needs and that targeted investments are made in rail separation projects and fast corridors to reduce congestion and streamline the movement of goods to market.

Transportation labor urges the U.S. government to work cooperatively to support the maritime industry and its workforce. This will require honoring maritime policies, fully funding maritime programs and deploying greater investment into the industry. America's longshoremen and mariners serve a unique role, acting as the conduits for the movement of goods and economic growth while assisting our nation's military. Accordingly, it is important that Congress bolsters the maritime industry and create good-paying jobs.

Quake sinks Hawai'i tourism

Hawai'i is grappling with twin effects from Japan's earthquake.

Not only did last month's temblor generate a tsunami that damaged or destroyed dozens of local shops and attractions, but Japanese tourists are now canceling travel to the state amid the devastation back home.

The number of Japanese visitors to the Aloha State has fallen 25% since the March 11 quake, compared with a year ago, according to the Hawai'i Tourism Authority. The drop follows a 28% increase in Japanese tourists from January 1, through late February from a year ago, says the state agency. With hotels reporting cancellations of future bookings as high as 45%, Hawai'i is bracing for further tourism impact.

At the Sheraton Waikiki hotel, the occupancy rate dropped from about 90% to 52% as a result of the cancellation two weeks ago of a Japanese convention with a projected 1,400 attendees, said Kelly Sanders, general manager of the 1,636-room hotel.

Sanders said occupancies have since returned to "the mid 70s" percent. But on April 4, Japan Airlines announced it would cancel seven of its 21 weekly flights to Honolulu from Tokyo's Narita International Airport for most of April, citing the drop-off in demand.

The Japanese historically have opted not to travel during times of international or domestic crisis.

Other popular U.S. destinations, including San Francisco, are reporting a decline in Japanese visitors, but Hawai'i relies on Japanese tourists for almost one-

fifth of the state's seven million annual visitors. The island state's economy tends to fluctuate along with the comings and goings of the travelers from Japan.

Paul Brewbaker, chairman of Hawai'i's Council on Revenues, a state agency that prepares revenue estimates for Hawai'i's government, said the decline in Japanese visitors could reduce the state's projected 3.2% rise in gross domestic product by as much as a percentage point.

The effects of the 9.0-magnitude quake that struck on March 11, come at an uneven time in Hawai'i's economy. While the state's unemployment rate stood at 6.3% in February (below the national average of 8.9%) Hawai'i is wrestling with a budget deficit estimated at \$1.3 billion through 2013.

The tsunami generated by the quake caused an estimated \$30 million in damages on the Big Island of Hawai'i. No deaths or serious injuries were reported, but the waves damaged more than three dozen retail shops, 29 rental units and seven single-family homes, and forced the closure of the Four Seasons Resort Hualalai and Kona Village Resort, said officials from Hawai'i Civil Defense.

Officials at the Four Seasons said they will reopen April 30, while officials at the more extensively damaged Kona Village have given no reopening date. Civil Defense officials opened a disaster-assistance center in Kona to process applications for relief from residents. They said most other tourism facilities have either reopened, or were unaffected.

Republicans don't want your family to eat during a strike

Think Progress reported on March 24, that "a group of House Republicans is launching a new stealth attack against Union workers" by prohibiting the family of a worker on strike from receiving food stamps. The stealth provision is buried in H.R. 1135, a bill based designed to "provide information on total spending on means-tested welfare programs, to provide additional work requirements, and to provide an overall spending limit on means-tested welfare programs."

Republican Congressmen Jim Jordan (Ohio), Tim Scott (South Carolina), Scott Garrett (New Jersey), Dan Burton (Indiana), and Louie Gohmert (Texas) introduced the bill, which also includes a provision that would exempt households from losing eligibility, "if the household was eligible immediately prior to such strike, however, such family unit shall not receive an increased allotment as the result of a decrease in the income of the striking member or members of the household."

Bill to encourage short sea shipping introduced in the Congress

Representatives Pat Tiberi (R-Ohio), Brian Higgins (R-New York), and Steve LaTourette (R-Ohio) introduced the Short Sea Shipping Act on April 14, to encourage job creation and help the U.S. maritime industry.

The bill, H.R.1533, would exempt from the Harbor Maintenance Tax commercial cargo that is loaded at a U.S. mainland port and unloaded at another U.S. mainland port after transport solely by coastal or river route, or if it is unloaded at a Canadian port in the Great Lakes/St. Lawrence Seaway System. In addition, the bill's exemption would apply to commercial cargo that is loaded at a port in Canada located in the Great Lakes Seaway System and unloaded at a port in the U.S. mainland.

Supporters of the new bill said the exemption will create jobs by reducing the burden on shippers moving cargo by water in the United States. Marine highway advocates have argued for years that the tax puts them at a competitive disadvantage with trucking and railroads that do not pay it.

"This bill would encourage American job creation and economic growth by reducing certain shipping burdens," explained Tiberi, who serves as the Chairman of the Ways and Means Subcommittee on Select Revenue Measures. "This is the type of measure that will reduce burdens associated with shipping goods between U.S. ports and make it easier for businesses to grow and deliver their products."

"Enacting this measure would strengthen America's short sea shipping industry, create jobs, and improve the flow of commerce in the United States," said SUP President Gunnar Lundeberg.

Somali pirate given 25 year sentence

Somali national Jama Idle Ibrahim was sentenced this month to 25 years in prison for his role in a pirate attack against the *M/V CEC Future*. The attack began in November 2008 and lasted until January 16, 2009, a total of 71 days.

Ibrahim pled guilty on September 8, 2010 to conspiracy to commit piracy under the law of nations and conspiracy to use a firearm during and in relation to a crime of violence. He received the maximum penalty of five years in prison for the piracy conspiracy charge and the maximum penalty of 20 years in prison for the firearm conspiracy charge.

United States Attorney Ronald C. Machen Jr. and James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office, announced the sentence after Ibrahim's appearance before Judge Paul L. Friedman in U.S. District Court for the District of Columbia. This case represents the first conviction in the District of Columbia for a piracy related offense.

According to court documents, Ibrahim was among a group of pirates who were armed with AK 47s, a rocket-propelled grenade and handguns when they attacked and seized the vessel. The pirates approached the merchant ship in high speed boats and fired their weapons at the vessel in order to accomplish the takeover. The pirates held the vessel, cargo and 13 crew members for ransom and forced the crew to anchor in waters off the Somalia coast. During the takeover, additional pirates boarded the vessel and the pirates threatened the crew and controlled their movements with their weapons. The pirates also stole money, food and supplies from the ship.

"The sentencing demonstrates that the FBI is capable of conducting our investigations around the world through the help of our foreign law enforcement partners," said McJunkin. "This should serve as a warning to those who seek to attack American interests overseas regardless of your ideology or intent -- you will be identified, located and brought to justice."

In November 2010, Ibrahim was sentenced to 30 years imprisonment in the Eastern District of Virginia following a guilty plea to charges stemming from an April 10, 2010, pirate attack on a U.S. Navy vessel, the *USS Ashland*, also in the Gulf of Aden. The sentence from the District of Columbia is to run concurrently with the sentence from Virginia.

Ready Reserve Fleet

b. Promote redundancy in available maritime labor pool by limiting the number of vessels assigned to Ship Managers. This policy also seeks to insure equity among the labor unions which MARAD has traditionally believed to be in the best interest of our national readiness.

c. MARAD and MSC have different policies regarding citizenship requirements for Ship Managers. However, MARAD's policy of limiting Ship Management contracts to only Section 2 Citizens is intended to promote a core base of ship management companies that are exclusively controlled by U.S. Citizens.

OIF/OEF Activation

1. Operations Iraqi Freedom/Enduring Freedom were the most successful sealift operations in the history of the United States.

2. The success was due to the strong leadership of USTRANSCOM who promoted an atmosphere of cooperation and team effort among DOT, MARAD, MSG, SDDC, Maritime Labor, Ship Managers and the USCG.

3. The MARAD RRF fleet activations had an "Operational Reliability Rate" of 98.5 % which equaled or exceeded MSC's activations. This was considered a major accomplishment given the age of the MARAD vessels compared to the newer MSC vessels. These highly successful activations were a testament to the dedication of the merchant mariners aboard the RRF vessels, and the overall efficiency and reliability of the MARAD management program.

4. After over 400 RRF activations, there were only 3 RRF vessels that did not meet their activation time. Two (2) of these vessels were less than 10 hours late in meeting their required activation time and one had a major engine failure.

Transfer of FSS vessels to MARAD

1. By 2005, It was generally known by all parties

Federal court upholds California offshore ship emissions rules

The merchant shipping industry has failed a second time to short-circuit California's effort to combat the toll on the health of its population from air pollution caused by oceangoing vessels. The industry is contesting California's authority to regulate fuel used by sea-going vessels up to 24 miles off its coast.

The Air Resources Board (ARB) estimates the vessels' emissions of particulate matter cause 300 premature deaths across the state every year.

California mandates that ships "use cleaner marine fuels in diesel and diesel-electric engines, main propulsion engines, and auxiliary boilers" while operating far beyond the traditional three-mile jurisdictional limit. The Pacific Merchant Shipping Association (PMSA), in a lawsuit closely watched by states on both coasts, argues that federal statutes and the U.S. Constitution preempt those state rules.

The association asked U.S. District Judge Morrison C. England, Jr. to summarily invalidate the rules adopted by the ARB in 2009. England refused, and the association took its case to the 9th U.S. Circuit Court of Appeals. On March 28, a three-judge appellate panel upheld England and sent the case back to Sacramento for trial.

In their 45-page opinion, the judges acknowledged as unusual both California's Vessel Fuel Rules and the environmental problems they are intended to address. Neither the constitution nor federal maritime law "should be used to bar a state from exercising its own police powers in order to combat these severe problems," the judges said.

Widely used low-grade bunker fuel contains an average of 25,000 parts per million of sulfur. In contrast, the diesel fuel used in trucks and other land vehicles is limited to just 15 parts per million.

Emissions from ships within 24 nautical miles off the coast constitute the single largest source of sulfur oxides in the state and are responsible for 40% of all such emissions, according to the ARB. The vessels are also a major source of nitrogen oxides, according to

continued from page 1

(N-42, USTRANSCOM, MSC and MARAD) that the MARAD vessel management program was more cost effective than the MSC program. As the result of the February 15, 2006 Sealift Conference hosted by COMSC, it was agreed to compare the cost of operating the FSS under MSC's program and the MARAD program.

2. On October 25, 2006, the analysis performed by contractor LMI was presented to the USTRANSCOM Commander with an affirmative conclusion that MARAD vessel management program was more cost effective than MSC's program. The analysis confirmed the following:

a. There would be an initial cost differential in MARAD's favor of \$15.2 million for the start up years 2008-2011. However, after factoring in major repairs during start up such as boiler tube replacement under MARAD's Service Life Extension (SLEP) Program, the estimated cost savings is reduced to \$8.3 million.

b. LMI projected the total savings (after startup) due to transfer of the FSS to MARAD of \$19.9 million per year for the years 2010-2023.

Conclusion

By 2006, there was a consensus that the most efficient sealift and logistics support operation model was to:

1. Let the war fighter do what they do best—fight wars when necessary and protect our country: and

2. Let the civilian mariner and the private sector do what they do best - move cargo and maintain vessels using commercial industry standards under MARAD's proven track record managing the RRF Fleet.

In view of the upcoming economic austerity and budget cutting, running the RRF (and possibly the MSC surge fleet) under MARAD would be more cost effective and would maintain the strategic sealift fleet in an improved state of readiness.

the board. It is undisputed that 27 million Californians are exposed to these emissions, the opinion says.

The fuel rules in general apply to vessels calling at a California port.

The unanimous opinion was authored by Judge Robert E. Cowen of the 3rd Circuit, sitting on assignment in the 9th Circuit, with Judges A. Wallace Tashima and Barry G. Silverman concurring.

England in his decision emphasized that "any increased cost associated with compliance is less than 1% of the typical cost of a TransPacific voyage."

Beginning in July 2009, ships were required to use either marine gas oil or marine diesel oil with a sulfur limit of 0.5% or less. By January 2012, both fuels must not exceed 0.1%. The rules also require owners and operators to keep detailed records, and noncompliance could subject them to a wide range of sanctions, including civil fines, injunctions and criminal prosecution.

APL Philippines



Audra Tasa pictured with Bosun Dave Munroe completed the compass cover shown during voyage 153 of the APL Philippines. No less than 5 yards of canvas and over 700 stitches were sewn by hand to complete it, proving the SUP can still answer the call when required, to perform what some consider a lost skill in the art of seamanship. Photo by Capt. Ian Allen

ESU Office Assignments

For the month of May, John Straley will be in the Seabrook office.



APRIL 2011

Official Publication of the Exxon Seamen's Union

2010 ESU Financial Statements

As per the Exxon Seamen’s Union Constitution and By-Laws, one of the duties of the Vice-President/Treasurer is to have the Union’s finances reviewed by a certified accountant. The following is a summary of the year-end 2010 Financial Statements prepared for the ESU by Ratliff & Jentho, Certified Public Accountants in Baytown, Texas.

“We have reviewed the accompanying statement of assets, liabilities, and net assets –modified cash basis of the Exxon Seamen’s Union (a non-profit organization) as of December 31, 2010, and the related statement of support, revenue and expenses– modified cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Exxon Seamen’s Union.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1.”

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Exxon Seamen’s Union (“the Union”) is a non-profit union organized on March 28, 1941. Its purpose is to bargain collectively and seek to attain harmonious relations with their employer, to render service to their fellow employees, to secure proper representation and to provide adequate administration under their Constitution.

In September 1999, the Union organized a lateral affiliation with the Sailor’s Union of the Pacific in order to strengthen the bargaining position of its membership. The Union pays a per capita affiliation fee to the Sailor’s Union of the Pacific in the amount of \$5 per month. The Union is exempt from federal income tax as a labor union described in Section 501(c)(5) of the Internal Revenue Code.

Basis of Accounting

The Union’s policy is to prepare its financial statements on the modified cash basis of accounting. Under this method, revenue is recognized when received rather than when earned, and expenses (other than depreciation) are recognized when cash is disbursed rather than when the obligation is incurred.

NOTE 2: FIXED ASSETS

Fixed assets are recorded at cost and depreciated over the estimated useful lives of the assets using straight-line and accelerated methods. Expenditures for repairs and maintenance are charged to expense as incurred.

Fixed assets consist of the following as December 31, 2010:

	ACCUMULATED DEPRECIATION		NET 2010
	COST		
Automobiles	\$19,211		
Office Equipment	1,233		
Furniture and Fixtures	5,191		
Total	\$ 24,227	\$(20,598)	\$3,629

Depreciation charged to income was \$3,827.89 in 2010.

NOTE 3: LEASES

The monthly lease payments were \$730 per month, until the lease was renewed in June for an increase to \$750 per month and the Union expects to renew the lease under similar terms and conditions though December 31, 2011.

Rental expense for the office facilities amounted to \$8,900.00 for the year ended December 31, 2010. The minimum future lease payments for the office facilities amount to \$9,000.00 per year.

NOTE 4: CONCENTRATION OF CREDIT RISKS

The Union maintains bank accounts at institutions insured by the Federal Deposit Insurance Corporation (“FDIC”). As of December 31, 2010, the carrying amount of the organizations deposits and balance was \$148,384.19. The bank balance was covered by \$148,384.19 of FDIC insurance.

EXXON SEAMEN’S UNION Statement of Assets, Liabilities and Net Assets as of December 31, 2010

Current Assets	Cash	\$148,384
	Fixed Assets	3,629
	Total	152,013
Liabilities	Credit Card	491
Total Net Assets Less Liabilities		\$151,522

Every vessel will have in the near future a hard copy of the full report, if you would like to review it, please ask your Ship Representative to make it available to you and if you have any questions please feel free to call the ESU office.

ESU’s 70th Anniversary

On March 28 of this year, the Exxon Seamen’s Union marked the 70th anniversary of it’s founding. Over the past 70 years the ESU has represented the seafaring employees who work for SeaRiver Maritime, a wholly owned affiliate of ExxonMobil Corporation, and its predecessor companies. Before the name was changed in the 1986, the ESU was known as the ESSO Seamen’s Association. The ESSO Seamen’s Association was formed in 1941 when the unlicensed seafaring employees recognized their need to organize for the purpose of negotiating better wages and working conditions.

During the ESU’s first 58 years, the union operated as a totally independent organization. That changed on July 27, 1999, when the men and women of the ESU overwhelmingly voted to align themselves with the greater organized labor movement by affiliating with the Sailors’ Union of the Pacific.

Originally, and for many years, the ESU main office was located in Bayonne, New Jersey. This was a logical place for the ESU office considering that Exxon had many vessels that traded on the East and Gulf Coasts. In 1997, as vessel traffic in the New Jersey area declined the ESU decided it would be more advantageous to move the Bayonne office to Baytown, Texas. In 2003, the office was moved again to its present location in Seabrook for economical reasons. The ESU also maintained an office in Benicia, California, but due to a decline in the number of vessels on the West Coast, that office was closed as a result of Collective Bargaining in 2008.

Despite the downturn in our industry, due mostly to declining Alaska North Slope oil, the ESU has maintained strong support from it’s members and today union membership is at an all time high despite working under an “open shop” system. Current membership is now above 98% which is probably the highest level in ESU history. In fact, today there are only two unlicensed employees that choose not to be a part of our proud organization.

Today, the ESU membership is small by historical comparison, since there are only four SeaRiver vessels in active service. Despite the smaller numbers, the ESU membership still maintains the same desire to improve upon working conditions, pay and paid leave to spend time with their families as those unlicensed mariners that formed the Exxon Seamen’s Union more than 70 years ago.

As the ESU prepares for another round of contract negotiations in May, every member should reflect upon the long history of the ESU and recommit themselves to ESU involvement and support the Executive Board during the bargaining process.

Kodiak



Stewards Dept Trustee and Fleet Chef Kurt Kreick, Cook, Joel Mitchell, and Fleet Chef, Dave Franklin on board the *Kodiak* while ship was at the city dock in Port Angeles for repairs.

ESU News

2011 contract negotiations begin in May

Article I, paragraph 2 of the Exxon Seamen's Union collective bargaining agreement titled "Terms Of Agreement" states that negotiations should be scheduled to begin at least ninety days prior to the termination of the contract. Consistent with this language and the impending expiration of our current collective bargaining agreement on August 31, 2011, the Exxon Seamen's Union and SeaRiver Maritime Inc. have agreed to meet at the Westin Houston, Texas, on May 9, to begin formal bargaining.

The Executive Board will begin our preparatory work on May 7 and 8, prior to meeting with the company on May 9. Further negotiating dates, if needed and if mutually agreed upon, will be established at the end of the May session. Ideally, a tentative agreement should be completed in order to allow ample time for the membership to vote on the new contract prior to the expiration date. The ESU Constitution and By-laws requires a sixty (60) day voting period for ratification of any proposal presented to the membership.

The ESU Board has canvassed the membership for their input, ideas and concerns as we head for the bargaining table. The Union bargaining committee will continue to work throughout this process to negotiate a contract that is worthy of a "yes" vote.

The ESU Bargaining Committee will consist of the four principal Executive Board Officers: John Straley, Leo DeCastro, John McCarthy and Joe Bernavich. Additionally, Department Trustees William Ackley, and Kurt Kreick will represent the Union during negotiations. It is yet to be determined on who will fill the Deck Trustee position since Pat Campbell resignation. Aaron Rathbun declared his intentions to run for the Deck Trustee position and should he run uncontested, then he will serve as the new Deck Trustee at negotiations. Board Member at Large, John McCarthy will not be attending this bargaining session due to illness but the ESU requested a substitute to fill in for him.

Union attorney Sharon Groth will also once again serve as Advisory Counsel to the Union during these negotiations. Ms. Groth has represented to ESU since the late 90's and has participated in contract negotiations since 2000. Prior to working with the ESU, Ms. Groth represented the refinery workers in Baytown for many years and is a very experienced labor attorney. The ESU is fortunate to have her services as legal counsel and advisor for another round of bargaining.

The ESU again thanks the membership for your input and continued support. It is this strong support that is the source of our strength as a union and one of our greatest assets in bargaining.

Lump sum pension rate now at 4.00%

The interest rate for calculating the lump sum payments of ExxonMobil pensions for April – June 2011 retirements increased by .25% to 4.00%. If you are thinking about retirement regardless of your age, the time to begin sound financial planning is today. Becoming familiar with the resources available to employees is valuable at any stage of your financial planning. From both a personal and financial perspective, beginning the transition to retirement is a process that takes planning.

If you are planning to retire, you should notify your supervisor at least 60 days before your retirement date in order for your supervisor to submit a Smart Form. (Please remind your supervisor that your last day on payroll must be the same date on the Smart Form as the date you provided to the ExxonMobil Benefits Service center in order to avoid possible delays in pension payment.) You should also contact the ExxonMobil Benefits Service Center (1-800-682-2847) 120 days before your commencement date to request an Intent to Retire package. You must have your PIN and Social Security Number readily available when making the call.

Ship reports

S/R American Progress

ESU board member Joe Bernavich was able to visit with the crew while the ship was at anchor in Port Angeles, at the end of March. Ship's Rep Rudy Benavides had just returned from paid leave. The ESU would like to thank AB Mike Harrison for his stepping up as Temp Rep in Rudy's absence. Crew was in good spirits and enjoying some nice weather while in port. The ship is continuing its ANS service to the Puget Sound area and will be making a trip to the SF Bay area the second half of April. After a shorten tour, Rudy departed the vessel and MS Shannon Wegner has stepped up to become Temp Rep. The ESU thanks Shannon for her timely updates and dedication to the union.

Kodiak

Ships Rep Tim Williams is on board and reporting in with updates and pertinent info as the ship continues its ANS trade duties. The ESU was able to visit with the crew while repairs were being performed in Port Angeles. There was a good crew on board and all were

in high spirits. The ship will continue with loads to SF and Hawaii before departing, at the end of the month, for Singapore shipyard period.

S/R Long Beach

The *Long Beach* continues in cold lay-up, in Labuan, Malaysia. There are no crewmembers assigned to the vessel at this time. Future plans for the vessel are unknown at the present time.

Sierra

Ships Rep Thor Floreen is on board till mid month and will then be leaving to participate in a company training program. The ship continues to do ANS duties to the SF Bay area.

S/R Wilmington

Board officer visited the ship at the Beaumont dock on the April 6th. Ships Rep Jeff Harris has been reporting in regularly and providing the crew there and the ESU here, with dedicated service. Some issues with travel, to and from the ship, from the airport in Houston, resulted in a 3rd step grievance being filed with the company. No resolution to this matter has been made so far.

American Progress in Port Angeles



AB's Roque Salute and Mike Gore assisting in the lowering of the lifeboats on board the *American Progress*. The ship was at anchor in Port Angeles awaiting berth space in Anacortes. ESU Board member at large Joe Bernavich was able to visit with the crew while both the *AMP* and *Kodiak* were in port at the same time. Both crews were in high spirits and enjoying some much deserved down time from the rigors of the winter weather and seas of the Gulf of Alaska.

Stewards Department & Maintenance Seamen working together

Since a written agreement reached between the management of SeaRiver Maritime and the ESU in June of 2002, members sailing in the Maintenance Seamen (MS) rating aboard vessels that have not been satisfactorily modified to facilitate a two-man Stewards Department have been required to assist personnel in that department on a daily basis. This agreement was necessitated as a result of several vessels being purchased from other shipping companies that carried more Stewards Department billets than SeaRiver's two-man Stewards Department manning level.

Prior to galley and mess area modifications, the normal Stewards Department consisted of three men. These modifications greatly contributed to the loss of the Utility rating. This job elimination was a very contentious issue between SeaRiver and the Exxon Seamen's Union at the time. Assurances were given that, with the proper modifications/betterments made to the departments work areas, a two-man configuration would be feasible and that the modifications would allow for efficient operation.

To fulfill the work requirements on vessels that have not been fully modified MS's are required to assist the Steward's Department to perform work that is a direct result of non-compliance with the promised modifications. Such work typically consists of stocking dual drink boxes, assisting in the stocking of condiments and other items when a vessel has more than one salad bar and assisting in the transfer of items from the below deck freezers and storage areas to the mess area when a dumbwaiter is not available. The intent of the 2002 MOU is for the restocking of pantry areas to be a shared responsibility between the Cook and the MS position and the additional assistance of the MS is to assure that the job requirements, responsibilities or schedules of the Fleet Chef or Cook remain the same as they would on a two-person Steward's Department on a fully modified vessel.

Use of the Maintenance Seamen on vessels where their assistance is required, is not optional. MS's are to perform their Stewards Department duties on a daily basis, in port or at sea. The agreement between the Union and management calls for the MS's to generally perform these job tasks between the end of afternoon coffee and 1700 hours. This was derived at in an attempt to maintain a consistent schedule. Though, due to pressing operational needs of the vessel, most notably docking/undocking operations, flexibility is permitted in the schedule as to the time of day that these duties are performed. In addition, MS's are only required to perform their Steward's Department duties during normal work hours.

As the contract states under the work rules for the Steward's Department on page 59 thru 62, Article XV, the Fleet Chef and the Cook have specific guidelines and work rules still to maintain even when a MS is assigned to help in the Department.

EXXON SEAMEN'S UNION

Founded March 28, 1941

Affiliated with the Sailors' Union of the Pacific

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Board Member at Large Joe Bernavich

Board Member at Large John McCarthy

Deck Trustee TBN

Engine Trustee William Ackley

Steward Trustee Kurt Kreick

Maersk to boost fleet with ten more 18,000 teu giants

Maersk Line is preparing to order a second series of 18,000 teu containerships, bringing the total number to 20.

AP Moller-Maersk chief executive Nils Andersen confirmed that he expects the company to exercise the first option for another 10 Triple-E class containerships that will be built by South Korean shipbuilder Daewoo Shipbuilding & Marine Engineering.

Under the deal signed in February, Maersk placed a firm order worth \$1.9 billion for 10 of the biggest containerships ever built, with options for two more series of 10. A decision on the first series will be made by June, while the fate of the second option for an additional 10 vessels of the same size will be decided by the end of the year.

“The immediate decision is in June and we expect that we will take those vessels,” Andersen said. He also confirmed that the vessels would be twin-engined. At the time of the signing ceremony, some technical matters were still being finalized, including whether the ships would have one or two engines. A number of design details remain on the drawing board.

The Triple-E vessels cost \$190 million each and are expected to emit 20% less carbon dioxide than Maersk Line’s 15,550 teu *Emma Maersk*. The ships will consume around 35% less fuel than super post-panamax ships currently in service. Andersen said the 165,000 dwt vessels would cut emissions by 50% on the Asia-Europe route where they will be deployed from 2013, and have a top speed of 23 knots. He also reaffirmed that slow steaming was here to stay, but that super slow-steaming would only be adopted by the company in special cases, such as for the transportation of non-time-sensitive cargoes such as waste paper and scrap metal from Europe to China.

Japan plans to charge suspected pirates

Japan is reportedly planning to charge suspects under its 2009 anti-piracy law for the first time after four people were captured during an attack on a Japanese tanker.

The suspected pirates were taken into custody after the United States and Turkish navies rescued the 106,045 dwt tanker *Guanabara* about 400 nautical miles east of Oman on March 5. The crew had hidden in a citadel after pirates boarded the vessel and escaped the attack unharmed.

The Jiji Press and other Japanese media reported that Tokyo wants to bring the four suspects to trial under the 2009 anti-piracy law, according to the AFP news agency. Under the plan, a coastguard aircraft would transport the suspects to Japan where they would be formally arrested, the news agency said.

The anti-piracy law allows for jail terms of between five years and life for serious cases of piracy in both international and Japanese waters, regardless of where the targeted ship is registered, AFP added.

House hearing highlights failures of TWIC program

Representative John Mica (R-Florida) Chairman of the House Transportation and Infrastructure Committee, held a hearing on April 14, to examine shortcomings in the Transportation Security Administration’s (TSA) handling of the Transportation Worker Identification Credentials (TWIC) program.

TSA has issued around 1.6 million TWIC cards since 2007, but missed an April 2009 deadline for deploying electronic devices that would read fingerprint data embedded on the card. TSA also has not published a final rule outlining the technical specifications for the reader.

The committee invited TSA chief John Pistole and TWIC program manager John Schwartz to testify during the hearing but neither one did so. Mica said he was disappointed they did not appear and said he would consult with the House Homeland Security Committee and Oversight and Government Reform Committee, of which he is a member, to find a way to force their testimony.

“I can assure you that we will have TSA testifying ... at a joint future hearing to again try to get some responsiveness from an agency that for some reason does not want to respond or participate,” Mica said. “A huge amount of taxpayer money has been expended. You would think that we could have some better response from the agency that is primarily charged with this.”

The hearing highlighted delays and problems with full deployment of biometric technology in the TWIC program. The TWIC card was mandated for maritime industry worker in the Maritime Transportation Security Act of 2002.

However, there are still no approved readers in use to verify the TWIC’s biometric identifiers. TSA is still conducting the pilot program for the reader technology. “Without any readers, TWIC is about as useful as a library card,” Mica said.

TSA has spent \$420 million on the TWIC program, and has estimated that up to \$3.2 billion may be spent by the federal government and the private sector over a ten year period which does not including the cost of deploying readers.

Welfare Notes

April 2011

Medicare for Active and Retired Participants

Medicare does not send official notices when you become eligible for Medicare coverage. To avoid penalties that will require you to pay a higher premium amount for your lifetime and, if married, that of your spouse, you must enroll when you first become eligible for Medicare. Your initial enrollment period lasts seven months including the 3 months before you become 65 years old and the 3 months after your birthday. As an example, if your birthday is in June your enrollment period is March 1 through September 30.

There are three types of Medicare coverage:

Medicare Part A helps pay the cost of a hospital admission, stay in a skilled nursing facility, home health care, hospice care, and medicines administered to inpatients. There is no premium payment required for enrollment in Medicare Part A.

Medicare Part B provides coverage for physicians including doctor visits in the office and hospital, outpatient services, rehab therapy, lab tests, medical equipment, and most medicines administered in a doctor’s office. Enrollment in Medicare Part B requires a monthly premium payment and, for those who are married, a separate premium is required for your spouse upon reaching age 65. There is a permanent penalty for late enrollment.

Medicare Part D coverage includes prescription drugs, insulin supplies, and some vaccines. Enrollment in Medicare Part D requires a premium and penalties apply for late enrollment. There are a large number of Plan D options from which to choose.

If an active participant age 65 or over loses coverage for any reason including insufficient work time to continue coverage, the participant should enroll in Medicare Part A and B coverage as soon as possible. You may ask the Plan office for help in filling out forms that may be required.

Active coverage terminates on the date of your retirement. A dependent wife who is not at Medicare age can continue coverage with the SUP Welfare Plan through COBRA for up to 18 months. If you have questions, please call.

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SIU-PD Supplemental Benefits 415-764-4991

Piracy reaches record numbers during 2011

The International Maritime Bureau (IMB) reported on April 14, that piracy has reached an all time high during the first three months of 2011, recording 142 acts of piracy worldwide.

The majority of the attacks occurred off the coast of Somalia in Eastern Africa, where 97 attacks have taken place. That is almost three times the amount of attacks (35) during the same time period last year. A total of 18 vessels were successfully hijacked in the first quarter of 2011, with pirates taking 344 crew members hostage according to the IMB report. Seven crew members have been murdered during that time and 34 have been injured.

“Figures for piracy and armed robbery at sea in the past three months are higher than we’ve ever recorded in the first quarter of any past year,” said Pottengal Mukundan, director of the IMB, whose Piracy Reporting Center has monitored piracy worldwide for the past twenty years.

In the first three months of 2011, pirates murdered seven crew members and injured 34, compared to just two injuries that were reported in the first quarter of 2006. Of the 18 vessels that were hijacked during the first three months of the year, 15 were captured off the coast of Somalia. In this area alone, 299 people were taken as hostage and another six were kidnaped from their vessel. As of their last count on March 31, IMB figures showed that Somali pirates were holding 596 crew members upon 28 ships.

“We’re seeing a dramatic increase in the violence and techniques used by pirates in the seas off Somalia,” said Mukundan. “The overwhelming number of vessels hijacked off Somalia took place east and north east of the Gulf of Aden. The positions of some of the attackers’ mother ships are known. It is vital that strong action is taken against these mother ships to prevent further highjackings.”

A number of countries are employing their navies to take a tough stance against piracy. In a show of force in April that was commended by the IMB, the Indian navy captured 61 Somali pirates on a hijacked ship off India’s west coast.

Elsewhere during the first quarter of 2011, nine incidents were reported off Malaysia, including the hijacking of a tug and barge off Tioman Island. Five incidents have been recorded for Nigeria, with three attacks against vessels near the port of Lagos. Crews in the area are reporting increased violence, including one incident where all 27 crew members were injured. IMB’s concerns about an expansion of Nigerian-style piracy have been heightened by the hijacking of a chemical tanker off neighboring Benin, which its captors finally directed to Lagos.



SUP President's Report

April 11, 2011

JAPAN

In the wake of the earthquake and tsunami that struck northeast Japan on March 11, the Union has received several inquiries from concerned members and their families regarding the situation in Yokohama where APL's U.S.-flag TransPacific vessels (*APL China*, *APL Korea*, *APL Philippines*, *APL Singapore*, *APL Thailand*) call.

The following is the information the SUP has received as of today's meeting:

On March 16, the State Department released a travel warning which stated:

"In response to the deteriorating situation at the Fukushima Daiichi Nuclear Power Plant, the United States Nuclear Regulatory Commission (NRC), the Department of Energy, and other technical experts in the U.S. government have reviewed the scientific and technical information they have collected from assets in country, as well as what the government of Japan has disseminated. Consistent with the NRC guidelines that would apply to such a situation in the United States, we are recommending, as a precaution, that U.S. citizens who live within 50 miles (80 kilometers) of the Fukushima Daiichi Nuclear Power Plant evacuate the area or to take shelter indoors if safe evacuation is not practical.

There are numerous factors in the aftermath of the earthquake and tsunami, including weather, wind direction, and speed, and the nature of the reactor problem that affect the risk of radioactive contamination within this 50-mile (80-kilometer) radius or the possibility of lower-level radioactive materials reaching greater distances."

On March 18, the Maritime Administration (MarAd) issued an advisory titled *Vessels Transiting to or from Japan or in Waters in the Vicinity*.

"1. This MarAd Advisory provides guidance to vessels transiting to or from ports in Japan or in waters in the vicinity of the Northeast Coast of the island of Honshu.

2. U.S.-flag operators with ships in the affected areas are requested to forward this advisory to their ships by the most expeditious means.

3. A 8.9/9.0 magnitude earthquake struck the Pacific Ocean near Northeastern Japan at around 1446 on March 11 (JST) causing damage with blackouts, fire and a tsunami. Nuclear power plants near Fukushima were damaged and radiation release was detected and is being monitored by Japan.

4. In response to the situation at the Fukushima nuclear power plant, the United States Nuclear Regulatory Commission (NRC), the Department of Energy and other technical experts in the U.S. government have reviewed scientific and technical information collected from assets in Japan, as well as what the government of Japan has disseminated. Consistent with the results of that review, NRC guidelines and guidance issued by the U.S. Ambassador to Japan, the U.S. Coast Guard recommends, as a precaution, that vessels avoid transiting within 50 miles (80 kilometers) of the Fukushima nuclear power plant at position 37 degrees 19 minutes North, 141 degrees 01 minutes East. Mariners are advised that this recommendation should be considered a minimum distance from the Fukushima nuclear power plant should be avoided. Prudent trackline planning should incorporate current wind and weather conditions.

5. Mariners are advised to monitor and comply with NAVTEX and NAVAREA XI warnings. Mariners should keep abreast of information being provided by the government of Japan relating to any further potential impacts. The Maritime Administration and the U.S. Coast Guard will provide updated notices as additional guidance becomes available.

6. In the event a vessel bound for a U.S. port transits within the 50-mile (80-kilometer) precautionary area, the U.S. Coast Guard recommends the vessel's Master to submit transit information, including the date and total time within the precautionary area,

to the cognizant U.S. Coast Guard Captain of the Port using the comment block on the 96-hour advance notice of arrival.

Also on March 18, Neptune Orient Line (NOL), APL's parent company, issued the following status update:

"One week after a catastrophic earthquake and tsunami, Japan continues to cope with severe disruption. NOL's offices are open for business and its vessels and marine terminals continue to operate. Here is a status update:

-NOL's office in Tokyo is open for business and its marine terminals in Kobe and Yokohama are operational. Our vessels continue to call at the two ports. We are monitoring conditions in Japan closely to ensure the safety of our employees, our assets, our facilities and our customers' cargo.

-We are declining bookings to the following locations in Japan because operational facilities are inaccessible or unavailable due to earthquake or tsunami damage:

- Hitachinaka and Kashima in Ibaraki prefecture;
- Ishinomaki, Ofunato, Shiogama and Sendai in Miyagi prefecture;

- Onahama and Shirakawa in Fukushima prefecture;

- Hachinohe in Aomori.

-We are currently unable to move or deliver cargo to many locations in Japan according to original delivery schedules. This is due to interrupted rail, road and barge networks in northeastern Japan. We are notifying customers in those circumstances.

-We have established new routings to ensure our vessels at sea remain 200 nautical miles from the area near damaged nuclear reactors where increased radiation levels have been detected. We are not transporting cargo into the area near the reactors, nor are we taking cargo from that area.

-We are monitoring weather patterns in Japan and offshore on an hourly basis. If wind and weather forecasts indicate that radiation from Japan will be carried over our prescribed routes, we will again alter course to avoid contact or exposure.

-To protect our employees and customers' cargo, we will not transport shipments near areas of risk.

We have announced a \$100,000 donation to the Japanese Red Cross Society for earthquake victim relief. We will also match our employees' contributions to the Red Cross.

-We will continue to provide updates as conditions change in Japan."

On the same date, the following notice was sent to APL vessels by Captain Bill Mahoney, APL Maritime LTD's Director of Safety, Quality, Environmental Management Systems:

"There have been some understandable concerns from our Union partners, family members, and our crews aboard the five C-11 class vessels on our TransPacific deployment, particularly as these vessels call Yokohama, in reference to health effects possibly resulting from the aftermath of the earthquake of March 11, 2011.

The response by APL Maritime is meant to be proactive as well as reactive, with a component of immediate risk assessment and contingency planning. Our first action was to advise the Masters of these ships on passage routing to avoid the potential danger area- the below message was sent to the ships and consists of a routing which will take the vessels over 130 miles further from the coast than the USCG recommendation:

The earthquake, tsunami, resultant off-shore debris potential, and the current state of uncertainty concerning the nuclear power plant in Fukushima requires that the following recommendation be made for passage planning. I will update you as to any further issues or requirements as the situation stabilizes.

As a precautionary measure all vessels approaching and bypassing Japanese ports are to pass well clear of the Fukushima area at about 200 nautical miles. Our recommended transit point for vessels either arriving/departing Yokohama/Tokyo port or

by passing the coast of Japan is Latitude North 34-00, Longitude 143-00 East. This waypoint should be used in planning TransPacific voyages, including routes which have legs north of the Aleutians. Please note all Japanese ports are in operation as to date. As is normal and common practice, monitor the Japanese Coastguard NAVTEX for safety messages.

In answering direct questions from both on board crew members and shore-side family the following issues have been, and are being, addressed:

1) We are monitoring the conditions continuously, as is the Singapore group - there are a lot more ships under the APL banner than the five U.S. Flag C-11s and this is an extremely important issue for the Company as a whole. This monitoring includes maintaining contact with our health service provider, utilizing our weather routing service to track any potential atmospheric hazard, and receiving continual updates from U.S. Government agencies.

2) Our contingency plan is non-specific to "radiation threat" however it has been developed to answer any threat to our fleet with the ability to adapt to the changing nature of an emergency.

3) There is not any specific radiation equipment (suits, shower rooms, injectors, dosimeters) aboard our commercial fleet ships - at this time we are not planning to provide this equipment on non-military mission vessels - this decision arises basically from an issue of training for such equipment to be effective.

4) There have been several questions concerning Potassium Iodide (KI); the following is advice received from two U.S. Government Agencies concerning this non-prescription substance:

Center for Disease Control: Adults older than 40 years should not take KI unless public health or emergency management officials say that contamination with a very large dose of radioactive iodine is expected. Adults older than 40 years have the lowest chance of developing thyroid cancer or thyroid injury after contamination with radioactive iodine. They also have a greater chance of having allergic reactions to KI.

Food and Drug Administration: The FDA guidance prioritizes groups based on age, which primarily determines risk for radio iodine-induced thyroid cancer. Those at highest risk are infants and children, as well as pregnant and nursing females, and the recommendations to treat them at the lowest threshold (with respect to predicted radioactive dose to the thyroid). Anyone over age 18 and up to age 40 should be treated at a slightly higher threshold. Finally, anyone over 40 should be treated with KI only if the predicted exposure is high enough to destroy the thyroid and induce lifelong hypothyroidism (thyroid deficiency).

5) APL Maritime's Marine Operations and Safety personnel are monitoring information from many sources; an example of one of these sources and the information we are using in our strategic planning is found in the attachment from the Overseas Security Advisory Council.

APL Maritime believes that our people are our foundation for success and that real concern for their safety and well being is more than lip service; it is our commitment to them and to our Union partners."

The *APL Korea* was the first company vessel to arrive at a U.S. port from post-earthquake Japan. On March 24, U.S. Customs and Border Protection conducted radiation tests on 355 containers discharged at the Port of Los Angeles. No harmful levels of radiation were found.

As of today's meeting, eight APL vessels carrying Japanese cargo have been scanned for radiation in Los Angeles, Oakland, Hong Kong and Xiamen, China. No harmful radiation was found from the discharged containers.

On April 6, APL began scanning outbound containers for radiation in Yokohama. Thus far, maritime traffic to and from that port has not been disrupted.

Will keep all hands fully informed of any new developments.

continued on page 10

President’s Report continued

APL MARINE SERVICES, LTD.

With the withdrawal of the *APL Turquoise* from U.S.-flag service last month, APL will reflag the *APL Coral* to U.S. registry this month and operate her in the Suez Express Service along with the *APL Agate*, *APL Japan* and the *Presidents Adams*, *Jackson*, *Polk* and *Truman*.

It must be noted that the *Coral*, *Agate* and *Japan* are not enrolled in the Maritime Security Program (MSP) and, unlike the other vessels, can be reflagged foreign at any time.

The wage scale for the *Coral* is the same as those for the *Agate* and *Japan* and were published in the September 2010 issue of the *West Coast Sailors*. Effective June 16, 2011 all rates of pay and wage-related items for these vessels will increase by 2.5%.

On October 1, 2011, all rates of pay and wage-related items for the nine vessels (*Adams*, *Jackson*, *Polk*, *Truman*, *China*, *Korea*, *Philippines*, *Singapore*, *Thailand*) enrolled in MSP will increase by 2.5% plus the Supplemental Benefit will increase from 16 to 17 days a month. The Supplemental Benefit increase will also be applicable to the *Agate*, *Japan* and *Coral* on October 1.

Accordingly, on March 23, signed a Memorandum of Understanding, subject to membership approval, covering the *APL Coral*.

CHEVRON SHIPPING COMPANY

At the request of the company, SUP Vice President Dave Connolly and your secretary met with Chevron representatives at Headquarters on March 17, and March 28, to discuss the withdrawal from service the *Washington Voyager* and its effect on the company’s pool of SUP mariners.

The company was represented by Christopher Brown, Assistant Fleet Manager U.S. Flag and Lightering Fleet; Eric Osen, Marine Superintendent U.S. Flag and Lightering Fleet; Jason Marin, Manager, Manning Strategy and Analysis; and John Brandt, Human Resources.

The company indicated that as many as nine mariners could be affected by the scrapping of the *Washington*. The Union proposed that any layoffs be made solely on the basis of seniority, which the company somewhat agreed in the first meeting but rejected it in the second, stating that performance would also be a factor. The Union also proposed that those laid off be compensated via a severance payment, which the company agreed to.

To be eligible for severance a mariner must have at least a year of company health and welfare eligibility. The severance payment itself shall be equal to two weeks of regular earnings for each year of health and welfare eligibility (prorated or completed months); provided, however, that the minimum severance shall be equal to eight weeks of regular earnings and the maximum severance shall not exceed 52 weeks of regular earnings. In addition, mariners who take the severance will be covered for six months by the company health and welfare plan.

Accordingly, signed a Memorandum of Agreement, subject to membership approval, regarding the severance program.

It should be noted that the Gas Turbine *Washington Voyager* was built in 1976 as the *Chevron Washington* and will be scrapped some time in May in Texas.

MARITIME ADMINISTRATION

An ill-conceived proposal was floated last month by the Defense Department to transfer the Maritime Administration’s Ready Reserve Fleet (RRF) to the Military Sealift Command.

The SUP, MFOW, MM&P, MEBA, Matson and other companies, wrote to Secretary of Transportation Ray LaHood on April 8, (the letter will be published in this month’s *West Coast Sailors*) opposing the proposal citing an independent cost-benefit analysis commissioned by the Department of Defense Transportation Command which found that MarAd’s vessel management program is significantly more cost effective than MSC’s. The 2006 report was used as a basis for the transfer of eight Fast Sealift Ships (FFS) from MSC to the RRF during fiscal year 2009. The report estimate that the transfer of the FFS vessels to MarAd would save American taxpayers \$19.9 million a year.

In light of this analysis and additional statistical information. The SUP and the other Unions and companies urged Secretary LaHood to transfer the remaining surge sealift vessels to MarAd. Those vessels are an estimated eight to ten Large Medium-Speed Roll-On/Roll-Off (LMSR) vessels.

MILITARY SEALIFT COMMAND

At the invitation of Rear Admiral Mark Buzby, Commander of the U.S. Navy’s Military Sealift Command, attended an “executive session” between senior MSC personnel and maritime labor on April 7, at the headquarters of the SIU-AGLIWD/NMU in Camp Springs, Maryland. Similar meetings were held in April and October of last year at the Washington Navy Yard and at MEBA headquarters in Washington.

MSC was represented by Admiral Buzby; Chief Counsel Gary Rassing, Maritime Forces and Manpower Director Mike Morris; Eileen Robertson, Director of Naval Fleet Auxiliary Force & Special Mission Ships; Willis Williams, Director of the Commanders Action Group; Controller Gary Frantz; Special Projects Negotiator Renee Desosiers and approximately 15 senior support staff. Labor representatives were AMO President Tom Bethel, MM&P President Tim Brown, MEBA President Mike Jewell, MFOW President Anthony Poplawski, SIU-AGLIWD/NMU President Mike Sacco, MM&P Government Fleet Representative Randi Ciszewki, MEBA Contracts Officer Mark Gallagher and your secretary.

As at previous meetings, MSC representatives gave a comprehensive view of its operations and issues that affect the civilian mariners (CIVMARS) employed by MSC.

Your secretary raised an issue that has been discussed at previous meetings: wages and the bidding process for companies competing for MSC work. It was pointed out that the MSC bidding process is flawed at best and contrary to past practice dating back to World War II.

During World War II, the Army Transport Service (ATS), succeeded by the Military Sea Transport Service (MSTS) –both predecessor organizations to today’s Military Sealift Command– decided that based on strong input by the Sailors’ Union, unlicensed wages for government vessels operating in the Pacific would be based on the commercial wage rates of the SUP and MFOW. Ships operating off the East Coast would be based on those of the National Maritime Union, which merged several years ago into the SIU-AGLIWD. Today this still remains the practice.

However, your secretary pointed out to the MSC brass, this is not the practice for contracted mariners (CONMARS) working in vessels put out for bid by MSC. In short, it is a “two-pot” system in which Unions are forced to compete in the bidding process.

The reason for the different wage and benefit rates between various ships operating for MSC is the bid award system which interprets existing Total Labor Cost, negotiated between parties over previous multi-year contracts, to set the new age determination under the Service Contract Act. “Out year” bidding therefore becomes a competition between the various unlicensed and licensed Unions, driving wages and benefits below commercial industry standards.

MSC stated it would respond to this issue at the next “executive session” meeting tentatively scheduled for October at MM&P headquarters in Linthicum Heights, Maryland.

MARITIME INDUSTRY SAIL IN

The second annual Maritime Industry Congressional Sail In will be held on May 4, in Washington, D.C.

Last year the industry’s first broad-scale advocacy day on Capitol Hill was a resounding success. The Sail-In was widely supported by the American maritime industry including international and domestic ocean carriers, terminal operators and labor Unions. People from 20 states, 48 congressional districts, 28 companies, nine Unions (including the SUP) and labor organizations, and 10 related associations participated.

But now the stakes have gone up and the climb has gotten steeper. The 2010 mid-term elections brought significant changes to the congressional committees that oversee maritime issues. As a result, a tremendous amount of institutional knowledge and support was lost. A few quick examples:

- Three of the four most important House committee chairmen for maritime issues did not return to the 112th Congress, which is a key committee for the industry.
- There are 20 freshmen members now on the House Transportation and Infrastructure Committee.
- More than a dozen members who were visited by industry representatives during last year’s Sail-In did not return to Congress.

The legislative struts that support the U.S.-flag maritime industry and our work – the Jones Act, the Maritime Security Program, cargo preference– are under pressure and scrutiny in the new Congress. The maritime industry’s story is a bit complex for some members of Congress, particularly the newer members. Thus, the need and value of the Sail-In where members of Congress and their staffs are directly informed of the value of the industry to the nation.

Plan to attend and participate in this important event.

QUARTERLY FINANCE COMMITTEE

In accordance with Article XVII, Section 2, of the SUP Constitution, a Quarterly Finance Committee shall be elected at today’s Headquarters’ meeting to review the finances of the Union for the first quarter of 2011, and report back to the membership at the May coastwise meetings.

In the event the Committee cannot be filled today, recommend that when the quarterly audit is completed, which will be in about three weeks, necessary Committee members be shipped off the hiring hall deck as per past practice. The Quarterly Finance Committee will turn-to on Monday, May 9, at 8:00 A.M.

GOOD FRIDAY

In accordance with past practice, all SUP halls will be closed at Noon on April 22, in observance of Good Friday.

Good Friday is a holiday under the Offshore and Maintenance Agreements with APL and Matson. SUP members in vessels in West Coast, East Coast and Hawai’i ports shall be paid the overtime rate if required to work between Noon and 3:00 P.M.

ACTION TAKEN

M/S to approve MOU covering *APL Coral*. Carried unanimously.

M/S to approve MOA regarding severance program with Chevron. Carried unanimously.

Quarterly Finance Committee – Nominated and elected: Romaine Dudley, Kaj Kristensen, Arthur Thanash, Bill Berry, and Diane Ferrari.

M/S to concur with the balance of the President’s report in its entirety. Carried unanimously.

Gunnar Lundeberg

SUP Branch Reports

Seattle

March 21, 2011

One boatswain job shipped and filled with an A seniority member; 13 Able Seaman shipped and filled with 4 A's, 5 B's, and 4 C members; 2 Ordinary Seamen jobs filled with 2 C-cards and 2 standbys went to 1 B member and 1 D registrant.

Registration: 7 A cards for a total of 21; 14 B cards for a total of 26; 5 C cards for a total of 10.

Ships Checked

Matson vessels *Manoa* and *Maui* called twice in Seattle with little or no problems. The *President Jackson* called in New York with quite a crew turn over. Clarification on "Bosun chair work". All Able Seamen go aloft.

Patriot Contract vessels *Gilliland*, *Yano*, *Waters*, and the *Shughart*, all called for sailors during this month.

I represented the SUP at the following meetings: the Puget Sound Area Maritime Security Committee meeting; the King County Labor Council meetings; the "Seattle Working Waterfront" meeting; the Seattle Master Shoreline Advisory Committee; the Seattle Freight Advisory Board.

The South Park Bridge Coalition in

recognition of those who participated in working with public officials to gain funding for the South Park Bridge "re-build" presented SUP member Wil Williamson with a plaque thanking Wil and the SUP for their help in this effort. Brother Williamson attended these critical meetings while in between ships. The South Park Bridge is a vital "freight mobility" link and major truck route for the Port of Seattle and two of our key companies; Matson Navigation and American President Lines.

Vince O'Halloran, Branch Agent

Wilmington

March 21, 2011

Shipped a total of 71 jobs, the breakdown is a follows: 3 Bosun, 2 steady, 1 return; 2 AB/Dayman, 2 reliefs; 9 AB/watch, 5 steadies, 4 reliefs; and 57 standbys.

Registration: Class A 38; Class B 23; and Class C 16.

Ships Checked

Manulani, *Maunawili*, *Mokihana*, *Mahimahi*, *Manukai*, *R.J. Pfeiffer*, *Philippines*, *Korea*, *Thailand*, *China*, *Singapore*, and *USNS Waters*. No problems.

Attended and represented the SUP at the following meetings: American Merchant Marine Veterans Memorial Com-

mittee; Maritime Trades Port Council; and the LA County Federation of Labor.

There have been a couple of cases where delays occurred in timely drug screen results. There could be unforeseen weather delaying specimen delivery or delays at the lab. Don't wait for the last minute and risk a job loss. Remember that if you have 60 consecutive days on the ship, you can reconstruct the date for four additional months without having to provide a specimen.

I will be on vacation from April 13 to May 4, and Bob Burns will relieve me.

Vern Johansen, Branch Agent

Honolulu

March 21, 2011

Shipped the following jobs during the month of February: 1 Bosun steady, 2 AB Day steady, 1 AB Day return, 2 AB Watch reliefs, 1 AB Maint. steady, and 1 OS return. The regular jobs were filled by 3 A cards, 2 B cards, and 3 C cards.

Also shipped 11 standby jobs this month. The standby jobs were filled by 6 B cards, and 1 C card, and 4 D cards.

Registered during the month of February: 4 A cards, 8 B cards, 3 C cards, and 1 D card. To date totaled registered: 11 A cards, 9 B cards, 3 C cards, and 7 D cards.

Ships checked

Manukai, *Maunawili*, *R.J. Pfeiffer*, *Mokihana*, *Manoa*, *Maunalei*, *Mahimahi*, *Manulani*, and *Maui*. All with few or no beefs. Paint and Rigging gang running smoothly with Monte Kalama as bosun.

During the month I represented the SUP at the Hawai'i Ports Council monthly meeting, which includes the Hawai'i Ocean Safety Team (HOST) meeting report, and a solidarity meeting called to order by Randy Perreira, President of the Hawai'i State AFL-CIO.

I and several other members also attended the Solidarity Rally held at the Hawai'i state capitol building on April 4, 2011. According to a local newspaper report there were over 20 Unions represented there with a total of several hundred members in attendance. One of the key speakers was Hawai'i Governor Neil Abercrombie. It sure was nice to see a state governor come out and speak for Unions and the good they do for working families. Not like some mid-west governors who hide in their offices while they are trying to think of more ways they can take away the rights of the working people.

Remember to support your Union; anyway you can, because it will be the Union that supports you, through the good and the bad times. Mahalo,

Michael Dirksen, Branch Agent

SUP Meetings

These are the dates for the regularly scheduled SUP meetings in 2011:

	Hdq.	Branch
May	9	16
June	Tues. 14	20
July	11	18
August	8	15
September	12	19
October	Tues. 11	17
November	14	21
December	12	19

San Francisco Business Agent

April 11, 2011

Mahimahi— Paul Barbour, delegate; new relief bosun, John Crockett. No disputes or problems.

Maui— Nick Hoogendam, delegate; Brian Yost, bosun: Good gang, no disputes.

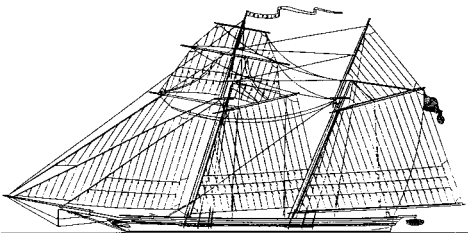
Worked in front office.

Bill Berger

Dispatcher's Report

Headquarters—March 2011

Deck	
Bosun	4
Carpenter	0
MM.....	5
AB	16
OS	3
Standby	12
Total Deck Jobs Shipped	40
Total Deck B, C, D Shipped.....	19
Engine/Steward	
QMED	0
Pumpman	0
Oiler	0
Wiper	0
Steward	0
Cook	0
Messman	0
Total E&S Jobs Shipped	0
Total E&S B, C, D Shipped	0
Total Jobs Shipped - All Depts. ...	40
Total B, C, D Shipped-All Depts. .	19
Total Registered "A"	34
Total Registered "B"	23
Total Registered "C"	19
Total Registered "D"	38



Hijack a ship, win a car

Somali pirates are reportedly working on codes of conduct and are eligible for bonuses that include cash and vehicles.

Law enforcement officials told National Public Radio (NRP) that the Seychelles Coast Guard recovered an 11-page handwritten piracy contract in a seized skiff. Contained within was a pirate code, which dictated that participants could forfeit their share of any ransom if they broke rules such as obeying the captain or a ban on fighting.

An Australian police officer who worked with the Seychelles Coast Guard told NPR he has seen the contract. He said it divided ransom money among those who donated equipment for attackers, those who went to sea and those who participated in looking after hostages or negotiating ransoms on land. He also said pirates could earn bonuses for actions that included being the first to board a merchant ship, while researchers told the broadcaster that the pirates can sometimes earn four-wheel drive vehicles.

Vice President's Report

April 2011

APL Coral: Phil Romei, delegate. Boarded at the old Columbus St. Terminal dock in downtown Charleston. Stores crew in New York did a bang-up job starting at 0500 to load stores and Barbara Shipley handled standby crane duties in Charleston while the crew did its familiarization, COI inspection and security drills. This ship is in better shape than any of the recent re-flags but will still require a lot of work to bring her up to SUP standards.

APL China: Larry Gately, delegate. Cold-ironing reel deployed amidst much discussion and interaction with company officials and longshoremen. Present duty status of SUP sailors is to "stand by and assist as necessary." It is not part of customary duties of tying up and letting go.

APL Philippines: Dennis Belmonte took a trip off and Dave Sylstra took over the sheets. In at Oakland with a new crew and cold-ironing issues at the forefront. Delegate reached the correct conclusion ("standby and assist as necessary") despite interference from a variety of sources.

APL Korea: Julian Torre, delegate. Cold-ironing discussion in the context of stores in general.

APL Agate: Joe Moniz, delegate. Call from delegate on lodging forms. Deficiency found in Malta by port state control for engine room ISM violations. Crew worked together to quickly clean and paint vast engine room spaces. This was necessary work.

Lihue: Noel Itsumaru, delegate. Clarification via email on stores and washdown. Gangway security watchstanding in China is the duty of AB/watchstanders.

Maui: Nick Hoogendam, delegate. In at Oakland with no problems. Brian Yost, serang.

Mokihana: Edwin Pastolero, delegate. Investigating contractors working in the garage.

Manoa: Jesper Pfeil, delegate. Frank Portanier, bosun. Running smooth on the romance run.

Cape Jacob: Michael O'Boyle, delegate. Preparing for boneyard.

Adm. Callaghan: Ramon Duran, delegate. Activating for shipyard.

USNS Waters: Ben Garman, delegate. In and out of San Diego on missions. Tom Cook did a great job as delegate and Mike Thompson took over for Brian McCarthy as bosun.

USNS Martin: Nick Manneseoti, delegate. Re-qualifications for Small Arms achieved in Saipan.

USNS Shughart: Brad Lawhon, delegate. Departed Port Newark with a full crew and arrived Violet LA without incident on 4/12. There will be a callback on Friday 4/22 for a 1 day sea-trial.

USNS Yano: David Burns, delegate. Visited in the yard by Seattle Branch Agent Vince O'Halloran. Clarification on weekend overtime. Kept most of the crew in RAV status.

Dave Connolly

Sailors' Union members joined hundreds of thousands of trade Unionists on April 4, who rallied and marched across the nation in support of workers' rights and in solidarity with workers in Wisconsin, Ohio, Indiana and dozens of other states where well-funded, right-wing corporate politicians are trying to eliminate those rights. SUP members participated in force in Seattle, San Francisco, Oakland, Los Angeles and Honolulu.

Oakland Mayor Jean Quan speaks at the Oakland "We Are One" rally on April 4. Holding the Sailors' banner is SUP member Diane Ferrari.

Photo: Dave Connolly



SUP members in Honolulu demonstrate for workers' rights. From left: Brothers Max Abramson, Kris Skorodynski, Honolulu Branch Agent Mike Dirksen, Mike Soper, Tony Mendez, Patrick Weisbarth and son Manukai. Behind the banner is Joe Mantonona.



Seattle "We are One" rally April 4 at Martin Luther King Jr. Park. From left: Brothers Knut Rasmussen; Mike Bailey; Seattle Branch Agent Vince O'Halloran; David Partikian. Photo taken by David Eriksen. Not shown in photo is Brian McCarthy.



In Los Angeles, from left: Wilmington Branch Agent Vern Johansen and SUP members Harry Naeole, and James Hall.



The SUP contingent under the banner in the San Francisco "We Are One" national day of action. Holding the banner (again) is Sister Diane Ferrari.

WE ARE ONE