



West Coast Sailors

Official Organ of the Sailors' Union of the Pacific

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Friday, August 23, 2018

New report finds retail prices in Puerto Rico are not affected by the Jones Act

Economists from Boston-based Reeve & Associates and San Juan-based Estudios Técnicos, Inc. last month released a joint report, "The Impact of the Jones Act on Puerto Rico," that concluded the Jones Act has no impact on either retail prices or the cost of living in Puerto Rico. In addition, the report found that the state of the art maritime technology, Puerto-Rico focused investments, and dedicated closed-loop service offered by Jones Act carriers provide a significant positive economic impact to the island, at freight rates lower or comparable to similar services to other Caribbean Islands.

In the first comprehensive report on the impact of the Jones Act in Puerto Rico following Hurricane Maria last year, the authors analyzed the economic impact of the Jones Act—a critical economic and national security law that ensures goods transported from U.S. port to U.S. port be on vessels that are American crewed, and American built and owned. The report analyzed the impact on

consumers by evaluating the competitiveness of freight rates in the United States/Puerto Rico market, the quality of service provided by the Jones Act carriers, and the impact of the carriers' freight rates on the prices of goods shipped between the United States mainland and Puerto Rico.

"There has been much debate about the impact of the Jones Act on Puerto Rico, particularly following Hurricane Maria," said John Reeve, the principal in Reeve & Associates and the lead economist on the study. "The findings of our analysis show that reliable, efficient, and regular Jones Act services benefit consumers and businesses on the island, and no evidence suggests that exempting Puerto Rico from the Jones Act would reduce consumer prices in Puerto Rico. On the contrary, such an action may well increase prices."

"The results were overwhelmingly conclusive regarding the economic contributions of the Jones Act to Puerto Rico. Their detailed, fact-based analysis found that Puerto Rico received very similar or lower shipping freight rates when compared to neighboring islands and that the transportation costs have no impact on retail prices on the island," said Matt Woodruff, Chairman of the American Maritime Partnership. "Moreover, the study found that prior claims and press reports that questioned the value of the Jones Act to Puerto Rico were erroneous and their validity completely undermined when compared to the economic facts at hand."

In summary, the findings include:

The Jones Act has no impact on either retail prices or the cost of living in Puerto Rico.

• The report found that shipping costs between the mainland

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BIG WIN FOR ORGANIZED LABOR IN MO

Americans want strong Unions. That's the message from polling that shows more than 60% of voters nationwide approve of organized labor. And that's certainly the message from Missouri, where voters on August 7, overturned the state's so-called "right-to-work" law by an overwhelming margin.

The Missouri result offers a reminder of what happens when the people—as opposed to corporate-friendly Republican governors and legislators—are given a chance to decide whether they want a muscular labor movement to fight for better wages and benefits, and for fairness in the workplace and society.

In a state where Republicans have won the last five presidential elections and where the GOP now controls the executive and legislative branches of state government, 65% of the Missourians who cast ballots voted to scrap the "right-to-work" measure that was enacted just months after a corporate-aligned Republican grabbed the governorship from the Democrats in 2016.

"The defeat of this poisonous anti-worker legislation is a victory for all workers across the country," declared AFL-CIO President Richard Trumka as the results came in. "The message sent by every single person who worked to defeat Proposition A

is clear: When we see an opportunity to use our political voice to give workers a more level playing field, we will seize it with overwhelming passion and determination. Tonight is the latest act of working people changing a rigged system that for decades has been favoring corporations, the mega wealthy and the privileged few.

When we see an opportunity to use our political voice to give workers a more level playing field, we will seize it with overwhelming passion and determination," stated Trumka.

Trumka's point is a vital one. The August 7 voting saw a number of labor allies—such as Kansas Democratic congressional candidate James Thompson—win key primaries. It also saw labor-backed Democrat Danny O'Connor finish within a whisker of his Republican rival in a special election to fill a historically Republican Ohio congressional seat.

But the Missouri win was the sweetest result for a Union movement that has been under assault in recent years.

This landslide victory for labor rights upsets the political calculus, and the spin, of the billionaire class that has for decades promoted a nationwide drive to use the power of government to weaken Unions.

The Koch brothers and other conservative campaign donors have provided lavish funding for this war on organized labor. In state after state, when Koch-sponsored, corporate-friendly governors have taken charge—Scott Walker in Wisconsin, Rick Snyder in Michigan, Mitch Daniels in Indiana, Eric Greitens in Missouri—they have signed so-called right-to-work legislation into law.

Designed to undermine the ability of Unions to organize workers, to collectively bargain and to engage in politics on behalf of economic and social justice, right-to-work measures are really "right-to-work-for-less" laws. According to the Economic Policy Institute, "These bills won't lead to more manufacturing plants or better jobs or anything good. They lead only to weaker Unions, less bargaining power for [workers], and lower wages. Wages are 3.1% lower in so-called 'right to work' (RTW) states, for Union and nonunion workers alike, after correctly accounting for differences in cost of living, demographics, and labor market characteristics. The negative impact of RTW laws translates to \$1,558 less a year in earnings for a typical full-time worker."

In Missouri, after Greitens (a scandal-plagued politician who

continued on page 3

Challenges facing U.S. Merchant Marine in new government report

The U.S. Government Accountability Office (GAO) has released a new report on the challenges facing the U.S.-flag deep sea fleet, including rising operating costs and a declining number of qualified American mariners. GAO urged the Department of Transportation (DOT) to formalize a national maritime strategy to respond to these challenges, as requested by Congress in 2014.

Rising costs

Costs are rising for U.S.-

flag operators, according to DOT's Maritime Administration (MarAd). MarAd officials told GAO that the difference in opex between a U.S.-flag ship and a foreign-flag ship has risen from \$4.5 million per year in 2009 to as much as \$6.5 million per year today. For 60 ships, this additional expense is offset by the Maritime Security Program (MSP), which provides an annual subsidy of \$5 million to enrolled U.S.-flag vessels. The MSP appropriation has risen by

40% in recent years, helping to stabilize the financial situation of participating operators, but MarAd expects that rising opex will be a continuing challenge.

MSP offers significant advantages for the federal government, according to MarAd and DOT. It is a low-cost way to procure U.S.-flag tonnage and to keep a young fleet, as the program is limited to vessels of less than 25 years of age. GAO found that over the last twelve years, oper-

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Periodicals postage paid at San Francisco, CA (USPS 675-180)



SUP Honor Roll

Voluntary contributions from the membership to the following funds:

Organization/ General Fund

Ben Ashton..... 50.00

West Coast Sailors

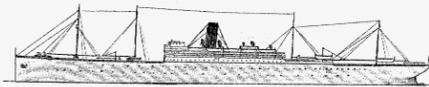
Archie Aki..... 50.00
Robert Barbee..... 25.00
Archie Bickford..... 25.00
Stanley Branch..... 25.00
Cal Cunningham..... 25.00
ILWU Local #8..... 25.00
John Perez..... 25.00

Dues-Paying Pensioners

| | |
|--------------------|------------|
| Donald Cushing | Book #4777 |
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| Gerald Ingemansson | Book #0379 |
| Kaj E. Kristensen | Book #3120 |
| Hannu Kurppa | Book #3162 |
| Dave Larsen | Book 19078 |
| Duane Nash | Book #2437 |
| John Perez | Book #3810 |
| Alex Romo | Book #3093 |
| James Savage | Book #7488 |
| David Shands | Book #7483 |
| Arthur Thanash | Book #3249 |

Political Fund

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Ben Ashton..... 50.00
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Quentin Brown.....10.00
Chris Bunheirao..... 50.00
Dave Connolly..... 100.00
Ian Donohue..... 50.00
Dale Gibson..... 35.00
Kate Healey..... 50.00
Michael Henderson..... 100.00
Kenneth Herzstein..... 20.00
Maea Loe..... 100.00
Gunnar Lundeberg..... 50.00
John Mancilla in memory of
Seilusi Tufono..... 50.00
Rudolph Martinez.....10.00
Ariel Odion..... 20.00
Arsenio Purganan.....110.00
Joseph Sands..... 100.00
Warlito Sapin..... 50.00
Ronnel Sugui..... 20.00
Will Williamson..... 50.00
Peter Winter..... 150.00
Anthony Wylie.....10.00



California Labor Federation policy statement on maritime

“California’s ports are the gateways for nearly 50% of all U.S. waterborne commerce. The ports link the state to the global economy and fuel economic growth. Ports and their intermodal goods-movement businesses support a high-wage workforce in the highly Unionized transportation trades. The Federation supports releasing funds from the Harbor Maintenance Trust Fund for port infrastructure improvements and building.

The Federation reiterates its support for federal statutes that ensure that vessels engaged in the coastwise and international trades are built and crewed by American workers. The Jones Act, the Maritime Security Program, the Passenger Vessel Services Act, and U.S. cargo preference laws are critical in maintaining a viable American Merchant Marine.

The Jones Act (Merchant Marine Act of 1920) stipulates that vessels that carry cargo between U.S. ports be built in the United States, owned by U.S. citizens and crewed by U.S. citizens. Without the Jones Act the American Merchant Marine and its good-paying jobs would be destroyed and the domestic waterborne commerce of the U.S. would be controlled by foreign interests. Last year, in the wake of Hurricane Maria, which devastated Puerto Rico, there were those who said that relief for the island was hampered by the Jones Act. In fact, U.S.-flag ships delivered relief supplies, but the ruined infrastructure (roads, bridges) hampered its distribution. Another fact ignored by Jones Act critics is that 75% of the cargo that goes to Puerto Rico is carried in foreign-flag ships.

The Maritime Security Program ensures that 60 vessels are engaged in the foreign commerce of the U.S. The Passenger Vessel Services Act provides the same requirement for passenger vessels, for example ferry boats, that the Jones Act provides for cargo vessels.

Cargo preference requires that government-impelled cargoes be carried in U.S.-flag vessels. Yet, under the guise of keeping transportation costs low, some government agencies have for years been skirting strict cargo preference laws. The Federation calls on Congress and the White House to enforce the statutes on the books.

Another key element of U.S. cargo preference laws is the Food for Peace Program. The purpose of this program is to promote the food security of developing countries. Food aid is grown by American farmers and transported onboard U.S.-flag vessels to countries in need. Since its inception in 1954, more than three billion people in 150 countries have benefited directly from U.S. food aid.

Only 50% of Food for Peace cargoes are carried by U.S.-vessels and there are members of Congress that want to monetize the program by giving cash, not food, for those in need. The Federation calls on Congress to maintain Food for Peace and increase the cargo carried to 100%.

The Federation supports the U.S. Department of Transportation’s America’s Marine Highway Program. The development and expansion of America’s marine highway system is an ongoing joint government-private industry effort. The resultant increase in the coastwise waterborne transportation of cargo will help to significantly alleviate congestion on our nation’s highways and rails, achieve a greater measure of energy efficiency in the transportation of domestic cargo, and create jobs for American workers in the maritime and its related service and supply industries.

One major obstacle to the development of America’s Marine Highway Program is the current application of the Harbor Maintenance Tax (HMT) on domestic waterborne cargo. Today, all cargoes arriving at a U.S. port are subject to the imposition of the HMT. Cargo arriving at a U.S. port and then transported by rail or truck to another destination in the United States is only subject to the HMT once. However, if that same cargo is transported by a U.S.-flag vessel to another domestic port, it is taxed a second time under the HMT when it reaches its next destination. This double application of the HMT on waterborne cargo creates a significant economic disincentive for shippers to move cargo by water along our coasts and impedes the development of a Marine Highway System. The Federation supports legislation that would end the double taxation on domestic waterborne cargo.

The Federation condemns the “flag-of-convenience” system in which avaricious ship owners around the world register their vessels in phony flag states to evade labor, safety, environmental, and tax laws. This corrupt system has resulted in the global exploitation of sea-going maritime labor and the reduction of cargo carried in U.S.-flag vessels to less than 2%.

The Federation supports tough security measures that protect U.S. ports and maritime workers from terrorist attack but opposes any measures that treat workers as suspects and infringes on their constitutionally guaranteed civil rights. The federal government should be less focused on low-risk American workers and more focused on 100% container screening on imports, foreign mariner documentation, and other security initiatives.”

Latest developments regarding TWIC Reader Final Rule

The following article was posted by the U.S. Coast Guard on the Maritime Commons blog:

“A separate press release posted by the office of Congressman John Katko (R-New York), who introduced the Transportation Worker Identification Credential Accountability Act of 2018, stated: The bill addresses concerns expressed by many industry stakeholders over the pending implementation of a biometric reader requirement for Transportation Worker Identification Credentials (TWIC) card holders at high-risk ports. The TWIC program was established after 9/11 to improve security at high-risk ports. However, since its inception, DHS (Department of Homeland Security) has failed to issue timely implementation guidance in advance of this rulemaking, leaving stakeholders unsure as to how and where to direct resources for compliance. Katko’s bipartisan bill will delay the implementation of the “reader rule” until an ongoing study on the effectiveness of the TWIC program is complete.

Maritime Commons is sharing an update from the Office of Port and Facility Compliance in order to keep our readers informed of the latest developments regarding the TWIC Reader Final Rule.

• **The President of the United States signed into law August 2, 2018, the**

Transportation Worker Identification Credential Accountability Act of 2018 (HR.5729). This prohibits the Coast Guard from implementing the rule requiring electronic inspections of Transportation Worker Identification Credentials until after the Department of Homeland Security has submitted an assessment of the TWIC program to Congress.

- Additionally, the United States District Court for the Eastern District of Virginia issued a court order July 24, 2018, delaying the TWIC Reader Final Rule implementation at Certain Dangerous Cargo transfer and non-transfer facilities until further order of the Court, in response to a lawsuit brought by industry groups.

- The Coast Guard received 13 comments before the TWIC Reader Rule Notice of Proposed Rulemaking comment period closed July 23, 2018. The Coast Guard values public participation in the rulemaking process and looks forward to engaging further with industry. To view the comments, please visit regulations.gov, USCG-2017-0711.

The Office of Port and Facility Compliance will provide additional information regarding the impacts of this law, the current lawsuit, and the Notice of Proposed Rulemaking in the near future.”

SUP Meetings

These are the dates for the regularly scheduled SUP meetings in 2018:

| | Hdqs. | Branch |
|-----------|----------|--------|
| September | 10 | 17 |
| October | Tues. 9 | 15 |
| November | Tues. 13 | 19 |
| December | 10 | 17 |

Final Departures

Torgeir Kateraas, Book No. 3017. Born in Norway in 1925. Joined SUP in 1948. Died July 19, 2018. (Pensioner)

West Coast Sailors

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Court dismisses Matson's challenge to APL Guam service

The U.S. Court of Appeals for the District of Columbia Circuit last month dismissed a petition by Matson Navigation Company asking it to review the Maritime Administration's decision to allow APL to replace two ships it had enrolled in the Maritime Security Program (MSP), ships that were then put into the Guam trade where APL uses them to compete with Matson.

APL started its Guam service in 2016 with a single ship, the *APL Guam*, and added a second ship, the *APL Saipan*, in 2017.

The court dismissed the Matson petition, saying Matson was too late in filing its challenge of MarAd's decision to allow the first ship into the MSP fleet and that with the second ship it did not have jurisdiction under the so-called Hobbs Act, which allows some Department of Transportation administrative orders to be appealed directly to an appeals court. The D.C. Circuit said Matson must initially pursue that challenge in federal district court.

Matson questioned whether the corporate owners of the APL ships met the citizenship requirements needed under the MSP program.

A Matson spokesman said its counsel is reviewing the decision. It is not clear if it would pursue the case further.

APL said in a statement, "Although the court's decision leaves open the possibility that Matson could reassert at least part of its challenge in a different forum, nothing in the court's opinion provides any basis to think it would succeed. We remain confident that Matson's challenge to our MSP participation is completely lacking in merit as the courts have ruled."

APL uses the two ships in its weekly Gulf Saipan Express (GSX) service to shuttle cargo between Yokohama, Japan, Busan, Korea, and two western Pacific islands: Saipan in the Northern Mariana Islands, a U.S. commonwealth and Guam, a U.S. territory. Cargo from points around the world is transshipped at Yokohama, which is also served by APL's U.S.-flag Eagle Express service between the U.S. West Coast and Asia.

APL said its GSX service "has just been improved to offer the earliest arrival in the week in Guam on Mondays and Saipan on Tuesdays. We have also shortened the overall transit time by three days."

APL said "both ships that are deployed for the weekly GSX service are over 1,000 TEUs each. They adequately serve our current business and are primed to develop further, including breakbulk cargo. We have a robust double digit market share in terms of cargo volume from the United States, Asia and other parts of the world to Guam."

According to the court decision, Matson urged MarAd not to allow APL to operate the two ships in the U.S.-Guam trade route, saying they did not meet the requirements for replacement vessels in the MSP program, and said their operation was "distorting the market and creating an unlevel playing field" in service to Guam.

The Maritime Security Program provides a stipend for the operation of 60 privately owned ships that are deemed to be militarily useful in exchange for the owners' promise to make them available in time of war or national emergency. The stipend is to help offset the cost of operating U.S.-flag ships in international trade with U.S. seafarers where they must compete with lower cost foreign tonnage operated with foreign crews.

Operators of ships in the cabotage trades between points in the United States, such as the trade between the U.S. West Coast and Hawai'i, are not eligible for MSP subsidies. Those services are already protected from foreign flag competition by the Jones Act which require participants to use U.S.-flag ships built in the United States and crewed by U.S. citizens.

Matson questioned "whether assistance payments awarded to support U.S.-flag vessels operating in the international trades under the Maritime Security Program can be used to subsidize vessels operating in regular service in Guam, a domestic trade." It argued the replacement vessels did not operate in foreign commerce and were not commercially viable.

MarAd rejected Matson's appeal, saying Matson did have standing to bring the complaint because it was not a participant in the MSP program. It also said that APL's ships are not in a purely domestic service, but carry both foreign and domestic cargo.

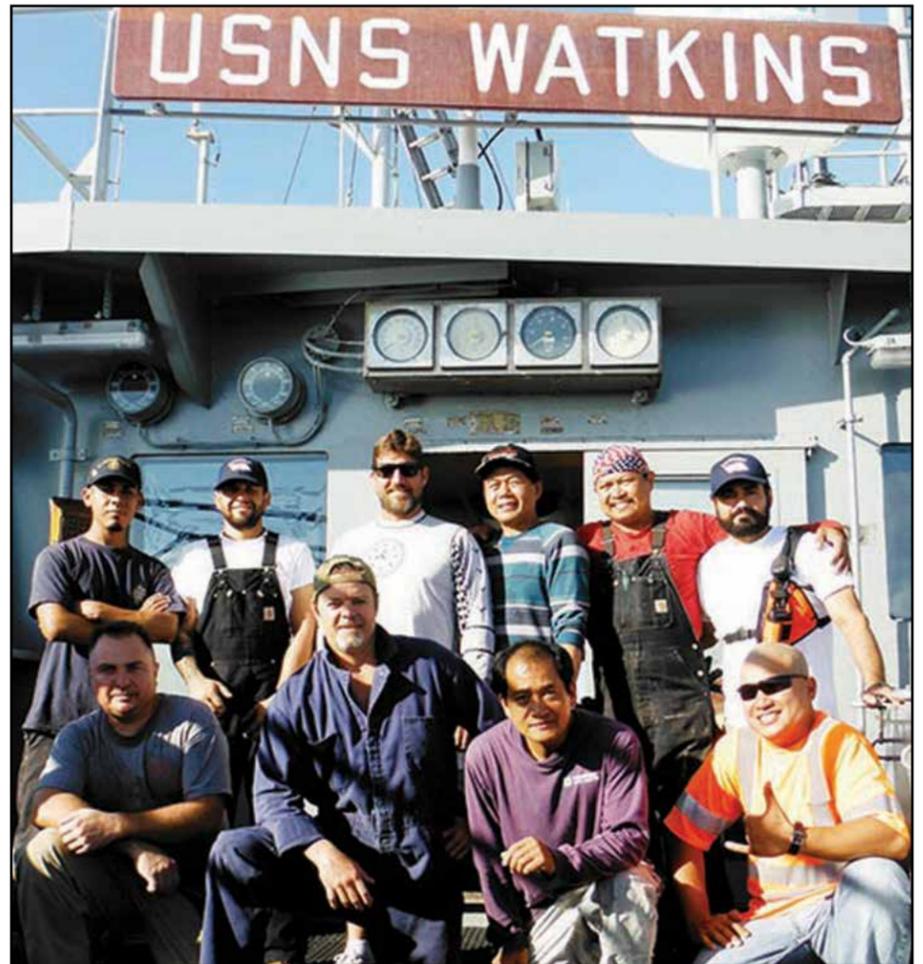
Matson is a longtime participant in the Guam trade.

Unlike APL, which carries cargo from the U.S. West Coast and transships it through Yokohama, Matson carries Guam-bound cargo on its TransPacific service that has a Long Beach-Honolulu-Guam-Okinawa-Ningbo-Shanghai-Long Beach rotation. From Guam Matson offers connecting services to other destinations in Micronesia - Saipan/Tinlan/Rota, Yap, Palau, Chuuk, Pohnpei, Kosrae, Ebeye/Kwajalein and Majuro.

In its annual report, Matson noted its fourth-quarter volumes in 2017 were below that in 2016 because of the APL service, which increased its service frequency to become weekly in December 2016. Matson said it expected heightened competition this year and in the first quarter of 2018 it noted its Guam volume was 9,800 TEUs, 1,000 TEUs or 9.3% less than in the first quarter of 2017.

However, Matson noted its business elsewhere in the Pacific to Micronesia, South Pacific and Okinawa was booming. It moved 6,200 TEUs to and from those regions in the first quarter, 47.6% more than in the first quarter of 2017. Matson launched its service to the port of Naha in Okinawa, Japan, in September 2017.

The SUP has collective bargaining agreements with APL and Matson.



USNS Watkins Chief Mate Chris Stringer recently gave a Bravo Zulu to the SUP gang in the Large, Medium-Speed Roll-On/Roll-Off (LMSR) operated by Patriot Contract Services for the Military Sealift Command. Stringer stated that "during a trip on the Watkins, the gang accomplished a lot of work that was deferred for years, like slushing the topping lifts on the Haaglund cranes and removing the Yokohama fenders. The guys were really energetic and enjoyed doing a good job. My kind of guys."

Top row: OS Chris Trujillo, OS Brett Ruan Harrison, CM Chris Stringer, AB Nester Pascual, Bosun Cosme Bigno, OS Edwin Baptista. Bottom row: AB Alex Yekimenko, AB John Lucia, AB Medic Vigo, AB Enriquetto Nera.

Matson Logistics rated #1 intermodal marketing company

Matson Logistics, a subsidiary of Matson, Inc., was rated by shipping customers as the #1 intermodal Marketing Company in North America.

Matson Navigation Company, rated the #1 Ocean Carrier in three of the last five years, again received a Quest for Quality gold award.

Matson Logistics' top ranking was bestowed by *Logistics Management* magazine and Peerless Research Group (PRG), whose annual Quest for Quality Awards survey of qualified buyers of transportation and logistics services is considered the most important measure of customer satisfaction and performance excellence in the industry.

Matson Logistics excelled once again in the Intermodal Marketing category. This year, Matson Logistics earned the highest rating in each of the five rating criteria.

Matson Logistics, established in 1987, extends the geographic reach of Matson's transportation network throughout the continental U.S. Its integrated, asset-light logistics services include rail intermodal, highway brokerage, warehousing, freight consolidation, Asia supply chain services, and forwarding to Alaska.

Organized labor wins in Missouri continued

has since been forced from office) signed the measure that was intended to make Missouri the nation's 28th right-to-work state, labor groups launched a petition drive to force an override vote. As Trumka noted in an enthusiastic pre-election speech to Union activists, "You needed 100,000 signatures to get 'right to work' on the ballot. You got over 300,000 - 213,000 of those were collected by volunteers."

The override measure, which was listed on the statewide primary ballot as Proposition A, offered voters a chance to say "yes" or "no" to government-sponsored Union busting. A "yes" vote would have made Missouri a right-to-work state. But the overwhelming "no" vote preserves the ability of Unions to fight for workers in factories and warehouses, in schools and hospitals, and in the political process.

"Working people made our voices heard at the ballot box today and overturned 'right to work.' It's a truly historic moment," announced Missouri AFL-CIO President Mike Louis on election night. "Thousands of hardworking men and women in Missouri talked to their neighbors, friends and co-workers. We owe them this victory. Together, we knocked on more than 800,000 doors, made more than one million phone calls and talked to working people on more than 1,000 different job sites across the state. Tonight we celebrate, but tomorrow we're getting back to work. We're going to take this energy and momentum and build more power for working people in Missouri."

Trumka echoed that sentiment: "Missouri is the latest sign of a true groundswell, and working people are just getting started.... The victory in Missouri follows a national wave of inspiring activism that is leading to life-changing collective bargaining agreements and electoral triumphs that remind America the path to power runs through the labor movement. From statehouses and city councils to the halls of Congress, working people are fighting back and this November, we will elect our allies and retire our enemies. Working people across Missouri made this transformational moment possible, and we are following their lead to changing the world."

**DEFEND THE JONES ACT
SUPPORT THE
SUP POLITICAL FUND**

SUP Quarterly Finance Committee Report

SUP QUARTERLY FINANCE COMMITTEE REPORT FOR THE QUARTER ENDED JUNE 30, 2018

The Quarterly Finance Committee, duly authorized to act by the regular meeting at Headquarters on July 9, 2018, hereby submits the following report:

SUMMARY OF CASH AND INVESTMENTS

| | |
|--|-----------------------|
| General Fund..... | \$2,673,692.93 |
| Political Fund | \$12,470.00 |
| Strike Fund | <u>\$1,293,730.99</u> |
| Total Cash and Investments 2nd Qtr. 2018 | <u>\$3,979,893.92</u> |

GENERAL FUND

| | |
|--|---------------------|
| Income: | |
| Dues, Initiation, Assessments | \$150,125.00 |
| Interest | 13,412.31 |
| Donations - <i>West Coast Sailors</i> | 470.00 |
| Tanker & Joint Committee, Hiring Hall..... | 162,259.95 |
| Advertising & Promotion | 175.00 |
| Miscellaneous Income, Reimbursements, Fines..... | 7,212.99 |
| Reimbursed Administrative Expenses..... | 25,360.70 |
| Contributions - General Fund | <u>510.00</u> |
| Total Income: | <u>\$359,525.95</u> |

Expense:

| | |
|--|------------|
| Auto & Travel..... | \$705.00 |
| Rent..... | 18,354.94 |
| Postage, Printing & Office | 10,134.79 |
| Telephone & Telegraph..... | 4,476.32 |
| <i>West Coast Sailors</i> Publishing Expense | 7,549.60 |
| Per Capita | 11,261.50 |
| Salaries & Payroll Taxes..... | 202,938.01 |
| Office Workers Pension..... | 10,761.60 |
| Insurance..... | 43,433.69 |
| Field Expense..... | 1,501.77 |
| Meeting/Committee & Neg., Conference & Conv. | 7,294.87 |
| Investment Expense..... | 3,552.04 |
| Officials Pension..... | 4,555.00 |
| Subscriptions..... | 558.06 |
| Legal - Rep..... | 455.00 |
| Advertising & Promotion..... | 885.00 |

| | |
|---------------------|---------------------|
| Contributions | 450.00 |
| Accounting..... | 9,000.00 |
| Filing Fee..... | 100.00 |
| Flowers | 516.93 |
| Miscellaneous..... | <u>(200.00)</u> |
| Total Expense:..... | <u>\$338,284.12</u> |

BUILDING CORPORATION

| | |
|---|---------------------|
| Income: | |
| Rents | \$172,919.25 |
| Building Services & Utilities Reimbursements..... | <u>3,150.00</u> |
| Total Income: | <u>\$176,069.25</u> |

Expense:

| | |
|------------------------------------|---------------------|
| Building Services & Utilities..... | \$34,183.63 |
| Repairs & Maintenance | 103,463.84 |
| Insurance..... | 2,411.65 |
| Salaries & Payroll Taxes..... | 17,499.82 |
| Pension | 1,140.00 |
| Auto | 190.25 |
| Accounting..... | 6,000.00 |
| Office | <u>774.59</u> |
| Total Expense: | <u>\$165,663.78</u> |

POLITICAL FUND

| | |
|---------------------|-------------------|
| Income: | |
| Contributions | <u>\$3,805.26</u> |
| Total Income | <u>\$3,805.26</u> |

Expense:

| | |
|---------------------|-------------------|
| Contributions | <u>\$3,000.00</u> |
| Total Expense:..... | <u>\$3,000.00</u> |

| | |
|--------------------------|---------------------|
| Net Income 2nd Qtr. | \$32,452.56 |
| Net Income YTD: | <u>\$123,555.60</u> |

/s/ Xerxes Cunanan /s/ Frank Portanier
 /s/ Paul Fuentes /s/ Mike Worth
 /s/ Dave Larsen

ACTION BY THE MEMBERSHIP August 13, 2018. M/S/C—That we concur in the report of the SUP Quarterly Finance Committee and, as per past practice, publish in the West Coast Sailors. Carried unanimously.

Contractor for Navy, Coast Guard pleads guilty to bribery *Maud* returns to Norway

A former energy efficiency contractor has pleaded guilty to charges of accepting bribes and kickbacks related to \$70 million in work at a Coast Guard station in Puerto Rico and a \$115 million project for the Navy in Coronado, among other bids.

Bhaskar Patel, 67, admitted in court that he accepted about \$2.5 million in illicit payments from subcontractors while he was employed by Schneider Electric Building Americas, one of the largest electrical contractors in the nation. In exchange for these payments, he used his position as a senior project manager to award specific subcontractors with work related to Schneider's federal contracts. These included a \$70 million project for the United States Coast Guard in Aguadilla, Puerto Rico; a \$25 million project for the United States Department of Agriculture in California; a \$13 million project for the United States General Services Administration in the U.S. Virgin Islands; a \$22 million project for GSA in San Juan and St. Thomas; a proposed project of \$42.4 million for work on the VA medical centers in Vermont, Massachusetts, Rhode Island, and Maine; and a \$115 million project for the U.S. Navy for work on the base in Coronado, California.

Patel pleaded guilty to one count of accepting illegal kickbacks in connection with federal contracts and one count of accepting bribes in connection with federal contracts. The maximum penalty is ten years' imprisonment for each count, plus a fine of up to \$5 million. Patel has negotiated a plea agreement, and will pay a forfeiture in the amount of \$1.75 million, with final sentencing to follow in December.

Prosecutors have not filed charges against other individuals, but they left open the possibility of further legal action. Schneider Electric was not accused of wrongdoing, and it said that it terminated Patel's employment as soon as the allegations against him were uncovered. Two of Patel's adult children are referenced in the Justice Department's complaint.

The Coast Guard Investigative Service, the Naval Criminal Investigative Service and other watchdog agencies cooperated with the Justice Department in investigating the scheme. "In this case involving bribery

and kickbacks related to the mischarging of the Navy for services and construction, the victims are not just our men and women in uniform, but all American taxpayers. NCIS will continue to tirelessly pursue all those who seek to take advantage of the Department of the Navy and its interests while keeping the procurement system fair and honest," said NCIS agent in charge Leo S. Lamont in a statement.



Moku Pahu loading Food-for-Peace grain in Portland, left Boatswain Forrest Jackson, right AB Clint Sieber.

Maud returns to Norway

Maud, the ship that Norwegian explorer Roald Amundsen tried to reach the North Pole with, returned to Norway on August 6, after nearly a century. The vessel arrived in Bergen, where she spent two days back in July 1918 on her way to the high Arctic.

Maud was raised from the seabed in Cambridge Bay, Canada, over the summer of 2016 by the *Maud Returns Home* project.

Named for Queen Maud of Norway, she was built for Amundsen's second expedition to the Arctic and launched in June 1916. In the summer of 1918, Amundsen departed Norway. His ambition was to sail into the high north and deliberately get stuck in the ice so the ship could function as a floating scientific research station as she drifted across the North Pole. *Maud* spent several years in the Arctic ice without reaching the North Pole.

After two winters and three summers in the Northeast Passage, the *Maud* expedition arrived at Nome, Alaska, in July 1920. A new attempt to sail further north from the Bering Strait resulted in yet another wintering in the ice without the *Maud* having reached far enough north into the east-west current. She returned to Seattle in August 1921 where Amundsen left the expedition.

The *Maud* expedition continued for three more years under the command of Oscar Wisting, still without reaching the current across the Arctic Ocean. When they again arrived at Nome in August 1925, they were met by creditors whom Amundsen was unable to pay. Wisting managed to get the ship away, but when they arrived in Seattle in October 1925 the ship was again seized by creditors. *Maud* was sold to Hudson Bay Company and ended up as a floating warehouse and a wireless radio station. She sank on her mooring in 1931.

Jan Wangaard, who led the *Maud Returns Home* project, said: "It brings joy to our hearts to see *Maud*, still proud after all these years, see her old homeland once again."

Amundsen's other polar vessels *Gjoa* and *Fram* are on display at the Norwegian Maritime Museum in Oslo. Wangaard hopes *Maud* will be displayed as a new museum at Vollen, the port where she was built.

NOTICE TO ALL SUP MEMBERS

NOTICE OF NOMINATION AND ELECTION OF OFFICERS

for the SAILORS' UNION OF THE PACIFIC 2019-2022 TERM OF OFFICE

The membership of the Sailors' Union of the Pacific is hereby notified that the regular secret ballot Union-wide election of officers will be held from December 1, 2018, through January 31, 2019.

Attention is also called to the fact that nominations for regular office in the Sailors' Union of the Pacific for the 2019-22 term of office will be opened at Headquarters and at all Branches at the Regular meetings in September 2018.

The Regular meetings in September will be held at the following locations, dates and times:

Headquarters: September 10, 2018 - 11:00 A.M.
450 Harrison Street, San Francisco, CA

Branches: September 17, 2018

Seattle, WA: 4005 20th Ave. W. Ste 115 – 11:00 A.M.

Wilmington, CA: 533 N. Marine Avenue – 11:30 A.M.

Honolulu, HI: 707 Alakea Street – 10:30 A.M.

In accordance with the Sailors' Union of the Pacific Constitution, any eligible member may place his/her own name in nomination for any regular office or may be nominated by another member. Nominations may be made either in person or by mail; however, any nomination made by mail must be received at the Branch or at Headquarters at least one day prior to the meeting at which nominations will be received.

Any member of the Sailors' Union of the Pacific may submit or mail in his/her own name for nomination. However, no person may be a candidate for more than one office with the exception of the positions of Trustees of the SUP Building Corporation and delegates to the SIUNA Convention.

All nominees who wish to run for office must have the necessary qualifications and acceptances in the office of the Committee on Candidates, Sailors' Union of the Pacific, 450 Harrison Street, San Francisco, CA 94105, prior to midnight, October 14, 2018.

Balloting will be conducted by mail through an impartial balloting agent approved by the membership.

The election will fill the official positions in the Sailors' Union of the Pacific, as prescribed by the Constitution for a three-year term of office. The jobs are: President/Secretary-Treasurer, Vice President/Assistant Secretary-Treasurer, Business Agent, each at San Francisco.

At Seattle, Branch Agent; at Wilmington, Branch Agent; at Honolulu, Branch Agent.

In addition, five regular positions as Sailors' Union of the Pacific Building Corporation Trustees will be filled. Any member of the Union is eligible to be a candidate for and hold regular office, provided he/she possess the following qualifications:

- a) He/she is a member in good standing at the time of nomination;
- b) He/she achieved B seniority as defined in the Sailors' Union of the Pacific Shipping Rules;
- c) He/she is not disqualified by law.

A member shall not be eligible to be a candidate for and hold any regular office if within the past five years he/she has been convicted of, or served any part of a prison term resulting from conviction of robbery, bribery, extortion, embezzlement, grand larceny, burglary, arson, violation of narcotics laws, murder, rape, assault with intent to kill, assault which inflicts grievous bodily injury, or violation of Title II or III of the Landrum-Griffin Act, or conspiracy to commit any such crimes.

The names and membership numbers of nominees, if obtainable at the time, shall be recorded in the minutes at the September Union meetings. The Balloting Committee shall be elected and shall prepare a list of names and nominees for each office and forward copies thereof to each Branch. Such lists shall be conspicuously posted in each office or hall. All nominees shall be notified by mail of their nomination and such notice shall be mailed within five working days after the nominating meeting.

A Committee on Election composed of five members in good standing shall be elected at Headquarters, whose duty shall be to prepare the ballot. All nominees who desire to become candidates shall have the necessary qualifications and acceptances in the office of the Committee on Candidates prior to midnight of October 14, of the election year.

The acceptance shall be by letter which shall be dated and shall contain the following:

- a) The name of the candidate;
- b) His/her home address and mailing address;
- c) His/her membership number;
- d) The title of the office or other position for which he/she is a candidate, including the name of the port in the event the position sought is that of Branch Agent or Business Agent or Building Corporation Trustee or SIUNA Convention Delegate.
- e) He/she is not disqualified by law.

Nominees who fail to comply herewith shall be regarded as having declined the nomination.

Piracy incidents reported in first half of 2018 at lowest level in 10 years

The number of maritime piracy incidents reported to the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) Information Sharing Center in the first half of 2018 fell to its lowest number in the past 10 years, the agency reported, this month.

From January to June 2018, ReCAAP had a total of 40 incidents reported, of which 29 were actual incidents while 11 were attempted cases. Among those, 37 (92%) were armed robbery against ships and three (8%) were categorized as piracy.

This marks a 15% decrease compared to the same period in 2017 in the number of incidents reported, and the lowest number among the 10-year period (2009-2018), ReCAAP said.

Furthermore, there was no actual incident of abduction of crew or theft of oil cargo.

ReCAAP's half-year report notes that while there was a decrease in the number of incidents near ports and anchorages in the Philippines so far this year, there was a slight increase in the Singapore Strait and in Vietnam in the Sulu-Celebes Seas, which remain a concern.

"Looking back to the number of incidents in 2017 which increased by 16% compared to 2016, the 15% decrease in the first half of 2018 compared to the same period in 2017 is welcome news. Nonetheless, continued vigilance by all stakeholders is an effective deterrent to maritime crime, and we urge heightened measures to be taken in the areas of concern," commented Masafumi Kuroki, Executive Director of ReCAAP.

Established in 2006, the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia is the first regional government-to-government agreement to promote and enhance cooperation against piracy and armed robbery against ships in Asia. To date, 20 nations, including 14 Asian countries, four European countries, Australia, and the United States, have become Contracting Parties.

Final phase of Middle Harbor Project underway at the Port of Long Beach

The Port of Long Beach announced this month that the third and final phase of the Middle Harbor Terminal Redevelopment Project is underway and on track to be completed on time and on budget.

When finished, the facility operated by Long Beach Container Terminal (LBCT) will be equipped with the most advanced technologies in North America and the cleanest available cargo handling equipment.

"Phase 3 completes the creation of the most innovative, efficient and clean terminal in the Americas," said LBCT President Anthony Otto, who has worked with the Port on the modernization project from concept to fruition. "We've had tremendous success with the first two phases, and we're excited to be closing in on full build-out."

Construction began in 2011 on the container terminal designed to handle more than twice as much cargo as the two older terminals it is replacing. Once completed, the facility will have an annual capacity of 3.3 million TEUs.

Key features of the terminal include a 4,250-foot-long concrete wharf for working three big ships simultaneously, 14 dual-hoist super post-Panamax cranes to accommodate 22,000-TEU ships, and an on-dock rail yard for moving 1.1 million TEUs a year.

When finished, the terminal will employ 70 automated stacking cranes, 72 guided container transport vehicles, 50 terminal yard tractors, five dual cantilever gantry cranes within the rail yard, and multiple dedicated reefer stacking structures with a total capacity for 2,250 refrigerated cargo containers.

The Port of Long Beach's construction budget for the Middle Harbor Terminal Redevelopment Project is \$1.493 billion. The first two phases totaled about \$1 billion, and the cost of the final phase is estimated at \$470 million.

"Middle Harbor is a feat of engineering and a model of sustainability," said Port of Long Beach Executive Director Mario Cordero. "Once the final phase is built and operating at full capacity, the Middle Harbor Terminal alone would rank as the nation's sixth-busiest container port."

Chinese yard begins construction of 22,000 TEU ships for CMA CGM

China State Shipbuilding Corporation (CSSC) has begun construction of two 22,000 TEU container ships for CMA CGM, which would make them the largest container vessels in the world, according to a report from China's official state media.

The two vessels are among a nine vessel deal signed between the French based container shipping operator and CSSC last September. The two vessels are expected to be delivered in 2019.

Built by Shanghai-based Jiangnan Shipyard and Hudong-Zhonghua Shipbuilding, the two container vessels over 1,312 feet in length, 205 feet in breadth and 111 feet in depth.

The deadweight of each vessel is 220,000 DWT, and it can hold 2,200 refrigerated containers, accounting 20% of the whole TEU.

The ships will be fitted with liquefied natural gas (LNG) powered engines, making CMA CGM the first container shipping company to opt for LNG propulsion as main fuel for such large ships. LNG vessels create up to 25% less carbon dioxide, 99% less sulphur emissions and 85% less nitrogen oxide emissions than vessels using heavy fuel oil.

American President Lines is a subsidiary of CMA CGM. The SUP crews nine APL U.S.-flag ships.

Sunken stern of a doomed World War II destroyer found off the coast of Alaska

The *USS Abner Read* had finished one leg of its anti-submarine patrol and was turning to start the next. Off the shore of Kiska, in Alaska's Aleutian chain, the sea was calm, and the moon could be glimpsed behind clouds and mist.

It was August 18, 1943. The Japanese had just evacuated the island but had left behind a minefield, which was thought to be 2,000 yards away. But at 1:50 A.M., as the darkened destroyer crept along at 5 knots, its stern erupted in a huge geyser of water. It had struck a mine, which snapped off a large section of the stern, sending the piece and its five-inch gun to the bottom with as many as 70 men trapped inside.

On August 15, 2018, maritime scientists announced that they had found the sunken stern and its big gun, encrusted with sea growth, in 290 feet of water amid one of World War II's most untouched battlefields.

The bulk of the *Abner Read* remained afloat that night. It was later repaired and sent back to the battle. In 1944, the ship was hit again, this time by a Japanese suicide plane, and sank off the Philippine island of Samar.

The story of the *Abner Read*, which was named for a Civil War Navy hero, begins at Kiska, where it had been dispatched after its commissioning in 1943. And there, 75 years later, on July 17, underwater archaeologists found the 75-foot section of the stern, where scores of men probably remain entombed.

The expedition was funded by the National Oceanic and Atmospheric Administration (NOAA) and was run by Project Recover, a partnership of the University of Delaware, the Scripps Institution of Oceanography at the University of California San Diego, and the BentProp Project. Its aim was to study the almost untouched underwater battlefield of the World War II fight between the United States and Japan for the Aleutian Islands.

The Japanese seized Kiska in June 1942 and weren't driven off until July 1943, after relentless shelling and bombing by U.S. forces.

Along with the *Abner Read's* stern, a dozen Japanese ships, two Japanese submarines and numerous downed American airplanes are believed to be in the local waters, according to Mark Moline of the University of Delaware. And that, in part, was what drew Project Recover, which focuses mostly on locating World War II aircraft lost at sea, said Andrew Pietruszka of the Scripps Institution, Project Recover's lead archaeologist.

The project's attention was first drawn to a downed B-24 bomber near Kiska, but it expanded after the team learned about the *Abner Read*, he said in a telephone interview. "I knew almost nothing about Kiska and the Aleutian campaign, so it caught my attention," he said. "There's got to be shipwrecks, and there's got to be submarines. [This is] such an unknown part of the war, and in such a remote area."

Japan prepares for unmanned tugboat and ship tests

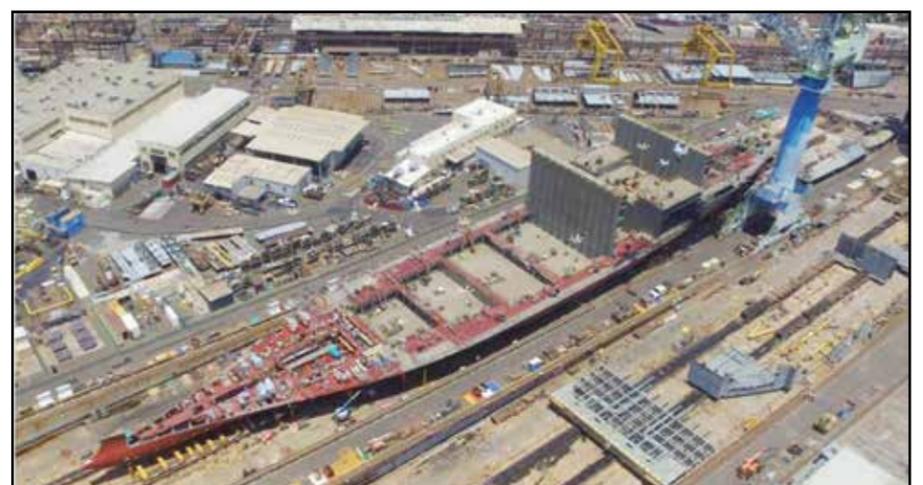
Japan's NYK Group companies NYK, MTI and Keihin Dock along with Japan Marine Science have been selected by Japan's Ministry of Land, Infrastructure, Transportation and Tourism to participate in a remotely controlled ship demonstration project. The nations aims to begin demonstrations for the practical implementation of autonomous ships by 2025.

The companies have already been using advanced technology to develop an automated ship, including a study on collision avoidance and the development of a manned remote maneuvering system that can support a ship's crew. The system collects, integrates and analyzes information around the ship, prepares an action plan, and after the approval of operators at remote locations or on board, takes action in accordance with the plan.

The demonstration aims to now make use of this system in an actual situation on a tugboat. After collecting data and developing a system using domestic coastal ships and tugboats, the test will be carried out in the latter half of 2019.

Companies selected to participate in the demonstration project include MTI, Nippon Kaiji Kyokai (NK), Port and Airport Research Institute, Ikous Corporation, NYK, Keihin Dock, Mitsubishi Shipbuilding, Niigata Power Systems, Uzushio Electric, SKY Perfect JSAT Corporation, Tokyo Keiki, Nippon Telegraph and Telephone Corporation, NTT DOCOMO, Japan Radio, Furuno Electric and Japan Marine Science.

Harbor tugs are viewed as likely to be one of the first vessel classes to become autonomous. In other developments to support this view, Rolls-Royce is studying automatic mooring technology as part of its autonomous tugboat concept. The company is looking at developing robotic cranes that could be used for hooking up ships to tugs during tow-age operations. A robotic crane could also be used for docking and line removal without the need for crew or port personnel to assist.



The *Lurline*, the first of the *Kanoloa-Class* vessels being built for SUP-contracted Matson Navigation Company, under construction at NASSCO's shipyard in San Diego last month.

Report finds retail prices in Puerto Rico are not affected by the Jones Act *continued from page 1*

and Puerto Rico make up only a small percentage of the retail price. For example, ocean shipping accounts for just 3 cents (or 2%) in the retail price of \$1.58 for a can of chicken soup in San Juan. It found that, “[e]ssentially, transportation costs for Puerto Rico are not materially different than those on the mainland.”

· A market basket analysis of an assortment of consumer goods at Walmart Stores in San Juan, Puerto Rico, and Jacksonville, Florida, found there was “no significant difference in the prices of either grocery items or durable goods between the two locations.” In fact, retail prices of goods in Puerto Rico are essentially the same as on the mainland.

Foreign vessels can deliver directly to Puerto Rico from foreign countries.

· Finding that 57% of San Juan’s port traffic in 2016 was carried on foreign vessels, the report noted that there is “nothing in the Jones Act that precludes foreign-flag vessels from serving Puerto Rico directly from foreign countries.” It concluded that there was strong competition between carriers serving the island, stating that “if cargo owners in Puerto Rico believed that the Jones Act shipping services were adding costs that negatively impacted their business, you would expect to see [an increase in foreign flag shipping].”

There is no Jones Act freight rate premium for ocean transport.

· The report found that freight rates for shipments between the mainland and Puerto Rico are very similar to or lower than rates for shipping between the mainland and neighboring islands, including the U.S. Virgin Islands, Haiti, and the Dominican Republic.

· The report flatly refuted assertions in other studies that the negative impact of the Jones Act is \$850 million per year, noting that total annual gross revenues for Jones Act shipping services “was substantially below” that level. In other words, “[t]he Jones Act carriers could have provided shipping services for free and... there still would have been a negative economic impact”, according to these studies – which defies logic.

· Moreover, the report found that since 2000, the carriers’ ocean freight rates in real terms have not increased.

Southbound service is vital to Puerto Rico consumers, while the northbound service is a key contributor to economic development on the island.

· As highlighted in the report, the fact that the vessels operating in the Puerto Rico trade are dedicated to that route “gives shippers very fast transit times

directly between the mainland and Puerto Rico without stops in intermediate ports as typically occurs in international shipping markets.”

· The Puerto Rico-CONUS trade operates in a “closed-loop” route. Goods vital for the welfare of the people are delivered promptly from the mainland, while high-value goods are shipped directly to the mainland from Puerto Rico, providing a high speed and very economic supply chain to Puerto Rican exporters.

· The dedicated Jones Act vessels’ cargo capacity is highly underutilized in the northbound service. As a result, producers in Puerto Rico obtain shipping services at a very attractive rate.

Carriers provide highly effective logistics systems, including economical and environmentally friendly vessels, that ensure a high level of supply chain efficiency.

· According to the report, “the fact that the Jones Act carriers operate dedicated services for Puerto Rico with vessels and intermodal equipment that are uniquely designed to closely integrate the commonwealth with the advanced logistics systems of the mainland provides cargo owners with major economic and service advantages.”

· The report noted that the “size of equipment has a major impact on the cost of moving cargo ‘intermodally’ in containers.” For example, a 53-foot container that is widely used in Puerto Rican service has 43% more cubic capacity than the standard international 40-foot unit – this differential provides an estimated \$92 million of cost savings annually through greater efficiency.

· The report highlighted that the carriers in Puerto Rico offer shippers options that are “designed to meet the requirements of the range of cargoes moving in the trade,” including fleets of thousands of containers and trailers capable of carrying either dry or refrigerated cargoes, as well as vessels and barges designed to carry vehicles in roll-on/roll-off mode and carry breakbulk cargo that is too large to be accommodated in a standard container. Some carriers have also invested in state-of-the-art containerships powered by liquefied natural gas (LNG), which is significantly more economical and environmentally-friendly than standard bunker fuels used by virtually all other similar vessels.

After Hurricane Maria struck Puerto Rico with devastating force on September 20, 2017, a number of news reports claimed that the Jones Act had severely damaged the Puerto Rican economy both

over time and in the immediate aftermath of the storm. Following a comprehensive analysis of the facts, this new report sets the record straight on the important role of the Jones Act shipping industry before the hurricane, in the immediate aftermath, and in the months that followed. The Jones Act fleet delivers a dedicated and reliable flow of essential goods to the people of Puerto Rico and provides significant economic benefits for the island.

American Maritime Partnership (AMP) is the voice of the U.S. domestic maritime industry, a pillar of our nation’s economic, national, and homeland security. More than 40,000 American vessels built in American shipyards, crewed by American mariners, and owned by American companies, operate in our waters 24-hours a day, seven days a week, and this commerce sustains nearly 500,000 American jobs, \$28.95 billion in labor compensation, and more than \$92.5 billion in annual economic output. You can learn more by visiting www.americanmaritimepartnership.com. **The SUP is a member of the American Maritime Partnership.**

Reeve & Associates is a management consulting firm based in Massachusetts that specializes in advising organizations in the public and private sectors on strategy development, market and economic analysis, organizational and operational performance improvement, supply-chain management, and the development of public policy involving maritime transportation and logistics. The firm was founded in 1998 and has dedicated itself to serving clients engaged in domestic and international shipping and logistics by providing a high level of professional counsel based on senior-level experience in both consulting and the maritime transportation industry.

The principal of the firm, John Reeve, has substantial experience in the Jones Act shipping markets, having advised several clients since the 1980s on business strategy in all of the noncontiguous Jones Act markets (Puerto Rico, Alaska, and Hawai’i), as well as providing counsel on competitive conditions in those markets to the U.S. Department of Transportation and the Government Development Bank of Puerto Rico.

Estudios Técnicos, Inc. (ETI) is one of the largest and most respected consulting firms in Puerto Rico. The firm’s experience for the past 32 years has seen its practice develop into a leading provider of economic analysis, as well as disaster preparedness, management, and recovery-related consulting services. ETI’s senior personnel have extensive experience in the local market and regularly provide business insight to a number of major international firms and stakeholders. ETI provides economic assessments, strategic policy advice, grant writing, grant management, program design, economic impact analysis, planning, and Geographical Information System related services.

ETI has extensive knowledge and experience in commonwealth and municipal emergency response management legal frameworks, structures and practices. Clients include federal, state, not-for profits, and local governments, as well as businesses. The firm has worked extensively with several U.S. federal programs, such as the Department of Housing & Urban Development’s Community Development Block Grants, and other housing-related programs. Given that businesses in Puerto Rico have suffered two consecutive hurricanes in such a short period of time, ETI has created a specialized unit capable of analyzing and forecasting business operations.

Washington think tank puts Jones Act in the crosshairs

A Washington, D.C. think tank seeking to facilitate entry by foreign shipping interests into the domestic maritime industry has announced a plan aimed at generating public opposition to the Jones Act.

The Cato Institute (CATO), a corporate-backed group that says it is fighting to “open markets,” has announced a new campaign aimed at repealing the Jones Act.

The Jones Act protects the jobs of all U.S. merchant mariners, by mandating that cargo moving between U.S. ports be carried on ships that are U.S. built, U.S. crewed and U.S. flagged.

In a release to the press, CATO said last month that it is stepping up its campaign to repeal the law, an announcement that immediately drew fire from the American Maritime Partnership (AMP) and other supporters of the U.S.-flag fleet and the American Merchant Marine.

“CATO’s Jones Act analysis misses the law’s national, homeland and economic security benefits,” the AMP said in an official statement. “The Jones Act continues to enjoy broad bipartisan backing today because it supports American jobs and the U.S. economy, preserves our ability to defend our nation, and makes our nation more secure.”

AMP said CATO “misstates the law’s national security benefits, ignores its contribution to homeland security and mis-characterizes its economic contribution to our nation.”

CATO sarcastically refers to “those who actually believe the law is essential to national security,” AMP continues. “Notable vocal ‘believers’ include Secretary of the U.S. Department of Defense James Mattis; Vice Chairman of the Joint Chiefs of Staff General Paul Selva; former U.S. Coast Guard Commandant Adm. Paul Zukunft; multiple four-star generals who have led the U.S. Transportation Command, which oversees all military cargo logistics; multiple commanders of the U.S. Military Sealift Command; Secretary of the U.S. Department of Transportation Elaine Chao; and national security experts in Congress and beyond.”

As part of its anti-Jones Act campaign, CATO claims that the Jones Act raises consumer costs. It concedes, however, that it does not have any data to support the claim.

[Editor’s note: See the related article on page 1.]

To find out more about CATO’s campaign to repeal the Jones Act and the U.S.-flag fleet’s response, go to <https://www.americanmaritimepartnership.com/>.

Labor Day festivities in Seattle



SNOHOMISH COUNTY LABOR COUNCIL - SNOLABOR.ORG

LABOR DAY MARCH & BLOCK PARTY!

MONDAY, SEPTEMBER 3RD
11:00 AM

THE MARCH BEGINS AT THE WORKERS MEMORIAL (PACIFIC & WETMORE)

PARTICIPANTS PLEASE ARRIVE AT 10:30AM

BLOCK PARTY FOLLOWING THE MARCH 12:00-3:30
EVERETT LABOR TEMPLE

LIVE MUSIC: THE DONNA DUPRAS BAND
FOOD
KID'S AREA
ROOT BEER FLOATS
LABOR HISTORY BOOTH

SPECIAL VISITS BY:
THE AQUASOX'S WEBBY
THE SILVERTIP'S LINCOLN THE BEAR

Ships with unsafe stow face detention in Australia

Australian port state control has warned of a crackdown on safe stow breaches in the wake of the *YM Efficiency* near-disaster in June.

The Australian Maritime Safety Authority (AMSA) on August 2, issued a new marine notice warning vessel owners, operators, and masters of the new procedure. AMSA inspectors will visit vessels in Australian ports and any found to be in breach of the Safety Of life At Sea (SOLAS) Convention on safe stowage will be detained until they comply.

"Recent incidents, including the loss of 81 containers from the Liberian-flagged cargo ship *YM Efficiency*, show how failure to comply with approved arrangements can increase the risk of cargo being lost overboard," AMSA announced. "We expect cargo to be carried in full compliance with a vessel's cargo securing manual and the SOLAS Convention," AMSA's deputy chief executive officer Gary Prosse said. "If cargo is found to be stowed incorrectly during an AMSA inspection, operators are warned that ships will not leave dock until they are compliant."

AMSA marine notice 2018/3 requires all cargo, whether carried on or under deck, to be stowed and secured in accordance with the vessel's cargo securing manual. This includes weight distribution of cargo within the stow.

AMSA pointed to recent incidents behind its decision to focus on stow and lashing during port state inspections. These include:

- **Loaded containers were carried in slots only intended for empty units,**
- **The weight of some loaded containers exceeded the maximum weight for containers permitted to be stowed in that slot, and**
- **Fixed and portable securing equipment were not maintained appropriately.**

The stow safety blitz comes in the wake of investigations into *YM Efficiency* released last month. The Yang Ming container ship lost 81 containers overboard on June 1, after swinging violently from side to side during heavy weather off the Port of Newcastle. To date, only 37 containers have been found during a sub sea search, with a further two containers and debris washed onto local beaches.

Membership and Ratings Committee

Met on August 7, and found the following members eligible for advancement in seniority and rating stamps in the various departments:

| Name and Membership Number | Seatime | Rating | Seniority |
|----------------------------|---------|--------|-----------|
| Shermiah Iaea 889 | 6 Years | A.B. | A |
| Ayed Ihsun 19569 | 1 Year | O.S. | B |
| Anthony Wylie 19570 | 1 Year | A.B. | B |
| Michael Jean 19571 | 1 Year | A.B. | B |
| Steven Browning 19572 | 1 Year | O.S. | B |
| Gunnar Burns 19573 | 1 Year | O.S. | B |
| Abdulhamid Mohamed 19574 | 1 Year | O.S. | B |

Membership and Ratings Committee's Report: M/S to concur in the Committee's report. Carried unanimously. Membership and Ratings Committee: John Duran #2754, Paul Fuentes #2239, and Gabriel Sipin #7508.

Welfare Notes August 2018

Unfit For Duty

If you are Unfit for Duty, your eligibility for coverage may be extended; however, you must have your attending physician submit documentation to the SUP Welfare Plan including the date he treated you and the dates that you were Unfit for Duty. Extensive information of your disabling condition is not required. Your employer will not automatically send documentation to the Plan office if you are injured on the ship. Periodic updates of your status should be submitted if your disability continues.

Unfit for Duty status does not automatically add time onto the eligibility period. The extension of eligibility due to Unfit for Duty status is dependent upon the Unfit For Duty dates and the Fit For Duty date.

When an eligible member becomes Fit for Duty, he has 3 months starting in the month after becoming Fit for Duty to work 60 days to continue his eligibility.

As an example, if a member's eligibility period is 02/01/18 through 01/31/19 and he becomes Unfit For Duty in March 2018 and becomes Fit for Duty in June 2018, his eligibility is not extended. In this example, the Fit For Duty date would make July, August, and September the time frame for him to work the 60 days needed to keep eligibility from lapsing. The eligibility period, however, covers him through January 2019, so the dates that the member was Unfit for Duty would not affect the eligibility period.

If a member with an eligibility period of 02/01/18 through 01/31/19 became Unfit for Duty in October 2018 and Fit for Duty in February 2019, his eligibility would be extended for February 2019, as well as, the months of March 2019, April 2019, and May 2019 when he would have to work at least 60 days to keep his eligibility from terminating.

If the member in this example failed to work 60 days between March 2019 through May 2019, eligibility would terminate in the month following the last extension month (May 2019) and the member must work 120 days within 12 months to become eligible again.

Time worked in the extension months after becoming Fit for Duty does not count for the 120 days within 12 months required if eligibility is terminated. Participants who regain eligibility after being terminated must enroll in a plan again.

Michelle Chang, Administrator mcsupsiupd@sbcglobal.net

Patty Martin, MPP & 401(k) Plans, Death Benefits, Claims
martinpatty59@sbcglobal.net

Virginia Briggs, Claims vbriggs80@sbcglobal.net

Michael Jacyna, Eligibility mjacyna67@sbcglobal.net

Training Representative Berit Eriksson 206-551-1870

berittrainrep@sbcglobal.net

SUP Welfare Plan

730 Harrison Street, #415

San Francisco, CA 94107

Phone Numbers: 415-778-5490 or 1-800-796-8003 Fax: 415-778-5495

SIU-PD Pension 415-764-4987

SIU-PD Supplemental Benefits 415-764-4991

Seafarers Medical Center 415-392-3611

Oakland eyes cargo-handling campus

The Port of Oakland announced this month that CenterPoint Properties is expected to begin site preparation in October for a building at the port's Seaport Logistics Complex on a 27-acre parcel CenterPoint is leasing from the port.

Construction of the first 440,000-square-foot facility, to be called CenterPoint Landing, tentatively is scheduled to begin next spring and be completed in the summer of 2020.

John Driscoll, Port of Oakland maritime director, said the building "will give freight shippers the opportunity to manage international supply chains right next door to the rail yards and marine terminals where their cargo is transported."

The port said the Seaport Logistics Complex "is envisioned as a cargo-handling campus that could change the trajectory of port business. Currently a West Coast terminus for TransPacific trade vessels, Oakland could eventually double as a major freight distribution point."

Most containerships in services from Asia call Oakland after first calling Los Angeles or Long Beach. But for years the Port of Oakland has striven to find a carrier that would make it a first inbound port of call from Asia. If that happens, the new complex could be an

attractive location to transload cargo into domestic containers.

CenterPoint said it has not yet secured a tenant for its new building, but said there is preliminary interest from multiple companies. The building could be used for transloading, distribution, warehousing, assembly or manufacturing. The use of the building and whether it is used for imports or exports will be determined by the eventual tenant.

Sizing of additional buildings at the site has not been determined, said CenterPoint.

William Lu, senior vice president of West region development at CenterPoint, said the company expects the facility will enhance capacity at the port, help reduce supply chain costs and provide employment opportunities to the local community. The port opened a \$100 million rail yard at the Seaport Logistics Complex in 2016. CenterPoint's development will be the first building at the campus.

Oak Brook, III-based CenterPoint is expected to spend about \$52 million on the facility that will be constructed at Maritime and 14th streets in the heart of the port. The property once served as an Army supply depot.

U.S. Coast Guard Marine Safety Alert: Reports of LED lighting interfering with vessel communications equipment, AIS

The following Marine Safety Alert was released August 15 by the U.S. Coast Guard:

“The U.S. Coast Guard has received reports from crews, ship owners, inspectors and other mariners regarding poor reception on VHF frequencies used for radiotelephone, digital selective calling (DSC) and automatic identification systems (AIS) when in the vicinity of light emitting diode (LED) lighting on-board ships (e.g., navigation lights, searchlights and floodlights, interior and exterior lights, adornment).

Radio frequency interference caused by these LED lamps were found to create potential safety hazards. For example, the maritime rescue coordination center in one port was unable to contact a ship involved in a traffic separation scheme incident by VHF radio. That ship also experienced very poor AIS reception. Other ships in different ports have experienced degradation of the VHF receivers, including AIS, caused by their LED navigation lights. LED lighting installed near VHF antennas has also been shown to compound the reception.

Strong radio interference from LED sources may not be immediately evident to maritime radio users. Nonetheless, it may be possible to test for the presence of LED interference by using the following procedures:

1. Turn off LED light(s).
2. Tune the VHF radio to a quiet channel (e.g. Ch. 13).
3. Adjust the VHF radio’s squelch control until the radio outputs audio noise.
4. Re-adjust the VHF radio’s squelch control until the audio noise is quiet, only slightly above the noise threshold.
5. Turn on the LED light(s).

If the radio now outputs audio noise, then the LED lights have raised the noise floor. (Noise floor is generally the amount of interfering signals / static received beyond the specific signal or channel being monitored.)

6. If the radio does not output audio noise, then the LED lights have not raised the noise floor.

If the noise floor is found to have been raised, then it is likely that both shipboard VHF marine radio and AIS reception are being degraded by LED lighting.

In order to determine the full impact of this interference, the Coast Guard requests those experiencing this problem to report their experiences to the Coast Guard Navigation Center. Select “Maritime Telecommunications” on the subject drop down list, then briefly describe the make and model of LED lighting and radios affected, distance from lighting to antennas and radios affected, and any other information that may help (the Coast Guard) understand the scope of the problem.

This Safety Alert is provided for informational purposes only and does not relieve any domestic or international safety, operational, or material requirement. Developed by the U.S. Coast Guard, Spectrum Management and Telecommunications Policy Division. Distributed by the Office of Investigations and Analysis. Questions may be sent to HQS-PF-fldr-CGF-INV -at- uscg.mil.”

“Every advance in this half-century – Social Security, civil rights, Medicare, aid to education, one after another – came with the support and leadership of American Labor.”

President Jimmy Carter, 1980



SUP gang aboard the LMSR Red Cloud this month: from the left in back: Bosun Dana Anderson, AB Mike Bay, AB Cosme Bigno, OS Toney Sawyer, AB John Lucia; in front: OS Dana Gonzales and OS Brett Ruan. The Red Cloud is operated and maintained by Patriot Contract Services for the Military Sealift Command.

Challenges facing U.S. Merchant Marine

continued from page 1

ators have replaced 70 participating vessels, usually with newer and more capable equipment. These vessels are typically foreign-built, widening the pool of options to include new and used ships from around the world.

In addition, program participants –like the U.S. division of SUP-contracted American President Lines– are required to provide the U.S. military with access to their full transportation network, including terminals and intermodal facilities worldwide. The cost of replicating these benefits with an owned fleet and owned infrastructure would exceed \$60 billion, according to one estimate.

Cargo preference shipments in decline

Since MSP does not cover all of the additional cost of reflagging and operating a vessel under the United States registry, operators rely upon federal cargoes to make up the remaining gap, multiple firms told GAO. Commercial cargo alone does not have high enough rates to maintain the financial viability of U.S.-flag vessels, these operators said, since they have to compete for this business with foreign flag ships.

Under cargo preference requirements, government-financed cargoes must be shipped aboard U.S.-flag commercial vessels, even if the cost is higher than comparable foreign-flag vessels (with exceptions). GAO found that 1.4 million tonnes of government cargo were shipped on MSP vessels in FY2016, but this number has been falling. Military cargoes are down by half relative to 2004 levels, and food aid cargoes have fallen by two-thirds.

One operator told GAO that they flagged out five of their vessels because federal cargo volumes are no longer high enough to support the additional expense of remaining in the U.S.-flag fleet. MarAd warned that a continued decline may lead to further reductions in the number of U.S.-flag vessels, and could affect the financial viability of vessels in the MSP.

Additionally, GAO pointed to a potential shortage of civilian mariners in the event of an activation of the reserve fleet and a long-running sealift operation. A MarAd working group recently estimated a shortfall of over 1,800 mariners in the case of a drawn-out military effort, though it acknowledged that there are questions about the count accuracy for the number of available seafarers.

National maritime strategy

GAO noted that in 2014, Congress asked the Department of Transportation and MarAd to develop a cohesive national maritime strategy, including measures to make the U.S. flag fleet more competitive and to sustain the merchant marine. While the previous administration created a draft strategy, DOT has not yet formalized a plan, and it declined to give GAO a timeline for delivering a final product.

However, MarAd is evaluating ways to achieve Congress’ intent, GAO noted. MarAd officials told the office that they are examining a variety of ways to bolster the fleet and the merchant marine, including means to reduce the compliance cost of flagging-in a foreign vessel; removing the steep penalty for making repairs to a U.S.-flag ship at a foreign shipyard; mandating additional cargo preference requirements; further increasing the MSP subsidy; or paying for mariner training in exchange for a promise to serve in a national emergency. However, MarAd and DOT officials said that they are not yet ready to propose actions to address any of these issues.

LOS ANGELES / LONG BEACH HARBOR LABOR COALITION
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LABOR SOLIDARITY PARADE AND PICNIC RALLY

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MONDAY / LUNES
SEPTEMBER 3, 2018

March Starts At: Broad & E. St. In Wilmington
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SUP PRESIDENT'S REPORT

August 13, 2018

LABOR VICTORY IN MISSOURI

Voters in Missouri on August 7, resoundingly repealed (by a margin of 2 to 1) the state's right-to-work law or more appropriately its right-to-work-for-less law.

The law which went into effect last year would have allowed private sector workers to claim the benefits of Union negotiated contracts and disputes with employers without having to pay dues.

This is a victory for all of organized labor especially in the wake of the Supreme Court ruling in June (see the July *West Coast Sailors*) which stated that public employees who chose not to be members of Unions, but are represented by Unions, do not have to pay their "fair share" for the cost of collective bargaining.

LABOR LOSS IN HAWAII

The August 11 Primary Election in Hawai'i brought Democrat Ed Case closer to winning a seat in the House of Representatives from the district that covers Honolulu and most of O'ahu, defeating six other candidates including Donna Mercado Kim, who was supported by all seagoing Unions, including the SUP.

The membership, particularly in Hawai'i, should remember Case when he was a Congressman from the same district from 2002-2007. He was anti-Jones Act then and anti-Jones Act now.

MARITIME SECURITY PROGRAM

This month President Trump signed the John S. McCain National Defense Authorization Act which authorizes \$717 billion for Fiscal Year 2019.

Of interest to the membership is that the Maritime Security Program (MSP) is authorized at its full funding level of \$300 million or \$5 million per vessel. SUP-contracted American President Lines operates nine vessel that are enrolled in the program.

The SUP will continue to work with others in the industry to ensure the correct amount (\$300 million) is appropriated.

MATSON NAVIGATION COMPANY

As the membership will recall (see the January issue of the *West Coast Sailors*), Matson has been attempting to regain its monopoly in the Guam trade in the courts in order to ban SUP-contracted APL and the two vessels (*APL Guam* and *APL Saipan*) engaged in that service.

On July 17, the U.S. District Court for the District of Columbia dismissed Matson's petition to review the decision of the Maritime Administration to allow APL to call Guam. It is not known whether Matson will pursue this issue.

FOOD AID

The current five-year farm bill expires on September 30. The versions passed by the U.S. Senate and the House of Representatives are vastly different with the Senate bill including provisions that would have a profound negative affect on the U.S. Merchant Marine and the livelihoods of the membership.

Specifically, the Senate bill contains language introduced by Senator Bob Corker (R-Tennessee) that eliminates cargo preference (reduces from 50% to 0%) for food aid. The bill also contains provisions that would give needy nations cash to buy commodities locally or from foreign sources instead of actual food (rice, wheat, corn, etc.) produced by American farmers and carried in U.S.-flag ships.

Contrary to the Senate, the bill –The Agriculture and Nutrition Act of 2018 (H.R. 2)– preserves cargo preference and maintains the status quo regarding in-kind commodity donations instead of cash.

Accordingly, USA Maritime, a coalition of which the

SUP is a member, sent the following letter on July 26 to members of Congress:

"The undersigned members of USA Maritime strongly support the House's version of the Farm Bill reauthorizing our nation's food aid programs, including Food for Progress, Food for Peace, and McGovern-Dole Food for Education. America's in-kind food donation programs have kept our nation at the forefront of global humanitarian assistance for more than 60 years. Shipped from the Heartland to ports overseas in vessels flying the American flag, donated American commodities stamped "From the American people" act as ambassadors, spreading goodwill from our country and helping to address the root causes of international terrorism and instability.

The longevity and stability of these programs are due in large part to the broad-based support from the many sectors of the economy they stimulate. Diverse groups of American workers benefit from the direct and economic ripple effects of these programs, all of which have helped ensure sustained political support. These groups include farm workers, food processors, domestic inland transport workers, port and terminal workers, the U.S.-flag maritime industry including trained citizen-mariners, and many more Americans in the broader economy. Thanks to our nation's cargo preference laws, these programs provide essential cargoes to help ensure the U.S. Merchant Marine is ready to answer the call when needed by our nation, saving the Defense Department billions it would otherwise have to spend to ensure adequate sealift capability to execute our foreign policy objectives and to maintain our political and economic independence as a trading nation around the globe."

Because the House version of the Farm Bill preserves the current status of our food aid programs as in-kind donations of U.S.-grown commodities, the members of USA Maritime support the House-passed version of the Bill over the Senate version."

American Maritime Congress

American Maritime Officers

American Maritime Officers Service

American President Lines LLC

American Roll-on Roll-off Carrier LLC

Argent Marine Operations, Inc.

Hapag-Lloyd USA, LLC

Intermarine LLC

International Organization of Masters, Mates & Pilots

Liberty Maritime Corporation

Maersk Line Limited

Marine Engineers' Beneficial Association

Maritime Institute for Research and Industrial Devel.

Sailors' Union of the Pacific

Schuyler Line Navigation Company, LLC

Seacor Holdings, Inc.

Seafarers International Union

Transportation Institute

While the Senate is still in session, the House is in recess until after Labor Day when conferees from both chambers attempt to reconcile the bills.

APL MARINE SERVICES, LTD

As reported last month, the 2015-2018 Agreement between APL and the SUP, MFOW and SIU-Marine Cooks, bargaining as the SIU-Pacific District, notified the company on July 5, of its desire to amend the current Agreement which expires on September 30.

The Unions proposed and the company has agreed that bargaining will begin on Monday, September 24, at SUP Headquarters, and continue that week until September 30, if necessary.

Therefore, an SUP Negotiating Committee will be elected at the September 10, Headquarters meeting. Members are urged to submit proposals, in writing, for the Committee to review.

The Union was notified by APL that the *APL Belgium* will be renamed *President Wilson* on or about September 5, in Pusan, Korea.

With this change the *Presidents Cleveland, Eisenhower, Kennedy, F.D. Roosevelt* and *Truman* have all been flagged to U.S. registry while the C-11-Class vessels *APL China, APL Korea, APL Philippines, APL Singapore* and *APL Thailand* have been flagged foreign.

PATRIOT CONTRACT SERVICES

The Union was notified by Patriot Contract Services on July 25, that they had received notice from the Military Sealift Command (MSC) that the company was in the "competitive range" for the operation and maintenance of the Expeditionary Transfer Dock vessels *USNS Montford Point* and *USNS John Glenn*.

August 10 was the due date for Patriot's "best and final" offer. It is unknown when the award for these vessels will be made.

The unlicensed deck manning scale for each of these vessels in Full Operating Status is one Bosun, one Cargo Bosun, six ABs and three Ordinary Seamen.

CALIFORNIA LABOR FEDERATION

Along with SUP Vice President Dave Connolly, attended the 32nd Biennial Convention of the California Labor Federation, AFL-CIO, on July 25 and 26, in Costa Mesa, California. As a Vice President of the Federation, your secretary participated in a meeting of the Federation's Executive Council on July 24.

The Convention heard speeches from DeMaurice Smith, Executive Director of the National Football League Players Association, and a rousing address from Randi Weingarten, President of the American Federation of Teachers. Weingarten outlined the threats Unions and our democracy face and how Unions are on the front line defending working families.

The Convention also took affirmative action on the policy statements of the Federation, including one submitted by the SUP on maritime. That statement will be in the August issue of the *West Coast Sailors*.

The Convention also voted on political endorsements for the November 6 election. Those endorsements will be published in the October issue of the *West Coast Sailors*.

SUP ELECTION: NOMINATIONS

In accordance with Article XII of the SUP Constitution, nomination of regular Union officers for the 2019-2022 term shall be made at the Headquarters and Branch meetings in September.

Written notice of this fact shall be published in the August edition of the *West Coast Sailors* and posted in all halls.

Any eligible member may place his/her own name in nomination for any regular office or may be nominated by another member.

Nominations may be made either in person or by mail; however, any nomination made by mail must be received at the Branch or Headquarters at least one day prior to the meeting at which nominations will be received.

The Headquarters meeting is on Monday, September 10, 2018, at 1100 and the Branch meetings are on Monday, September 17, 2018. (Seattle Branch at 1100, Wilmington Branch at 1030, and Honolulu Branch at 1030.)

The names and membership numbers shall be recorded in the minutes. The Committee on Candidates/Balloting Committee, which will be elected at the September Headquarters meeting, shall prepare a list of names and nominees for each office and forward copies thereof to each Branch. Such lists will be conspicuously posted in each office or hall. All nominees shall be notified by mail of their nomination and such notice shall be mailed within five working days after the nominating meeting.

All nominees who desire to become a candidate shall have the necessary qualifications and acceptance in the office of the Committee on Candidates

continued on next page

PRESIDENT'S REPORT CONTINUED

(c/o Sailors' Union of the Pacific, 450 Harrison Street, San Francisco, CA 94105) prior to midnight of October 14, 2018.

Any member of the Union shall be eligible to be a candidate for and hold any regular office, provided he/she possesses the following qualifications:

- He/She is a member in good standing at the time of nomination.
- He/She achieved "B" seniority as defined in the SUP Shipping Rules; and
- He/She is not disqualified by law. A member shall not be eligible to be a candidate for and hold any regular office if within the past five years he/she has been convicted of, or served any part of a prison term resulting from conviction of robbery, bribery, extortion, embezzlement, grand larceny, burglary, arson, violation of narcotics laws, murder, rape, assault with intent to kill, assault which inflicts grievous bodily injury, or violation of Title II or III of the Landrum-Griffin Act, or conspiracy to commit any such crimes.

The regular Union offices for the 2019-2022 term shall be in accordance with Article X of the SUP Constitution: one President/Secretary-Treasurer, one Vice President/Assistant Secretary-Treasurer, one Seattle Branch Agent, one Wilmington Branch Agent, one Honolulu Branch Agent, one San Francisco Business Agent and five Trustees for the SUP Building Corporation, two of whom do not hold any other Union office. Delegates to the 2022 Seafarers International Union of North America Convention will be elected during the 2021-2022 election cycle.

In accordance with Article XII of the SUP Constitution, no one may be a candidate for more than one office with the exception of the positions of Trustee of the SUP Building Corporation and delegate to the SIUNA Convention.

Balloting for Union officers will begin on December 1, 2018, and end on January 31, 2019.

LABOR DAY

All SUP halls will be closed on Monday, September 3, in observance of Labor Day, a holiday under all SUP agreements.

ACTION TAKEN

M/S to concur with the President's Report. Carried unanimously.

Gunnar Lundeberg

Matson's earnings report

For the six months ended June 30, 2018, Matson reported net income of \$46.8 million, or \$1.09 per diluted share compared with \$31.0 million, or \$0.72 per diluted share in 2017. Consolidated revenue for the six month period ended June 30, 2018 was \$1,068.5 million, compared with \$986.9 million in 2017.

Matt Cox, Matson's Chairman and Chief Executive Officer, commented, "Our performance in the quarter was solid with Ocean Transportation's results approaching the level achieved last year and continued strong results across all service lines in Logistics."

Cox added, "For full year 2018 in Ocean Transportation, we continue to expect improvements in each of our core trade lanes with the exception of Guam and China. In Guam, we expect to face continued competitive pressure, and in China we continue to expect modestly lower volume coming off an exceptionally strong 2017. We continue to expect Ocean Transportation's full year 2018 operating income to be modestly higher than the level achieved in 2017. For 2018 in Logistics, we are raising our outlook for the year given the strong trends across all service lines."

Second Quarter 2018 Discussion and Outlook for 2018

Ocean Transportation: The Company's container volume in the Hawai'i service in the second quarter 2018 was flat year-over-year. The Hawai'i economy continues to be strong, supported primarily by healthy tourism activity and low unemployment. The Company expects volume in 2018 to approximate the level achieved in 2017, reflecting a solid Hawai'i economy and stable market share.

In China, the Company's container volume in the second quarter 2018 was 5.9% lower year-over-year largely due to one less sailing. Matson continued to realize a sizable rate premium in the second quarter 2018 and achieved average freight rates modestly higher than the second quarter 2017. For 2018, the Company expects pricing to approximate the average rate achieved in 2017 and volume to be modestly lower than the level achieved in 2017.

In Guam, as expected, the Company's container volume in the second quarter 2018 was lower on a year-over-year basis, the result of competitive losses. For 2018, the Company expects a heightened competitive environment and lower volume than the levels achieved in 2017.

In Alaska, the Company's container volume for the second quarter 2018 was 0.6% lower year-over-year, primarily due to lower southbound volume as a result of a delayed start to the seafood season. For 2018, the Company expects volume to be modestly higher than the level achieved in 2017 with improvement in northbound volume, partially offset by lower southbound seafood-related volume due to a moderation from the very strong seafood harvest levels in 2017.

As a result of the second quarter performance and the outlook trends noted above, the Company expects full year 2018 Ocean Transportation operating income to be modestly higher than the operating income of \$126.4 million achieved in 2017. In the third quarter 2018, the Company expects Ocean Transportation operating income to be modestly lower than the operating income of \$51.0 million achieved in the third quarter 2017.

VICE PRESIDENT'S REPORT

August 2018

Maunawili: Rey Clores, delegate. Clarification on sailing board, pension increase, voyage stores and overtime accounting for the four-to-eight during normal maintenance work hours. Potable water hookup is MFOW jurisdiction.

Florida Voyager: Terry Black, delegate. Returned to US West Coast after Singapore yard. Clarification on training. New candidates Terrin Dowdell and Erick Villalobos dispatched by SUP HQ.

President Cleveland: Jose V. Duran, delegate. Clarification on garbage – cargo rate generally does not apply except under the very limited circumstances described under Section 11(q) of the SUP Work Rules. In good shape on maiden SUP voyage to the Far East.

APL Belgium: Taufiq Wasel, delegate. Clarification on washdown and clearing decks. There is no clock on washdown: it takes what it takes depending on the circumstances. Support in Section 16(b)(9) of the General Rules and longstanding practice. Clarification on watch rotations. Collected days pay for joining crew. Ship to be re-named while on the Asian loop and return to Los Angeles as the *President Wilson*. See President's Report.

APL Gulf Express: Justin Foster, delegate. Ship changed run resulting in some welcome lay-time in Kuwait anchorage. Clarifications on reliefs. Running smooth despite the excessive heat and continuous operations with Matt Henning running the gang.

USNS Dahl: James Coulter relieved Matt Dulay as delegate. Reliefs underway. Investigating abrupt termination. For both physical and employment safety, in shore leave danger lies.

USNS Sisler: Eduardo Zepeda relieved Kyaw Thein as delegate. Activated for COI and cargo operations to demonstrate operational readiness. Airport incident under investigation.

USNS Red Cloud: John Lucia, delegate. AB Pedro Fuentez painted a mural of the ship's namesake Mitchell Red Cloud, Jr., a United States Marine sergeant and Army corporal who served in both World War II and Korea. He was killed in action after ordering a soldier to tie him off to a tree to continue holding off Chinese attackers in an ambush in Korea on November 5, 1950 at the Battle of Pusan Perimeter. He was posthumously awarded the Medal of Honor. See crew picture on page 9.

USNS Charlton: Andrew Montoya, delegate. Call from the delegate on gangway watchstanding rules and boiler suits. Ship smartness clause of contract can require wearing of boiler suits. In good shape on a tour of the western Pacific with stops in Guam and South Korea.

SNLC Pax: Jeff Titco, delegate. In good shape in the military tanker trades of Asia and the Western Pacific. Clarification on mandatory and maintenance overtime requirements. In a hard-working short-handed ship like this one – adequate rest is even more important than normal.

Moku Pahu: Joel Tetrault turned over the sheets to Clint Sieber as delegate. In at Portland after back to back round-the-world trips. Clean payoff. The nation's magnanimous and effective aid program, known as Food for Peace, was once again well-served by this ship and crew. Reliefs filled by Seattle Branch. Bosun Forest Jackson in charge, picture on page 4. Ship cleared Astoria for Middle East port with a full load of famine relief wheat – a gift of the American people.

Dave Connolly

HAWAII LABOR UNITY PICNIC

2018

Labor Day Celebration & Food Drive
to benefit the HI State AFL-CIO Labor Community Services food pantry

SUNDAY,
SEPTEMBER
2ND
@ WAIKIKI SHELL
4PM - 9PM
DOORS OPEN
AT 3:30PM

Live Music:

Na Hoku Pa
Moke Boy
Kekoa Kane & Friends
HI-Risk
Weldon Kekauoha

Prize Drawings!

Fun For All Ages!

PERMITTED PARKING LIMITED!

- PERMIT ONLY | Public lot fronting Waikiki Shell
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- PERMIT ONLY | Waikiki Elementary

FREE

(INCLUDING FOOD)

FOR LABOR UNION MEMBERS & 'OHANA

WHAT TO BRING:

- Family
- Union I.D.
- Parking Permit
- Canned Goods
- Mats, Chairs & Umbrellas
- NO Coolers & NO alcohol

Sailors Union of the Pacific
Honolulu Branch
707 Alakea St.
Room 101
Honolulu, HI.
808-533-2777

SUP BRANCH REPORTS

SEATTLE

July 16, 2018

Shipped during the period: 2 B card took Boatswain billets, one to APL and one to Patriot; 1 Patriot AB billet filled by a B card, and 2 relief Matson AB jobs filled by A and B members; 2 OS Navy jobs went to C cards; and a D card filled a GVA billet on *Cape Texas*. Also shipped 15 Matson standby AB's to 3 A, 5 B, 1 C, 4 D, and 2 MFOW members.

Registration for the period: 1 A card for a total of 6; 5 B cards for a total of 18; 1 C card for a total of 7 and 1 D card for a total of 3.

Members, when you make the hall bring all your documents with you. Let's go through them to be sure you are current. Other than your Drug-Free you cannot go to work on documents that will expire during your dispatch and your Passport must be valid six months beyond.

Brendan Bohannon
Branch Agent

SUP members join pension ranks

The following SUP members joined the rank of pensioner, bringing the total number of SUP members to 143:

Michael Pfleeger, 64, Book No. 3865, joined SUP in 1991, 20 years seetime.

Nestor Alarcon, 65, Book No. 3804, joined SUP in 1980, 32 years seetime.

WILMINGTON

July 16, 2018

Shipping for the period: Bosun: 4; AB: 13; AB/D: 10; OS/STOS: 1; standby: 66. Total jobs shipped: 94.

Registrations: A:22; B:37; C:15; D:3.

Ships checked

APL Singapore, APL Belgium, Mokihana, APL Thailand, Manulani, Mahimahi, Maunalei, APL Korea, President Kennedy, President Roosevelt, President Eisenhower.

Shipping has picked up here in Wilmington, with new APL ships crewing up, *President Kennedy, President Roosevelt, President Eisenhower, President Truman, President Cleveland*. These newer ships will provide steady jobs for years, thanks to all those members that helped make crewing up the new ships successful.

APL Singapore, APL Belgium, APL Thailand, APL Korea, making their final voyages under the U.S. flag.

Eli Wegger, is holding seamanship class here at the hall on Fridays. If interested sign up sheets are on the desk. Also check out the DVD's on the history of Unions.

Keep your dues current and be sure to check your documents. Before you are ready to ship make sure all documents are current in order to be dispatched.

Participate in your Union meetings to keep informed, we need a quorum in order to vote. The Union is only as strong as its members.

Leighton Gandy
Branch Agent

HONOLULU

July 16, 2018

Shipped the following jobs in the month of July: 3 AB Day steady, 2 AB Day relief, 1 AB Day return, 7 AB Watch steady, 2 AB Watch relief, 2 AB Watch return, and 2 AB maintenance. The shipping jobs were filled by 7 A cards, 11 B cards and 1 C card. Shipped 27 standby jobs. The standby jobs were filled by 3 A cards, 10 B cards, 7 C cards, and 7 D cards.

Registered in Honolulu: 11 A cards; 15 B cards; 5 C cards; and 8 D cards.

Ships checked

I visited the *R.J. Pfeiffer, Manukai, Maunawili, Manulani, Maunalei, Manoa, Mokihana, Mahimahi, Matsonia, Kauai*, and the Paint and Rigging gang. All are running with few or minor beefs.

APL Guam-no major beefs

APL Saipan-no major beefs

USNS Charlton-no major beefs

I represented the SUP at the Hawai'i Ports Maritime Council meeting, and the Hawai'i State AFL-CIO executive board meeting.

The Hawai'i state primary vote is over and most of the major candidates that the AFL-CIO and the Hawai'i Ports Maritime Council endorsed lost. Somehow we will just have to try harder in the next election.

I would like to thank Patrick Weisbarth for covering for me while I was on vacation.

To all members who are getting ready to renew their MMC (Z-card for us older members) make sure that you get the Able Seafarers-Deck endorsement. You have to let the USCG know that you want that endorsement by checking the "raise in grade, new endorsement or increase in scope" box on their form. Right under that there is a "Description of Endorsement(s) Desired" section and you should put in:

Able Seaman, Able Seafarers-Deck, RFPNW (Rating Forming Part of a Navigation Watch), Lifeboatman, VPDS (Vessel Personal with Designated Security Duties), and STCW (Standards of Training, Certification & Watchkeeping for Seafarers) Also, any other endorsements you are qualified for.

The Labor Day Picnic in Honolulu will be Sunday, September 2, at the Waikiki Shell from 1600 until 2100 hours. Happy Labor Day everyone!

Mahalo,

Michael Dirksen
Branch Agent

October; subject to change. Sailed for Long Beach with no beefs. Noel Itsumaru, delegate; Remoni Tufono, Bosun.

Manoa- Sailed for Honolulu with no beefs. Isnin Idris, Bosun; Duke Maringer, delegate.

Lihue- Ship has been running out of Long Beach since she was put into service in June. Matson schedule has her back in Oakland some time in the middle of August for a long term lay-up subject to change. Yvette Cavan, delegate; Phil Coulter, Bosun.

APL Belgium- In Berth #58. Clarification on washdown. Ship sailed with no beefs. Aaron Weibe, Bosun; Taufig Wasel, delegate.

President Kennedy; President Truman- Due in the middle of the month.

Cape Orlando- This is one of the toughest ship to work and it's not the physical work, it's working with management. Chris Bunheriao, Bosun; Mike Siri, GVA, and Robert Richard, GVU.

Admiral Callaghan- In good hands with Robert Leeper, Bosun.

Cape Hudson- Getting work done keeping up the maintenance ready to be activated if needed Haz Idris, Bosun.

Cape Horn- Continuing preventive maintenance ready to activate if needed. Isagani Cruz, Bosun.

Cape Henry- Three-day sea trials, then up to Portland for repairs. In yard for a period of one month, subject to change. Robert Reed, Bosun.

Mississippi Voyager, Florida Voyager, Texas Voyager- Checked in with these ships; little or no beefs.

Pier#9- Running smooth with Big Mike Koller as delegate; Dock Bosun Leo Moore.

Double check your documents. If the expiration date is less than six months, it's time to start the renewal process.

Roy Tufono

Keep your documents current

Dispatcher's Report Headquarters—July 2018

| | |
|----------------------------------|----|
| Deck | |
| Bosun | 5 |
| Carpenter | 0 |
| MM | 6 |
| AB | 11 |
| OS | 5 |
| Standby | 8 |
| Total Deck Jobs Shipped | 35 |
| Total Deck B, C, D Shipped | 27 |
| 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. | 35 |
| Total B, C, D Shipped-All Depts. | 27 |
| Total Registered "A" | 23 |
| Total Registered "B" | 51 |
| Total Registered "C" | 14 |
| Total Registered "D" | 17 |

BUSINESS AGENT'S REPORT

August 13, 2018

Kauai- In and out Oakland #63. Clarification on hand steering during meal hour. Ship sailed for Honolulu with no beefs. Gerry Marshall, delegate, Marc Calairo, Bosun.

Matsonia- Oakland #62. Last trip there was an issue with linen change day. Ship sailed for Honolulu with newly elected delegate, Dennis Belmonte; Dmitri Seleznev, Bosun.

Mahimahi- In and out Oakland #63. On the southern triangle schedule. Switching over to the northwest run in

continued in next column



USNS Soderman transferred navy cargo from Korea to Guam. Bosun Jeff Nicholas and crane driver Adam Tassin successfully offload Navy special warfare cargo in Guam

