



# West Coast Sailors

Official Organ of the Sailors' Union of the Pacific

Volume LXXVIII No. 2

SAN FRANCISCO, CALIFORNIA

Friday, February 20, 2015

## Bipartisan legislation recognizes roll of WWII U.S. merchant mariners

Legislation introduced in the House of Representatives by Democratic Congresswoman Janice Hahn (California) and Republican Congressman John Duncan (Tennessee) would provide long-overdue recognition for American merchant mariners who served our nation during World War II. Their legislation, the Honoring Our World War II Merchant Mariners Act of 2015 (HR 563), directs the Secretary of the Department of Veterans Affairs to establish the Merchant Mariner Equity Compensation Fund to provide benefits to certain individuals who served in the United States Merchant Marine during WWII.

When she introduced the legislation, Congresswoman Hahn reminded her colleagues that "During the war, U.S. merchant mariners were responsible for transporting troops and delivering supplies for the military. Hundreds of ships and thousands of men were lost to enemy submarines and aircraft, including dangerous missions ferrying supplies to Western Europe and even Russia. It was one of the most critical roles played during

the early part of the war. Unfortunately, those who served this nation so valiantly during that time, were not eligible for the G.I. Bill that helped millions of veterans go to college, secure a home and transition seamlessly into civilian life. The fact that we did not provide similar benefits to those who risked their lives for this country is simply unfathomable."

Congresswoman Hahn further stated that the legislation she and Congressman Duncan were introducing would rectify this inequity by providing a "one-time benefit of \$25,000 to the surviving 5,000 World War II mariners. By providing this modest benefit, we will finally be giving our brave merchant mariners the recognition they rightfully deserve."

As the *West Coast Sailors* went to press, Congresswoman Marcy Katur (D-Ohio), Congresswoman Shelia Jackson Lee (D-Texas), Congressman Jim McDermott (D-Washington) and Congresswoman Dina Titus (D-Nevada) were listed as the bill's cosponsors. The measure has been referred to the Subcommittee on Disability Assistance and Memorial Affairs.

## Bill introduced to extend Ex-Im Bank

Republican Congressman Stephen Fincher (Tennessee) and 57 of his Republican colleagues have introduced the Reform Exports and Expand the American Economy Act (HR 597), legislation to reauthorize and reform the Export-Import Bank of the United States. The mission of the Bank is to create and sustain U.S. jobs by financing sales of U.S. exports to international buyers. The Bank is chartered as a government corporation by the Congress of the United States; it was last chartered for a three-year term in 2012 and extended in September 2014 through June 30, 2015.

## SUP President's Report

# McCain's amendment to gut the Jones Act fizzles

John McCain's attempt to gut the Jones Act turned into an exercise in futility as his amendment to the Keystone XL Pipeline bill was never brought up on the Senate floor for a vote prior to the final vote on the pipeline on January 29.

The Arizona Republican's amendment would have repealed the provision of the Jones Act (Merchant Marine Act of 1920) that requires vessels trading domestically be built in the United States.

Opposition to the McCain amendment came from all points on the compass: from Senator Mazie Hirono (D-Hawaii) to Senator David Vitter (R-Louisiana); from American shipyards; the U.S. Coast Guard; the Navy League of the United States; the American Labor Movement; and the grassroots campaign by all seagoing maritime Unions to oppose the amendment including members of the Sailors' Union.

Credit must also be given to Senate Majority Leader Mitch McConnell (R-Kentucky) and Senator Lisa Murkowski (R-Alaska). Senator McConnell's job as Majority Leader is to determine which amendments were worthy enough for a floor vote and obviously he didn't think McCain's was worthy. It

should be noted that last October Senator McConnell was named a Champion of Maritime by the American Maritime Partnership, which the SUP is a member, for consistently supporting the role the domestic maritime industry and the Jones Act play in America's national, economic and homeland security. In accepting the award, Senator McConnell said "America's maritime industry is critical to our nation and to Kentucky which is home to 13,260 maritime jobs and pumps more than \$2.7 billion into the state's economy."

Senator Murkowski, Chair of the Senate's Energy and Natural Resources Committee and a strong supporter of the Jones Act was floor manager of the Keystone bill and also thought McCain's amendment unworthy of consideration.

Supporters of McCain's amendment came from fringe elements opposed to the Jones Act in Hawaii, Puerto Rico and Guam. The European Union, which has been anti-Jones Act for years, cheered him on from abroad. McCain took to the Senate floor on January 29, and spent five minutes bad-mouthing the Jones Act and trying to convince fellow Senators -to no avail- that the statute is irrelevant and detrimental. "I won't quit on this

issue," he sputtered out to his Senate colleagues.

McCain has always been a supporter of "free trade" as opposed to "fair trade". If McCain's amendment had passed and been incorporated into the Keystone bill, the price of "free trade" would have been staggering: 400,000 maritime jobs, \$24 billion in wages and benefits for U.S. workers and a reduction of American gross domestic product by \$36 billion. Free traders like McCain believe in their version of the facts, that the Jones Act's requirements restrict competition and increase prices, and if they were to eliminate these laws, they claim, everyone would win - from consumers to shippers. But what they don't say is that foreign "competitors" that want to flood the U.S. market with ships not only have similar requirements but often significant state subsidies to boot. So McCain's opposition to the Act is nothing more than working to destroy another American industry.

This is not the first time McCain has targeted the Jones Act. In 2010 - in just one attack over the years - he proposed repealing the entire law, citing the Act's supposed interference with the cleanup of the *Deepwater Horizon* oil spill in the Gulf of Mexico (see the July 2010 *West Coast Sailors*). Of course, that was just another red herring that was proven wrong and fortunately the effort to repeal the law went nowhere.

Senator McCain is in a more powerful position now as Chairman of the Senate Armed Services Committee than he was in 2010. His vow to take up the issue again is to be taken seriously.

The SUP will remain active in the political field to thwart those who would destroy our industry and our jobs. The membership is urged to support the Sailors' Political Fund so the Union can support its friends and defeat its enemies.

*President's Report continued on page 10*

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



# SUP Quarterly Finance Committee Report

## SUP QUARTERLY FINANCE COMMITTEE REPORT FOR THE QUARTER ENDED DECEMBER 31, 2014

The Quarterly Finance Committee, duly authorized to act by the regular meeting at Headquarters on January 12, 2015, hereby submits the following report:

### SUMMARY OF CASH AND INVESTMENTS

General Fund .....	\$1,623,352.11
Political Fund .....	\$6,431.73
Strike Fund .....	<u>\$1,293,730.99</u>
Total Cash and Investments 4th Qtr. 2014 .....	<u>\$2,923,514.83</u>

### GENERAL FUND

Income:	
Dues, Initiation, Assessments .....	\$113,047.10
Interest .....	12,829.33
Donations - <i>West Coast Sailors</i> .....	21,795.00
Tanker & Joint Committee, Hiring Hall.....	216,617.47
Advertising & Promotion .....	935.00
Miscellaneous Income, Reimbursements, Fines .....	385.00
Reimbursed Administrative Expenses.....	20,549.70
Contributions - General Fund .....	<u>1,372.05</u>
Total Income:.....	<u>\$387,530.65</u>
Expense:	
Auto & Travel.....	\$315.00
Rent.....	14,692.47
Postage, Printing & Office .....	13,310.91
Telephone & Telegraph.....	5,133.90
<i>West Coast Sailors</i> Publishing Expense .....	12,507.47
Contributions.....	570.00
Accounting .....	4,000.00
Per Capita .....	14,707.50
Salaries & Payroll Taxes.....	204,959.43
Office Workers Pension.....	8,366.00
Insurance .....	44,784.65
Field Expense .....	50.00
Committee & Neg., Conference & Conv.....	5,756.21
Investment Expense .....	1,518.05
Officials Pension .....	1,376.37
Miscellaneous Expense.....	(1,250.00)
Subscriptions .....	2,738.62

Advertising and Promotions.....	5,797.10
Legal.....	<u>425.00</u>
Total Expense:.....	<u>\$339,758.68</u>

### BUILDING CORPORATION

Income:	
Rents .....	\$154,205.94
Bldg. Util. & Service Reim. ....	<u>1,200.00</u>
Total Income: .....	<u>\$155,405.94</u>

Expense:	
Building Services & Utilities.....	\$28,454.44
Repairs & Maintenance .....	21,992.76
Insurance .....	17,283.15
Salaries & Payroll Taxes.....	17,648.67
Pension .....	198.00
Auto .....	253.00
Office.....	1,876.40
Accounting .....	2,000.00
General Tax.....	14,110.52
Building Improvements - Legal .....	1,100.00
Total Expense: .....	<u>\$104,916.94</u>

### POLITICAL FUND

Income:	
Contributions.....	<u>\$3,323.40</u>
Total Income .....	<u>\$3,323.40</u>

Expense:	
Contributions.....	<u>\$500.00</u>
Total Expense:.....	<u>\$500.00</u>

Net Income 4th Qtr.....	<u>\$101,084.37</u>
Net Income YTD: .....	<u>\$516,283.63</u>

/s/ Allen Gonzalez                      /s/ Arthur Thanash  
/s/ David Larsen                         /s/ Tom Wilson  
/s/ Gabriel Sipin

*ACTION BY THE MEMBERSHIP February 9, 2015. 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.*

## Port of Oakland volume drops 32% in January

The Port of Oakland announced on February 17, that its volume declined 32% during the month of January, compared to the same month a year ago. Imports coming into the port dropped 39% for the month on a year-over-year basis, while exports fell 26%.

The Port attributed the volume decline to work slowdowns arising from a labor dispute between the International Longshore & Warehouse Union and the Pacific Maritime Association over a new contract. "With a decline in productivity and a breakdown in vessel schedules at all West Coast ports, cargo volumes are far from normal," said Port of Oakland Maritime Director John Driscoll. The Port said importers have begun diverting containerized cargo to ports outside the U.S. West Coast including ports in Canada, Mexico and the U.S. East Coast.

## Pirates seize cargo from Thai tanker

The *Bangkok Post* has reported that the Thailand-flagged tanker *Lapin* was boarded by eight men armed with pistols and knives on February 13, while sailing through the Malacca Straits.

According to Singapore-based anti-piracy watchdog ReCAAP (Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia) Information Sharing Center, the armed robbers tied up the crew, destroyed the ship's communications equipment, and stole ship's property and the crew's belongings. In addition, they siphoned five tons of diesel and 2,000 tons of bunker oil from the *Lapin* and left an improvised explosive device (IED) at the bridge before leaving the scene.

Subsequently, the 15 crewmembers managed to free themselves and sailed towards Thailand and anchored off Ko Tarutao, Thailand, and activated the Ship Security Alert System (SSAS). The Royal Thai Navy soon responded to the distress call and dispatched an Explosive Ordnance Disposal team to disarm the IED, only to find out that it was an electric circuit with no explosive or detonator attached.

ReCAAP remarked that this was the first case that armed robbers reportedly used a "dummy" IED to threaten the crew. Moreover, the ploy serves to distract the authorities, delay their responses, and deter the crew from doing much while the perpetrators escaped.

The anti-piracy watchdog noted that the last successful siphoning incident occurred in the Malacca Straits in April 2014, involving the *Naniwa Maru No.1* off Port Klang. ReCAAP is concerned by the new modus operandi of the armed robbers and urges shipmasters and crew to exercise extra vigilance.

### Correction:

*R.J. Pfeiffer photo in January's West Coast Sailors on page 3: Delegate Chris Bujnowski, Bosun Rhonda Benoit.*

## Final Departures

**Carl Reinhold**, Book 2648. Born in California in 1926. Joined SUP in 1953. Died January 9, 2015. (Pensioner)

**Stephen Zombro**, Book 278. Born in Massachusetts in 1949. Joined SUP in 1991. Died January 26, 2015. (Pensioner)

## A way to reduce diabetes risks

Lowering blood pressure can significantly reduce the risk for many of the complications of Type 2 diabetes, a review of data from 40 trials involving more than 100,000 people with diabetes has found.

Diabetics are more vulnerable to the effects of hypertension than otherwise healthy people. Recent guidelines suggest that a systolic blood pressure (the top number) of 140 millimeters of mercury is a good goal for people with diabetes, but the new study found that 130 or even lower may be better.

The analysis, published in the *Journal of the American Medical Association* found that a 10-point lowering from 140 was associated with a 13% reduction in the risk for death. They found the risk of coronary heart disease declined by 12%, and the risk of stroke by 26%.

The 10-point lowering was also associated with a 13% reduction in retinopathy (a cause of blindness in people with diabetes) and a 17% reduction in albuminuria, an indication of kidney problems.

An author of the study, Dr. Kazem Rahimi, an associate professor of cardiovascular medicine at Oxford, said that whether it was beneficial to aim for a level even lower than 130 was unknown. But, he said, "If you are diabetic with a reading of 135 and not taking medication for high blood pressure, you are likely to benefit from taking it."

## SUP Meetings

These are the dates for the regularly scheduled SUP meetings in 2015:

	Hdq.	Branch
March	9	16
April	13	20
May	11	18
June	8	15
July	13	20
August	10	17
September	14	21
October	Tues. 13	19
November	9	16
December	14	21

## West Coast Sailors

Published monthly by the Sailors Union of the Pacific (an affiliate of the Seafarers International Union of North America, AFL-CIO), Headquarters, 450 Harrison St., San Francisco, CA 94105. Phone: 415-777-3400. FAX: 415-777-5088. Dispatcher: 415-777-3616. Website: www.sailors.org. Periodicals postage paid at San Francisco. (USPS 675-180). Printed by Commerce Printing Co., a Union shop. POSTMASTER: Send address changes to West Coast Sailors, 450 Harrison St., San Francisco, CA 94105.

**Gunnar Lundeberg,**  
President/Secretary-Treasurer  
**Teresa Anibale, Editor**  
BRANCH OFFICES  
Seattle, WA 98106

4269 22nd Ave. W. (206) 467-7944  
FAX: (206) 467-8119

**Wilmington, CA 90744**  
533 N. Marine Ave. (310) 835-6617  
FAX: (310) 835-9367

**Honolulu, HI 96813**  
707 Alakea St., Rm. 101 (808) 533-2777  
FAX: (808) 533-2778

**WELFARE OFFICE**  
(415) 778-5490  
**PENSION PLAN OFFICE**  
(415) 764-4987

## NOL benefits from larger, more efficient ships in APL fleet in 2014

By Chris Dupin, American Shipper

NOL Group, the parent company of the liner company APL and APL Logistics, reported a loss for its fourth quarter and fiscal year, but said larger ships added to its fleet in the last three years have helped it lower costs.

The company said congestion at West Coast U.S. ports increased expenses by \$15 million in the most recent quarter, about half of what congestion cost the company in the third quarter of last year. Going forward, the company said “more port congestion, is a potential risk factor.”

Singapore-based NOL said it had a \$260 million loss for the full year in 2014, compared to a loss of \$76 million in 2013, when it benefited from a \$200 million gain from the sale of its headquarters building. The company’s revenue of \$8.6 billion in 2014 was 2% lower than in 2013. (NOL reports results on a fiscal year basis that is almost, but not quite identical to the calendar year. For 2014, it began not on January 1, but December 28, 2013.)

The company had a core earnings before interest and taxes loss of \$76 million in 2014 compared with a core EBIT (earnings before interest and taxes) loss of \$167 million in 2013.

In the fourth quarter of 2014, NOL had a net loss of \$85 million compared with a fourth quarter 2013 net loss of \$137 million. Revenues in the fourth quarter 2014 were \$2.23 billion, 5% lower than the fourth quarter of 2013. The quarterly EBIT loss was much smaller: \$17 million in the fourth quarter 2014, compared with \$82 million in the fourth quarter of 2013.

The company’s liner arm, APL, had a core EBIT loss of \$143 million for the full year in 2014 compared with \$234 million in 2013. Revenue in 2014 was \$7.04 billion, down 4% from the prior year. In the fourth quarter of 2014 APL’s core EBIT loss was \$37 million compared with a core EBIT loss of \$104 million in the 2013 fourth quarter. Revenue in the fourth quarter was \$1.79 billion, down 7%.

The company noted that its fleet has changed dramatically in the past three years. At the end of 2011, it had 639,000 TEUs on 147 ships with average ship size of 4,300 TEUs. It has shrunk the size of its fleet to 574,000 TEUs, and more than half that capacity is on new ships.

In the past three years, it added 303,000 TEUs of capacity on 29 ships while disposing of or returning to charterers 64 ships. The new vessels, which have an average size of 10,500 TEUs, make up 53% of APL’s fleet today. (This does not include the five 14,000-TEU ships it has chartered out to fellow G6 Alliance member carrier MOL). The other 47% of its capacity, 271,000 TEUs, is on 67 ships with an average capacity of 4,000 TEUs.

Chung said looking forward the company has the opportunity to return 19 ships to charters in 2015.

The company has no new ships on order, and Chung said it has not made a decision about what size ships it might order in the future.

Chung noted the company recorded a savings of \$430 million in 2014, with 77% due to bunker and network-related savings in addition to a 6% drop in bunker costs, and 21 % due to terminal, land operations and equipment cost. With the economies of scale of larger and more efficient ships, the company’s bunker consumption per FEU has fallen from 1.04 metric tons per

FEU in 2011 to 0.78 metric tons per FEU last year.

Chung said terminal handling charges, not bunker fuel is the highest cost item for NOL. Bunker prices have dropped dramatically since last summer. Chung said the company expects to see some near-term benefits from the drop in fuel prices, but said because overcapacity in the liner industry will persist “what is uncertain is to what extent a lower bunker price will lead to a much more intense competition on freight rates.”

“APL moved 2,827,000 FEU in FY2014, 4% fewer than the prior year; in the fourth quarter 2014 it moved 734,000 FEU 8% fewer than in the fourth quarter of 2103,” said Chung.

Kenneth Glenn, the president of APL, said the volume reduction in the fourth quarter resulted from capacity reductions on unprofitable services in the TransAtlantic, TransPacific and certain intra-Asia issues. He also noted that because of West Coast congestion the company is unable to get weekly turns on vessels, resulting in a loss of sailings.

APL said it is “working ships hard” with utilization increasing to 94% for the full year in 2014 compared with 91% in 2013. The liner expects industry overcapacity to persist in 2015.

Glenn said despite the drop in bunker prices, APL has no intention to increase the speed of vessels.

“I don’t think the number could go low enough,” he said.

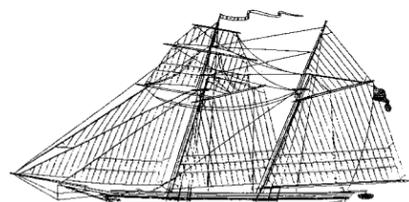
Chung added that “the primary impact of speeding up release even more capacity that is locked up by slow steaming and exacerbate the oversupply of capacity in the industry. That would not be helpful on the revenue side. We think slow steaming will be with us for quite some time even at reduced bunker rates.”

However, Glenn said APL could potentially use the lower cost to help ships “recover time where a vessel is off schedule and we need to do a speed up on a given leg to return it to schedule.” He did not mention a specific trade where that would come into play, but industry-wide, many dozens of ships are waiting for berths or off schedule because of the congestion issues at U.S. West Coast ports.

APL Logistics had core EBIT for the full year in 2014 of \$67 million, the same as the prior year, while revenue grew 5% to \$1.66 billion. In the fourth quarter of 2014, core EBIT was \$20 million, down 9% even though revenue grew 5% to \$458 million.

Chung had no comment on a possible sale of APL Logistics and said NOL continues to invest in the logistics side to grow the business. For example, on February 12, it reported it had incorporated a new company in Myanmar to grow its logistics business, and entered into a joint venture with CFR Rinkens to create a company that will transport vehicles within the U.S., Mexico and Canada.

See article on APL Logistics on page 9.



Pictured on the left is the SLNC PAX assisting the USNS Sgt. Matej Kocak. Between the two ships is a Japanese barge.

Last month the USNS Sgt. Matej Kocak ran aground departing Okinawa. SLNC PAX, a tanker operated by SUP-contracted Patriot Contract Services, was in the vicinity and took on the stricken vessel bunker fuel, preventing a possible environmental disaster.

In an email from the company, SUP members in the PAX—Frank Duffin, Juancho Gutierrez and Diomedes Vigo— were commended for doing an outstanding job under difficult circumstances.

## Leaked UK paper: “No realistic chance” of rolling back Jones Act in TransAtlantic trade pact

A confidential briefing paper prepared by the United Kingdom government this month concedes that any effort to roll back the Jones Act through the TransAtlantic Trade and Investment Partnership (TTIP) is likely to be futile and would yield uncertain commercial gains for the European Union’s maritime transport sector even if successful.

“The U.S. has been fully aware of the views of the UK and other countries towards the Jones Act for many years. However, there is no realistic chance of a change in U.S. policy on this matter,” the UK government says in a four-page briefing note circulated to UK members of the European Parliament and obtained by *Inside U.S. Trade*.

“The U.S. is committed to a strong merchant marine for national defense and economic security. In the current security conscious climate, that position can only remain entrenched,” adds the memo, which is dated February 5. “Importantly, neither UK nor other international shipping companies see any advantage in putting pressure on the U.S. over the Jones Act at the present time.”

It is not clear from the paper which branch of the UK government drafted the briefing note, although it makes reference to “DfT” – the Department for Transport. Trade policy is handled by the Minister of State of Trade and Investment, Lord Ian Livingston. A spokesperson for his office was not immediately able to comment.

U.S. Trade Representative Michael Froman in 2013 written testimony to the House Ways & Means Committee pledged to preserve the Jones Act restrictions in future trade agreements, putting a damper on EU hopes in TTIP.

The European Commission, meanwhile, has emphasized the possible commercial opportunities that could be brought about if the U.S. were to agree in TTIP to roll back restrictions established by the Jones Act, a main provision of which restricts the transport of materials between two U.S. ports to American-flagged vessels.

But the briefing note calls into question the potential gains of that provision. “It is very difficult to estimate how much of that market would be of interest to or successfully competed for by UK, EU or other non-U.S. shipping if the relevant provisions of the Jones Act were to be repealed,” it says.

EU dredging firms have also said that they would stand to gain if Jones Act restrictions were repealed, although they have also sought to go after other U.S. measures that restrict dredging specifically.

The note overall assesses the state-of-play regarding transport issues in the TTIP negotiations and identifies UK priorities in this sector. It also makes clear that the UK “wants to see an ambitious TTIP deal agreed in 2015” –a timeline that proponents and critics alike see as increasingly unlikely. Bernd Lange, the Chairman of the European Parliament’s International Trade Committee, said the new target for concluding TTIP is Spring 2016.

“The EU’s objective under the TTIP negotiations would be to do away with these restrictions on a reciprocal basis, allowing majority foreign ownership and control of U.S. and EU airlines,” the briefing note says.

**“Some people say that they are for the so-called ‘Right-to-Work’ law, but they also believe in Unions. This is absurd! It’s like saying you are for motherhood but against children.”**

President Harry S. Truman

1947

# SUP Honor Roll

Voluntary contributions from the membership to the following funds:

## Organization/ General Fund

Dave Eriksen . . . . . 100.00  
 Marvin Glasgow . . . . . 85.00  
 Cezar Paeste . . . . . 150.00

## Political Fund

Wilson Abanto . . . . . 30.00  
 Dennis Belmonte . . . . . 70.00  
 Marc Calairo . . . . . \$300.00  
 Dave Connolly . . . . . 100.00  
 Rico Ecalnir . . . . . 10.00  
 Dave Eriksen . . . . . 100.00  
 Joseph Gallo, Jr. . . . . 50.00  
 Rolando Gumanas . . . . . 10.00  
 Jill Holleman . . . . . 50.00  
 Isnin Idris . . . . . 100.00  
 Noel Itsumaru . . . . . 50.00  
 Vern Johansen in memory of  
     Henry Johansen . . . . . 50.00  
 Robert Lee Jones . . . . . 50.00  
 James Kolm . . . . . 20.00  
 Gunnar Lundeberg . . . . . 50.00  
 Raymond Pinochi . . . . . 25.00  
 Roy Tufono . . . . . 50.00  
 James White . . . . . 20.00  
 Peter Winter . . . . . 100.00

## West Coast Sailors

Marc Calairo . . . . . 50.00  
 Dave Eriksen . . . . . 100.00  
 Joseph Gallo, Jr. . . . . 50.00  
 Marvin Glasgow . . . . . 25.00  
 Scott Oliphant . . . . . 20.00  
 Jack Post . . . . . 25.00

## Dues-Paying Pensioners

Gordon Abbott	Book #3785
William Berger	Book #4642
Robert Copeland	Book #4763
Donald Cushing	Book #4777
Romaine Dudley	Book #2593
Diane Ferrari	Book #2251
Kaj E. Kristensen	Book #3120
Hannu Kurppa	Book #3162
Duane Nash	Book #2437
John Perez	Book #3810
Alex Romo	Book #3193
Francisco Salvatierra	Book #7498
James Savage	Book #7488
Ralph Senter	Book #7323
David Shands	Book #7483
Arthur Thanash	Book #3249

## Horizon reaches settlement regarding proposed sale to Matson

Horizon Lines has announced that it has reached an agreement in principle providing for the settlement and dismissal, with prejudice, of the consolidated putative class action complaint pending in the Delaware Court of Chancery in connection with Horizon's proposed merger (sale) with Matson Navigation, a subsidiary of Matson, Inc.

Pursuant to the settlement with plaintiffs, which is subject to approval by the court, Horizon has agreed to make certain supplemental disclosures to its stockholders through a supplement to the company's proxy statement.

Further, Horizon agreed to amend the Agreement and Plan of Merger, dated November 11, 2014, by and among Horizon, Matson, and Hogan Acquisition Inc., a wholly-owned subsidiary of Matson, to reduce the termination fee that may be payable by Horizon to Matson under certain circumstances from \$17,149,600 to \$9,500,000.

According to a statement by Horizon, the settlement will not affect the merger consideration to be paid to Horizon's stockholders in connection with the merger or the timing of the special meeting of Horizon's stockholders scheduled for February 25, 2015, to consider and to vote upon a proposal to adopt the merger agreement.

Horizon and its board of directors said that the claims in the actions are entirely without merit, but that the company was entering into the settlement because it will eliminate the risks, costs, and other burdens of future litigation.

In the event the Court does not approve the settlement, Horizon and its board of directors said that they will continue to contest the claims.

# Asteroids not comets source of Earth's water

Data obtained by Europe's Rosetta spacecraft support the view that most of Earth's water was brought here by asteroids by undermining a theory that indicated the oceans were seeded by comets.

Ever since Rosetta entered into close orbit around a comet called 67P/Churyumov-Gerasimenko in August, it has been analyzing the chemical signature, or makeup, of the comet's gases. One goal was to check whether the comet's water was the same as that found on our planet. If it was, it would support the view that icy comets crashed into the early Earth and brought water for the first time.

But the latest study shows that the chemical signature of water on comet 67P is unlike that on Earth. As 67P is believed to be typical of many comets that originate in the far reaches of the solar system, the finding undercuts the view that comets were the main source of water for Earth's oceans.

Some water is made from regular hydrogen atoms, which, in turn, are made from one proton and one electron. But in other cases, the hydrogen is replaced by its heavier isotope called deuterium, which also includes a neutron.

Rosetta's instruments found that 67P's water had a deuterium-hydrogen ratio that is three times that of Earth's water.

"It's not the same as terrestrial water, it's much heavier," said Kathrin Aitwegg, physicist at the University of Bern, Switzerland, and lead author of the study, published last month in the journal *Science*.

**The source of Earth's water has long been a puzzle. About 4.6 billion years ago, the planet was extremely hot and likely harbored little or no water. So where did our planet's vast amount**

**of water come from? The most credible sources are ice-rich comets and asteroids.**

**Scientists theorize that between 4.1 and 3.8 billion years ago a vast number of comets and asteroids peppered Earth and other planets, an event dubbed "the late heavy bombardment." They argue that Earth was seeded with water during this period.**

There is a strong case for asteroids being the main contributor. Scientists had shown that the chemical signature of water found in meteorites (which are bits of asteroids) was the same as the signature of Earth's water. Asteroids also were formed between the orbits of Jupiter and Mars.

Comets, by contrast, exist much further out in the solar system. Their orbital patterns are extended and far more elongated than the orbits of asteroids, which makes them only occasional visitors to the inner reaches of the solar system. Some studies, such as one published in 1999 on the comet Hale-Bopp, had shown that the water on comets was chemically unlike the water on Earth.

But in, 2011, astronomers studying the water on the comet 103P/Hartley 2 found that it contained water that had the same isotopic composition as Earth's. The surprise finding significantly undermined the case for asteroids and bolstered the belief that ice-rich comets had brought water to earth.

The latest Rosetta results swing the pendulum back to asteroids –and quite firmly. "It rules out comets as the dominant source of earth's water," said Geoff Blake, a cosmo chemist at the California Institute of Technology, who wasn't involved in the *Science* study.



## Historic Thai canal plan resurfaces

The idea of building a major shipping canal across the south of Thailand dates back to the 1600s. The most recent plan, discussed about a decade ago, involves financing from China, and it is this plan that has recently resurfaced in Thai local media.

Pakdee Tanapura, a member of the National Committee for the study of the canal, called the Kra Canal, has outlined the plan to the Thai daily, *The Nation*. He says that the University of International Business and Economics in Beijing has been working with the committee on a pre-feasibility study. The canal would link the South China Sea and the Andaman Sea and could reduce the congestion anticipated to occur in the Malacca Strait over the next 10 years, says Tanapura.

Construction of a canal would provide the shortest shipping route between the Pacific and Indian Oceans. The \$20 billion project would involve the construction of an 85-foot deep canal of less than 62 miles in length that would cut an estimated 48 hours off the current voyage time through the Malacca Strait.

The canal and associated special economic zone would boost Thailand's economy and facilitate development of a shipbuilding industry. However, although the concept of the canal has been proposed a number of times, past Thai governments have been reluctant to divide the country in that way. The earlier plan involving China has also seen little progress due to environmental concerns and internal unrest in Thailand.

## A look astern...

**25 years ago:** Matson awards a \$125 million contract to National Steel and Shipbuilding Company to construct a new containership – the *R.J. Pfeiffer*.

**50 years ago:** The strike of the ILA longshoremen on the East and Gulf Coasts will go into its 26th day this Friday, February 5, and settlement is being held up due to some local problems at a few of the ports.

SUP-contracted ships affected by the strike at present are the *F.E. Weyerhaeuser* at Marcus Hook, the *C.R. Musser* at Philadelphia, the *John Weyerhaeuser* at Boston, the *President Grant* at Norfolk, and the *President Jackson* and *President Buchanan* at New York. The *President McKinley* is due in New York on February 5, and has been cleared as she is going to the Bayonne Navy Base.

Most of these ships are at anchor and all of the crews have been kept aboard so far as the strike is expected to end shortly.

## Missing mariner database launches

A database that enables missing mariners to be reported has been launched this month by the London-based activist group Human Rights at Sea (HRAS) led by maritime lawyer David Hammond.

Reports of missing seafarers or fishermen can be entered into the Missing Seafarers Register from anywhere in the world. The register can be accessed at: <http://bit.ly/18Cnjsc>.

Described by HRAS as a “public international resource”, the register is part of the Missing Seafarers Reporting Program that aims to keep the issue of lost seafarers and fishermen at the top of the agenda with both public and international authorities.

“It will raise international awareness by profiling individual cases to maritime authorities, flag states, governments, ship owners/managers, civil society organizations, NGOs and the general public,” Hammond said in a statement. He added that data entered on the website will also be used to “independently support legal investigations into specific cases of abuse, injury or even death at sea, where applicable”.

The launch of the register marks the first phase of the program, which will be expanded with additional capabilities. The site will eventually be a multilingual database, said Hammond, “where cases ... can be registered and tracked, with the ability for people with key information to post and update details through a moderated and securely encrypted platform”.

The website fills a significant hole in the seafaring regulatory environment.

Mike Robinson, operations director of C Data Services who built the platform, said: “There are currently no statistics available on the number of people missing from the 1.5 million registered seafarers worldwide. “This makes The Missing Seafarers Register a valuable resource for investigation and analysis, as well as emphasizing the global scale of this issue to a wider audience.”

The program can be accessed through multiple websites, including: [www.missing-seafarers.org](http://www.missing-seafarers.org), [www.missingmariners.org](http://www.missingmariners.org), [www.missingseamen.org](http://www.missingseamen.org), as well as on the HRAS home page [www.humanrightsatsea.org](http://www.humanrightsatsea.org).

## Vessel named after Nazi war criminal denounced

The International Transport Workers’ Federation (ITF) is demanding that Swiss-based Allseas Group SA immediately change the name of the vessel ‘*Pieter Schelte*’ as it honors a convicted Nazi war criminal.

The *Pieter Schelte* is a giant catamaran-like vessel built to remove decommissioned oil platforms from the North Sea and, at 1253-feet-long by 406-feet-wide, the vessel is considered one of the largest ships in the world. The concept for the ship was first developed by Allseas’ founder Edward Hereema, who first introduced the idea for the ship in 1987. The vessel is named after Hereema’s father, who was a Dutch officer in the Waffen-SS, an armed wing of the Nazi Party.

ITF president Paddy Crumlin said the vessel’s name was a disgrace and it should not be permitted to operate in UK or European waters. “For Allseas to name its vessel after a convicted Nazi war criminal is utterly shameful,” Crumlin said in a statement released to the ITF website. “To even countenance honoring a Waffen-SS officer just shows how twisted, arrogant and out-of-touch Allseas management is.”

In January, the *Pieter Schelte* arrived in Rotterdam after being towed from the Daewoo Shipbuilding and Marine Engineering shipyard in South Korea, where the ship has been under construction since 2010. Final assembly will take place at a specially-designed and dredged berth known as Maasvlakte 2 in Alexiahaven, The Netherlands.

Crumlin’s criticism of Allseas didn’t stop at the name. “It is worth noting that Allseas has a long history of seeking to drive down safety standards and working conditions for seafarers the world over,” Crumlin said. “The decision from Allseas management to honor a Nazi war criminal should serve as a potent reminder to the world of just what sort of outfit Allseas Group really is.”

ITF General Secretary Steve Cotton also commented: “It is almost unthinkable that Allseas would have a vessel honoring a senior Nazi war criminal operating in European waters. It is nothing short of a grave insult. The *Pieter Schelte* should not be permitted to operate until it changes its name.”

According to a report in the British newspaper, *The Guardian*, the ‘*Pieter Schelte*’ name is also drawing criticism from leaders of Jewish communities and Holocaust memorial groups in Britain and The Netherlands. The Vice President of the Board of Deputies of British Jews, Jonathan Arkush, said: “Naming such a ship after an SS officer who was convicted of war crimes is an insult to the millions who suffered and died at the hands of the Nazis. We urge the ship’s owners to reconsider and rename the ship after someone more appropriate.”

So far, Allseas has refrained from comment, although a previous statement from Edward Heerema in the Dutch newspaper, the *Telegraaf*, defended the name and his father, saying the vessel’s name simply acknowledges his father’s great achievements in the oil and gas industry.

Meanwhile, an ITF-affiliated Union, UK-based Unite, has set up a petition calling on Shell to rename or remove the *Pieter Schelte*. Shell UK Ltd has awarded Allseas Group the contract for the removal, transportation and load-in shore of the topsides of three of its Brent platforms situated on the UK continental shelf.

“In the year that the world marks the 70th anniversary of the liberation of Auschwitz, we are appalled that Shell UK Ltd is allowing a vessel named after a Nazi war criminal to be used for its purposes in UK waters,” the petition reads. “We call upon Shell to act immediately to have this vessel renamed or removed, and for an apology to be made to those for whom this ship’s acceptance by Shell is a grotesque betrayal.”



At a fundraiser for Mark Takai on January 16, at the Oahu Country Club. From left to right: Honolulu Branch Agent Mike Dirksen, House Minority Leader Nancy Pelosi (D-California), and MFOW Honolulu Agent Mario Higa.

## Congestion cost U.S. West Coast ports 150,000 TEUs in 2014

Port congestion along the United States West Coast is estimated to have caused the diversion of as much as 150,000 TEUs to ports along the opposite coast during 2014, according to the latest issue of Drewry’s *Container Insight Weekly*.

According to its analysis, Drewry said the deterioration of labor relations between the Pacific Maritime Association (PMA) and the International Longshore & Warehouse Union (ILWU) during the final months of the calendar year and the subsequent congestion that some believe has occurred as a result, have steered additional cargo volume to the U.S. East Coast.

Along the main East Coast trade artery, the month of November’s 14.6% year-over-year increase in traffic from Asia was matched by a similar percentage gain in December. For all of 2014, Asian exports entering all U.S. gateways grew 6.3% to 13.9 million TEUs. East Coast volumes increased 10.5% compared to a 4.8% rise in West Coast volume. The U.S. Gulf Coast market saw a 7.8% increase in volume.

“During the fourth quarter, the gap between East Coast and West Coast growth widened appreciably with imports landed on the U.S. western seaboard posting an uplift of only 3.6% while East Coast loads rose by 13.4%,” Drewry found in its weekly insight. “If one works on the premise that under normal circumstances cargo growth rates should be broadly similar across the U.S. eastern and western seabords, then it would appear that as much as some 150,000 TEUs could have been diverted to the U.S. East Coast during 2014.”

Many shipping interests have expressed concern about the long-term damage to West Coast ports caused by the congestion, but Drewry said the current increase in the eastbound spot rate to the East Coast would probably legislate against any permanent mass defection of cargo when normal operations returns to the West Coast.

According to the Shanghai Containerized Freight Index, the spot rate for 40-foot containers to the East Coast broke through the \$5,000 barrier, more than double the rate to the West Coast.

## California Labor Federation elects a new president

The Chief Officer of the California Labor Federation – Executive Secretary-Treasurer Art Pulaski – announced, on February 11, the election of AFSCME Local 3299 leader Kathryn Lybarger to President of the California Labor Federation. Lybarger succeeds Connie Leyva, who left her post with the Labor Federation following her election to the State Senate. Lybarger was elected by the Federation’s Executive Council. (SUP President Gunnar Lundberg is a member of the Executive Council.)

“Kathryn has proven time and again that she’s a tenacious advocate for the core ideals of California’s labor movement,” said Pulaski. “As a rank-and-file Union member who rose to lead the largest Union of University of California workers in the state, Kathryn epitomizes the values that guide our activism each and every day in support of all California workers. Her passion and commitment to advancing equality and social justice strengthens our movement, and we’re proud to have her join the Federation’s leadership team in this role.”

A Lead Gardener at UC Berkeley, Lybarger was elected President of AFSCME Local 3299 in 2011, and re-elected in 2014. As Local 3299’s President, she’s grown the Union’s membership by 45%, secured historic new contracts for the University of California’s 22,000 Service and Patient Care workers, and helped lead the effort to secure additional state funds for higher education through 2012’s Proposition 30. She also serves as an International Vice President for the 1.6 million member American Federation of State County and Municipal Employees (AFSCME), and was elected to the California Labor Federation’s Executive Council in 2012.

“I am honored by the opportunity to help lead the Federation’s efforts to promote justice, stronger communities, and more ladders into the middle class,” said Lybarger. “While we’ve come a long way, it’s clear that we still have big challenges in front of us—empowering more workers to organize, rebuilding our infrastructure, restoring vital public services, and addressing the growing crisis facing California’s public colleges and universities. I am looking forward to working with Executive Secretary-Treasurer Pulaski, the Executive Council, affiliates and members in ensuring the voices and aspirations of working families continue to guide our activism and shape public policy.” As President of the California Labor Federation, Lybarger will preside over meetings of the Federation’s Executive Council and conventions, and joins Federation Chief Officer Pulaski on the leadership team. Lybarger will continue to serve as President of AFSCME 3299.

# Congress Must Pass the Five-Year Extension to the U.S. Export Import Bank Charter if the U.S. Capital Projects Industry Is to Remain Internationally Competitive

By Captain William G. Schubert

The U.S. capital projects industry (infrastructure construction projects) is highly specialized and its economic impact to the U.S. economy is perhaps one of the least understood industry segments by the general public. This is true even in the halls of the United States Congress where its future, as well as its contribution to the U.S. economy for over 80 years, will be debated when the new Congress convenes in January.

Most large-scale capital projects in developing countries require a commitment of financing before the project sponsor can pledge a "Final Investment Decision" (FID).

The FID cannot be issued until all sources of financing are identified. The continuing global financial crisis, the European sovereign debt crisis, and Basel III have all been factors which have led to decreased availability of commercial financing, and an increased percentage of government-sponsored Export Credit Agency (ECA) "tied" financing.

Indeed, other countries performing similar financing arrangements are ramping up support for their capital project related exports. The procurement of goods and services is typically "tied" to the particular ECA country. If ECA and commercial financing is not available at sufficient levels and competitive rates, then the planned capital project cannot move forward.

All capital projects require at least one "engineering procurement and construction" (EPC) contractor who is responsible for the procurement of goods and services for the project. The importance of ECA financing has grown to the point where the only EPC contractors eligible to bid on a planned project are those who will "guarantee" a certain level of eligible ECA financing in their bid proposal. In many parts of the world, a capital project will require 30 to 60% ECA financing before the final investment decision is made by project sponsors. In view of these considerations, the ability of the EPC to qualify for ECA financing has become a critical factor in qualifying and winning the bid tender.

The Export Import Bank of the United States (US EXIM) is the official export credit agency of the U.S. government. This means that if a U.S.-domiciled EPC contractor is to compete internationally for a capital project that requires ECA financing, the contractor must meet US EXIM's eligibility standards; only then will the Bank act as a lender/guarantor of last resort. The issue that Members of Congress need to be aware of is that the successful EPC contractor will, in the end, determine from which country the goods and services are procured.

To illustrate, in 2012-2013, U.S.-domiciled EPC contractors were the successful bidders on five large infrastructure projects on three different continents which accounted for nearly \$77 billion in overall capital expenditures. Participation by US EX IM in these projects resulted in nearly \$16 billion in goods and services procured from the United States. To put it another way, if a non-U.S.-domiciled EPC contractor had been selected for the \$16 billion procurement, then there would have been no meaningful procurement from the United States. This would have resulted in lost jobs from the U.S.-manufacturer sector and associated U.S. services in the supply chain.

As to the ongoing debate in Congress about whether to extend US EXIM's Bank charter, some Members of Congress contend that the program benefits only a small number of American corporations. Nothing could be further from the truth. On average, an estimated 150 to 500 U.S. companies are chosen by U.S.-domiciled EPC contractors when bidding on large capital projects. Secondary participation from sub-suppliers, including freight forwarders, packers, ports, trucking, and ocean carriers, can add thousands of U.S. businesses benefiting for each capital project.

Since the 2008 financial crisis, the US EXIM Bank has helped over 1,200 companies in my home state of Texas finance more than \$19 billion in export activities vital to not only my state but to the national economy in the energy, technology, and heavy manufacturing sectors.

If the new Congress does not reauthorize the US EXIM Bank charter, it would have an immediate economic impact on the U.S. capital projects industry.

- Without US EXIM Bank's involvement, project sponsors would disqualify U.S.-domiciled EPC contractors (as well as their underlying goods and service providers) from bid proposals which are currently in various phases of development. These near-term projects account for approximately \$50-\$60 billion in capital projects spending that require some level of ECA-guaranteed support.

- Without US EXIM Bank taking part in the transaction, U.S.-domiciled EPC's would have no option but to move their procurement activities to a country with the same type of export credit support from their governments that the US EXIM Bank offers – such as China, United Kingdom, France, Italy, Korea, or Japan.

- Without US EXIM Bank participation, project sponsors would then defer to non-U.S.-domiciled EPC contractors which can guarantee a specified level of ECA support from the respective country. Once the decision is made to use a non-U.S.-domiciled EPC contractor, the opportunities to source goods and services from the United States are lost forever for that multi-billion dollar project. Equally significant, U.S. sub-contractors will lose 10 to 15 years' worth of follow-on contract work after the capital project is completed.

- Without US EXIM Bank assistance, the long-term damage to the U.S. economy would be irreversible since we will eventually lose our nation's essential industrial base to support American procurement for capital projects.

- Without US EXIM Bank, the U.S. national defense capabilities would also be severely impacted because our highly skilled manufacturing base would be directly impacted. To underscore this point (and as I have said on many occasions when I am briefing audiences about US EXIM programs) if you can build a mining truck, or a gas turbine generator, or assemble a locomotive in peace time, you can build a tank or other armament in war time.

Ever since the first recorded votes in Congress going back to the end of World War II and all the way through 2012, congressional support for US EXIM Bank's charter has been bipartisan. Indeed, according to the Congressional Research Service, the average "yea" vote in support of US EXIM in the House of Representatives during this time period was 74%; and, in the U.S. Senate, 82%.

The reasons for decades of bipartisan support are plainly evident.

First, the US EXIM Bank ECA program incurs no cost to American taxpayers while at the same time it provides vital export financing which, in turn, helps U.S. companies compete internationally on a level playing field. Indeed, the US EXIM Bank over the past three years alone has generated approximately \$3 billion in returns to the American taxpayer after payment of overhead costs and setting aside the required "loan loss reserve" in the U.S. Treasury.

Second, the Congressional Budget Office recently testified that the US EXIM Bank's programs would generate budgetary savings of about \$14 billion under the congressionally mandated Federal Credit Reform Act of 1990 (FCRA) standards. In fact, if US EXIM Bank programs were eliminated, the federal deficit would be exponentially increased.

And, third, the U.S. capital project industry and its associated supply chain cannot survive as we know it today if Congress unilaterally dissolves the US EXIM Bank while the 60 plus foreign countries with ECA's continue to do "business as usual."

When its charter expires on June 30, 2015, the US EXIM Bank will cease to exist if Congress fails to act in support of the Bank's programs. This would render a crushing blow to the U.S. economy and all the jobs that go with it were this to be the outcome. As an industry, we must not let this happen.

---

*Editor's note: Captain Schubert is President, International Trade & Transportation, Inc. and served as the U.S. Maritime Administrator from 2001-2005. This article was originally published in Breakbulk Magazine and is reprinted here with permission from Captain Schubert.*

## Canadian government signs order to block "Buy America" regulations

The Canadian government last month signed an order, blocking the United States from applying its "Buy America" purchasing rules on the demolition and reconstruction of a ferry terminal that is located on Canada's Pacific Coast but operated by Alaska's Department of Transportation.

The U.S. federal rules are designed to protect U.S. companies from foreign competition in transportation infrastructure projects. The state of Alaska has refused to waive the provisions for the \$15 million rebuild of the Prince Rupert, British Columbia, ferry terminal although the project is in Canadian territory.

Canada is fighting back by invoking rarely used anti-sanction laws to prevent bidders on the project from agreeing to only use U.S.-made iron and steel.

"We have been clear, the application of protectionist Buy America provisions on Canadian soil is unacceptable and an affront to Canadian sovereignty," said International Trade Minister Ed Fast in a statement. "Therefore, an order has been signed under the Foreign Extraterritorial Measures Act securing Canada's right to prevent compliance with the Buy America provisions for this project."

A Canadian law entitled The Foreign Extraterritorial Measures Act allows the Canadian government to ensure foreign laws that adversely affect its interests are not applied on Canadian soil.

An undated call for bids posted on an Alaska government website clearly states that the Prince Rupert ferry terminal project falls under Buy America provisions, as it is partially funded by the U.S. Federal Highway Administration.

Fast said he was disappointed that Alaska had not sought a waiver from the U.S. government for the construction of the new terminal, which is part of a long-term lease between the Prince Rupert Port Authority and the Alaska Marine Highway System.

## Somali pirates sentenced in Spain

Six Somali pirates have each been sentenced to 16 years in jail for the attempted seizure of a Spanish fishing vessel in 2012. On February 4, Spain's National Court handed down the sentences for piracy and for being members of a criminal gang.

The 4,089gt tuna purse seiner *Izurdia*, was on its way to Port Victoria, Seychelles, on October 10, 2012. Near the Yemeni island of Socotra a skiff approached and one of the assailants fired an AK-47. Tuna vessels of this kind have a low freeboard towards the stern, making them easy for pirates to board.

An armed security team aboard fended off the seven-strong pirate action group, which gave up the attempt after half an hour. The attack was notable for being the first serious pirate action off Somalia for three months.

As the *Izurdia* continued towards the Seychelles, the Dutch amphibian transport ship *HNMLS Rotterdam* spotted the skiff 200 nautical miles off Somalia. A helicopter-borne assault team searched the boat and found materials linking the men to the assault on the Spanish ship.

The men were part of a Hobyo-based gang that had gone to sea equipped with guns, grenade launchers, and boarding equipment. The court found that they were "an assault cell or organized pirate group with material to board and kidnap commercial boats that sailed in the Indian Ocean off the coast of Somalia". Analysis of one of the pirate's SIM cards and fingerprints of the arrested men showed that they were members of a pirate action group that had participated in the seizure of two other vessels.

Meanwhile, the Director of Public Prosecutions in Mauritius has launched an appeal in the Supreme Court against the acquittal of 12 Somalis accused of attacking the *MSC Jasmine* in January 2013. After arrest, the accused were taken to Mauritius for trial under an European Union-brokered agreement. After many delays the case came to court last year, but magistrate Wendy Rangan found there was insufficient evidence to prove culpability and the men were acquitted on November 6, 2014.

## ESU Office Assignments

For the month of March, Leo DeCastro will be in the Seabrook office.

# ESU NEWS

FEBRUARY 2015

Official Publication of the Exxon Seamen's Union

## Eagle Bay prepares for Philly departure

Final preparations for delivery of the *Eagle Bay* continue since the Naming Ceremony in January. As the ESU NEWS goes to print, the first ESU unlicensed crew are traveling to the vessel for their first tour of duty aboard SeaRiver newest addition. It is expected that the ship will depart Philadelphia before the end of February for the U.S. Gulf Coast followed by the long voyage around to the West Coast.

Tentative plans are for the vessel make a short stopover in the Gulf area to complete additional exterior painting work and storing before the transit to Long Beach, CA. Prior to departure for the West Coast, the ship is supposed to load and discharge its first cargo in the U.S. Gulf. After delivery of the first cargo, the *Eagle Bay* will then depart on the approximate 45-day 12,000 mile sea passage around Cape Horn and the continent of South America. Estimated time of arrival

in Long Beach is right now in the mid-May time frame.

For some time now the plan for building the *Eagle Bay* was to replace one of SeaRiver older existing ships, the *Sierra*. Just before the *Eagle Bay* enters the West Coast ANS trade, the *Sierra* is scheduled to be taken out of active service and placed in layup. Even though the *Sierra* is due to be taken off line soon, it currently looks like ESU unlicensed personnel will be crewing four ships for at least a two month period.

Although the unlicensed group may have a sufficient number of employees to adequately staff a three ship fleet, we will undoubtedly be stretched thin during this two month period of manning a fourth vessel. It is very likely that the length of the normal 60-day sea tour may be extended for some members until the *Sierra* is taken out of service and tour lengths return to normal.

Incidentally, everyone also needs to be aware that in 2014, the ESU successfully bargained for an increase to the Involuntary Sea Tour Penalty. Contract language that addresses this issue is as follows, "Article VII, Section 11 In the event an employee's sea tour is involuntarily extended

beyond seventy (70) days, he/she will be eligible for a penalty payment of forty-five dollars (\$45) per day." Before the increase last year the old amount was \$30 per day.



## Second quarter 2015 Lump Sum Pension rate dips to 2.75%

The interest rate for calculating the lump sum payments of ExxonMobil pensions for January 1-March 31, is currently 3.0%. ExxonMobil benefits recently announced for the second quarter that the interest rate for lump sum calculations will be decreasing to 2.75% for the period of April 1-June 30. If you are considering retirement and plan to take a lump sum pension, a higher lump sum interest rate will generally yield a lower lump sum value. Conversely, a lower lump sum interest rate will generally yield a higher lump sum value.

The ESU recommends that everyone that is eligible, or soon to be eligible to retire from the Company, you should consider attending a pre-retirement planning seminar that is offered by ExxonMobil. Other available retirement information

is offered by the Company through Ernst and Young that includes retirement and financial planning and online financial planning tools at E&Y Financial Planner website. These services are provided at no cost to U.S. employees and offer objective analysis and assistance from experienced financial planners. They will discuss all of your options with you and help you decide what makes the most sense for you. All members are encouraged to take advantage of the Financial Fitness Program. Ernst & Young Financial Planners can be reached at 866-966-1337.

If you are interested in attending retirement seminar and know the session you wish to attend, you should then notify Helen Wright at 832-624-7759 for enrollment. If you do not have a list of dates for 2015, please contact the ESU office.

## Two longtime ESU members retire

The Union has been notified that two longtime ESU members have retired recently from SeaRiver Maritime.

Pumpman Wayne Dymont retired on December 15, 2014 with over 28 years of Company service. Wayne began his service with the Company when it was still Exxon Shipping. His first assignment was as Able Seamen in September of 1986 aboard the Exxon *North Slope*.



At the beginning of Wayne's career he was first assigned in the Deck Department and quickly moved up the ranks and was promoted to Able Seamen in 1987. He later developed aspirations to sail in the Engine Department and was eventually promoted to Pumpman in 1991 after demonstrating he was more than qualified to fill the position.

During Wayne's career he sailed throughout the fleet. Wayne's memorable voyages include Texas to Singapore on the *American Progress*, and probably his best trip ever was from Valdez to the Loop around Cape Horn on the Long Beach just before the vessel was taken out of service. What a great time with a good crew and wonderful barbecues. His last vessel assignment was on the *S/R American Progress* where the crew honored his accomplishment and contributions with a traditional shipboard retirement ceremony.

Cook Sean King retired on January 9, with over 21 years of Company service. Sean also began his service with Exxon Shipping and started his career on April 26, 1992, aboard the Exxon *Baytown* as a Maintenance Seamen. After seven years of service Sean left the Company in 1998 but returned for another hitch in 2001.

Sean excelled within the Steward's Department and was promoted to the position of Cook in 2004. His immediate plans for retirement is just to spend some quality time with his family at his home in New Bedford, MA. Sean's last vessel assignment was on the *Liberty Bay* where he took part in the lengthy voyage from the U.S. Gulf Coast around South American to Long Beach, CA.

On behalf of the membership, the ESU wishes Wayne and Sean fair winds and following seas and the best of luck in their retirement years. We thank them for their many contributions and support of the ESU and wish all the very best as they begin a new chapter in their lives.



## Ship reports

### S/R American Progress

ESU Board officer John Straley visited the vessel on February 19, at Motiva Convent south of Baton Rouge, LA. Vessel continues to trade between ports in the Mississippi River and Florida (Tampa/Port Everglades). Regular Ship Rep. Michael Harrison is back at work and reports no problems.

### Eagle Bay

As we go to print the vessel is still at Akers Shipyard in Philadelphia but expectations are the newest SeaRiver addition will depart for the U.S. Gulf Coast very soon. Additional unlicensed personnel have recently been assigned signaling an approaching departure date from Philly. Newly elected ESU Ship Rep. Thor Floreen is expected to join vessel before the voyage around to the West Coast.

### Liberty Bay

The vessel's last couple of trips have been Valdez to Long Beach. Board Member at Large, Ein Cooley is filling in with the Ship Representative duties and staying in touch with ESU office.

### Sierra

The vessel continues in the ANS trade between multiple discharge ports. ESU Board officer visited the vessel while at Port Angeles city Dock on February 10. Regular Ship Representative, Dave Franklin aboard for his first hitch as the Sierra Ship Rep. The ship was in Port Angeles for a few days for repairs and USCG COI inspection. The crew did an excellent job during the drills and received high accolades from USCG officers conducting the inspection. Vessel is expected to continue to operate for a couple more months. Once the *Eagle Bay* enters service the plan is for the *Sierra* to exit service shortly thereafter.

## EXXON SEAMEN'S UNION

Founded March 28, 1941

Affiliated with the Sailors' Union of the Pacific

P.O. Box 754, Seabrook, TX 77586

Tel (832) 295-3047 Cell (713) 306-9528 Fax (832) 201-0441

E-Mail: esusea@sbcglobal.net

President/Secretary John Straley

Vice President/Treasurer Leo DeCastro

Board Member at Large Don Picou

Board Member at Large Ein Cooley

Deck Trustee Jeffrey Harris

Engine Trustee William Ackley

Steward Trustee Joel Mitchell

# Democratic plan to bolster Social Security

Democrats are proposing to raise or eliminate the cap on Social Security taxes. Those taxes are currently collected up to \$118,500 of a person's income, and any income above that is Social Security tax-free. The Center for American Progress (CAP) said in a new report this month that the program had lost \$1.1 trillion over the last 30 years because of it.

Senator Bernie Sanders (I-Vermont) announced this month that he would propose eliminating the cap for income above \$250,000. His office estimated that that would keep Social Security solvent until 2060; the program is currently projected to start running out of money in 2033.

"If Republicans are serious about extending the solvency of Social Security beyond 2033," Sanders said, "I hope they will join me in scrapping the cap that allows multi-millionaires to pay a much smaller percentage of their income into Social Security than the middle class."

Lifting or doing away with the cap is one of those reforms that has been proposed for some time in academic and think tank circles, but it is now becoming the default Democratic response to any Republican proposals that might lead to benefit cuts. Then-Senator Tom Harkin (D-Iowa) introduced legislation in the last Congress that would have gradually eliminated the tax cap.

One of the co-sponsors of that bill was Senator Sherrod Brown (D-Ohio), now Ranking Member of Senate Finance's Social Security Subcommittee. Brown spoke in favor of the CAP report and said that he would soon introduce legislation of his own. The CAP report said that because of growing income inequality, the percentage of the collective national income taxed for Social Security had fallen from 90% to 83%. Raising the cap in 2015 to again tax 90% of the nation's applicable income would close Social Security's \$11.1 trillion shortfall over the next 75 years by more than one-fourth, according to CAP.

It's an idea that appeals to liberals and even centrist deficit hawks, at least to a point. But not to conservatives. House Budget Chair Tom Price (R-Georgia), who has said he'll include Social Security reforms in his forthcoming Fiscal Year 2016 budget, did not include it among the reforms he floated last month. "We do not support increasing taxes on the American people," Congressman Price said when asked about Sanders's proposal. With that statement, it is safe to say the Sanders and Brown bills aren't going anywhere in a Republican-controlled Congress.

## Membership and Ratings Committee

The Committee met on February 5, and found the following members eligible for advancement in seniority and rating stamps in the various departments:

Name and Membership Number	Seatetime	Rating	Seniority
David Fadoul Bk. 2256	6 Years	A.B.	A
Rogelio Bacalla Bk. 5760	6 Years	A.B.	A
McKevin Dulay C-2453	30 Days	O.S.	C
Cliff Alexis C-2468	30 Days	A.B.	C
Mukhtar Yahia C-2482	30 Days	A.B.	C
Stephen Alarcon C-2483	30 Days	O.S.	C
Federico Ocampo C-2484	30 Days	A.B.	C
Tim Jones C-2485	30 Days	O.S.	C
Alex Glosenger C-2486	30 Days	O.S.	C
William White C-2487	30 Days	A.B.	C

**Rating Stamps** - None

Membership and Ratings Committee's Report: M/S to concur in the Committee's report. Carried unanimously. Membership and Ratings Committee: Kevin Kestel #19331, Dennis Sumague #19241 and Cezar Paeste Jr. #19232.

Editor's Note: To receive the *West Coast Sailors* via first-class mail it's \$25 per year U.S. mail; \$45 per year international.

## Receive the West Coast Sailors via First Class Mail

Name (print) \_\_\_\_\_ Book No. \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Country \_\_\_\_\_



U.S. \$25; International \$45 per year  
Send check or money order to:  
**West Coast Sailors**  
450 Harrison Street  
San Francisco CA 94105

## Welfare Notes

### February 2015

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

When an eligible member becomes Fit for Duty he has three 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 02/01/14 through 01/31/15 and he becomes Unfit For Duty in July 2014 and becomes Fit for Duty in September 2014, his eligibility is not extended. In this example the Fit For Duty date would make October, November, and December the time frame for him to work the 60 days needed to keep eligibility from lapsing. The eligibility period, however, covers him through January 2015 so the Unfit for Duty would not affect the eligibility period.

If a member with an eligibility period of 02/01/14 through 01/31/15 became Unfit for Duty in October 2014 and Fit for Duty in February 2015, his eligibility would be extended for February 2015, as well as, the months of March 2015, April 2015, and May 2015 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 2015 through May 2015, eligibility would terminate in the month following the last extension month (May 2015) 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 re-enroll in a plan.

Michelle Chang, Administrator [mcsupsiupd@sbcglobal.net](mailto:mcsupsiupd@sbcglobal.net)

Patty Martin MPP, 401(k) Plans, Death Benefits  
[martinpatty59@sbcglobal.net](mailto:martinpatty59@sbcglobal.net)

Virginia Briggs Claims [vbriggs80@sbcglobal.net](mailto:vbriggs80@sbcglobal.net)

Michael Jacyna Eligibility [mjacyna67@sbcglobal.net](mailto:mjacyna67@sbcglobal.net)

Training Representative Berit Eriksson 206-551-1870

[berittrainrep@sbcglobal.net](mailto: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

## Ferry captain is convicted in Hong Kong for collision

The captain of a ferry that collided with another passenger vessel in 2012, leaving 39 people dead in Hong Kong's worst maritime accident in decades, was found guilty of manslaughter on February 14.

Lai Sai-ming, captain of the *Sea Smooth*, a passenger ferry, was convicted of 39 counts of manslaughter by a Hong Kong jury. Chow Chi-wai, the captain of the other vessel involved in the collision, was acquitted of manslaughter but convicted of the lesser charge of endangering the safety of others at sea, *The South China Morning Post* reported.

The vessel captained by Chow, the *Lamma IV*, a passenger vessel owned by an electric company, sank quickly after being struck by the *Sea Smooth*, a scheduled ferry, on the night of October 1, 2012, China's National Day holiday. The *Lamma IV* had been shuttling employees of the electric company and their family members from Lamma, an outlying island where the company operates a power station, to Hong Kong's Central district to watch a holiday fireworks show. All 39 people who died were aboard the *Lamma IV*.

The collision, which took place just off the coast of Lamma, was the deadliest maritime disaster in Hong Kong since 1971.

During the trial, Chow and his lawyers argued that they had followed international conventions for avoiding collisions at sea by turning to starboard, or to the right. That action was ineffective, his lawyers argued, because Lai, in contravention of the rules, had turned to port, *The Post* reported. The *Sea Smooth* struck the port side of the *Lamma IV*, puncturing its watertight compartments.

The manslaughter charge carries a maximum penalty of life in prison, *The Post* reported.

# ATTEND YOUR UNION MEETINGS!

# Costa Concordia skipper found guilty

An Italian court found Captain Francesco Schettino guilty for his role in the cruise ship *Costa Concordia*'s shipwreck, which killed 32 people off the Tuscan island of Giglio three years ago. Schettino, the sole defendant in the 19-month trial, was sentenced on February 11, to 16 years and one month in prison on charges of multiple manslaughter and of abandoning the ship when many of the 4,200 passengers and crew members were still aboard, desperately trying to save themselves.

The shipwreck occurred on the night of January 13, 2012, when the vessel was steered too close to the island and smashed into a reef. The court determined that Schettino changed the course of the ship to perform a salute to the island, a risky move supposed to offer a spectacle for passengers and inhabitants of Giglio.

Prosecutors had requested that Schettino be jailed for more than 26 years. He has repeatedly denied all of the criminal charges against him, saying that he never ordered the ship to sail so close to Giglio and that his actions after the ship hit the rocks helped to prevent greater losses.

Before the three-judge panel began deliberations, Schettino addressed the court, saying his "head was sacrificed" as a scapegoat to safeguard economic interests. "That day [of the shipwreck] I also died," Schettino said, before breaking into tears.

The judges also banned Schettino from commanding a ship for five years, but rejected the prosecutors' demand that he be jailed immediately. Schettino's lawyer said he would consider whether to lodge an appeal once the full verdict is published in 90 days. Schettino won't have to report to prison until the completion of any appeal process, which can last years in Italy.

The court in the Tuscan city of Grosseto deliberated the fate of Captain Schettino alone. Five other employees of cruise company Costa Crociere, a Carnival Corporation subsidiary that owns the ship, were allowed to plea bargain in exchange for lighter sentences before the trial began in July 2013. None of them went to prison.

During the trial, prosecutors accused Schettino of "monstrously gross negligence" and of caring only about himself, leaving passengers and crew to fend for themselves in a chaotic evacuation.

As they awaited the verdict, hundreds of survivors and victims' families called for justice and hefty damages. Ahead of the judges' decision, their lawyers insisted that additional damages should be awarded to them by Costa Crociere. They believe the company is partially responsible for the many errors and malfunctions after the ship's foundering.

During the trial, it emerged that an emergency generator didn't work, elevators didn't shut down, and some crew members didn't speak Italian, the ship's official working language.

The judges ordered Schettino to pay damages to the victims jointly with Costa Crociere. They ruled that many of the hundreds of survivors who were represented in court will be paid compensation damages for up to \$34,000 each, less than a third of the sums requested. The island of Giglio was also awarded \$342,420 in compensation for the damage suffered, far less than the \$342 million it requested.

In July 2014, the *Costa Concordia* was refloated and towed to the Italian port of Genoa, in a complex operation that involved over 350 engineers, divers and other specialists working to stabilize and move the cruise ship. The operation has so far cost Costa Crociere more than \$1.2 billion.

After adding the cost of cleaning the salvage area, the trip to Genoa and the ship's dismantling, the total bill could top \$2 billion, making it one of the largest and most expensive maritime salvage operations in history.

## Piracy incidents increase 26% worldwide

Incidents of piracy and armed robbery at sea around the world increased 26 percent during 2014, for the highest number of incidents since 2011, according to a report released by Control Risks this month.

Control Risks, a London based global risk and strategic consulting firm, reported in its 2015 Maritime Risk Forecast that the rise in global piracy and armed robbery incidents was a result of increased activity in the Americas and Asia. The report went on to say that piracy in Africa is down, and incidents around the Horn of Africa fell to below 50 in 2014, from 300 in 2011. The number of attacks in Asia increased 28 percent for the calendar year and now represent 30 percent of all attacks worldwide.

The report predicted that hijackings would continue in 2015, although it would be unlikely that hijackings-for-cargo incidents would reach 2014 totals. Although piracy concerns remain valid in the coming year, the report stated that "a greater proportion of maritime operators are likely to be affected by broader political, operational and security risks in the year ahead."

"Civil conflict and political instability in countries adjacent to key waterways will complicate mobilization and transshipment," the report concluded. "Geopolitical uncertainty over Russian sanctions will continue to impact dry bulk, container and tanker shipping. Oil and gas operators will face further scrutiny from activist groups over Arctic drilling. Meanwhile, an increase in the number of migrants fleeing conflicts in North Africa and the Middle East will place further strain on Mediterranean shipping routes."



APL China in Oakland February 2. From the left: Ship's Bosun Larry Gately with the standby gang: Bosun Freeman Stamp, Allen Gonzalez, Robert Reed and Dennis Sumague. Photo by Roy Tufono.

## APL Logistics sold to Japanese outfit

The Singapore-based parent company of liner carrier APL has sold off the carrier's sister company APL Logistics to Japan's Kintetsu World Express for \$1.2 billion, the Tokyo-based company said on February 17.

The price is considered higher than most analysts expected APL Logistics parent NOL to fetch. NOL said in August it was exploring a sale or initial public offering of its logistics business. Initial reports suggested NOL was seeking around \$750 million for the business.

Reuters pegged the reported sale prices to Kintetsu at 10 to 12 times earnings before interest, tax, depreciation and amortization, a key metric for determining the relative value of an acquisition. Ten to 12-times EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is considered a high multiple.

"APL (Logistics) is a logistics company with strengths in logistics services and various high value-added services for companies in the automobile industry and retail industry, among others, and it is expanding its business globally, with a focus on North America and Asia," Kintetsu said in a statement. "By welcoming APL into the KWE Group, we can expect to complement the KWE Group's freight forwarding services in terms of both commodities handled and regions for expansion."

According to NOL's 2014 financial statements released February 13, APL Logistics had operating profits of \$67 million for the year, in line with its profits for 2013, on revenue of \$1.7 billion. NOL declined at the time to comment on whether a sale of APL Logistics was in the works.

The container line APL has incurred a collective operating loss of \$1.1 billion from 2009 through 2013, including a \$231 million loss in 2014, according to research by American Shipper. That's the fourth biggest loss during that period of the 15 publicly-traded carriers American Shipper tracks. Its logistics business, in general, has been profitable in that period.

"This is a strategic move that will allow us to focus on improving our liner shipping business, while at the same time enabling APL Logistics to grow," said Ng Yat Chung, group president and chief executive officer of NOL. "The transaction will also strengthen our balance sheet and unlock value for our shareholders."

Ng said the net proceeds of the sale will be applied to strengthen its financial position, including to repay its borrowings.

Satoshi Ishizaki, group president and CEO of KWE, said the company intends to retain APL Logistics' headquarters in Singapore and run it as a separate unit.

APL Logistics provides an array of services across the transportation, warehousing and distribution landscape, including forwarding, contract logistics, and domestic transportation in 60 countries. Its key market segments include automotive logistics (where it operates joint ventures in China and India, among other regions) and retail. The company maintains more than 20 million square feet of warehousing space and has 5,600 employees at its 110 offices worldwide.

## Korean coast guard captain sentenced over ferry sinking

A former South Korean Coast Guard captain has been sentenced to four years in prison following his actions during the capsizing of the ferry *Sewol* in April last year. Kim Kyoung-il, a captain of a rescue boat at the scene, was convicted on charges of neglecting his duty to safely evacuate passengers from the sinking ferry. The accident claimed over 300 lives, most of them school children.

Gwangju District Court said that he failed to take proper measures at the scene and that he lied to reporters saying he made announcements for the passengers to evacuate. "Kim simply asked his subordinates to rescue those who were readily visible and failed to evacuate hundreds inside," Judge Lim Jeong-yeop said, reports Yonhap news agency. "With such negligence, he has scarred the families of the victims for life."

The judge believed Kim's actions were less grave than the ferry's owner who was responsible for the overloading of the ship and the structural changes that made it unstable. Owner Kim Han-Sik was sentenced to 10 years, and other company officials have been sentenced to three to six years. The *Sewol* captain Joon-Seok was sentenced to 36 years for gross negligence. Other crew members received terms of up to 30 years.



# SUP President's Report

February 9, 2015

## FOOD FOR PEACE

As the membership will recall, Senator Bob Corker (R-Tennessee) and Senator Chris Coons (D-Delaware) introduced legislation last year (see the June 2014 *West Coast Sailors*), that would have scuttled the successful Food for Peace program (PL480) and establish in its place a vast new State Department program outsourced to the United Nations. In addition, the so-called Food for Peace Reform Act of 2014, would have repealed U.S.-flag cargo preference requirements applicable to the carriage of international food aid and replace U.S. mariner jobs with foreign mariner jobs. Fortunately, due to intense opposition to the Corker-Coons bill by maritime labor, U.S.-flag companies and U.S. agricultural interests, the legislation died in the last Congress without a vote.

However, Corker and Coons were not through. The Senate passed the Coast Guard and Maritime Transportation Act of 2014 on December 10 (see the December 2014 *West Coast Sailors*), but at the insistence of Corker and Coons the Senate stripped provisions passed by the House of Representatives that would have empowered the Secretary of Transportation to determine which federal programs are subject to cargo preference and to ensure that the preference for transport in U.S.-flag vessels would be strictly enforced. By their efforts, Corker and Coons killed the bipartisan efforts of Congressmen Bud Shuster (R-Pennsylvania), Nick Rahall (D-West Virginia), Duncan Hunter (R-California) and John Garamendi (D-California) to strengthen U.S.-flag shipping.

Late last year, Senator Corker, then Ranking and now Chairman of the Senate Foreign Relations Committee, Senator Coons, then Chairman of the Africa Subcommittee and Congressman Ed Royce (R-California), Chairman of the House Committee on Foreign Relations, requested the Government Accountability Office (GAO) to do a study on "Cargo Preference for Food Aid". The GAO is an independent, non-partisan agency that works for Congress. Often called the "congressional watchdog," the GAO investigates how the federal government spends taxpayer dollars.

According to the GAO, the key issue under review relates to the application of cargo preference to agricultural food aid (Food for Peace). GAO notes that in 2012, Congress changed the minimum U.S.-flag cargo preference requirement applicable to these cargoes from 75% to 50%. It further notes, that questions have arisen about "how the change affects U.S. food aid assistance and maritime capacity".

In January, representatives of the GAO contacted the SUP and the other seagoing maritime Unions asking for a response to the following questions:

- 1) How do U.S. agencies implement and ensure compliance with Agricultural Cargo Preference requirements?
- 2) To what extent has the implementation of the Agricultural Cargo Preference requirements helped achieve Agricultural Cargo Preference objectives?
- 3) To what extent does the agricultural cargo preference program, including the reduced Agricultural Cargo Preference minimum requirement, impact the cost and efficiency of shipping U.S. food aid?
- 4) What are stakeholder views on potential options, if any, to improve the sustainability of the Agricultural Cargo Preference-eligible portion of the U.S.-flag fleet?

It was clear, after discussion amongst the Unions, that the first two questions relating to the implementation of cargo preference requirements are not appropriate areas of inquiry for maritime labor. Rather, they are better addressed by the U.S.-flag vessel operators who respond to solicitations from the federal government for U.S.-flag vessels for the carriage of these commodities and which have first-hand experience in the implementation of this program. The shipping companies, not the Unions, must deal with a variety of issues relating to the implementation of the program, including the timing of the voyage; the nature and size of the vessel; the amount of cargo to be carried; and the loading and unloading of the agricultural cargo.

The Unions agreed the last two questions were important to respond to in a unified manner. Therefore, the Unions met with representatives of the GAO at the Maritime Trades Department Headquarters in Washington, D.C., on February 3. MFOW President Anthony Poplawski and your secretary participated in the meeting via a telephone conference call.

The following points were submitted in writing to the GAO at the conclusion of the meeting:

**"U.S.-flag cargo preference shipping requirements are an essential means to help ensure the continued availability of the privately-owned U.S.-flag commercial fleet which, along with its associated American maritime manpower, is a critical national defense asset. Without a fully and appropriately funded Maritime Security Program and without full compliance with cargo preference requirements, the U.S. Government—the American taxpayer— would be forced to spend far in excess of the cost of these programs to replicate the national security capabilities of the privately-owned U.S.-flag commercial fleet.**

**• Privately-owned U.S.-flag commercial vessels and their United States citizen crews have always responded quickly and effectively to our nation's call, providing the commercial sealift sustainment capability and civilian maritime manpower needed by the Department of Defense to support America's military objectives and American troops around the world. In fact, U.S.-flag vessels and their civilian U.S. citizen crews carried more than 90 percent of the war material to the forward operating bases during the Afghanistan and Iraq conflicts. During these extremely difficult and dangerous times, the U.S.-flag merchant marine plays a critical role, including in the ongoing War against Terrorism. The privately-owned U.S.-flag fleet and its cadre of American merchant mariners are oftentimes the first line of defense in these battles, ensuring that American troops deployed throughout the world receive the equipment, material and supplies they need to protect America's interests.**

**• The continued availability and utilization of U.S.-flag vessels and United States citizen crews provide the best way for our nation to protect America's security and to support American troops - to do otherwise is to place the security of our armed forces stationed overseas in the hands of foreign-flag vessels and foreign crews.**

**• Significantly, the collective pool of highly trained and experienced mariners, necessary for manning a U.S.-flag fleet in times of peace and war, has been on a decline. This decline will only be accelerated by actions that reduce the number of active U.S.-flag vessels. The most recent example is the draw down in the conflicts in Afghanistan and Iraq.**

**• In addition, this decline is also affected by the fact that U.S.-flag commercial vessels and their American citizen crews are subject to United States government imposed rules, regulations and tax obligations that are not applicable to their foreign flag competition. As a result, U.S.-flag vessel operators face significant economic and competitive disadvantages which have resulted in a decline in the share of U.S.-foreign trade carried by privately-owned U.S.-flag commercial vessels, a decrease in the number of vessels operating under the U.S.-flag in the foreign trades, and a loss of employment opportunities for American merchant mariners.**

**• Consequently, for these reasons, the continued availability of agricultural and other U.S. government cargo preference programs are essential to ensuring that our country retains the U.S.-flag commercial sealift capability and U.S. citizen mariners needed by the Department of Defense in time of war or other international emergency. These programs help provide an important base of cargo for U.S.-flag vessels that keeps ships sailing and keeps American mariners employed. In contrast, without the cargo provided by these programs, U.S.-flag ships will be forced into lay-up or to leave the U.S.-flag - in either case, the shipboard billets needed to maintain the cadre of trained, active American merchant mariners will be similarly lost and our country will no longer have the civilian manpower needed to crew the surge**

**and sustain the vessels required by the Department of Defense.**

**Therefore, the Unions (SUP, MFOW, SIU-A&G, MM&P, MEBA, AMO) conclude that the Obama Administration should reaffirm Federal government support for existing U.S.-flag cargo preference shipping requirements. Significantly, in 1962 President John Kennedy issued a Presidential Directive stating in part that: "The policy of the United States is to have a modern, privately-owned merchant marine sufficient to carry a substantial portion of the waterborne export and import foreign commerce of the United States and capable of serving as a naval and military auxiliary in time of war or national emergency. The achievement of this national policy is even more essential now because of the worldwide economic and defense burdens facing the United States. For these reasons, I stated in my message on transportation to the Congress of the United States, on April 4, 1962, that I was directing all executive agencies to comply fully with the purpose of our various cargo preference laws."**

**The Administration should make clear that the Maritime Administration has the ultimate responsibility to determine if a Federal program is subject to U.S.-flag cargo preference shipping requirements. It should similarly support the Maritime Administration in the exercise of its authority to enforce U.S.-flag shipping requirements."**

The GAO report should be completed in July. It is safe to say that after it is issued, Senators Corker and Coons and Congressman Royce will renew their legislative attack on U.S.-flag cargo preference. The SUP, once again, will be on the ramparts to defend this vital program. Again, the issue is basic and fundamental: NO CARGO, NO SHIPS, NO JOBS.

## MARITIME SECURITY PROGRAM

President Obama's \$4 trillion budget released on February 2, requests the full \$186 million for the Maritime Security Program (MSP) for Fiscal Year 2016 (October 1, 2015, through September 1, 2016). While this is good news for SUP members that sail in APL Marine Services' nine vessels enrolled in MSP (*APL Agate, APL China, APL Coral, APL Cyprine, APL Korea, APL Pearl, APL Philippines, APL Singapore, APL Thailand*), the program must be funded annually by Congress even though the program is authorized by statute until 2025. This is a constant struggle faced by the SUP in conjunction with the rest of maritime labor and those companies participating in the program. As the membership will recall, last year the House of Representatives cut \$20 million from the program which would have resulted in six ships cut from the program. After intensive work by maritime labor and the industry, the \$20 million was restored in the Senate and in the final authorization. Fortunately, the Defense Department and the U.S. Transportation Command (USTRANSCOM) are strong proponents of MSP.

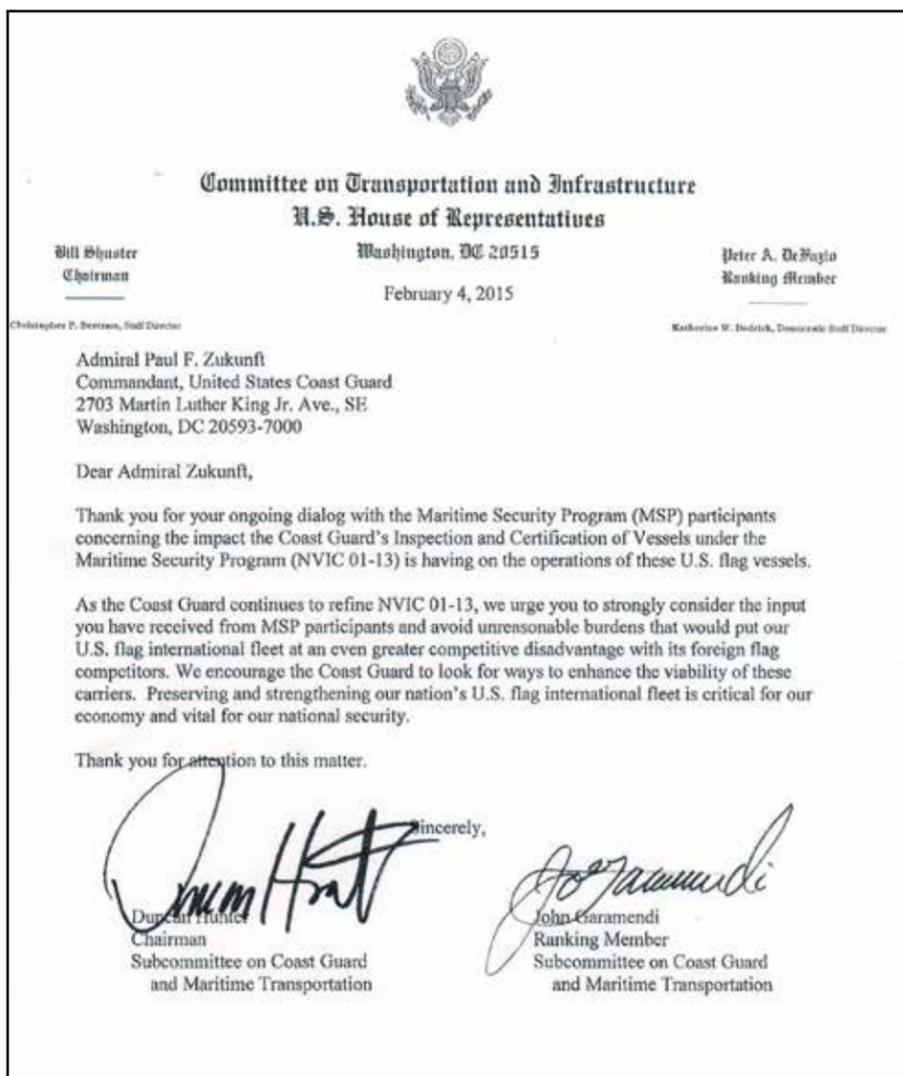
MSP has other problems in addition to the annual funding fight. The amount of money each company receives for operating an MSP vessel – \$3.1 million per year – has remained static since 2011. Costs have risen over the past four years and the shipowners/operators are justified in seeking an increase.

The second problem is the U.S. Coast Guard. When MSP was enacted, the law stated that if foreign-built vessels enrolled in the program complied with international standards, that would satisfy the Coast Guard. But recently, the Coast Guard has taken the position that foreign-built MSP vessels –and they are all currently foreign-built– must comply with U.S.-built standards. This stance could add thousands of dollars in extra and unnecessary costs to MSP operators. The Coast Guard in response to this issue issued a Navigation and Vessel Inspection Circular (NVIC) in 2013 which falls short of addressing the problem.

Accordingly, Congressman Duncan Hunter (R-California) and Congressman John Garamendi (D-California) sent the following letter to Admiral Paul Zukunft, Commandant of the Coast Guard, on February 4:

*continued on next page*

## President's Report continued



## READY RESERVE FORCE

In August of last year, the Maritime Administration (MarAd) issued a solicitation for ship management services for vessels in the Ready Reserve Force (RRF) and the National Defense Reserve Fleet (NDRF). The solicitation covers 48 vessels berthed at various ports in the continental United States. The vessels are maintained by MarAd in a state of five or 10-day readiness as established by the Department of Defense to meet sealift requirements of the armed services.

Bids for the vessels were originally scheduled to be submitted in November, but since that time, there have been 13 amendments to the solicitation with the proposed due date slated for February 17. The SUP, MFOW and SIU-Marine Cooks have been working together to formulate wage and benefit proposals to submit to Matson and Patriot Contract Services which plan to bid for vessels. It should be noted that to determine wages, etc., the starting point – as determined by the federal Services Contract Act – are the wages currently being paid.

It should be noted that President Obama's budget request funds the RRF for Fiscal Year 2016 at \$273 million – down \$18.2 million from last year. To manage the funding reduction, MarAd indicates that it is planning to defer work related to its long-term service life extension program in order to maintain near-term readiness.

## HOLIDAYS

**Lincoln's Birthday:** All SUP halls will be closed Thursday, February 12, in accordance with the agreements with APL, Chevron, Matson and the San Francisco Bar Pilots.

**Presidents' Day:** All SUP halls will be closed Monday, February 16, in accordance with the agreements with APL, Foss, Matson and Patriot Contract Services. Due to the holiday, Branch meetings will be held Tuesday, February 18.

**Washington's Birthday:** Since this holiday (February 22) falls on a Sunday this year, it will be observed on Monday, February 23, under the Chevron agreement. For members employed by the San Francisco Bar Pilots, Station Boat crews, Run Boat crews and Dispatchers the holiday will be observed on Sunday, February 22. The Dock Bosun will observe the holiday on Monday, February 23.

## ACTION TAKEN

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

*Gunnar Lundeborg*

## SUP Money Purchase Pension Plan Correction

In the September 2014 issue of the *West Coast Sailors*, wage and wage-related items for the Watson-Class LMSRs was published.

The correct Money Purchase Plan rate for A.B.s is \$20.00 per day.

# Vice President's Report

February 2015

**USNS Soderman:** Doug Boe, delegate. Clarification on OS watchstanding at sea and in port.

**USNS Waters:** Michael Jean, delegate. A hardworking crew earning lots of overtime under the competent direction of bosun Saher Ali. Clarifications on overtime, carpenter's work, meal hours, and accommodation assignments. In good shape in San Diego and headed to a West Coast shipyard soon.

**Maui:** Joe Ginez, delegate. Discussion about lodging claims. Short-handed departing Oakland due to last minute dental problem, but otherwise in good shape.

**R.J. Pfeiffer:** Chris Bujnowski, delegate. Clarification on sanitary: it can be assigned anytime during ship's work hours after sanitary on sailors' deck is complete (which is usually done between 0800 and 1000.) Support in Section 17 of the SUP Work Rules.

**California Voyager:** Terry Black, delegate. Restriction in Panama claim investigated and dismissed. Company has not imposed a blanket restriction policy and said decision to pre-book and permit foreign shore leave will be made on a case-by-case basis, and based on operational and safety factors. Due to canal scheduling changes, shore leave in Panama is unlikely but not impossible.

**APL Belgium:** Mark Kane, delegate. Clarification on restriction to ship. Sailors in ships calling in certain ports in the Middle East may experience some restrictions on shore leave due to serious problems in host countries. Some coaching necessary to help a member remain onboard.

**APL Thailand:** Dmitri Seleznev, bosun. In a Chinese shipyard. Established past practice for determining retained crew for the yard period is to offer the work to the bosun first and then by seniority (or by rolling dice if same seniority) for remaining billets. We declined to participate in captain-selected crew on the grounds of past practice, resistance to favoritism, and fair assignment of work and prevailed in the end.

**APL Coral:** James Salera, delegate. Clarification on transportation policies and reimbursements.

**APL Agate:** Mark Relojo, delegate. Meal reliefs are covered in Section 56(e) of the SUP Work Rules where the dayman is knocked off at 1600 and such relief "shall be done without payment of overtime" except on weekends and holidays.

**USNS Martin:** Dennis Belmonte relieved by Gerry DeCleur. Activated to FOS for a shipyard in late February but minimum COI manning produced only a single AB job.

**USNS Pomeroy:** Rebecca Fisk, delegate. Clarification on retirement programs available to members. As in other Watson-class ships, another relief wave is underway. Members should understand that every single dispatch must climb a mountain of requirements. Also, travel to a distant base in the Indian Ocean is often delayed due to a lack of airline seat availability.

**SLNC Pax:** Frank Duffin, delegate. This ship's swift response to the grounding of the *USNS Kocak* in Okinawa prevented an environmental disaster by off-loading the ship's bunker fuel in dangerous sea and operational conditions. (See photo on page 3). SUP-style.

*Dave Connolly*



*The Matsonia in Oakland February 15, from left: Standby Bosun Amed Moahamed, Keith Gomer, Amed Aboelnaga and Sam Worth. Photo: Roy Tufono*

## Nautical terms in everyday speech

### *Pooped .... (tired or overwhelmed)*

The word *pooped* derives from the Latin *puppis*, meaning the stern or aftermost part of a vessel. Strictly speaking, the "poop" is the name given to the short, aftermost deck raised above the quarterdeck of a sailing ship but is sometimes incorrectly used to describe the nonraised aftermost deck as well. A ship is said to be "pooped" when a wave breaks over her stern as she is running before a gale. "High o'er the poop audacious seas aspire," wrote Scottish poet-lexicographer and sailor William Falconer in his narrative poem "The Shipwreck." In his most notable work, *Universal Dictionary of the Marine*, he described "pooping": "The shock of a high, heavy sea upon the stern or quarter of a ship when she scuds before the wind in a tempest. This circumstance is extremely dangerous to the vessel which is thereby exposed to the risk of having her whole stern beat inwards, by which she would be immediately laid open to the entrance of the sea, and of course, founder or be torn to pieces." The nautical term has washed into the English vernacular in a big way. The word *pooped* is used to describe a person who has taken a figurative beating and is overwhelmed by exhaustion. Ironically, William Falconer drowned in 1769 when his ship, the frigate *Aurora*, foundered off Cape Town, South Africa,

# SUP Branch Reports

## Seattle

January 20, 2015

Three Boatswains jobs shipped and filled with 2 A's to commercial liners and 1 B to a Navy bottom; 10 Able Seaman jobs shipped and filled with 4 A's, 4 B's and 2 C's; 1 STOS filled with by C-card; and 14 standbys went to 8 A's, 2 B's and 2 C's.

Registered: 9 A cards for a total of 14; 5 B cards for a total of 28; 3 C cards for a total of 8.

### Ships Checked

Matson vessels *MV Manoa* and *SS Maui* called twice in Seattle with little or no problems. The *APL Pearl* and *APL Cyprine* called in New Jersey; and the Patriot Contracting Services vessels: *USNS Dahl*, *USNS Soderman*, *USNS Pomeroy*, *USNS Gilliland*, all called Seattle for SUP/MFU crew replacements.

I represented the SUP/MFU at the following meetings: The King County Labor Council Seaport Alliance meeting with Port of Seattle Commissioners Stephanie Bowman and Courtney Gregoire; and Port of Tacoma Commissioner Rich Marzano. The Commissioners explained the reasons they are consolidating both port's maritime operations. The main gist is for the two ports is to concentrate building resources to handle "Mega Ships" while not competing against each other. We put forward SUP/MFU concerns that no loss of either ports industrial footprints result from this alliance. All the Commissioners present were very clear this was a key concern of theirs. I will point out that Commissioner Marzano is a thirty-six year member and past president of ILWU Local 23 and he was very strong in expressing his views for maintaining and increasing industrial lands in the Puget Sound.

The SUP/MFU provided testimony at a Port of Seattle public hearing in support of leasing the North end of Terminal 5 to Foss Maritime for a base of operations for both the Alaska Arctic business and the building of a Liquefied Natural Gas terminal in Canada. These projects will bring a very large amount of work to the Puget Sound for both the Maritime Trades and the Metal Trades.

We received the sad news last week of Brother Bill Henneberry's passing. Bill was a second generation SUP sailor. Bill was active in many of the Union's committees and served a term as San Francisco Business Agent. May he have fair seas and following winds!

At the end of last year, and now well into 2015, we have been encountering mariners with expired or close to expiring STCW USCG Medical Certificates. This is the three by four inch card that accompanies your Merchant Mariner Credential. These cards are valid for two years and when initially issued many had an expiration date already entered in them expiring in two or three months. There are many reasons for these early expiration dates. Often the last physical exam submitted by a mariner to renew their MMC was the date used to count from. Two years is not a long time. It is my suggestion that when mariners are obtaining their yearly Union Annual Exam they print out the USCG 719 K Merchant Mariner Credential Medical Evaluation Report to have completed and submit this to the National Maritime Center for issuance of the USCG Medical Certificate. Every year!

Vince O'Halloran, Branch Agent

## Wilmington

January 20, 2015

Shipping for the period: Bosun: 3, AB: 16, AB Maint: 2, OS: 1 and Standby: 50. Total jobs shipped: 72.

Registrations: A: 38 B: 23 C: 10 D: 17

### Ships Checked

*Manukai*, *Manulani* (Leon Leighton made), *Lane Victory*, *APL Korea*, *Maunawili*, *Maunalei*, *Mokihana*, *APL Thailand*.

Thanks again to Leon for relieving me for Christmas and New Year's weeks.

We owe Mike Haslam, Bob Bradley and Bill DeBenedictis a big thank you for taking the time to appeal APL's policy to use Arizona instead of California for filing for unemployment. Not only did they win, but in Bills' case the judge even said unless California falls into the ocean, there are no seaports in Arizona. She not only ruled against APL, but asked us to call our Congress person and let them know about this travesty.

Congratulations to Lourdes Macias our new AB.

Mark Hurley  
Branch Agent

## Random drug testing rates set at 25%

The Coast Guard has set the calendar year 2015 minimum random drug testing rate at 25% of covered crewmembers. Coast Guard requires marine employers to establish random drug testing programs for covered crewmembers on inspected and uninspected vessels. Every marine employer is required to collect and maintain a record of drug testing program data for each calendar year, and submit this data by March 15, of the following year to the Coast Guard in an annual report. Each year, the Coast Guard will publish a notice reporting the results of random drug testing for the previous calendar year's Management Information System (MIS) data and the minimum annual percentage rate for random drug testing for the next calendar year.

## Honolulu

January 20, 2015

Shipped the following jobs in the month of January: 1 Bosun steady, 1 Bosun relief, 2 AB Day steady, 3 AB Watch steady and 1 AB Watch relief. The shipping jobs were filled by 6 A cards, 1 B card, and 1 C card. Shipped 26 standby jobs. The standby jobs were filled by 10 B cards, 13 C cards, and 3 D cards.

Registered in January: 8 A cards, 6 B cards, 1 C cards, 5 D cards. To date totaled registered: 15 A cards, 15 B cards, 7 C cards, 9 D cards.

### Ships Checked

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

I represented the SUP at the Hawai'i Ports Maritime Council meeting, the AFL-CIO Executive Board meeting, and a fundraiser for U.S. Congressman Mark Takai (D-Hawai'i) with Nancy Pelosi (D-California) in attendance.

Michelle Chang (SUP Welfare Plan) and Brian Christ (The Standard) were on hand to discuss SUP Welfare Plan, Money Purchase Pension Plan, and the 401(k) plan. A lot of questions were asked and answered. Some to membership satisfaction, some not.

Please remember to check all your paperwork. The USCG medical certificate is mandatory now. Along with the MMC, TWIC card, U.S. Passport, STCW BST, Drug screen, Fit for duty card, and VPDS-VI/6 (Vessel Personal with Designated Security Duties). It makes me long for the good old days when all we needed was a Z-Card and a fit for duty slip, not because I have to have any of these documents, which I do, but because I have to check everyone else for them at every job call. Aloha,

Michael Dirksen  
Branch Agent

**SUPPORT THE  
SUP POLITICAL  
FUND**



Bosun Joe Eckert holds a fresh dorado with AB Gabriel McDonald Jr. in the background at the stern rail of the *APL China* drifting off Okinawa.

## Business Agent's Report

February 9, 2015

**Manoa:** Duke Maringer, delegate; Maltese Falcon on a trip off, Remoni Tufono as relief Bosun. No beefs.

**Mahimahi:** Haz Idris, delegate; Bill Berry, Bosun: In and out of Oakland. No beefs.

**Maui:** Joseph Ginezas, delegate; Bob Bohannon, Bosun: In at Oakland, no beefs.

**APLAgate/APL Belgium:** Both check. No beefs.

**APL China:** Quentin Brown, delegate; Larry Lately, relief Bosun: In at Oakland.

**APL Coral:** Got a call from Paul Johnson, one of the two Ordinary Seamen onboard as a riding crew, said they might be making another trip, which is good news. Told them to keep up the good work.

**APL Singapore:** Jon Rose, delegate: Got a call from Jon to let me know about the shipyard.

**California Voyager/Oregon Voyager:** Both these ships complain about getting reliefs. Grievance issues with Chevron still pending.

Also dispatched and worked in the front office.

Double check your documents for expiration dates: MMC, Medical Certificate, Passport, Drug Card, Annual Physical, Dues, Initiation Fee, etc.

Roy Tufono

## SUP members join pension ranks

The following SUP members joined the rank of pensioner, bringing the total number of SUP members to 232:

**Alvin Thompson, Jr.**, 66, Book No. 18400, joined SUP in 2000, 13 years seatime.

**David Larsen**, 79, Book No. 19078, joined SUP in 2005, 30 years seatime.

**Mike Orosz**, 60, Book No. 2465, joined SUP in 1981, 27 years seatime.

## Dispatcher's Report

Headquarters—Jan. 2015

<b>Deck</b>	
Bosun.....	4
Carpenter.....	0
MM.....	1
AB.....	10
OS.....	2
Standby.....	25
<b>Total Deck Jobs Shipped.....</b>	<b>42</b>
<b>Total Deck B, C, D Shipped.....</b>	<b>28</b>
<b>Engine/Steward</b>	
QMED.....	0
Pumpman.....	0
Oiler.....	0
Wiper.....	0
Steward.....	0
Cook.....	0
Messman.....	0
<b>Total E&amp;S Jobs Shipped.....</b>	<b>0</b>
<b>Total E&amp;S B, C, D Shipped.....</b>	<b>0</b>
<b>Total Jobs Shipped - All Depts.....</b>	<b>42</b>
<b>Total B, C, D Shipped-All Depts.....</b>	<b>28</b>
<b>Total Registered "A".....</b>	<b>26</b>
<b>Total Registered "B".....</b>	<b>33</b>
<b>Total Registered "C".....</b>	<b>11</b>
<b>Total Registered "D".....</b>	<b>36</b>