



West Coast Sailors

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Members of Congress urge full funding for Maritime Security Program (MSP)

In separate letters to committee leaders in the Senate and House of Representatives, a group of 16 senators and a group of 86 representatives urged full funding of the Maritime Security Program in Fiscal Year 2017, highlighting the importance of the program and fleet of U.S.-flagged commercial ships and U.S. merchant mariners it supports to national defense and military sealift operations.

In a letter dated March 17, to Senators Susan Collins (R-Maine), who chairs the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, and Jack Reed (D-Rhode Island), the ranking member on the subcommittee, the 16 senators stated:

“We are writing to request that \$299,997,000 in funding for the Maritime Security Program (MSP) be included in the FY 2017 Department of Transportation, Housing and Urban Development, and Related Agencies Appropriations Bill. It is the same amount recently authorized by Congress for the program in FY 2017 as part of the Consolidated Appropriations Act, 2016 (Public Law 114-113).

“MSP is a vital component of our military strategic sealift and global response capability. It is designed to ensure that the United States has the U.S.-flag commercial sealift capability and trained U.S. citizen merchant mariners available in times of war or national emergencies. MSP also ensures that the U.S. can provide our troops overseas with the supplies and equipment necessary to do their jobs on behalf of our nation.

“MSP is a cost effective, public-private partnership between the U.S. government and the U.S.-flag shipping industry. The program utilizes existing U.S. maritime private sector capabilities at a fraction of the cost of what it would take if the Federal government were to replicate the vessel capacity and global intermodal systems made available to the Department of Defense (DOD) by MSP contractors who continuously develop and maintain modern logistics systems for commercial and defense purposes. The cost to the Federal government of replicating the vessels and intermodal system is estimated [to be] at least \$65 billion.”

In a letter dated March 17, to Representatives Mario Diaz-Balart (R-Florida), who chairs the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, and David Price (D-North Carolina), the ranking member on the subcommittee, the 86 representatives stated:

“In fact, on January 17, 2016, General Darren McDew, Commander, United States Transportation Command, stated: ‘As a military professional and senior leader, I think about and plan for what the future may hold, and I would tell you we must prepare for the real possibility we will not enjoy the uncontested seas and broad international support experienced in 1991. If either of those possibilities becomes reality, and if we remain committed to responding to security

continued on page 2

Coast Guard Commandant and MarAd chief emphasize critical need for Jones Act

The House Subcommittee on Coast Guard and Maritime Transportation held a hearing this month on “President’s Fiscal Year 2017 Budget Request For Coast Guard and Maritime Transportation Programs” during which Coast Guard Commandant Admiral Paul Zukunft and Maritime Administrator Paul Jaenichen stressed the critical need for the Jones Act to protect our economic and national security.

In his remarks, Admiral Zukunft reinforced the critical need for the Jones Act to secure a robust shipyard industrial base and skilled mariners necessary to uphold our nation’s maritime capability.

“You take the Jones Act away the first thing to go is these shipyards and then the mariners. If you take the mariners away, what is the world going to look like 10 years from now? If we don’t have a U.S. fleet or U.S. shipyard to constitute that fleet how do we prevail? I am concerned that any repeal of the Jones Act would cut at the heart of that industrial base,” said Admiral

Zukunft. “We inspect foreign ships that we trade with and on any given day we detain two or three ships because they are not in compliance even though the flag state claims they are in compliance. The U.S. does have a higher standard for safety and security and no one does it better than the United States.”

Admiral Zukunft further added: “My biggest focus is what does it do to our resiliency as a maritime nation – quite honestly it will bankrupt our maritime resiliency. When we look at the challenges that the Maritime Administrator and TRANSCOM (U.S. Transportation Command) are facing in the event of a contingency and we don’t have a lift within the U.S. fleet to respond to a contingency at a point in time that we are seeing the reemergence of pure competitors – it is in our nation’s best interest to protect our maritime resiliency and the Jones Act does provide that wherewithal.”

Echoing Admiral Zukunft’s strong remarks about the critical need for the Jones Act, MarAd Administrator Jaenichen

stressed that without the build requirement of the Jones Act our nation’s shipbuilding industrial base would gravely diminish.

“If the build requirement were changed, there are about 40 different yards around the country that are building both federal and commercial vessels (32 large vessels currently under construction). Without the Jones Act, those builds don’t occur, which means the federal government now has to assume all of the costs of the overhead for that industrial base, which raises the cost for those vessels,” said Administrator Jaenichen. “Without the commercial shipbuilding and that industrial base, it will have an effect on the taxpayer in terms of what we have to pay for the cost of acquiring those vessels for NOAA, Navy, Coast Guard, or the Army Corps of Engineers.”

For nearly a century, the Jones Act has had increasing bipartisan support not only from the U.S. Congress but also every modern day president. Congress enacted its strongest endorsement of the Jones Act in the National Defense Authorization Act of 2014.

Sailors’ Union marks 131st Anniversary

The Sailors’ Union of the Pacific this month observed the 131st anniversary of its founding, March 6, 1885, on the old Folsom Street Wharf in San Francisco.

In that era, organizing a Union was a bold move as there were no laws on the books that addressed collective bargaining rights for workers. That would not occur until the passage of the National Labor Relations Act in 1935.



ANDREW FURUSETH

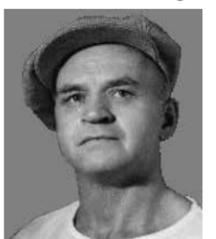
For sailors, there were no rights. Under federal law they were serfs at the beck and call of the shipowner, the crimp, bucko masters and mates. Recognition, respect and improved conditions did not come easy. Men bled and some died for it.

During World War I and particularly World War II, hundreds of SUP members faced enemy attacks and went down with their ships. That legacy continued during the Korea, Vietnam and Middle East conflicts. The SUP today continues to be a vital part of America’s “Fourth Arm of Defense”.

With a militant membership and the tenacious leadership of Andrew Furuseth (March 5, 1854) and Harry Lundeberg (March 25,

1901), tremendous obstacles were overcome and the Sailors’ Union developed an enduring legacy of strength and integrity.

In addition to the anniversary of the organization of the Union and the birthdays of former secretaries Furuseth and Lundeberg, March is also the 101st anniversary of the Seamen’s Act which was signed into law by President Woodrow Wilson on March 4, 1915, after a 20-year struggle by Furuseth to free seamen from indentured servitude.



HARRY LUNDEBERG

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



SUP Honor Roll

Voluntary contributions from the membership to the following funds:

Organization/ General Fund

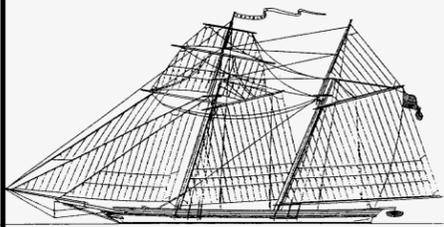
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- Joseph Castege in memory of
Francis Castege and
George Castege..... 200.00
- J. P. Root 50.00
- Richard Reed..... 50.00

West Coast Sailors

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- Stephen Rydberg..... 25.00
- David Wainwright..... 25.00
- Richard Walsh..... 25.00
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- Charles Weber..... 25.00
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Political Fund

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- Dennis Belmonte..... 100.00
- Bill Berry..... 100.00
- Cosme Bigno 50.00
- Matt Blom10.00
- David Connolly 200.00
- Mike Dirksen..... 50.00
- Ramon Duran 50.00
- Juan Gonzalez.....10.00
- J. Gonzalez..... 20.00
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C. "Red" Bell 25.00
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- R.H. Watkins..... 50.00
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Ebbe, Erik and C-5 Jack) 100.00



Dues-Paying Pensioners

Robert Copeland	Book #4763	Duane Nash	Book #2437
Donald Cushing	Book #4777	John Perez	Book #3810
Romaine Dudley	Book #2593	Alex Romo	Book #3193
Diane Ferrari	Book #2251	Francisco Salvatierra	Book #7498
Gerald Ingemansson	Book #0379	James Savage	Book #7488
Kaj E. Kristensen	Book #3120	Ralph Senter	Book #7323
Hannu Kurppa	Book #3162	David Shands	Book #7483
Dave Larsen	Book 19078	Arthur Thanash	Book #3249

Timely Reminder
2nd quarter 2016
dues are due
and payable now!

SUP Constitution

ARTICLE VI

DUES AND INITIATION FEE

Section 1. The initiation fee shall be Sixteen Hundred Dollars (\$1600.00) payable in installments with the sum of One Hundred Dollars (\$100.00) being due and owing upon the member's admission into the Union and the balance of Fifty Dollars (\$50.00) per month for each month or part thereof in SUP-contracted vessels.

The initial installment of One Hundred Dollars (\$100.00) shall accompany the application of membership and the dues shall be One Hundred Fifty Dollars (\$150.00) per quarter, payable in advance.

SUPPORT THE SAILORS' POLITICAL FUND

Final Departures

Edmund Stone, Book #7468. Born in California in 1931. Joined SUP in 1970. Died in Woodland, California, February 20, 2016. (Pensioner)

Robert Darcy, Permit #18274. Born in Rhode Island in 1939. Joined SUP in 1994. Died in Mililani, Hawai'i, March 6, 2016. (Pensioner)

Members of Congress urges full funding for MSP *continued from page 1*

incidents around the globe, the only way of guaranteeing we decisively meet our national objectives is with U.S. ships operated by U.S. mariners."

The representatives continued: "Since 2009, privately-owned U.S.-flag commercial vessels and their civilian U.S. citizen crews have transported more than 90% of the sustainment cargo needed to support U.S. military operations and rebuilding programs in Iraq and Afghanistan. Significantly, U.S.-flag vessels enrolled in MSP carried 99% of these cargoes. Without a viable U.S.-flag commercial fleet and the American merchant mariners this fleet supports, the United States would be unable to deploy its military forces on a global basis and to deliver the supplies and equipment American troops need to do their job on behalf of the American people.

"In November 2015, Rear Admiral Thomas Shannon, Commander, Military Sealift Command, stated that 'without a strong U.S.-flagged merchant marine, we cannot answer the call and carry our nation to war.' He went on to express strong support for the MSP as a key component necessary to help maintain our U.S.-flag merchant marine, stating that 'the Maritime Security Program is a bargain.' For these reasons, we urge you to provide the fully authorized amount of \$299,997,000 for the MSP for FY 2017 in your subcommittee's appropriations bill."

The Maritime Security Program support letters were signed by the following:

Senators: Richard Blumenthal (D-Connecticut); Cory A. Booker (D-New Jersey); Maria Cantwell (D-Washington); Kirsten Gillibrand (D-New York); Mazie Hirono (D-Hawai'i); Tim Kaine (D-Virginia); Joe Manchin (D-West Virginia); Edward Markey (D-Massachusetts); Robert Menendez (D-New Jersey); Brian Schatz (D-Hawai'i); Charles Schumer (D-New York); Daniel Sullivan (R-Alaska); David Vitter (R-Louisiana); Mark Warner (D-Virginia); Robert Wicker (R-Mississippi); Ron Wyden (D-Oregon).

Representatives: Brian Babin (R-Texas); Madeleine Bordallo (D-Guam); Mike Bost (R-Illinois); Corrine Brown (D-Florida); Julia Brownley (D-California); Cheri Bustos (D-Illinois); Bradley Byrne (R-Alabama); Earl Carter (R-Georgia); Kathy Castor (D-Florida); Joaquin Castro (D-Texas); Katherine Clark (D-Massachusetts); Steve Cohen (D-Tennessee); Paul Cook (R-California); Joe Courtney (D-Connecticut); Kevin Cramer (R-North Dakota); Elijah Cummings (D-Maryland); Carlos Curbelo (R-Florida); Susan Davis (D-California); Peter DeFazio (D-Oregon); Suzan DelBene (D-Washington); Mark DeSaulnier (D-California); Daniel Donovan (R-New York); Tammy Duckworth (D-Illinois); John Duncan, Jr. (R-Tennessee); Donna Edwards (D-Maryland); Elizabeth Esty (D-Connecticut); John Flemming (R-Louisiana); Lois Frankel (D-Florida); Tulsi Gabbard (D-Hawai'i); Ruben Gallego (D-Arizona); John Garamendi (D-California); Bob Gibbs (R-Ohio); Chris Gibson (R-New York); Garret Graves (R-Georgia); Janice Hahn (D-California); Denny Heck (D-Washington); Brian Higgins (D-New York); Eleanor Holmes Norton (D-District of Columbia); Jared Huffman (D-California); Duncan Hunter (R-California); Sheila Jackson Lee (D-Texas); Hank Johnson (D-Georgia); Walter Jones (R-North Carolina); John Katko (R-New York); William Keating (D-Massachusetts); Gregorio Kilili Camacho Sablan (D-Northern Mariana Islands); Peter King (R-New York); Ann Kirkpatrick (D-Arizona); James Langevin (D-Rhode Island); Rick Larsen (D-California); Barbara Lee (D-California); Stephen Lee Fincher (R-Tennessee); Ted Lieu (D-California); Daniel Lipinski (D-Illinois); Frank LoBiondo (R-New Jersey); Alan Lowenthal (D-California); Stephen Lynch (D-Massachusetts); Jim McDermott (D-Washington); David McKinley, P.E. (R-West Virginia); Gwen Moore (D-Wisconsin); Jerold Nadler (D-New York); Grace Napolitano (D-California); Richard Nolan (D-Minnesota); Sean Patrick Maloney (D-New York); Donald Payne, Jr. (D-New Jersey); Scott Peters (D-California); Chellie Pingree (D-Maine); Stacey Plaskett (D-Virgin Islands); Cedric Richmond (D-Louisiana); Scott Rigell (R-Virginia); David Rouzer (R-North Carolina); Linda Sanchez (D-California); Loretta Sanchez (D-California); Kyrsten Sinema (D-Arizona); Albio Sires (D-New Jersey); Adam Smith (D-Washington); Jackie Speier (D-California); Mark Takai (D-Hawai'i); Bennie Thompson (D-Mississippi); Michael Turner (R-Ohio); Chris Van Hollen (D-Maryland); Juan Vargas (D-California); Marc Veasey (D-Texas); Frederica Wilson (D-Florida); Don Young (R-Alaska); Lee Zeldin (R-New York).

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SUP Meetings

These are the dates for the regularly scheduled SUP meetings in 2016:

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

APL purchase will make CMA CGM the largest carrier in U.S. trades

CMA CGM (Compagnie Maritime d’Affretement-Campagne General Maritime) reported strong growth in the U.S. trades in 2015, increasing volumes by 30% to 2.3 million TEUs and boosting the company to being the third instead of fifth largest container carrier in the U.S. market, said Marc Bourdon, the president of CMA CGM (America) LLC.

Rodolphe Saade, vice chairman of the company said the Marseilles, France-headquartered company hopes to complete its acquisition of Singapore-based APL this summer, at which point he said CMA CGM will jump ahead of MSC (Mediterranean Shipping Company) and Maersk to become the largest carrier moving containerized freight in and out of the United States.

The combined volumes of U.S. imports of CMA CGM and APL in 2014 stood at 2,389,135 TEUs or 12.5% of U.S. containerized imports in 2014 compared to 10.5% for MSC and 9.8% for Maersk, according to data from the Port Import/Export Reporting Service (PIERS). The carriers’ combined exports were 1,433,861 TEUs, 11.5% of U.S. containerized exports in 2014 compared with MSC’s (Mediterranean Shipping Company) 12.5% and Maersk’s 10%.

According to data from ocean carrier schedule and capacity database BlueWater Reporting, however, CMA CGM and APL still trail Maersk Line and MSC today in terms of deployed capacity in North American trade lanes.

Including services calling in Canada, Maersk deploys a combined 465,959 TEUs of capacity on a weekly basis to and from North America. MSC follow closely behind with 441,571 TEUs of nominal weekly inbound and outbound capacity, while CMA CGM and APL only deploy 279,686 TEUs per week in those trades.

The difference in deployed capacity and actual volumes could potentially be explained by alliance vessel sharing agreements in the major east-west trades. In theory, both CMA CGM and APL could be utilizing a higher percentage of their own deployed capacity and/or that of their alliance counterparts on the TransPacific and TransAtlantic trades than Maersk and MSC.

“The U.S. market, especially with the APL acquisition, is becoming a very important market for us. Maybe 25% after the integration with APL,” said Saade, up from about 15%-16% previously.

Saade and Bourdon made their comments on February 19, at the Port of Long Beach where the company inaugurated the newest and largest ship in its fleet, the 18,000-TEU CMA CGM *Benjamin Franklin*.

Speaking during the inauguration ceremony, Jacques R. Saade, the chairman and chief executive officer of the company, said CMA CGM looks “forward to developing the shipping business between the United States, the Far East and Europe” and is “confident in the upturn in the U.S. economy.”

“We are confident that U.S. ports will continue to upgrade their infrastructure and we are willing to accompany these improvements,” he said. “The United States will progressively have bigger ships to serve its markets.”

The *Benjamin Franklin* is the sixth 18,000-TEU ship that the company has built. It will not be permanently deployed in the TransPacific, but instead sail between Asia and Europe. The company also has three 20,000 TEU ships on order.

Rodolphe Saade said CMA CGM brought the ship to Long Beach “to show it is also possible for U.S. West Coast ports to handle such vessels” and also “to attract the attention of the government officials that they have to invest in port infrastructure so that these ships can be optimized in the U.S. West Coast.”

“Not all ports in California can handle these vessels,” he noted. In December, the *Benjamin Franklin* called the Port of Los Angeles and Oakland. However, Saade noted that the ship still cannot be used optimally at most U.S. terminals because their cranes are not tall enough to work the *Benjamin Franklin* if it carries its maximum number of containers stacked on deck.

After the merger with APL is consummated, CMA CGM wants to make the carrier part of the Ocean3 Alliance, which also includes China Shipping and UASC (United Arab Shipping Company), and is slated to expire at the end of this year, he said.

China Shipping has just merged with COSCO, and he said discussions are ongoing about the future of the Ocean3 and whether other carriers will potentially be part of that space sharing partnership.

In addition to the three 20,000-TEU ships that CMA CGM has on order, the company has a number of 14,000-TEU ships on order as well, and Rodolphe Saade said when the Panama Canal opens its new locks later this year, 11,000-TEU and 14,000-TEU ships will be able to utilize the waterway as they cascade out of the Asia-Europe trade, replaced by ships the size of the *Benjamin Franklin*.

“One of the trades that will develop quite a bit will be U.S. East Coast and Central America and Caribbean,” he said. Cargo to and from Central America and the Caribbean could be transshipped through the company’s hub in Kingston, Jamaica, but not cargo to the United States.

“We have a combination of direct services and transshipment services,” said Saade. “We believe the U.S. market is a very sensitive market and we prefer serving the U.S. market, whether it is East Coast or Gulf on a direct basis ... We intend to keep it on a direct basis.”

[Editor’s Note: This article is by Chris Dupin and was posted on the online edition of *American Shipper* on February 22.]



March 3 on the APL *Guam*, in Guam, from left to right: Nick Manessiotis-AB (delegate), Benjamin Braceros-AB, Rodney Cho-AB, Emmanuel Rezada-(Bosun), Ronnel Sugui-AB, and Abe Krula-AB.

Strengthening border security: Look no further than the Jones Act

Former Senator stresses the border security importance of Jones Act (Merchant Marine Act of 1920)

By former Senator Slade Gorton (R-Washington)

The following commentary was originally posted February 12 in *The Hill* newspaper:

“As homeland security and border control remain a top priority among presidential candidates, one important provider of that security is often overlooked – the principal role the domestic maritime industry plays in securing America’s borders. Without the Jones Act – an essential security law that requires the use of American vessels and American crews when transporting cargo by water between two points in the United States – America’s challenges in preventing illegal immigration would be substantially more challenging.

For as long as I can remember, those who support our domestic maritime sector have trumpeted the Jones Act’s economic benefits, now estimated at 500,000 jobs and nearly \$100 billion in annual economic impact, according to PricewaterhouseCoopers. Jones Act supporters also proudly tout the national security benefits, citing some of the most senior military officials in the land who stand behind the law, such as General Paul J. Selva, current Vice Chairman of the Joint Chiefs of Staff, General Darren McDew, Commander of the U.S. Transportation Command, and Anthony Foxx, Secretary Department of Transportation.

To me, however, the most vital benefit of the Jones Act is the law’s critical role in protecting America’s borders and homeland security.

America is a maritime nation and an ever-growing number of foreign ships and seafarers arrive at our shores every single day. When a foreign ship enters an American port, an avalanche of procedures goes into effect, involving our most important maritime security agencies, the U.S. Coast Guard and the Department of Homeland Security. In most cases, unless the crew members on these ships have the appropriate visas, they cannot leave the highly secure confines of the port into which the vessel arrives. Dealing with tens of thousands of foreign ships and millions of foreign crew members is a highly complex and sophisticated undertaking that requires massive resources from our law enforcement agencies.

Of course, the arrival of foreign ships into our ports has nothing to do with the Jones Act, which only applies to purely domestic movements of cargo within our country. Compared to arriving foreign ships, the security profile of the Jones Act fleet is far more reassuring. Jones Act ships are crewed by Americans who have passed intensive background checks and are licensed by the Coast Guard. The vessels are owned by Americans and subject to American laws and regulations. The American vessel owners and crew members are full partners with American law enforcement agencies.

Congressmen Duncan Hunter (R-California), the chairman of the House Coast Guard Subcommittee, and Steve Scalise (R-Louisiana), the House Majority Whip, put it this way: “Without the Jones Act, vessels and crews from foreign nations could move freely on U.S. waters, creating a more porous border increasing possible security threats, and introducing vessels and mariners who do not adhere to U.S. standards into the bloodstream of our nation.”

Helping plug a porous border is a benefit of the Jones Act that is far too often overlooked and one that should not be underestimated by any presidential candidate.”

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

Matson, Inc. reports strong fourth quarter net income in 2015

Matson, Inc. reported net income of \$26.6 million for the quarter ended December 31, 2015. Net income for the quarter ended December 31, 2014 was \$27.8 million. Consolidated revenue for the fourth quarter 2015 was \$494.8 million compared with \$443.5 million reported for the fourth quarter 2014.

For the full year 2015, Matson reported net income of \$103.0 million compared with \$70.8 million in 2014. Consolidated revenue for the full year 2015 was \$1,884.9 million, compared with \$1,714.2 million in 2014.

Matson President & CEO Matt Cox said, "2015 was an exceptional year for Matson. Financially, it was the best year in our history. Strategically, we substantially grew our ocean transportation platform with the acquisition of the Alaska trade and we reinforced our position as the service leader in Hawai'i, Guam, China and Micronesia. In 2016, we expect to continue to deliver strong operating results, although modestly lower than the record level achieved in 2015. Matson's core businesses are well positioned to generate significant cash flow to pay down debt, fund growth initiatives, including our new vessel investments, and return capital to shareholders via both dividends and share repurchases. The integration of our Alaska operations continues to progress well and will remain a focus this year. Our investment in Alaska is supported by the attractive cash flow and earnings generation characteristics of the business and is on track to achieve our earnings and cash flow accretion expectations."

Ocean Transportation: In the fourth quarter 2015, the Hawai'i trade experienced modest westbound market growth and Matson achieved meaningful volume gains as it deployed additional vessels in response to a competitor's service reconfiguration. Matson believes that the Hawai'i economy remains healthy and expects the continued progress of the construction cycle in urban Honolulu to generate modest volume growth. As a result, for the full year 2016, Matson expects its Hawai'i container volume to be moderately higher than 2015.

In the China trade, despite freight rates for other ocean carriers reaching historic lows, Matson achieved average freight rates that approximated the strong rates achieved in the fourth quarter 2014. And Matson's China volume in the fourth quarter 2015 was moderately lower due to one fewer sailing, the absence of the extraordinarily high demand experienced in the fourth quarter 2014 during the U.S. West Coast labor disruptions, and market softness. In 2016, international vessel overcapacity is expected to persist with vessel deliveries outpacing demand growth and putting continued pressure on international ocean carrier freight rates. Matson expects its expedited service to continue to realize a sizable premium and maintain high vessel utilization in 2016, albeit at average freight rates that are significantly lower than 2015.

In Guam, economic activity in the fourth quarter 2015 was stable and Matson achieved modest volume growth as the expected launch of a new competitor's biweekly, U.S. flagged containership service to Guam was delayed until early 2016. For the full year 2016, Matson expects to experience competitive volume losses to this new service.

In Alaska, volume for the fourth quarter 2015 was about 14,200 containers. In 2016, Matson expects Alaska volume to be modestly lower than the total 67,300 containers carried by Horizon and Matson in 2015. Matson intends to operate a base deployment of three containerships in Alaska and expects to complete the installation of exhaust gas scrubbers on those ships in 2016.

Matson's integration of the Alaska operations is progressing well and is expected to be substantially complete by the end of the third quarter 2016. Selling, general and administrative expenses related to the Horizon acquisition are not expected to materially exceed the incremental run-rate target of \$15.0 million per year in 2016. Further, the company continues to expect to achieve its earnings and cash flow accretion targets for the Horizon acquisition by mid-2017.

Matson's terminal joint venture, SSAT, continued to benefit from improved lift volume during the fourth quarter. For the full year 2016, Matson expects SSAT to contribute profits modestly lower than the \$16.5 million contributed in 2015, primarily due to the absence of factors related to the clearing of international cargo backlog in the first half of 2015 that resulted from the U.S. West Coast labor disruptions.

For the full year 2016, Matson expects that ocean transportation operating income to be modestly lower than the \$187.8 million achieved in 2015. In the first quarter 2016, Matson expects operating income to be about 25% lower than the first quarter 2015 level of \$43.9 million.

Logistics: Volume declines in the logistics business extended into the fourth quarter 2015 and Matson achieved an operating income margin of 2.5%. Matson expects 2016 operating income to modestly exceed the 2015 level of \$8.5 million, driven by volume growth and continued expense control.

Interest and Income Tax Expenses: Matson expects its interest expense in 2016 to be about \$19.0 million. Matson expects its effective tax rate for the full year 2016 to be about 39%.

Capital Spending and Vessel DryDocking: For the full year 2015, Matson made maintenance capital expenditures of \$46.9 million, scheduled contract payments for its two vessels under construction of \$20.9 million, and dry-docking payments of \$25.7 million. For the full year 2016, Matson expects to make maintenance capital expenditures of about \$65 million, scheduled new vessel construction progress payments of \$67.2 million, and dry-docking payments of about \$60 million. For the full year 2016, Matson expects depreciation and amortization to total about \$133 million compared to \$105.8 million in 2015, inclusive of dry-docking amortization of about \$35 million expected in 2016 and \$23.1 million in 2015.

APL parent NOL reports smaller fourth quarter loss

Neptune Orient Lines Limited, the parent company of APL, last month reported a loss in the fourth quarter of 2015, albeit a smaller one than in same 2014 period, as both volumes and base freight rates declined.

For the full year, the company would also have reported a loss had it not been for the one-time gain it achieved on the sale of APL Logistics to Kintetsu World Express in 2015.

In the fourth quarter of 2015, NOL posted a net loss of \$76 million versus a loss of \$85 million in the fourth quarter of 2014. Revenues fell 43% to \$1.28 billion in the fourth quarter of 2015 compared with \$2.23 billion in the same 2014 period.

APL said average freight rates fell 22% amidst pressure from overcapacity in the industry. Volumes slid 12% in the quarter over the prior year, mainly due to a reduction in backhaul volumes out of the United States and the Persian Gulf, the company added.

For the full year in 2015, NOL had a profit of \$707 million compared with a loss of \$260 million in 2014. However, excluding proceeds from the sale of APL Logistics, the company would have had a loss of \$181 million last year. Revenues stood at \$6.02 billion in 2015, a 30% drop from the \$8.62 billion recorded in 2014.

On December 7, French ocean carrier CMA CGM announced an offer to acquire NOL for \$1.30 per share, and NOL confirmed on February 23, that it expects anti-trust clearance of the deal by mid-2016.

"The last quarter of 2015 was particularly difficult container freight rates hit historical lows across major trade lanes as new vessel capacity came on stream amid softening market demand," said NOL Group President and CEO Ng Yat Chung.

Although 7% of containerships are idle, "supply pressure continues to build up unabated due to high new build deliveries" in the first three quarters of 2015, he said. All told, 1.7 million TEUs of new capacity was delivered in 2015, with 80% on large vessels of 7,500 TEUs in capacity or more, according to Ng. Those ships, he noted, are meant for long-haul deployment.

Coupled with lackluster global economy, China's softening growth, and ultra-low bunker prices, Ng said freight rates reached historic lows on several trade lanes in the fourth quarter of 2014.

He noted that over a two-year period between the beginning of 2014 and end of 2015, the Shanghai Containerized Freight Index fell 44%, and that this was mirrored by a 48% drop in spot freight rates from Asia to the U.S. West Coast, a 58% drop in spot rates from Shanghai to the Persian Gulf and a 45% drop on spot rates from Asia to Europe.

Ng said APL has reduced capacity as needed in order to maintain high utilization of its ships over the past three years – over 90% in each quarter.

The company saw revenue per 40-foot equivalent unit (FEU) drop to \$1,699 in the fourth quarter compared with \$2,179 per FEU a year earlier and \$2,419 per FEU in the fourth quarter of 2012.

APL in the fourth quarter was able to achieve \$358 million in cost savings and yield improvements from factors such as lower bunker prices, network optimization, expiration of charters, terminal and equipment savings, better cargo selection, yield management, and lower inland transportation expenses, the company said.

But Ng noted these positives were more than offset by the drop in freight rates and lower volumes – the company carried 643,000 FEUs in the fourth quarter of 2015 compared with 734,000 FEUs in the fourth quarter of 2014.

NOL said backhaul volumes in the TransPacific and from the Persian Gulf were particularly weak during the quarter. The company also saw a big drop in its TransAtlantic business, moving just 48,000 FEUs in 2015, 63% fewer than the 131,000 FEUs it moved in 2014.

Ken Glenn, president of APL, said TransPacific westbound trade was lackluster in 2015 due to the strong U.S. dollar, weak demand for raw materials used by manufacturers and the disruption at West Coast ports in early 2015 during and immediately after the fractious contract talks between Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union (ILWU).

Glenn said APL's headhaul volumes out of Asia in the fourth quarter of 2015 were fairly weak and there is no sign of a reversal of that in the early part of 2016, though he also said volumes prior to the Lunar New Year holiday this year were "decent."

He noted that APL is "deep into" negotiating TransPacific contracts for the coming year and that the company is doing "quite well on the volume side" and "getting a lot of positive feedback" from shippers about service integrity.

APL's new express service from Shanghai to Los Angeles has been well received, said Glenn, adding that the Global Gateway South terminal in Los Angeles is "working extremely well."

ATTEND YOUR MONTHLY SUP UNION MEETINGS!

U.S. facing looming shortage of American merchant mariners

By 2022, the United States will need “70,000 new people” for the nation’s maritime fleet, but the Merchant Marine Academy at Kings Point, N.Y., and the six state maritime academies only graduate 900 per year and are at capacity, Paul Jaenichen the head of the U.S. Maritime Administration (MarAd), told the House Armed Services Seapower and Projection Forces subcommittee on this month.

He added that even with a new military-to-mariner program for separating service members—and other programs like it—the real issue is now those individuals would get credit for the necessary licenses required. He told the panel American mariners are “also a very aging work force” that could aggravate the shortfall in the future.

Addressing existing requirements for mariners in support of global power projection, Jaenichen said that while the administration can meet the requirement for immediate deployment, “the first crew rotation is critical.” After four to six months, he said, there were “not enough [mariners] for sustained operations.”

He predicted “a perfect storm” after January 1, 2017, when licensing requirements change. For MarAd that means that drawing on a pool of recently retired mariners likely would not be possible. The retired mariners to remain current under the regulations would have to pay for required training out of their own pockets.

At the same time as that shortage of merchant mariners, the ships in the National Defense Reserve Fleet and its subset, the Ready Reserve Fleet, also are aging—averaging almost 40 years old. Some are steam-powered, needing parts that are no longer made. In the commercial vessels in Maritime Security Program, owners see government cargo contracts—including food-aid shipment and movement of military equipment from Afghanistan and Iraq—declining, and an overcapacity of shipping globally driving prices lower.

Like the American-flagged and government-owned fleet, questions surface about the viability of service-life extension spending on training ships. For example, the training ship *Empire State* is 55-years-old and could cost \$104 million in a service-life extension program. “I cannot guarantee spending that amount of money will” give 10 years, three years or even no more service.

Jaenichen said, “The stipend [to American ship owners] is the only place to go” to keep the U.S.-flagged fleet in operation. The administration has asked for \$3.1 million per ship as a stipend. He said industry estimates that it cost \$4.6 million more to operate an American ship over an international competitor last year, and the stipend this year would be \$5 million.

“Industry has told us that is the right number. The entire global industry is losing money.” He added later in answer to a question that this loss of business is the prime reason American shippers either scrap vessels or reflag them. “If they are losing money, they are not going to stay” in the Maritime Security Program, which provides the stipends for up to 60 “commercially viable, military useful, privately-owned U.S.-flag vessels and crews operating in international trade.”

Army Lt. Gen. Stephen Lyons, the No. 2 officer in Transportation Command, said, “We’re right at the margin of moderate [to] high risk” in terms of aging ships in the Ready Reserve Fleet and the nation’s ability to crew mariners. The Ready Reserve Fleet is made up of government-owned vessels and was created in 1976 “to rapidly deploy equipment and materiel” in times of crisis on combat to humanitarian aid operations.

Jaenichen said the nation needs 40 more ships under its flag to have sufficient mariners to meet military surge capacity.

Lyons added there are questions, based on experiences in earlier conflicts, about the willingness of foreign owners with foreign crews to go into harm’s way to deliver necessary supplies and equipment to American forces operating in combat.

Both argued against repealing the 1920 Jones Act, designed to keep American maritime industry competitive. U.S. shipyards now have 32 vessels on their books, including two roll-on, roll-off cargo ships, Jaenichen said. “If you take away the building [in American shipyards] requirement,” the effect “would be traumatic” on the maritime industrial base and “not something that can be recovered quickly.”

The Maritime Administration is hoping to release for public comment a strategic maritime assessment document in a few months. It will be the first such document in decades.

World court to consider Nicaragua’s request to expand maritime boundaries

The International Court of Justice announced March 17, that it would consider a claim by Nicaragua to expand its maritime boundaries in a mineral-rich part of the Caribbean Sea toward Colombia, a ruling set to further strain relations between the two countries. The judgment, separate from a decision earlier in the day in which the United Nations court said it would rule on alleged violations of Nicaragua’s sovereignty, means a maritime delineation case between the two countries can proceed.

In a televised address soon after the decision, Colombian President Juan Manuel Santos said he would not accept a ruling by a “third party” and would not participate in the case. “Bilateral issues between Nicaragua and Colombia will not be subject to decisions made by third parties and should be handled via direct negotiations in conformity with international law,” Santos said.

Diplomatic relations between the two countries have suffered over the dispute, which intensified after a 2012 ruling by the court that drew a demarcation line in favor of Nicaragua in Caribbean waters, reducing the expanse of sea belonging to Colombia.

The decision increased the size of Nicaragua’s continental shelf and economic exclusion zone in the Caribbean, potentially giving it access to underwater oil and gas deposits as well as fishing rights. Colombia has not accepted that ruling, prompting Nicaragua to seek a judgment from the court to force it to abide by the decision.

In the new case, judges are being asked to settle boundaries beyond the 200 nautical miles that were fixed by the 2012 judgment. “This is a total victory for Nicaragua,” said Carlos Arguello, Nicaragua’s representative at the Hague. “This sends a clear message that the court’s rulings need to be respected.”

Onboard *USNS Soderman*



Part of the SUP gang in the *USNS Soderman* in Pusan, Korea on Easter Sunday: from the left: Ordinary Seaman Mike Weber; AB Frank Duffin; Bosun Jeff Nicholas; OS Mike Shimojo. Photo by Brian Boland. The LMSR *Soderman* is operated by SUP-contracted Patriot Contract Services for the Military Sealift Command.



SUP sailors – in hardhats – during cargo operations aboard the *Soderman*. From right to left: Tom Cook, Mike Weber, Paul Purugganan plus the skipper and chief mate. Photo Brian Boland.

Senator McCain again threatens Jones Act

Senator John McCain (R-Arizona), Chairman of the Armed Services Committee, has again filed a legislative amendment that would weaken the Jones Act, presenting a threat to the U.S. domestic fleet, national security, the nation’s shipbuilding capabilities, American companies and American jobs.

The provision filed by Senator McCain seeks to amend legislation addressing U.S. energy policy, which at press time was under consideration in the Senate. The amendment had been filed but not formally offered.

Senator McCain’s amendment would waive the U.S.-build requirement of the Jones Act for oil, gasoline and liquefied natural gas carriers, including self-propelled vessels, as well as barges.

This reckless amendment would jeopardize billions of dollars of investments made by American companies in building, operating and maintaining the Jones Act qualified tank vessels serving the domestic energy transportation market. It would threaten billions more invested by American companies in building a new fleet of Jones Act tankers in American shipyards, eliminating thousands of American jobs and U.S. expertise and capacity critical to military shipbuilding capabilities. Currently, U.S. shipyards are fulfilling contracts for the construction of more than 16 new tank vessels, some of which have recently been delivered.

The SUP continues working on Capitol Hill with maritime labor and industry to repel Senator McCain’s most recent attack on the Jones Act and the ongoing threat it presents.

Somali pirate kingpin sentenced to 20 years

Somali pirate kingpin Mohamed Abdi Hassan, better known as Afwenye (“Big Mouth”), has been sentenced by a Belgian court to 20 years imprisonment for his leadership role in the 2009 hijacking of the Belgian-flagged rock-dumping vessel *Pompei*. He is also required to pay 20,000 euros to the captain of the *Pompei* and his family.

Afwenye is in Belgian custody but did not attend the trial. He was convicted in absentia, and it is expected that he will appeal.

His associate, Mohamed Moalin-Aden (or Tiiceey), received five years for involvement with Afwenye’s criminal organization. He was acquitted of charges related to the specific instance of the *Pompei*. Tiiceey has already been in custody for two and a half years, and with time served, he may be released soon following sentencing. Tiiceey described his conviction as “collateral damage,” the result of prosecutor’s desire for a high-profile case against Afwenye. “I’m a political prisoner whose liberty is sacrificed for a career,” he said.

Due to a prosecutorial error, the court did not order the confiscation of the millions of euros the two men gained from the pirate network’s crimes.

By all accounts the two men have had a long and profitable career. Afwenye, a former civil servant, began recruiting pirates for a commercial-scale criminal enterprise in 2003. He was successful early and often, snagging dozens of vessels before his retirement in 2013. Over that time, he put the money he took in from ransom payments into a diverse range of business enterprises, including investments in the amphetamine-like stimulant khat (a traditional substance in the region) to sell to his pirates.

His son suggested that he had given Al Qaeda-affiliated militants Al Shaabab a cut of his ransom profits in exchange for protection and non-interference. After retirement, Afwenye secured a pardon from Tiiceey – at that time the president of the autonomous state of Himan and Heeb – and tried to set up a rehabilitation program for former pirates under the moniker of the Somali Anti-Piracy Agency.

The two men were arrested by Belgian authorities in a novel sting operation in 2013; an undercover team convinced Afwenye and Tiiceey to travel to Europe as paid consultants on a fictitious movie about their lives, and detained them as soon as they got off the plane.

Utah proposes to invest \$50 million for Oakland and coal shipping facility

A proposal by the state of Utah to invest more than \$50 million in taxpayer funds for a coal shipping facility at the Port of Oakland has cleared the state’s Legislature.

The Oakland coal plan sailed through the Utah House and Senate, as lawmakers there said the funds would help the state’s rural coal industry. Environmental groups however voice their opposition to the California terminal.

Terminal Logistics Solutions wants to build a \$250 million bulk commodities terminal at the former Oakland Army Base located on the Outer Harbor south of the Bay Bridge toll plaza. California lawmakers however have expressed concern that the facility could be used to receive rail cars of coal for shipment to Asia.

Alameda County public health officials also fear that such a use would expose West Oakland residents to greater risk for respiratory illness.

“Now that Utah has committed to subsidizing the risky coal export scheme cooked up between investment banker and former Utah Department of Transportation Chair Jeff Holt and private Oakland developer Phil Tagami, it’s up to the Oakland City Council to act quickly to stop this dangerous proposal to ship coal through Oakland,” said Cesia Kearns of the Sierra Club’s Beyond Coal campaign in a prepared statement. “Unless Governor Brown’s administration and the Oakland City Council act, legislators in Utah will be dictating California energy policy and Oakland air quality,” continued Kearns.

Last month California State Senator Loni Hancock introduced four bills directly targeting the potential coal shipments. The bills would declare shipping coal through West Oakland a health and safety danger and prohibit shipment through the Oakland port; require extensive environmental reports for public agencies approving coal projects; prohibit public funds to build or operate coal-exporting ports located next to poor communities and require state-funded facilities to prohibit coal or participate in the state’s cap-and-trade program. The Oakland City Council would also have to act to declare the coal shipments a health and safety hazard to residents along the rail line, Hancock said.

A look astern. . .

The 31st Anniversary of the Sailors’ Union of the Pacific was celebrated at the March 6, 1916 Headquarters meeting with “fitting honors” at 59 Clay Street in San Francisco.

“The commodious assembly hall was beautifully decorated, and Professor Schuppert’s famous orchestra was at its best.”

Paul Scharrenberg, Editor of the *Coast Seamen’s Journal*, chaired the meeting and reminded the members and guests that the Seaman’s Act became law just a year ago – culminating 20 years of struggle by Secretary Andrew Furuseth to gain emancipation from compulsory servitude

for American merchant seamen.

After speeches by Walter MacArthur, former editor of the *Coast Seamen’s Journal*, and now U.S. Shipping Commissioner; Daniel Murphy, President of the San Francisco Labor Council; and Alfred Fuhrman, a founding member from 1885, congratulatory telegrams were read from SUP Branches in Seattle, San Pedro, Vancouver, B.C., Eureka, Grays Harbor and Portland, Oregon.

“The meeting then adjourned with cheers for the old Union, the International Seamen’s Union of American, the ‘Brotherhood of the Sea’ and for the solidarity of labor the world over.”

Maersk sees savings in using drones at sea

AP. Moller Maersk A/S, the world’s largest containership operator by capacity, is studying deploying drones aboard its vessels and at its port operations around the world in an effort to cut the cost of supplying ships at sea. While studies are preliminary, Maersk says it could save up to \$9,000 per ship in annual operating costs by shuttling everything from mail, medicine and spare parts by drone. The company is looking at stationing drones aboard ship for other tasks, like hull inspections.

Modern vessels – many of them too big to tie up to a pier – rely on a fleet of auxiliary ships and barges to supply them with everything from fuel to food, even when they are in port. Drones could provide an easier way to move smaller cargoes quickly and more flexibly from shore to ship and the other way around.

“We normally try to consolidate our deliveries by barge to cut costs. With the drones, smaller deliveries can be more frequent, depending on the urgency,” said Tommy Thomassen, Technical Director at Maersk Tankers, one of Maersk Group’s three main units.

In January, it test flew a drone from a tugboat to a tanker off the Danish island of Zealand, delivering a small package – a box of Maersk-branded Danish butter cookies, weighing about 2.6 pounds. The cookies were dropped from a height of approximately 16 feet and didn’t break. The test drone, which was supposed to cover a distance of about a mile, flew about 270 yards because of fog.

A system that could carry packages up to about 44 pounds, “opens up all kinds of possibilities for deliveries including spare parts and other supplies,” Thomassen said.

Maersk also thinks longer-range journeys could one day be a way to deliver parts to a ship with engine trouble, or medicine for a stricken crew member in the open ocean. Currently, helicopters and airdrops from longer-range aircraft are often the only option for emergencies at sea.

Maersk is also considering whether carrying drones aboard ship, including to make periodic hull inspections, for instance, makes sense. Vessels may just carry drones on board to determine on the spot how best to use them.

The move is just one more attempt by businesses to find commercial uses for increasingly sophisticated drones. Amazon.com, the online shopping giant, has started to gradually move into the shipping business itself. The company this month teamed up with Air Transport Services Group Inc. to run a fleet of 20 Boeing Co. 767 freight planes, to reduce reliance on carriers such as United Parcel Service Inc. and FedEx Corp. Its Amazon Prime Air has been on a hiring spree in the U.S., U.K. and Israel, with the aim of using drones to deliver packages short distances by air.

Apart from Maersk, the maritime industry has been slowly embracing drones. The European Maritime Safety Agency and the European Space Agency hope to use drones as early as this year to enforce new pollution standards in some of Europe’s busiest waters.

In Korea, the Pusan Port Authority has said it would use drones to better police ships that illegally anchor in sea lanes near the port. And in Japan, the government has plans for a drone-based maritime monitoring system that would help it track ships in Japanese waters, survey weather and respond to emergencies at sea.

Regulators have scrambled to keep pace with drone development on land. Drone use at sea wouldn’t necessarily raise some of the same concerns about noise, privacy and safety that they have in many other jurisdictions. But international laws that govern conduct at sea outside of territorial waters would likely have to accommodate drones if they became widely used.

500-year-old shipwreck linked to famed explorer

The 500-year-old wreckage of a Portuguese ship piloted by an uncle of explorer Vasco da Gama has been found off the coast of Oman, archaeologists said this month, a discovery that included the recovery of an incredibly rare coin.

The *Esmeralda* sank during a violent storm near al-Hallaniyah Island in the Indian Ocean in May 1503, killing commander Vicente Sodre and all those aboard.

Beginning in 2013, a team from the British company Blue Water Recoveries and the Oman Ministry of Heritage and Culture explored a site in the island’s Ghubbat ar Rahib Bay. They later determined the debris found there came from the long-missing ship, one of two lost in the storm from da Gama’s second voyage to India.

Among the stone shot, ceramics, a bell and other debris, divers discovered a rare silver coin called an Indio, of which only one other is known to exist, said David Mearns, the director of Blue Water Recoveries. The coins were forged in 1499 after da Gama’s first voyage to India, which helps date the wreckage, he said.

“That was an amazing discovery,”

Mearns said. “It was like a thing you read about in a Hollywood story.”

The archaeologists announced their findings in an article published on March 15, by the *International Journal of Nautical Archaeology*.

Ayoub al-Busaidi, the supervisor of marine archaeology at the Oman Ministry of Heritage and Culture, said this marked the first underwater excavation carried out by his country. He said it inspired officials to continue to explore the waters around the sultanate for other finds.

“Oman is now looking at outside archives to read about the relationships and trade between Oman and the outside” world, al-Busaidi said.

Vasco Da Gama was a Portuguese explorer and navigator.

He was the first person to sail directly from Europe to India, from 1497 to 1499, and this linked Europe to Asia by sea for the first time.

Da Gama’s journey opened the way for an age of global imperialism and for the Portuguese to establish a long-lasting colonial empire in Asia.

ESU Office Assignments

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

ESU NEWS

MARCH 2016

Official Publication of the Exxon Seamen's Union

75th Anniversary



On March 28 2016, the Exxon Seamen's Union marked the 75th anniversary of its founding. Over the past 75 years the ESU has represented the seafaring employees who work for SeaRiver Maritime, a wholly owned affiliate of ExxonMobil Corporation, and its predecessor companies. It all started in 1941 when the Esso Tankermen's Association was formed by the unlicensed seafaring employees when they recognized the need to organize for the purpose of negotiating better wages and working conditions. The union was certified by the National Labor Relations Board and then later in September 1945 was recognized by the Standard Oil Company (Marine Department) as the exclusive representative for all unlicensed personnel employed in the Deck, Stewards and Engine Room departments for all American flag vessels. Over the next half century, the Union changed its name to Esso Seamen's Association in 1967 then later in 1986 became the Exxon Seamen's Union.

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

Originally, and for many years the ESU main office was located in Bayonne, New Jersey. This was a logical place for the ESU office considering that Exxon had many vessels that traded on the East and Gulf Coasts. In 1997, as vessel traffic in the New Jersey area

declined the ESU decided it would be more advantageous to move the Bayonne office to Baytown, Texas. In 2003 the office was moved again to its present location in Seabrook for economically reasons. The ESU also maintained an office in Benicia, CA but due to a decline in the number of vessels on the West Coast that office was closed as a result of Collective Bargaining in 2008.

Today, the ESU membership is small by historical comparison, since there are only three SeaRiver vessels in active service. Despite the smaller numbers, the ESU membership still maintains the same desire to improve upon working conditions, increases in pay and paid time off in order to spend time with their families. These core goals remain the same now as it was for those unlicensed mariners that formed the Exxon Seamen's Union more than seven and half decades ago.

Despite the downturn in our industry, due mostly to declining Alaska North Slope oil, the ESU has maintained strong support from it's members and today union membership is at an all time high despite working under an "open shop" system, the current membership is above 94%.

The ESU continues to look to the future and with the apparent upcoming need for hiring new mariners due to ongoing retirements we certainly plan to pass on our history to the next generation of ESU members. One thing is for sure the ESU will maintain the same commitment to represent it's members and families now and in the future.

Happy Anniversary Exxon Seamen's Union!



Then, Esso Jamestown, above: Launched in 1957 the Esso Jamestown was the latest in oil tankers, designated a T-2 class it was built in Newport News, VA. 39,124 DWT, 685' long and 93' beam with a capacity of approximately 240k barrels, with a steam turbine and single propeller and was capable of 18 knots. Now, Liberty Bay, below: The Liberty Bay launched in November 2013, is the latest in oil tanker vessels built in Aker Philadelphia Shipyard in Philadelphia, PA. At 115,000 DWT, its 823' long with a 143' beam, it can carry 800k barrels of crude. State of the art electronics, MAN B&W diesel power plant and one propeller it can reach speeds of 15 knots. The Liberty Bay and her sister ship, the Eagle Bay provide an optimistic future for the ESU and the membership for years to come.



Mileage reimbursement rate for 2016

As of January 1, 2016, the optional standard mileage rate for all miles of use for business purposes decreased to 54.5 cents per mile. Reimbursements made using this rate will satisfy IRS accounting requirements and will not be included in the employee's W-2 income or subject to tax withholding.

Under the current Collective Bargaining Agreement unlicensed employees are permitted to use an automobile for business travel and receive reimbursement from the company. Current contract language states in part, "When an employee uses an automobile as transportation from his/her home to a vessel, to/from a training program, or to/from a meeting, or for other reasons approved by the Company, the employee shall be paid for the actual miles driven for a reasonably direct route at the mileage rate then current for the Company. Actual miles driven shall include round trip mileage when an employee is driven by another person who returns to the employee's home. The Company will also reimburse any tolls actually paid for the trip. In no case will the total payment be greater than the cost of the prevailing coach class airfare as described herein plus ground transportation allowances provided when traveling by air."

Ship reports

S/R American Progress

The *Progress* was visited by ESU Board member Leo DeCastro on March 14 and 17, at Phillips66 in Nederland, TX, where the vessel was discharging cargo from Baton Rouge, LA ExxonMobil. Regular Ship Representative AB Mike Harrison back on board and staying in touch with the ESU office and reporting all is well. The vessel will do at least one more trip from Baton Rouge to Beaumont.

Eagle Bay

The vessel was visited by ESU officer Leo DeCastro at anchorage in Long Beach, CA on February 25. The *Eagle* continues to load in Valdez, AK, and discharges south in Long Beach, CA. Regular ship representative Thor Floreen back on board and reports everyone is staying busy, having some small issues and questions being addressed.

Liberty Bay

After its first trip to Hawaii, the *Liberty* is back to the West Coast run between Valdez, AK, and Puget Sound/San Francisco ports where it was visited by Leo DeCastro on March 13, at anchorage 9 in San Francisco. Board member Jeff Harris on board and with some comments and feedback on the trip to Hawaii. These questions were brought to the attention of the company. Regular Ship Representative Joe Buffington just returned from paid leave while the ship was in San Fran.

EXXON SEAMEN'S UNION

Founded March 28, 1941

Affiliated with the Sailors' Union of the Pacific

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Deck Trustee Jeffrey Harris

Engine Trustee William Ackley

Steward Trustee Joel Mitchell

Aspirin and cancer risk

Many people take a daily low-dose aspirin to lower the risk of heart disease, and several studies have shown that regular aspirin use reduces the risk for some cancers. Now a long-term analysis has found that its population-wide benefits against cancer may be even - greater than previously believed.

Researchers studied aspirin use in 135,965 health care professionals, men and women, tracking their health for as long as 32 years. Over the course of the study, published in *JAMA Oncology*, there were 27,985 cases of cancer.

Regular aspirin use reduced the risk for all cancers by about 3%, though it had no impact on the risk for breast, lung or prostate cancer.

But regular aspirin use reduced the risk for all gastrointestinal cancers by 15%, and for cancers of the colon and rectum by 19%.

The senior author, Dr. Andrew T. Chan, an associate professor of medicine at Harvard, pointed out that even people who undergo regular colorectal screening can develop cancers, and aspirin could help prevent some of those cancers as well.

“Based on our estimates,” Dr. Chan said, “we think that regular aspirin use could prevent almost 30,000 cases of gastrointestinal cancers a year, which account for almost 25% of all cancer deaths. So I think that’s pretty substantial.”

World’s largest undersea restaurant installed in Maldives Atoll Resort

The heavy lift shipping company Jumbo has installed the world’s largest under-water restaurant, located in the Hurawalhi Island Resort located on Lhaviyani Atoll in the Maldives.

Jumbo moored the transport vessel *Fairlane* alongside a shallow coral reef where the acrylic and steel structure onto pre-installed concrete piles at a depth of about 33 feet. The vessel is fitted with two 400 ton cranes with a combined lifting capacity of 800 ton. Jumbo picked the cargo up from New Zealand earlier this year after being awarded the contract by GAC.

The restaurant, built by Fitzroy Engineering of New Zealand, consists of an acrylic dome on a steel structure. It is 74 feet long, weighs 410 tons and is the

second one of its kind.

The project preparation and execution resulted in the smallest possible impact on the sensitive environment, says Jumbo.

A 43-foot spiral staircase descends from a hut above the water into the restaurant, which accommodates 24 people. Food is prepared onshore and a special dumbwaiter lift is used to deliver it to the restaurant. The venue can also be customized to hold wedding receptions or as a honeymoon suite.

The Maldives pioneered underwater restaurants with the Ithaa Undersea Restaurant at Conrad Maldives Rangali Island Resort. Ananata Kihavah Villas also has an underwater restaurant and an undersea wine cellar.

Drunk captain runs ship aground in Germany

On March 26, the captain of the 4,000 dwt specialty cargo vessel *Abis Bergen* ran her aground on departure at the port of Rostock while allegedly under the influence of alcohol, harbor police say.

Their report indicated that the captain had a strong odor of alcohol on his breath, and when authorities administered a breathalyzer test, he allegedly registered a reading of 1.5 parts per thousand of alcohol, or 0.15%—about twice the legal limit for driving in the United States.

The Center for Disease Control (CDC) suggests that a blood alcohol level in the 0.15% range results in serious impairment, with symptoms including “far less muscle control than normal” and “substantial impairment in vehicle control, attention to driving task, and in necessary visual and auditory information processing.”

“As the captain caused an accident at sea [while] absolutely unfit to drive, an investigation was initiated due to risk to vessel traffic,” the police said. His identity has not been released.

The vessel has since been refloated and returned to the harbor, with the assistance of one tug; she was obstructing the harbor entrance before her removal. No injuries or hull damage were reported.

Abis Shipping, the operator of the *Abis Bergen*, specializes in unusual or oversize cargoes. Among notable loads, the firm’s heavy lift ship *Abis Dusavik* recently took aboard the historic oceanographic vessel *Calypso* for a voyage to a repair yard in Istanbul.

Membership and Ratings Committee

Met on March 3, 2016, and found the following members eligible for advancement in seniority and rating stamps in the various departments:

<u>Name and Membership Number</u>	<u>Seatetime</u>	<u>Rating</u>	<u>Seniority</u>
Sean O’Grady C-2578	30 Days	A.B.	C
James Coulter C-2579	30 Days	O.S.	C
Jonathan Eitz C-2580	30 Days	A.B.	C
Eduardo Rojas C-2581	30 Days	O.S.	C
David Feleti C-2582	30 Days	O.S.	C
John Fearon C-2583	30 Days	O.S.	C
Ahmee Aboelnaga C-2584	30 Days	A.B.	C

Membership and Ratings Committee’s Report: M/S (Fuentes-several) to concur in the Committee’s report. Carried unanimously. Membership and Ratings Committee: Isnin Idris #885, Hillard L’ai #18944, and Marcelo Javier, Jr. #4324

Welfare Notes

March 2016

Dependent Verification

A recent mailing was sent to members who have dependents enrolled under their plan coverage. If you have not yet replied to the information request, please do so as soon as possible.

The dependent verification request lists the dependents that are currently enrolled in your plans. We are not requesting documentation on these dependents such as marriage certificates or birth certificates. We are asking you to acknowledge that these dependents meet the plan requirements as dependents and send us your response.

Eligible dependents include legally married spouses, dependent children and adopted children who have not yet reached 26 years of age. Coverage for dependent children terminates in the month after they become 26 years of age.

If you have dependents that you want to enroll and they are not listed on the dependent verification form, please contact our office. You can add dependents within the first 30 days of acquiring the dependents by marriage or birth. If there is a delay beyond the 30 days, you can add the dependents in the open enrollment period of your plan. Adding dependents will require a dependent add form for the plan and also a copy of the marriage certificate or birth certificate for children.

The dependent verification form was sent only to members with dependents enrolled in their plan coverage. If you have dependents enrolled under your coverage and did not receive a form, please contact our office.

Please inform the SUP Welfare Plan office of dependent changes including deaths and divorce. Also inform us of address changes.

Michelle Chang, Administrator mcsupsiupd@sbcglobal.net

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

Virginia Briggs Claims vbriggs80@sbcglobal.net

Michael Jacyna Eligibility mjacyna67@sbcglobal.net

Training Representative Berit Eriksson 206-551-1870

berittrainrep@sbcglobal.net

SUP Welfare Plan 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

Seven miles deep, the ocean is noisy

For what may be the first time, the National Oceanic and Atmospheric Administration (NOAA) and partner scientists have listened to the deepest part of the world’s ocean and instead of finding a sea of silence, discovered a cacophony of sounds both natural and caused by humans.

For three weeks, a titanium-encased hydrophone recorded ambient noise from the ocean floor at a depth of more than 36,000 feet, or seven miles, in the Challenger Deep trough in the Mariana Trench near Micronesia.

Researchers from NOAA, Oregon State University (OSU) and the U.S. Coast Guard were surprised by how much they heard. “You would think that the deepest part of the ocean would be one of the quietest places on Earth,” said Robert Dziak, a NOAA research oceanographer and chief project scientist. “Yet there is almost constant noise. The ambient sound field is dominated by the sound of earthquakes, both near and far, as well as distinct moans of baleen whales and the clamor of a category 4 typhoon that just happened to pass overhead.” The hydrophone also picked up sound from ship propellers. Challenger Deep is close to Guam, a regional hub for container shipping with China and the Philippines.

The project, funded by the NOAA’s Office of Ocean Exploration and Research, was designed to establish a baseline for ambient noise in the deepest part of the Pacific Ocean. Human-created noise has increased steadily in recent decades and getting these first recordings allows scientists in the future to determine if the noise levels are growing and how this might affect marine animals that use sound to communicate, navigate and feed, such as whales, dolphins and fish.

Getting these first recordings wasn’t easy in an underwater trough deep enough to hold Mount Everest.

“The pressure at that depth is incredible,” said Haru Matsumoto, an Oregon State ocean engineer who worked with NOAA engineer Chris Meinig to adapt the hydrophone. “We had to drop the hydrophone mooring down through the water column at no more than five meters per second to be sure the hydrophone, which is made of ceramic, would survive the rapid pressure change.”

While atmospheric pressure in the average home or office is 14.7 pounds per square inch (PSI), it is more than 16,000 PSI at the bottom of the Mariana Trench.

Researchers deployed the hydrophone from the Guam-based U.S. Coast Guard Cutter *Sequoia* in July 2015. The device recorded sound continuously over 23 days, completely filling the flash drive. However, scientists had to wait until November to retrieve the hydrophone due to ships’ schedules and persistent typhoons. The device remained anchored to the seafloor until scientists returned.

Another OSU co-investigator on the project, Joe Haxel, will lead a planned return to Challenger Deep in early 2017, where the researchers will deploy the hydrophone for a longer period of time and attach a deep-ocean camera.

TransPacific spot rates slips to a new low

Eastbound TransPacific spot rates slipped 2% to a new low of \$748 for a 40-foot container bound for the U.S. West Coast from Shanghai, as carriers and beneficial cargo owners (BCOs) negotiate contracts for the coming year.

Rates to the East Coast were essentially flat, registering \$1,651 compared to \$1,659 last week, according to the Shanghai Containerized Freight Index. The record low to the East Coast of \$1,448 was set in the last week of December. As slight as the declines were, they suggest the TransPacific spot market still hasn't stabilized.

The instability in the market has BCOs negotiating everything from routings, chassis usage, and intermodal charges with carriers.

It is unclear how much longer the trans-Pacific will continue to be defined by these low rates, which have their source in overcapacity and weak demand, but there are signs this dynamic could slowly be changing.

The global container ship fleet is expected to grow at its lowest rate ever this year, adding less than one million 20-foot-equivalent units of capacity. This year's low rate of growth is expected after the global fleet grew by an historic high of 1.72 million TEUs last year as carriers took delivery of mega-ships. Container lines have so far been unable to absorb that capacity, spurring consolidation talk of bankruptcy at some lines, and historically low spot rates.

At the same time, West Coast ports are off to a strong start for the year even when accounting for last year's dismal traffic figures that resulted from the showdown between the International Longshore and Warehouse Union and their employers. East Coast gateways such as Savannah and Charleston have also posted strong growth to start the year despite difficult comparisons with last year when diversions from the West Coast boosted their throughput.

However, it will be some time before it can be said with any certainty whether or not these early signs of changes in the underlying dynamic of the market's overcapacity and weak demand are part of a sustained trend, or merely a blip on the radar.

Senate subcommittee examines future of U.S. maritime industry

The United States Senate Surface Transportation and Merchant Marine Infrastructure, Safety and Security Subcommittee held a hearing March 8, to examine the federal role regarding the state of the U.S. maritime industry.

The Subcommittee, chaired by Senator Deb Fischer (R-Nebraska) examined U.S. maritime policy regarding the Maritime Administration (MarAd), Merchant Marine Academy and the Federal Maritime Commission (FMC) and ways that federal policy and programs can enhance its performance.

"As a global leader, the U.S. needs an efficient and reliable intermodal freight transportation network to grow our economy-and create new jobs. Ports and the U.S. maritime shipping fleet are critical to keeping America competitive in the global market, especially as freight flows continue to increase. According to the Bureau of Transportation Statistics (BTS), freight tonnage on our nation's transportation network will grow by 40% over the next 30 years," said Fischer during her opening remarks. "Meanwhile, deep-water sea ports represent a key element of the U.S. transportation network and are vital to our economic growth," continued Fischer. "In fact, America's sea ports often serve as the key connection point for all modes of transportation."

FMC Chairman Mario Cordero testified in front of the Subcommittee regarding trends in the shipping industry that the Commission had witnessed recently. "The vessel capacity among the global fleet that is available to meet demands for increased container volumes seems more than sufficient. The world's containership fleet continued to expand with nominal capacity growing by approximately 9%. At the end of the fiscal year, there are 5,143 containerships with a capacity of 19.7 million TEUs in the global fleet," said Cordero. "Additionally, there were orders worldwide for 511 new containerships with an aggregate capacity of 4.1 million TEUs-an increase of 21% over the existing fleet capacity. This generous supply of container capacity suggests that shippers will likely benefit from continued low transportation rates for their international ocean cargo."

"Regarding competition in the shipping industry, we may see considerable consolidation among container carriers this year. France-based carrier CMA-CGM (CMA) is acquiring Singapore-based carrier NOL; and, China Ocean Shipping Company (COSCO) is absorbing China Shipping as part of a merger," continued Cordero. "Pending approval by regulators in the United States and other nations, both CMA-CGM and COSCO will grow in size; capabilities; market share; and possibly market power. The FMC has the vital responsibility to monitor possible changes in the marketplace and analyze potential impact on shippers. The CMA and COSCO transactions are complex, far-reaching, and will require careful on-going analysis for some time into the future."

Maritime Administrator Paul Jaenichen testified regarding what MarAd see for the future of the domestic shipping industry. "We do see encouraging signals for domestic industry growth with recent deliveries of new containerships and tankers qualified to operate in the coastwise trade," said Jaenichen. "These containerships are among the first in the world that are able to be powered by U.S.-produced liquefied natural gas, making them one of the most environmentally friendly forms of freight transportation in the world."



Volunteer winch drivers, Joan Raphael and Chuck Kimball, aboard the Liberty Ship Jeremiah O'Brien this month. The O'Brien is berthed in San Francisco's Pier 45. Photo: Art Thanash

Case study: pirates hack cargo company's management system

Pirates used hacked information from a global shipping company's servers to target and capture cargo ships on the high seas. Technology and communications specialist Verizon described the hack in its annual data breach post mortem released last month. The Verizon team was contacted by a global shipping conglomerate that advised they were having problems with piracy. Not software piracy, actual piracy.

Over the last several months, pirates had been attacking their ships traveling in shipping routes while on the high seas. Piracy wasn't a new problem for this (or any other) shipping company. However, in recent months, the pirates had changed their tactics somewhat, and in a manner that the victim found extremely disconcerting. Rather than spending days holding boats and their crew hostage while they rummaged through the cargo, these pirates began to attack shipping vessels in an extremely targeted and timely fashion. Specifically, they would board a vessel, force the crew into one area and within a short amount of time they would depart. When crews eventually left their safe rooms hours later, it was to find that the pirates had headed straight for certain cargo containers.

It became apparent to the shipping company that the pirates had specific knowledge of the contents of each of the shipping crates being moved. They'd board a vessel, locate by bar code specific sought-after crates containing valuables, steal the contents of that crate, and that crate only, and then depart the vessel without further incident. Fast, clean and easy.

With this background information in hand, Verizon began to enumerate where this type of information resided within the shipping company's systems environment. What Verizon learned was that the company used a home-grown system to manage shipping inventories and specifically the various bills of lading associated with each of their shipping vessels. The investigators then discovered that a malicious web shell had been uploaded onto the server. The hackers used an insecure upload script to upload the web shell and then directly call it as this directory was web accessible and had execute permissions set on it, no Local File Inclusion (LFI) or Remote File Inclusion (RFI) required.

Essentially, this allowed the hackers to interact with the webserver and perform actions such as uploading and downloading data as well as running various commands. It allowed them to pull down bills of lading for future shipments and identify sought-after crates and the vessels scheduled to carry them. However, the hackers made several mistakes, which Verizon was able to capitalize on in its investigation. They failed to enable SSL on the web shell so all the commands were sent over the internet in plain text. This allowed Verizon to write code to extract these commands from the full packet capture (FPC) data. The hackers were not highly skilled, and Verizon found numerous mistyped commands. The hackers also showed a lack of concern for their own operational security by failing to use a proxy and connecting directly from their home system.

With all the information gathered, Verizon was able to provide a clear and concise timeline of actions, compromised web hosts and data that was at risk. The shipping company then shut down the compromised servers, which, although important, weren't immediately critical to business operations. After blocking the threat actors' IP address, the company reset all the compromised passwords and rebuilt the affected servers. Moving forward, they started regular vulnerability scans of their web applications and implemented a more formal patch management process.

**DEFEND THE MARITIME SECURITY PROGRAM
SUPPORT THE SUP POLITICAL FUND**



SUP President's Report

March 14, 2016

FOSS MARITIME COMPANY

After five bargaining sessions, the SUP and Foss Maritime Company reached agreement in the early evening of February 26, on a new contract for the tankermen, engineers and deckhands employed in the company's San Francisco Bay bunkering operation. The 2012-2016 Agreement was due to expire on February 29.

The cost of health care was the key issue in bargaining as it was four years ago, which had an effect on all economic matters. The SUP Negotiating Committee rejected all proposals by the company that would have resulted in payroll deductions to defray the cost of medical coverage. Ultimately, the company agreed to a 12.9% increase in health care contributions to the SUP Welfare Plan with one-year increases based on actual cost up to 10% with a roll-over provision of any amounts not used in previous years for the term of the Agreement.

Other highlights of the four-year Agreement which expires on February 29, 2020, are as follows:

Wages:

Effective March 1, a 2.5% increase (1% increase on wages and wage-related items plus an increase in the subsistence rate from \$16.50 per day to \$25 which is estimated to be worth at least 1.5%).

Effective March 1, 2017, an increase of 2% in wages and wage-related items.

Effective March 1, 2018, an increase of 2.5% in wages and wage-related items.

Effective March 1, 2019, an increase of 2.5% in wages and wage-related items.

Pension:

Foss agreed to increase its contribution to the Pacific District Pension Plan from \$5.32 per day to \$10. This is the same rate being paid by APL, Matson, Patriot Contract Services and the SUP for officers and non-represented Union employees.

Call-Out Work List:

New steady job created with a 100-hour minimum guarantee.

Call-Out:

Calls beginning 15 minutes before turning-to. During overtime hours, overtime begins at the call.

Annual Physical Exam:

One (1) hour straight-time wages will be paid for the time to obtain the physical at the employee's chosen physician.

Licensed Deckhand Rate:

The licensed deckhand rate shall be paid to those deckhands possessing a U.S. Coast Guard Master/Operator's License of 100 gross tons or greater with a radar endorsement and is Tanker Escort Qualified for San Francisco Bay.

Tankermen Rest Period:

"In order to maintain proper rest and to remain in compliance with OPA 90 work hours, the Company encourages tankermen to rest when needed. In order to maximize undisturbed rest, the tankermen shall notify dispatch via email or phone and the Tank Barge Manager via text that they are taking a rest break."

Tankermen Crew Change:

When tankermen crews change at Foss Home Dock when standing by barges with cargo aboard, they shall be paid one (1) hour at the overtime rate. This provision restores the status quo prior to bargaining in 2012.

The SUP Negotiating Committee, comprised of Ed Chilbert, Mike Higa, Sterling Jones, Joe Plant, J.D. Rymel, Carl Turner, Eric Weintraub, Vice President Dave Connolly and your secretary unanimously recommend ratification of the Agreement with Foss Maritime Company.

AMERICAN PRESIDENT LINES

In the wake of last month's arbitrator's decision that APL violated the collective bargaining agreements of the SUP, MFOW, MEBA and MM&P by crewing the

Maritime Security Program (MSP) enrolled vessel APL Guam with SIU-A&G and AMO (American Maritime Officers) mariners, the SUP Honolulu Branch dispatched a Bosun and five ABs to join the vessel in Pusan, Korea in late February.

The Guam operates between Pusan, Yokohama, Guam and Saipan and is covered by "shuttle ship" rules (SUP Shipping Rule 8): 120 days of employment to be repatriated with transportation or 180 days employment maximum. Wages, etc., in the *Guam* are the same as the other MSP vessels operated by APL.

SUP Delegate Nick Manessiotis reported to Honolulu Branch Agent Mike Dirksen that the vessel had several deficiencies: a defective heating system, no ice maker, etc. APL followed up on March 7, by notifying the Union that it was in the process of acquiring an ice maker, dishwasher, range (oven), stainless steel cabinets for galley storage and a salad bar. The company further stated these and other outstanding items will be addressed when the Guam goes into the shipyard in Pusan around April 7.

On the legal front, the AMO filed suit in San Francisco on February 20, against APL seeking a restraining order and injunctive relief to stop the removal of its members from the Guam. On February 29, U.S. District Judge Edward Chen denied the AMO claim.

PATRIOT CONTRACT SERVICES

Kwajalien Range Services

Effective March 1, there was a 2% Total Labor Cost (TLC) increase for those employed in the *USNS Worthy*.

	Daily Base Wage	Daily Supp. Wage	O.T.	Money Purchase Pension
Bosun	\$135.11	\$45.04	\$26.73	\$13.50
A.B.	\$110.25	\$36.03	\$21.39	\$13.50

Kwajalien Range Services (KRS) has its own steady crews but calls Patriot for occasional reliefs.

EXPORT-IMPORT BANK

As the membership will recall, President Obama on December 4, signed legislation that renewed the charter of the Export-Import Bank through Fiscal Year 2019.

The Export-Import Bank assists U.S. businesses small and large by facilitating the purchase of U.S. manufactured goods for export. The U.S. Merchant Marine relies on Export-Import Bank generated cargoes, as U.S.-flag shipping has the first crack at those cargoes.

In Fiscal Year 2013, the Export-Import Bank helped facilitate more than \$37 billion in U.S. export sales, supporting more than 200,000 American jobs. Last year, records show the bank supported 164,000 American private-sector jobs as bank activities helped generate \$27.5 billion in U.S. exports. According to a report published by the Export-Import Coalition, the Export-Import Bank earned a profit in 2014, covering its expenses and sending \$675 million to the U.S. treasury. In the previous fiscal year, the Export-Import Bank returned approximately \$1 billion to the U.S. treasury. The Export-Import Bank is self-sustaining and does not cost U.S. taxpayers a single dollar.

However, presidential candidates Ted Cruz (R-Texas), Mario Rubio (R-Florida) and Bernie Sanders (D-Vermont) continue to bash the bank on the campaign trail, each stating that the bank is a form of corporate welfare. What this has done is stop the Senate from confirming a nominee – ironically a Republican – to the bank's board in order to achieve a quorum.

Please consider calling Senators Cruz, Rubio and Sanders to tell them their dangerous rhetoric could put American jobs at risk. You can be connected directly through the Congressional switchboard at 202-224-3121.

Captain William Schubert, Maritime Administrator under President George W. Bush, estimates there is approximately \$12 billion in transactions that U.S.-flag carriers could benefit from if a quorum was in place on the Export-Import Bank board.

MARITIME TRADES DEPARTMENT

Along with MFOW President Anthony Poplawski, attended the annual Executive Board meeting of the Maritime Trades Department (MTD), AFL-CIO, on February 18 and 19, in San Diego.

Resolutions of direct importance to the membership were acted upon including those in support of the Jones Act, the Maritime Security Program (MSP), cargo preference and Food for Peace.

Speakers included House Minority Whip Steny Hoyer (D-Maryland), Congressman Marc Veasey (D-Texas), AFL-CIO President Richard Trumka and U.S. Air Force Major General Giovanni Tuck, Director of Operations and Plans for the U.S. Transportation Command (US-TRASCOM). All emphasized – particularly General Tuck – the importance of the U.S. Merchant Marine to the Nation's economic and military security.

TRANSPORTATION TRADES DEPARTMENT

As a member of the Executive Committee of the Transportation Trades Department (TTD), AFL-CIO, attended and participated in a meeting of the Committee on February 21, in San Diego.

The 32 members of the Executive Committee discussed transportation priorities with Secretary of Transportation Anthony Foxx and Congressman Peter DeFazio of Oregon, the lead Democrat on the House Transportation Committee. Charlie Cook, political analyst and editor and publisher of *The Cook Report*, provided a snapshot on the state of the presidential race and key U.S. Senate contests. AFL-CIO President Richard Trumka held a roundtable discussion with participants that focused on pending transportation policy priorities.

Of the many policy statements passed by the TTD, one was on dealing with the Maritime Security Program. As the membership will recall in December, Congress recognized the need to increase the MSP-per-vessel subsidy to ensure the 60-ship fleet – with SUP-contracted APL having nine vessels in the fleet – could continue to meet Department of Defense objectives (see the December 2015 *West Coast Sailors*). Specifically, in the Consolidated Appropriations Act of 2016, Congress appropriated a one-year appropriation increase to \$214 million for Fiscal Year 2016 (October 1, 2015 through September 30, 2016) as a bridge for the program and an authorization of \$299,997,000 for the fleet in Fiscal Year 2017. In practical terms, the legislation raised the per ship MSP subsidy to \$3.5 million in Fiscal Year 2016 and to \$4,999,990 in Fiscal Year 2017.

However, the Obama Administration – ignoring strong, bipartisan support for MSP – submitted a budget request of only \$186 million to support the MSP fleet.

Fixing this problem is both imperative and simple. Given that the budget request is far below what Congress believes the Department of Defense needs, it will be necessary for the House and Senate Budget Committees to ensure that the defense-related account allocated to the Transportation Appropriations Subcommittee supports the full Congressionally-authorized MSP amount, and that this figure be included in the Fiscal Year 2017 Transportation, Housing and Urban Development and Related Agencies Appropriations bill. A failure to make this adjustment will result in the loss of participating U.S.-flag ships and the consequent diminishment of U.S. sealift capabilities. This would be a huge loss for the Defense Department, the U.S.-flag shipping industry, and the thousands of jobs support by the industry.

Since 1996, the Maritime Security Program has played an indispensable role in our nation's defense readiness through the preservation of a U.S.-flag shipping industry and world-class seafaring workforce capable of meeting military needs. Congress has year-in and year-out recognized this by authorizing and fully appropriating the program, and making adjustments when necessary. TTD and its affiliates, at the San Diego meeting, called

continued on next page

SUP President's Report continued

on Congress to once again step up, remedy a budget error, and fully fund the MSP to maintain sealift demand and a strong U.S.-flagged merchant marine.

As of today's meeting, the maritime industry, including the SUP, is working to fully fund MSP. More on this issue will be in this month's West Coast Sailors.

SAILORS' POLITICAL FUND

2016 is a general election year, when all members of the House of Representatives, many members of the U.S. Senate and the presidency of the nation are in play.

In order for the voice of the SUP to be heard, support through voluntary contributions to the Sailors' Political Fund is necessary.

The Sailors' Political Fund is used, almost exclusively, to support the election campaigns of House and Senate members who support the privately-owned and operated U.S.-flag merchant fleet and American merchant mariners. Political party affiliation, ideological alignment and a candidate's stand on issues irrelevant to maritime labor and the maritime industry are not factors behind the strategic disbursement of campaign funds drawn from the Sailors' Political Fund.

And, it must be noted that disbursement of funds from the Sailors' Political Fund are acted upon at the monthly Union meetings by the membership – including those members who have not contributed to the fund.

The defense of the Jones Act, the Maritime Security Program, cargo preference, Food for Peace and the Export-Import Bank are key issues that need Congressional support. For without these statutes there would be no U.S. Merchant Marine and no work.

Urge all hands to support the Sailors' Political Fund.

HOLIDAYS

Good Friday

All SUP halls on the West Coast will close at Noon on March 25, in observance of Good Friday. Under the Agreements with APL and Matson, unlicensed personnel shall be granted a three-hour holiday between Noon and 3:00 P.M. Overtime shall be paid when required to work during those hours.

The Honolulu Branch will be closed all day on March 25, as it is an ILWU Local 142 holiday. Therefore, it is a holiday for Matson ships in port and for those working under the SUP/Matson Maintenance and Extra Maintenance Agreements.

Harry Bridges Memorial Day

The Honolulu Branch will be closed on Wednesday, March 30, in observance of an ILWU Local 142 holiday. Under the SUP agreement with Matson, this is a holiday for company vessels in Hawai'i ports on that day, the Paint & Rigging Gang and those employed under the Extra Maintenance Agreement.

This is not a holiday in West Coast ports. Harry Bridges Birthday is a holiday in West Coast ports on July 28.

Cesar Chavez' Birthday

All SUP halls on the West Coast will be closed on Thursday, March 31, in observance of Cesar Chavez' Birthday. As an ILWU holiday, it is therefore, a recognized holiday for SUP members working under the APL and Matson Maintenance Agreements and for those in APL and Matson vessels in West Coast ports on that day. The holiday is also applicable to members employed by the San Francisco Bar Pilots. Cesar Chavez' birthday is not a holiday in Hawai'i.

ACTION TAKEN

M/S to ratify Foss Agreement. Carried unanimously.

M/S to concur with the balance of the President's report. Carried unanimously.

Gunnar Lundeberg

Abandoned cruise ship capsizes

The former *Sun Princess*, built in 1972 and best known as a guest star on the TV series *Love Boat*, has capsized and partially sunk off Thailand, resulting in an oil spill.

The vessel, recently renamed *Ocean Dream* and flagged in Sierra Leone, sat at anchor for at least a year, abandoned by its owners with no crew and no maintenance, in spite of pleas from the authorities to remove her from the area.

The Fincantieri-built ship was launched as the *Seaward*, but she was sold before delivery and started her service life as the *Spirit of London*. She was owned and operated under various names by Norwegian, P&O, Princess, Premier, CTC, Festival, Cruise Elysia and Club Cruise. In early 2012, Runfeng Ocean Deluxe Cruises bought her and began sailing her under the name of *Ocean Dream*, complete with a freshly painted design on her bow, running a cruise route from Haikou on Hainan to Vietnam.

Thai media report her current manager as Shanghai Eastime Ship Management, a subsidiary of Glory Sail International Limited; an entity of the same name has been blacklisted from the company registry of the British Virgin Islands for nonpayment of fees.

An inspection by the International Transport Workers' Federation in 2013 reportedly found significant violations of labor, wage and safety standards aboard.

Her most recent, publicly available sale price put her value in the range of \$3 million. Thai authorities reportedly intend to sue to recover wreck removal and remediation costs from her owner.

Vice President's Report

March 2016

In addition to the routine duties of the front office and participating in negotiations with Foss Maritime, checked the following ships:

Moku Pahu: Rocky Cazzaza, delegate. Arrived Djibouti after a 40 day voyage with a cargo of food aid reserved in part for U.S.-flag ships under the "cargo preference program" also known as PL-480 or Food for Peace. Crew medical conditions finally treated ashore after days awaiting customs clearance. Clarifications on sanitary procedures, hand steering and restriction to ship.

APL Korea: Jon Rose, bosun. Questions on STCW rest hours. Clarification on watch rotation: if any one member wants to rotate we rotate at the end of the voyage, except the delegate gets to choose his/her watch. All hands got sick shortly after taking Chinese stores. New C/M making inappropriate remarks and retaliating for a delayed sailing claim.

SNLC Pax: Pat Meagher relieved by Adam Tassin, delegate. Crew held on SUP-style while reliefs were delayed for one reason or another. New crew joined in Okinawa after a clean payoff. Headed to shipyard period. Two new dryers ordered. Clarification on rates of pay. Operational tempo sometimes tests crew endurance: there is no alternative for teamwork in this shallow-draft tanker.

Mississippi Voyager: Jonah Cross, delegate. Call from the delegate on new member registration process. On the El Segundo to Richmond run with the occasional trip up the Columbia River to Portland. Yard periods pending for some of these Chevron tankers.

Foss Maritime Company: JD Rymel, Tom Tynan, delegates. Big increases in health care and pension contributions did not prevent modest wage improvements. See President's Report. Represented a member during a disciplinary investigation that ended in favorable settlement.

USNS Dahl: Jon Clark, delegate. Advised on relief and dispatch procedure as well as handling disputes among the crew. Delegate doing a good job in tough conditions.

USNS Waters: Sal Del Rosario, delegate. Received the following message from the sponsor of this ship – "In January and February, the USNS Waters was tasked with deploying and retrieving Deep Ocean Transponders (DOTs) for the U.S. Navy. It is a process that does not occur on any other vessel and does not occur often. The deployment and retrieval is a difficult task for the ship's crew. They receive guidance from the ship's sponsor (me), but they do the arduous work of preparing the ship, operating the crane and handling the hardware. The hardware consists of a float assembly, a DOT, and an anchor. The anchor, in this case, was a coupler off of a train and weighed about 450 pounds. Each day started before daybreak and ended at sunset. The crew was more than willing to start earlier and work later, but the sponsor felt that we were making plenty of progress. The deck crew consisted of Robert W. Leeper (Bosun), Salvador "Sal" Del Rosario (AB), Josh Davies (AB), Camilo Moreno (AB), Rory Swank (OS), and Miguel Trujillo (OS). I have been involved with many crewmembers while deploying and retrieving DOTs, but this crew was by far the most efficient, professional, and hard working group that I have worked with. This crew not only deployed more DOTs in one day than ever before, they did it while in bad weather in the Pacific. And they did it on short days (not as much daylight). They also retrieved more DOTs in one day than ever before, again in bad weather in the Pacific. Not one of the deck crew had done this before, so their quick learning of what had to be done, on top of making very useful suggestions on how to make the process better, was very much appreciated. Several of their suggestions will be included in our procedures for future deployments and retrievals. In my 30 years of sailing and performing tasks like this, I have never worked with as good a crew as this. From beginning to end, it was a smooth, safe, and fun operation. They should be commended as examples of professionalism by the union and their peers."

This is how contracts are won: our professional reputation improves our job opportunities.

Dave Connolly

Eating to save your sight

Here's another reason to eat your fruits and vegetables: You may reduce your risk of vision loss from cataracts.

Cataracts that cloud the lenses of the eye develop naturally with age, but a new study is one of the first to suggest that diet may play a greater role than genetics in their progression.

Researchers had about 1,000 pairs of female twins in Britain fill out detailed food questionnaires that tracked their nutrient intake. Their mean age was just over 60.

The study participants underwent digital imaging of the eye to measure the progression of cataracts. The researchers found that women who consumed diets rich in vitamin C and who ate about two servings of fruit and two servings of vegetables a day had a 20% lower risk of cataracts than those who ate a less nutrient-rich diet.

Ten years later, the scientists followed up with 324 of the twin pairs, and found that those who had reported consuming more vitamin C in their diet – at least twice the recommended dietary allowance (RDA) of 75 milligrams a day for women (the RDA for adult men is 90 milligrams) – had a 33% lower risk of their cataracts progressing than those who got less vitamin C.

The researchers concluded that genetic factors account for about 35% of the difference in cataract progression, while environmental factors like diet account for 65%.

"We found no beneficial effect from supplements, only from the vitamin C in the diet," said Dr. Christopher Hammond, a professor of ophthalmology at King's College London and an author of the study, published in *Ophthalmology*. Foods high in vitamin C include oranges, cantaloupe, kiwi, broccoli and dark leafy greens.

"This probably means that it is not just vitamin C but everything about a healthy diet that is good for us and good for aging," he added.

SUP Branch Reports

Seattle

February 16, 2016

Shipped during the period: 4 Boatswain shipped to Navy Bottoms, filled with 2 B and 2 C members; 6 Able Seaman jobs shipped and filled with 2 A cards and 4 B members; 3 were to navy ships; 5 Ordinary Seaman jobs taken by 1 C and 4 D registrants; 11 standbys went to 7 A cards and 2 B cards and 1 MFOW member.

Registration: 3 A cards for a total of 20; 9 B cards for a total of 29; 4 C cards for a total of 17.

Ships Checked

Matson vessels *MV Manoa* and *SS Maui* called twice in Seattle with little or no problems. The vessels: *USNS Soderman*, *USNS Sisler*, *USNS Yano*, *USNS Shugart* and *Martin* all called for SUP/MFOW reliefs

I represented the SUP/MFOW at the following meetings. The MLK Central Labor Council Executive Board and Delegates meetings. The Puget Sound Harbor Safety Committee. And several meetings regarding the proposed sports arena location in the Seattle Industrial zone which will negatively impact the waterfront.

The Seattle membership moved and seconded a motion to give outgoing Wilmington Branch Agent Mark Hurley a resounding "job well done" and a "heartly thank-you" for his representation of the membership of the Sailors' Union of the Pacific.

Vince O'Halloran, Branch Agent

Wilmington

February 16, 2016

Shipping: Bosun: 5, AB: 7, AB Maint: 2; STOS: 1, OS: 4, standby: 54; for a total of 73 jobs shipped.

Registrations: A: 32 B: 31 C: 14 D: 14

Ships Checked

APL Belgium, *Manulani*, Bob Bradley-delegate; *Mahimahi*, *Maunawili*, Patrick Weisbarth-delegate; *APL Korea*, Greg Schauf's (did a great job as delegate) time is up; *Mokihana*, *Maunalei*, Jim Kenny-delegate; *APL Singapore*, she came in L.A. on February 2, 20 years to the day she put up American flag. *Mahimahi*, *APL Thailand* Bob Burns made, and settled a low cargo/tile beef.

On January 26, took Leo and Raquel Bell and Mrs. Bell to the *Maunawili* to thank Captain Slead and the gang for taking Red's ashes on board for a ceremony. Bosun Charlie Duke, delegate Patrick Weisbarth, dayman Rob Morgan and standby Joe Eckert paid respects to the Bells and took pictures with them. Funny thing, not only did Red sail with those four sailors but with all their fathers too. Captain Slead sent a letter to Mrs. Bell stating it was a beautiful day and the ceremony went very well.

Congratulations to Wilmington's newest AB's: John Lucia, Rachid Ayache, and Stephen Alarcon.

It's been an honor to serve the great SUP and all the brothers and sisters in it. Good luck to the new agent, Bob Burns.

Mark Hurley, Branch Agent

Honolulu

February 16, 2016

Shipped the following jobs in the month of February: 1 Bosun steady, 1Bosun return, 2 AB Day steady, 1 AB Day relief, 6 AB Watch steady, and 2 AB Maint. steady. The shipping jobs were filled by 4 A cards, 8 B cards, and 1 C card.

Shipped 23 standby jobs. The standby jobs were filled by 4 A cards, 14 B cards, and 5 C cards.

Registered in February: 6 A cards, 9 B cards, 2 C cards and 2 D cards. To date totaled registered: 12 A cards, 15 B cards, 5 C cards and 2 D cards.

Ships Checked

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

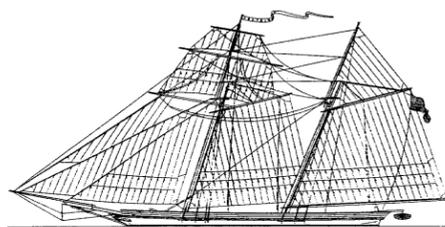
I represented the SUP at the Hawai'i Ports Maritime Council meeting, the AFL-CIO Executive Board meeting, and an anti-Scott Walker (the Republican Governor of Wisconsin) rally. The rally was well attended by Hawai'i labor unions and the TV cameras were there.

The Honolulu hall recently crewed up the *APL Guam*. When I called the jobs one of the B-cards (who would have made one of the jobs) had a TWIC card that was expiring in less than the length of the shuttle ship job. I had to deny him the job. That would go for your MMC, passport, USCG medical certificate, and Basic Training (STCW-1 year of discharges in the last 5 years). If your papers have less than 6 months to their expiration date, they might not be valid for the job you want. Ask the permits here, I check everything, including the annual and drug cards for all jobs.

As for the *APL Guam*, the gang I dispatched all had at least 3 years' experience in the SUP and some had many more years in the SUP. I have been in contact with the SUP delegate and he tells me that the *APL Guam* is far from SUP standards, but he and the whole gang are working with the SUP, the Captain, and the company to straighten out these issues. Other than that, it is a happy gang. I will keep everyone posted as to the status of this ship.

Mahalo,

Michael Dirksen
Branch Agent



SUP members join pension ranks

The following SUP members joined the rank of pensioner, bringing the total number of SUP members to 216:

Efren B. Tan, 65, Book No. 19183, joined SUP in 2007, 8 years seetime.

John H. McNeil, 65, Book No. 6513, joined SUP in 1989, 18 years seetime.

Business Agent's Report

March 14, 2016

Mississippi Voyager: Visited the Long Wharf and had a lengthy conversation with the Bosun on how morale has been at an all-time low; Ron Gill as Bosun, delegate Josh Crouch.

Florida Voyager: Made a trip to the Gulf of Mexico.

California Voyager, Oregon Voyager: Few or no beefs on these ships.

Matsonia: In at Oakland; she's been running steady since December in good hands with Teo Rojas as Bosun, Lynn Gabor as Delegate.

Maui: In and out of Oakland; little or no beefs with relief Bosun Arsenio Purganan, Delegate Jill Holleman.

Manoa: In and out of Oakland in good hands with relief Bosun Sam Scott.

APL Korea: In at Oakland for the weekend. Delegate reported that the ship ordered stores oversea's which caused the crew to become ill; John Rose Bosun, Delegate Aaron Wiebe.

APL Belgium: Sailed shorthanded out of Yokohama due to a termination. It's hard to back someone when its alcohol related. Bosun Dennis Belmonte, Delegate Nick Hoogendam.

APL Philippines, APL Singapore, APL Thailand: Ships check in with little or no beefs.

Alameda RRF: *Cape Henry:* Bosun Gabriel Sipin. *Cape Orlando:* Bosun Jim Linderman. *Admiral Callaghan:* Bosun Robert Reed: All running smoothly with little or no beefs.

San Francisco RRF: Cape Hudson: Mark Relajo Bosun. There's a lot to learn on these ships. Cape Horn: Joel Schor Bosun: Still learning the ship. They are in good shape.

SFBP Pier 9: Running smoothly with Leo Moore as Bosun and big Mike Koller as delegate.

Double check your documents, keep them current. Members with military training, it's your responsibility to update your certificates.

Worked the front office and assisted in dispatching.

Roy Tufono

Dispatcher's Report

Headquarters—Feb. 2016

Deck	
Bosun.....	5
Carpenter.....	0
MM.....	3
AB.....	9
OS.....	2
Standby.....	11
Total Deck Jobs Shipped.....	30
Total Deck B, C, D Shipped.....	18
Engine/Steward	
QMED.....	0
Pumpman.....	0
Oiler.....	0
Wiper.....	0
Steward.....	0
Cook.....	0
Messman.....	0
Total E&S Jobs Shipped.....	0
Total E&S B, C, D Shipped.....	0
Total Jobs Shipped - All Depts.....	30
Total B, C, D Shipped-All Depts.....	18
Total Registered "A".....	24
Total Registered "B".....	34
Total Registered "C".....	22
Total Registered "D".....	36

Possible new species of octopus found near Hawaiian Islands

Scientists say they have discovered what might be a new species of octopus while searching the Pacific Ocean floor near the Hawaiian Islands.

On February 27, a team found a small light-colored octopus at a depth of about 2.5 miles in the ocean near Necker Island, said Michael Vecchione of the National Oceanic and Atmospheric Administration. The octopus did not have fins and all of its suckers were in one row on each arm, Vecchione said.

The octopus "did not seem very muscular" and was light colored, he said.

"This resulted in a ghostlike appearance, leading to a comment on social media that it should be called Casper,

like the friendly cartoon ghost. It is almost certainly an undescribed species," he said in the statement posted on the NOAA website.

It's unusual to find an octopus without fins so deep in the ocean, said Vecchione, who noted that the previous depths at which an octopus without fins was found were all less than 4,000 meters, or 2.5 miles.

Two scientists he has consulted "agreed that this is something unusual and is a depth record," said Vecchione, who is with NOAA's National Systematics Laboratory.

The octopus was discovered during a search of the ocean floor by a remotely operated vehicle from NOAA's *Okeanos Explorer*, he said.

