BROTHERHOOD OF THE SEA

Organized 1885

West Coast Sailors

Official Organ of the Sailors' Union of the Pacific

Volume LXXV No. 2 GCC/IBT 869-M SAN FRANCISCO, CALIFORNIA Friday, February 24, 2012

Union-busting bill passes in Indiana

Republican Indiana Governor Mitch Daniels, who had once said that he did not wish to add a Union-busting right-to-work provision to the state's labor laws, signed a bill February 1, doing just that. The legislation which bars Union contracts from requiring workers to pay dues for representation, makes Indiana the first state in more than a decade to enact right-to-work legislation and the only one in the Midwestern manufacturing belt to have such a law.

Daniels signed the measure only hours after it cleared the Republican-held Senate—an unusually speedy journey through the Statehouse designed, many said, to end what had become a rancorous, partisan fight before the national spotlight of the Super Bowl in Indianapolis.

Republican leaders defended the measure's unusually swift passage, noting what they described as "overt threats" by Union members and others about intentions to raise the right-to-work issue during the Super Bowl.

Union leaders said the Republicans had overblown the Union's intentions when it came to the football game. "They're trying to make working men and women look like thugs, like we're going to ruin an event," said Jeff Harris, a spokesman for the Indiana AFL-CIO. The real concern, Harris said, should be for what will come next for ordinary workers in the state. "Hoosiers don't understand what right-to-work is, but now they're going to learn the hard way and see wages decline and workplace safety erode," he said.

The other 22 states that have right-to-work laws are Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Iowa, Kansas, Louisiana, Mississippi, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia and Wyoming.

In defense of the Jones Act

The following is the text of a speech given by Helen Delich Bentley to the Tacoma Propeller Club last month. Ms. Bentley, a longtime champion of the U.S. merchant marine, served as chairman of the Federal Maritime Commission from 1969-1975 and was a member of the House of Representatives from 1985-1995.

"The Jones Act means jobs in the United States because it requires all cargo movements between U.S. ports to be transported only on Jones Act ships built in U.S. yards by U.S. owners and crewed by U.S. seafarers.

Enacted 92 years ago in 1920, the Jones Act is under stronger assault now than ever before. Foreign and homegrown interests have unleashed arrows in the direction of the U.S. Congress, demanding it to let foreign-flag ships in on your coastwise operations.

Anyone familiar with the Jones Act, understands that the legislation was created to provide jobs for Americans in shipyards and on the high seas and to make available a nucleus of vessels for national security. Those requirements have never changed. The jobs are still vital and, with the dwindling numbers of ships flying the Stars and Stripes on the high seas, this small nucleus of ships remains essential.

But the arrows keep coming. Democrat Senator Mary Landreau of the State of Louisiana has legislation pending that would allow foreign-built ships into coastal shipping, now positioned under the fancier name of America's Marine Highways.

An article about the Jones Act published in the *Journal of Commerce* points out that "the Jones Act's cabotage provisions are not unique. More than 50 other countries reserve their domestic cargo for their own carriers. In many cases, those laws are more restrictive than the Jones Act. The article refers to two Jones Act carriers' ageing vessels and the difficulties in replacing these bottoms with new construction. Cost, of course, is the problem. U.S. shipyards have been criticized for failing to match foreign yards' costs for new commercial vessels. Totem Ocean Express, which operates between the Pacific Northwest and Alaska, paid something like $150 million each in 2003 for a pair of Jones Act ships with capacities for 1,200 teu and 250 vehicles.

Matson paid $110 million apiece for two 2,600 teu ships of similar vintage. In South Korea those sums might buy a 10,000 teu containership. Repeat contracts lower costs.

Former Maritime Administrator John Graykowski told me that allowing Jones Act carriers to buy a foreign-built ship does not hold up: a Maritime Administration report quoted shipowners saying that vessel construction costs represented only 16% of total operating expenses.

The loudest protests against allowing foreign bottoms into this trade have come from the inland towing industry, from the American Waterways Operators, inland operators and shipbuilders. They fear that in allowing foreign vessels on the coastal route, inland waterways will be next. Opening the door to foreign-built ships would probably spell the death knell to VIGOR Shipyards, a yard in the Seattle area. I first encountered the shipyard when it was known as Todd Pacific, when Jack Gilbride was Todd President. Jack was a great supporter of jobs for Americans and jobs in their country.

According to an old Arabian proverb, once the camel gets his nose into the tent, his body will soon follow. Mr. Graykowski argues that the nose-under-the-tent argument is valid. "If someone in Puerto Rico makes the argument that they can ship cheaper with a Jones Act exemption, what's to stop a guy in Peoria from saying the same thing; where will it stop?" he said. "Will we have a Rhine barge operator coming over here to run a service on the Mississippi, when our operators can't do the same over there? Even waivers in limited ocean trades are a crack in the Jones Act that would likely widen."

Arrows have come from the Hawaiian Shippers Council, which we are told has hired help to take on the Jones Act. My intelligence tells me that Pedro Pierlusi, resident commissioner from Puerto Rico, who has requested the Government Accountability Office to make a study on the Jones Act freight rates, is also endeavouring to gather all opponents to work together to fight the Jones Act on both coasts.

One assault against the Jones Act alleges that materials moved to these strategic locations such as Puerto Rico, Guam, Alaska and so on cost much more because of the freight rate on U.S. ships. Balderdash. When I was chairman of the Federal Maritime Commission, I authorized an extensive and expensive study on that very issue. I remember distinctly that it found that retailers in Puerto Rico took advantage of the high freight cost theory by padding their profit. To be specific, at that

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Costa Concordia disaster sparks congressional safety hearing

The Chairman of the House Transportation and Infrastructure (T&I) Committee announced last month that his Committee will be conducting a hearing to review cruise ship safety in response to the recent grounding of a cruise ship off the coast of Italy. The exact date of the hearing has not been made public at this time.

"The *Costa Concordia* tragedy is a wakeup call for the United States and international maritime organizations to carefully review and make certain we have in place all appropriate standards to ensure passengers' safety on cruise ships," said T&I Committee Chairman John Mica (R-Florida). "In general, cruise travel is a safe form of transportation and an important jobs provider for the nation's economy. Congress must closely examine how this incident occurred and address questions raised regarding vessel safety and operating standards and crew training requirements. The Committee will review the events of this specific incident, current safety measures and training requirements set by law and international maritime transportation agreements to ensure this mode of transportation remains as safe as possible."

The *Costa Concordia* ran aground off the Italian island of Giglio on January 13, carrying around 3,200 passengers and 1,000 crew members including 120 U.S. citizens. Thirty-two passengers have been confirmed dead as the *West Coast Sailors* went to press.

According to reports, the ship's captain overrode a preprogrammed course, which allowed the vessel to sail into the more shallow waters.

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SAILORS' UNION OF THE PACIFIC ORG. 1885

ESU News: Pages 6 & 7 New Chevron Wage Rates: Page 11

SUP Quarterly Finance Committee Report

SUP QUARTERLY FINANCE COMMITTEE REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2011

The Quarterly Finance Committee, duly authorized to act by the regular meeting at Headquarters on January 9, 2012, hereby submits the following report:

SUMMARY OF CASH AND INVESTMENTS

General Fund	$695,771.49
Political Fund	$13,164.69
Strike Fund	$1,293,730.99
Total Cash and Investments 4th Qtr. 2011	$2,002,667.17

GENERAL FUND

Income:	
Dues, Initiation, Assessments	$100,240.55
Interest	18,634.62
Donations - *West Coast Sailors*	1,710.00
Tanker & Joint Committee, Hiring Hall	125,588.85
Advertising & Promotion	303.00
Miscellaneous Income, Reimbursements, Fines	2,720.63
Reimbursed Administrative Expenses	18,837.85
Contributions - General Fund	2,935.00
Total Income:	$271,970.50
Expenses:	
Auto & Travel	$595.00
Rent	18,850.28
Postage, Printing & Office	4,005.40
Telephone & Telegraph	4,508.54
West Coast Sailors Publishing Expense	6,630.06
Accounting	1,000.00
Per Capita	11,847.50
Salaries & Payroll Taxes	185,016.38
Office Workers Pension	7,300.80
Insurance	46,277.07
Field Expense	3,278.53
Committee & Neg., Conference & Conv.	7,162.02
Investment Expense	1,198.25
Advertising & Promotion	1,607.75
Officials Pension	151.11
Subscriptions	521.75
Filing Fees	665.00
Contribution	590.00
Total Expense:	$301,205.44

BUILDING CORPORATION

Income:	
Rents	110,277.71
Bldg. Util. & Service Reim.	3,380.55
Total Income:	$113,658.26
Expense:	
Building Services & Utilities	$31,348.90
Repairs & Maintenance	9,767.05
Salaries & Payroll Taxes	14,407.57
General Tax	13,339.25
Filing Fees	50.00
Accounting	500.00
Auto	228.50
Office	85.52
Legal	255.00
Insurance	13,506.24
Total Expense:	$83,488.03

POLITICAL FUND

Income:	
Contributions	$4,065.00
Total Income	$4,065.00
Expense:	
Contributions	$1,700.00
Total Expense:	$1,700.00
Net Income 4th Qtr.	$2,300.29
Net Income YTD	$53,102.92

/s/ Robert Copeland /s/ Kaj Kristensen
/s/ Romaine Dudley /s/ Arthur Thansh
/s/ Diane Ferrari

ACTION BY THE MEMBERSHIP February 14, 2012. M/S/C—That we concur in the report of the SUP Quarterly Finance Committee and, as per past practice, publish in the West Coast Sailors*. Carried unanimously.*

ILWU signs grain contract in Longview

After months of picketing, court orders and injunctions, the International Longshore and Warehouse Union signed an agreement with the EGT grain terminal in Longview, Washington, on February 10.

The beef began last year when General Construction, EGT's contractor, stopped negotiating with the ILWU and hired workers represented by the Operating Engineers. That decision prompted the ILWU to organize demonstrations at the terminal which ultimately resulted in multiple arrests for property destruction and blocking a train from carrying grain to the terminal. However, after months of negotiations brokered by Washington State Governor Chris Gregoire, the two sides announced a tentative deal last month.

The EGT terminal is a joint venture of Bunge North America, Japan-based Itochu International Inc. and South Korea-based STX Pan Ocean. It is designed to handle wheat, corn, soybeans, soybean meal and distiller's dried grain that will be carried to the facility by either rail or barge.

According to EGT chief executive officer Larry Clarke, the $200 million terminal located at the Port of Longview will support local workers and residents and will create export opportunities for thousands of American farmers in the Pacific Northwest and beyond.

"The men and women of the ILWU are pleased to bring many decades of grain handling experience to work at EGT," said ILWU International President Robert McEllrath.

Final Departures

Peter Kramer, Book No. 2849. Born in Minnesota in 1927. Joined SUP in 1946. Died September 15, 2011. (Pensioner)

Frank Betts, Book No. 4722. Born in Washington in 1921. Joined SUP in 1942. Died December 20, 2011. (Pensioner)

Gardener McGuire, Book No. 6323. Born in Kentucky in 1922. Joined SUP in 1953. Died December 31, 2011. (Pensioner)

Ronald Gill, Book No. 17692. Born in California in 1926. Joined SUP in 1975. Died in Sacramento, California, January 5, 2012. (Pensioner)

Wilbur Sanders, Book No. 7345. Born in Iowa in 1928. Joined SUP in 1951. Died in Wisconsin, January 12, 2012. (Pensioner)

Mitchell Novakovich, Book No. 2252. Born in Ohio in 1921. Joined SUP in 1945. Died in Oregon, February 7, 2012. (Pensioner)

Fletcher Wingfield, Book No. 3217. Born in New Mexico in 1924. Joined SUP in 1946. Died in Camas, Washington, February 8, 2012. (Pensioner)

SUP Meetings 2012

	Hdqs.	*Branch*
March	12	19
April	9	16
May	14	21
June	Tues. 12	18
July	9	16
August	13	20
September	10	17
October	Tues. 9	15
November	Tues. 13	19
December	10	17

Costa Concordia disaster

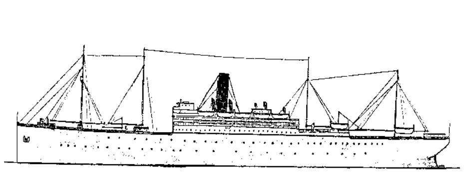
from page 1

"Although it is early in the investigatory process, it appears the *Costa Concordia* was a preventable tragedy," said Coast Guard and Maritime Transportation Subcommittee Chairman Frank LoBiondo (R-New Jersey). "The Committee and Subcommittee will use this hearing to review current U.S. laws and regulations in an effort to ensure a similar tragedy does not occur aboard vessels calling on American ports. The cruise industry has grown dramatically over the past 25 years, providing not only enjoyable, affordable opportunities for travelers, but also a huge economic boost for parts of the U.S. and throughout the world," Mica said. "We must ensure that vessel safety and operating standards and crew training requirements are adequate and adequately enforced and that the millions of Americans who board these ships are kept safe."

In addition to the announced hearing, U.S. Senator Barbara Boxer (D-California), sent a letter to Admiral Robert Papp, Commandant of the U.S. Coast Guard, asking him to strengthen safety requirements for cruise ships by ensuring that all passengers receive safety and evacuation training before the ship leaves port.

"In light of the tragic wreck of the Italian cruise ship *Costa Concordia*, I write to request that you immediately consider strengthening the Coast Guard's cruise ship safety regulations to ensure that all passengers receive muster drill training prior to their departure," Boxer wrote. "We must ensure that our citizens know what to do when an emergency occurs."

Boxer said the Coast Guard should require that the muster drill take place while the cruise ship is in port "in a controlled environment." On many cruise ships, it is already standard practice to conduct this emergency training before the ship departs. International Maritime Organization (IMO) regulations require that all cruise ships conduct a passenger muster drill within 24 hours of departure. The U.S. Coast Guard and many other countries have adopted this same regulation.



West Coast Sailors

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Customs upholds fine for deliberate Jones Act violation

U.S. Customs and Border Protection (CBP) has refused to reduce a $15 million penalty assessed against a company that moved an oil rig part of the way on its voyage from the Gulf of Mexico to Cooks Inlet in Alaska on a Chinese ship instead of on a U.S.-flagged vessel.

The Jones Act (Merchant Marine Act of 1920) requires cargo to be moved between U.S. ports on ships built and registered in the United States and crewed by Americans.

"It is the decision of the chief, penalties branch that no mitigation will be granted," said a letter from CBP to Jonathan Waldon, an attorney at Blank Rome, representing Furie Operating Alaska, previously known at Escopeta Oil Co.

Escopeta's move of the rig last year resulted in an outcry from Jones Act ship operators and U.S. maritime Unions.

American Maritime Partnership, a trade association of Jones Act supporters (including the Sailors' Union), said in a statement that "given the circumstances, U.S. Customs and Border Protection had little latitude and did exactly what the law requires. A $15 million fine —the largest in history for a violation like this— is the appropriate penalty for such a blatant violation." Customs said the penalty was based on the appraised value of the rig.

Escopeta noted it was granted a waiver in 2006 from the Department of Homeland Security, but CBP said that pertained to a different rig and a different foreign-flag vessel. That move never happened, and CBP said in November 2010, it told Escopeta the previous waiver was vessel and voyage specific and the petitioner would have to obtain a new waiver to avoid a Jones Act penalty.

DHS refused an initial request for a new waiver in March 2011 and rejected a request for reconsideration in May, but the rig had begun transporting the rig in March anyway. The rig was brought to Canada, then outfitted before being towed to Alaska.

"Contrary to Escopeta's contention, we find that the facts of the case support the conclusion that the Jones Act violation was deliberate, and thus aggravated," wrote John Connors, chief of the CBP Penalties Branch.

Escopeta had said there were a number of mitigating factors—an energy shortage in Alaska, support for a waiver by Alaskan legislators, contractual obligations and use of U.S.-flag tugs to tow the rig from Canada to Alaska.

CBP said it received a letter from the Maritime Administration stating that Crowley Maritime Corp. had told the agency that a barge would be available in October 2011, but not for the Alaska summer drilling season. It said when Escopeta began moving the rig "all it had in hand was a waiver denial by the secretary, with no request for reconsideration of that denial even pending. Had Escopeta been truly transparent in its dealings with DHS, it would have delayed the transportation until it communicated any new facts to the secretary and tried again to obtain the required waiver."

Connors, pointing to a remark in the *Reuters* news service by an Escopeta official that the company "rolled the dice and took the chance," said: "What we believe was left unstated in that interview was Escopeta's true motivation for initiating the voyage of the rig when it did; the need to begin drilling before its Alaska permits expired, and the ability to obtain up to $25 million in tax credits, plus additional multimillion dollar tax credits from the state of Alaska, if the petitioner was one of the first three companies to begin drilling an offshore exploration well in Cook Inlet.

"Escopeta's actions reflect that it had decided it would be the first. Accordingly it is our determination that the violation was caused by a calculated business decision on its part," he added.

EPA finalizes ban on ships dumping waste off California's coast

The U.S. Environmental Protection Agency (EPA) has mandated a federal rules that will ban ships from flushing their sewage into the sea within three miles of California's coast. This regulation was approved on February 9, but will not go into effect until next month.

This new prohibition means that cargo and cruise ships may not release treated or untreated waste or gray water anywhere along the coast. This practice is thought to spread bacteria and disease in marine mammals, fish and people. It will create the nation's largest coastal no-sewage zone, spanning the 1,624 mile coast from Mexico to Oregon three miles out into the ocean.

The guideline is expected to stop the dumping of 22.5 million gallons of ship waste annually in the area, most of which ends up in the San Francisco Bay. The EPA feels that it is now necessary to recognize the importance of our beaches, people and the iconic coastline.

The U.S. Coast Guard will have the final say in inspecting vessels to make sure they are following the rule, which again, will begin in March 2012. State regulators will also have the authority to enforce the rules, and the EPA can impose fines and penalties on any offenders. Regulators said they hope other states follow California's lead and implement ship-sewage bans.

"Brotherhood Outdoors" wins sportsmen's choice award

The Union Sportsmen's Alliance popular hunting and fishing TV show, "Brotherhood Outdoors," took home a 2011 Sportsmen's Choice Award for Best Combination Show during the Shooting, Hunting and Outdoor Trade show in mid-January.

More than 140,000 viewers made their voices heard in the selection of this year's winners, which were announced in front of a crowd of 800 of the industry's leading producers, personalities and sponsors during the network's annual awards ceremony. To check out upcoming episodes of the show, which reports on the hunting and fishing adventures of Union members, go to **www.brotherhoodoutdoors.tv**.

Neptune Orient Lines went deep in the red in 2011

Neptune Orient Lines, the parent company of SUP-contracted APL, posted $478 million in losses for 2011, reversing 2010's $461 million in profits.

NOL said it lost $320 million the fourth quarter of 2011, compared with $177 million in profits in the same period in 2010. CEO Ng Yat Chung told reporters, "The performance of container shipping is disappointing."

Chairman Cheng Wai Keung called 2011 one of the worst years for container shipping, with many, if not all, liners headed for losses after an exceptional 2010, due to Ultra Large Container Ship (ULCS) deliveries and economic uncertainty last year. "Overcapacity and higher fuel costs have negatively affected the whole container shipping industry," Ng acknowledged. "We are urgently addressing costs and all other factors under our control to improve performance."

Cargo volumes grew 5% year-to-year to 2.979 million feu in 2011, but revenues/feu dropped 10% year-to-year to $2,500/feu due to persistent overcapacity that caused lower freight rates.

NOL has set a savings goal of $500 million to improve financial performance and competitiveness this year.

Financial Chief Cedric Foo said NOL has sufficient financing from banks and bonds to pay for 32 post-Panamax and ULCS vessels.

Matson profit tumbles 55%

Matson Navigation's fourth quarter operating profit fell 55% to $13 million as slumping TransPacific rates offset improved volume to Guam. Matson's Hawai'i container traffic fell 6% to 35,000 20-foot-equivalent units in the quarter, which included one less week than the comparable quarter of 2010. Hawai'i auto volume dropped 1% to 19,700 units.

The poor result came at a tough time for Matson. Alexander & Baldwin announced plans in December to split off Matson's transportation and logistics businesses into a separately traded company in mid-2012.

Container volume rose 13% in Matson's CLX1 TransPacific service. Guam volume jumped 28% to 5,100 TEUs, aided by competitor Horizon Lines' mid-November exit from that trade. The full-year operating profit fell 38% to $74.1 million while revenue rose 6% to $1.08 billion. Hawai'i container volume rose 2% to 140,000 TEUs. Hawai'i auto volume slipped 1% to 81,000 units. Container volume from the company's CLX1 service fell 2% to 59,000 TEUs. Guam volume was flat at 15,200 TEUs.

"Improved performance in Guam was more than offset by significantly lower results for CLX1 due to lower TransPacific freight rates and higher operating costs, and the impact on Hawai'i container volume of one less week recorded in the quarter compared to last year," the company said.

Matson Logistics posted a $600,000 fourth quarter net loss as revenue declined 5% to $92.8 million due to lower highway volume, reduced demand at the company's West Coast warehouses, and weaker international intermodal volume following the discontinuance last summer of Matson's second (foreign-flag) China-Long Beach service.

Full-year profit for Matson Logistics fell 5% to $5 million. Revenue rose 9% to $386.4 million.

In other company news, Matson announced on January 27, that it is raising the fuel surcharge for its Hawai'i service by five percentage points to 45.5%, effective February 26.

The company cited "rising bunker fuel prices and other energy related costs" as the reason for the increase.

"While we were encouraged by the moderation of bunker fuel prices in the second half of 2011, that trend has been reversed in recent months," Dave Hoppes, Senior Vice President of Ocean Service, said in a statement. "Since announcing our last fuel surcharge reduction, bunker fuel prices have risen over 16%."

Matson lowered its fuel surcharge three times, for a total of seven percentage points, over a six-week period between August and October, the last time to the current 40.5%.

MarAd transfers former Hawai'i superferries to U.S. Navy

The Maritime Administration said in a statement last month, that two high speed vessels, the *Huakai* and the *Alakai*, were sold to the Navy for $35 million and will be used to transport troops and equipment to training areas from Okinawa, Japan and other locations. The waterjet-powered catamarans can each carry 288 cars and 866 passengers.

MarAd became the reluctant owner of the vessels after their original owner, Hawai'i Superferries, Inc., defaulted on a nearly $140 million loan that the agency had guaranteed under the Title XI ship financing program. MarAd put the two vessels up for sale on an "as is, where is" basis in late June 2011, and in December, Congress gave the Navy the green light to spend the $35 million to acquire two super ferries. The vessels are currently docked at Lamberts Point in Norfolk, Virginia.

ATTEND YOUR UNION MEETINGS

SUP Honor Roll

Voluntary contributions from the membership to the following funds:

Organization/ General Fund

Jaime Acosta	8.00
Brian McCarthy	10.00

Political Fund

Jaime Acosta	50.00
Keith Adams	25.00
Dennis Belmonte	100.00
Archie Bickford	200.00
Robert Booth	100.00
Norm Christianson	50.00
Reynaldo Clores	30.00
Robin Colonas	100.00
Kelly Eggers	100.00
Diane Ferrari	50.00
David Green	30.00
Kim Hoogendam	100.00
Thomas Hooke	25.00
James King	30.00
Norman Kurtz	50.00
Chad Leong	3.00
Kyle Londagin	100.00
Gunnar Lundeberg	50.00
Brian McCarthy	10.00
Jose McDonald	10.00
John Perez	200.00
Jesper Pfeil	20.00
Emmanual Rezada	10.00
Rory Sheridan	50.00
Barbara Shipley	50.00
Rowdy Sloggett	100.00
Dan Ternura	50.00
Arthur Thanash	1000.00
Scott Weideman	50.00
Dan Ycoy	30.00

West Coast Sailors

Jaime Acosta	50.00
Keith Adams	25.00
Rogelio Bacalla	50.00
Mike Bailey	20.00
Stanley Branch	25.00
Edward Brown in memory of Joseph and Alfred Brown	50.00
Hector DeAragon	25.00
Gunnar Larsen	25.00
Brian McCarthy	10.00
Robert Palakiko	25.00
Jesper Pfeil	25.00
Jack Post	25.00
Joseph Suire	30.00
Mike Webb	25.00
Charles Weber	25.00

Dues-Paying Pensioners

Gordon Abbott	Book #3785
Robert Copeland	Book #4763
Donald Cushing	Book #4777
Romaine Dudley	Book #2593
Knud Jensen	Book #3940
John Jewett	Book #4291
Kaj E. Kristensen	Book #3120
Hannu Kurppa	Book #3162
James K. Larsen	Book #4055
Duane Nash	Book #2437
John Perez	Book #3810
Alex Romo	Book #3193
Francisco Salvatierra	Book #7498
James Savage	Book #7488
Ralph Senter	Book #7323
David Shands	Book #7483
Peter Villanueva	Book #857

Nickel ore deemed deadliest bulk cargo

Intercargo has reported that nickel ore is now the deadliest dry bulk commodity that is shipped by sea. As a cargo that turns to slurry during a voyage, nickel ore causes many vessels to capsize, killing approximately 66 mariners in the past 15 months.

The International Association of Dry Cargo Shipowners states that ore is at a high risk of liquefying if it holds too much moisture. This can make ships unbalanced and cause them to sink before the crew can be rescued. In recent years, this area is where the most preventable casualties were seen. Liquefied nickel-ore cargoes have accounted for 44 deaths among dry-bulk sailors in just the last three months of 2010. Additionally, 22 more seafarers have died since then.

Intercargo has now set out guidelines to 300 ship owners around the world to use as a model before the new international safety rules are put into effect in 2015. Forty-five million metric tons of the ore were shipped in 2011; this guide details safe loading procedures and warns about the dangers of false or inaccurate statements about moisture content. Insurers claim that crew arriving to load nickel ore do test the dry bulk shipment for moisture content in galley ovens, although this raises safety and adequate testing concerns.

Nickel ore is generally loaded at nontraditional locations in primitive and archipelago regions, with nothing to keep things dry. It is mined in Indonesia, the Philippines, and New Caledonia and shipped mostly to China for steel making purposes. On average, 26 lives are lost annually on ships that carry bulk cargoes.

Malta is top European ship register

Malta is the smallest country in the Mediterranean, but its ship register has become Europe's largest by increasing tonnage by 16% in the past year.

Transport Minister Austin Gatt said the tonnage rise pushed the island's register past that of Greece for the first time, and to seventh place worldwide.

By the end of 2011, 5,830 vessels —a total of 45.6 metric tons— were registered under the Maltese flag, generating more than $15.6 million in revenues for Transport Malta. Ships listed included cruise lines and super yachts, in which there was an 18.6% increase over the previous year.

Long Beach to develop new marine terminal

The Board of Harbor Commissioners for the Port of Long Beach gave its preliminary approval for a 40-year, $4.6 billion lease with Orient Overseas Container Line for Middle Harbor Terminal last month. This step clears the way for a final vote on what would be the largest deal of its kind for any seaport in the United States.

The Board's Finance and Administration Committee approved the agreement by a 3-0 vote. Commissioner Nick Sramek was absent from the vote and Commissioner Rich Dines, a longshoreman who has worked at the terminal property, recused himself to avoid the appearance of a conflict of interest. The lease has already been agreed to in principle by Hong Kong-based OOCL and its U.S. subsidiaries OOCL, LLC and Long Beach Container Terminal (LBCT).

The Port is investing $1.2 billion to develop the new 300-acre-plus terminal, while OOCL and LBCT will each invest approximately $500 million. The project combines Piers E and F into one container terminal. LBCT has occupied Pier F since 1986 and will operate Middle Harbor Terminal.

The new terminal will effectively double the existing capacity by utilizing the most advanced cargo-handling technology in the world. It will also be the greenest terminal in North America, cutting air pollution in half through the use of more on-dock rail, electrified cargo handling equipment and shore power, which allows vessels to draw electricity from a land-side utility when docked rather than diesel-powered auxiliary engines.

U.S. extends container scanning requirement

Washington will extend the deadline to foreign ports to implement 100% scanning of U.S.-bound maritime containers to July 2014, with the Department for Homeland Security (DHS) confirming that it will grant a two-year blanket extension on the original deadline of July this year.

The House Committee on Homeland Security's Subcommittee on Border and Maritime Security heard evidence this month that "uncertainty persists" on fulfilling the mandate for 100% scanning and that the feasibility "remains unproven," given the challengers the Customs and Border Protection (CBP) agency has faced implementing a pilot program.

Homeland Security and Justice Director Stephen Caldwell told the subcommittee that "logistical, technological and other challenges prevented the participating ports… achieving 100% scanning" in the pilot test. As previously acknowledged, Caldwell said the DHS would not be able to meeting the 9/11 Act's July 2012 deadline for implementing 100% scanning at foreign ports. He said DHS was required to report any planned extensions to Congress by May 2, 2102.

The European Commission and several container industry lobby groups have voiced concerns about the ability to scan all containers due to arrive in the United States —there were some 10.7 million import boxes in 2011— without severely disrupting foreign ports and global supply chains.

While the CBP had been able to scan a majority of U.S.-bound cargo containers from three "comparatively low-volume ports" at Qasim, Puerto Cortes and Southampton, the agency managed to scan no more than 5% of containers at the higher volume ports of Hong Kong and Busan. The subcommittee heard that the average $8 million equipment cost per trade route multiplied by 2,100 individual trade routes to the United States from 700 foreign ports, would require Washington to spend $16.8 billion on scanning equipment, a cost described as "prohibitive."

U.S. and European ships target in al-Qaeda terror plot

An Algerian newspaper reports a local al-Qaeda cell planned to launch boats loaded with explosives at U.S. and European ships with aid of suicide bombers.

Algerian security forces have thwarted a terrorist suicide attack by the "al-Qaeda organization in the Maghreb" targeting European and American ships in the Mediterranean, the Algeria-based daily *e-Chorouk* reported. The Maghreb is a region of Northwest Africa comprising the coastlands of Morocco, Algeria, Tunisia, Libya and Mauritania.

According to the report, three people were arrested over suspected involvement in the plot. They admitted that they were operating under the authority of the Maghreb-based al-Qaeda PR chief. The terror cell members purchased a boat and equipped it with navigational equipment. They planned on loading the boat with explosives and launching it towards American and European vessels, according to the suicide bombers' preferences.

The newspaper reported that the three were arrested after they aroused suspicions by visiting the same internet cafes on a daily basis where they would surf global Jihad websites. Eventually, security forces specializing in cyber-crimes traced them.

The plot was also set to "undermine the national economy and reverberate in the global media" by offering media outlets real-time information.

Crews saved in sinkings off the Philippines

The Philippines-flagged general cargo ship *Seaford 2*, carrying 35,000 tons of cement, foundered and sank on January 22, off San Jose, Antique Province. The 1,100dwt vessel reportedly started sinking after its hull was breached enroute from Iligan City to Culasi in Antique Province. There were no details about what caused the casualty. All 18 crew members, all Filipinos, were rescued by a passing cargo vessel and a fishing boat.

Meanwhile, the Panamanian-flagged general cargo ship *Sun Spirit*, carrying iron ore, also sank on January 22, off Catanduanes Province. The 7,104dwt ship had been sailing for China from Leyte when it started to list and sent a distress signal. Its crew of 12 Indonesians and two Koreans were rescued.

LNG engine design approved for container ships

The International classification society Bureau Veritas (BV) announced on January 20, that it has approved the basic design of an engine for a container ship powered by liquefied natural gas (LNG), yet another step in the process of making a LNG-fueled vessel for long-haul shipping a reality.

The engine design, which BV approved in principal, is for a container ship with a capacity of 14,000 TEUs. The engine, which would still receive at least 10% of its power from oil, would cut carbon dioxide emissions 23% and reduce sulfur oxide emissions 92%.

"The market will determine when these ships can be ordered and built, but this is a real milestone as for the first time we have a fully worked and approved design for a main line ultra-large container ship running on LNG," said Jean-Francois Segretain, BV deputy technical director.

The design was developed in a joint venture between Korea's Daewoo Shipbuilding & Marine Engineering, CMA CGM and BV.

The cost for a LNG-powered vessel would be more expensive than its conventional counterpart because of its engine, LNG tank and gas handling system. In addition, the LNG vessel would have 438 fewer TEUs of capacity to accommodate the gas tank and equipment.

The SUP gang in the M/V APL Agate *in December at sea: From left: AB Gabriel Moreno, A.B. J. Acosta, Dan Ternura, Bosun Mark Calairo, A.B. B. Little, Ponciano Siquinia, and Chief Mate K. Woodhouse. The Agate is part of APL's Suez Express Service.*

TransAtlantic lawsuits pending in wake of the *Costa Concordia* disaster

French prosecutors have launched a preliminary investigation into the *Costa Concordia* sinking, following a decision to group together legal complaints by relatives of French victims. The move could be a prelude to criminal proceedings.

Four French nationals were confirmed dead as a result of *Costa Concordia* capsizing off the Italian island of Giglio on January 13, and two remain unaccounted for. All told, 17 bodies have been recovered and 15 are still official regarded as missing.

The French Coast Guard has been given responsibility for conducting a hearing to "determine the circumstances of the sinking and the conditions of evacuation and rescue of the ship and assess their personal injury and psychological impact caused by this accident," the prosecutor said.

Two French survivors have also stated that they intend to file suit against Costa Cruises for "failure to help people in danger, putting in danger the lives of others, involuntary homicide and lack of security information," according to their lawyer Frederic Casanova. Casanova's clients, Patrice and Tatiana Vecchi, who live in southeastern France, are collecting signatures from passengers and are expected to gather 100 names.

A group of 19 Germans filed criminal charges against *Costa Concordia's* master, Francesco Schettino, on February 1, "on suspicion of negligent bodily harm, abandonment, endangering shipping and failure to offer assistance to persons in danger," according to a lawyer for the group. A German prosecutor said the charges would be pressed under German law.

In Italy, a criminal investigation is underway, with the ship's captain facing charges of multiple counts of manslaughter and abandoning ship before the evacuation.

Meanwhile, over 500 people have now joined the $460 million class action lawsuit being brought against Costa Cruises by survivors of the *Costa Concordia* cruiseship disaster, with numbers growing day-by-day, according to the New York-based personal injury lawyer who has filed the suit. Mitchell Proner of Proner & Proner will act as lead attorney in the case, which is being brought in conjunction with Napoli Bern Ripka Shkolnik, a law firm with multiple offices in the United States best known for representing Ground Zero workers after 9/11.

While separate proceedings are likely in a number of jurisdictions, Proner said that he expected his action to be the principal legal challenge. Clients include passengers from Croatia, Brazil, Russia, France, Germany and the Dominican Republic. Proner added that he remains open to an out-of-court settlement, provided that the amount of money on offer substantially exceeds the $14,500 currently on the table. Proner is hoping to secure at least $160,000 per passenger, and a multiple of that amount in some instances. He also said he did not rule out further legal action, including against Costa Cruises' parent Carnival, the world's largest cruiseship operator.

The action in the United States incorporates the claims of 70 Italian passengers, coordinated by Italian consumer group Codacons. However, jurisdiction may become a contested issue. Clauses in tickets issued by Costa reportedly stipulate that legal claims relating to any cruises that do not call in the U.S. must be brought in Genoa, Italy, where Costa Cruises is based. U.S. courts have upheld such provisions in the past.

Pirate tactics turn gruesome

Somali pirates holding the crew of the hijacked Taiwanese-flagged *F/V Shiuh Fu No. 1* shifted to a new and graphic tactic to push owners to pay ransom. Pirates and other local sources informed *Somalia Report* that they had cut the hand off the captain of the ship. This marks a significant turn in the way pirates manage hostages and the first noted instance of forced amputation by Somali pirates in recent years.

After the owner refused to pay the demanded $3 million ransom, pirates amputated the hand of Chao-I Wu, the captain of the vessel, according to pirates and hostages' family members.

"Ever since pirates hijacked this vessel, negotiations about releasing the vessel and hostages were ongoing. In fact, more than twice the negotiations were stalled. Months later the negotiations restarted and the pirates finally demanded $3 million in ransom. The owner refused to pay, causing a direct conflict between pirates, the owners and relatives of these hostages," said the pirate. The conflict forced the change in tactics, according to the pirate.

"After weeks of discussions and failure to come to an agreement, the pirates finally decided to cut off the right hand of the captain of the vessel. They also beat the deputy captain," he added. After the forced amputation, the Vietnamese crew members called their families to notify them of the new tactic and urged them to pay the ransom. They also reported the captain's arm, not just his hand, was cut off.

"This group of pirates allowed the crew to call their relatives for only a few minutes, just long enough to tell their families about the amputation. They begged their relatives to pay and some of them were crying. It was a message to the owner and their families that if the owners don't pay this amount of ransom that they will hurt another crew," said the pirate.

The Vietnamese newspaper *Tuoi Tre News* confirmed that hostage crew member Tran Van Hung called home on January 20, to report the amputation and urged the shipowner to make the ransom payment. The pirates, the newspaper reported, "allowed 12 Vietnamese fishermen and some other Chinese ones to call home for five minutes each."

While new to pirates, forced amputation is a regular punishment by al-Shabaab militants in Somalia. The pirates claim the militants did not have any influence on their decision to cut off the captain's limb. "We don't have direct relations with al-Shabaab. It's true that we have a business relationship, but we don't take their advice. This decision was only to force the owners to pay," said the pirate.

Pirates recently purchased two Spanish aid workers from al-Shabaab militants, making a direct and public link between the pirates and the militants.

After being held for more than a year, several of the crew are suffering from a number of ailments, according to the pirates. "My friends informed us that a number of crew are not in good health because of the climate, food and water. Four are very ill and need a doctor because of their headaches and stomach aches," said another pirate in an interview with *Somalia Report*.

The vessel, now being used as a mothership, was hijacked on December 25, 2010, approximately 120 nautical miles off the north east tip of Madagascar. Her 26 crew (13 Chinese, 12 Vietnamese and one Taiwanese) are being held captive on land near Harardhere area in Somalia's Mudug region, according to pirates' sources.

When contacted by *Somalia Report*, neither Taiwan nor China's Ministry of Foreign Affairs were available to comment due to the Chinese New Year.

In defense of the Jones Act *from page 1*

time the freight rate on a certain model television set was under $5. The difference in the selling price of that model in the U.S. mainland and in Puerto Rico was $105. This, of course, meant that the retailer in Puerto Rico was doubling his profit over and above the one in Philadelphia.

Now that I have thought about this dispute, I believe my study 40 years or so ago also was undertaken by the GAO. If the GAO is again undertaking such a study, it will hopefully take specific commodities, as we did, and compare the sales prices in Puerto Rico to those in Philadelphia, Maryland or Florida.

Graykowski also pointed out to me that there are no Jones Act champions left in the Congress as he cited those of us who are gone. "We cannot allow the opponents to build up this wedge between the shipbuilders and the operators," Mr. Graykowski stated. Again he emphasized that once the ship-bottom issue is knocked down, then operations will be next.

We must remain ever alert regarding the Jones Act so no one sneaks a change under that tent. One never knows in Washington, D.C."

"Should any political party attempt to abolish social security, unemployment insurance, and eliminate labor laws and farm programs, you would not hear of that party again in our political history. There is a tiny splinter group, of course, that believes you can do these things. Among them are ...Texas oil millionaires and an occasional politician or business man from other area. Their number is negligible and they are stupid."

President Dwight D. Eisenhower, November 8, 1954

ESU Office Assignments

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

ESU NEWS

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Official Publication of the Exxon Seamen's Union

SeaRiver Long Beach sold

After more than two years in cold layup in Labuan, Malaysia, the fate of the *S/R Long Beach* has finally been sealed with the sale of the vessel in January. The vessel was delivered to her new owners on January 21, in Labuan. Future plans for the vessel are not know at the present time and were not forthcoming from the Company.

The *S/R Long Beach* was removed from active service and placed in lay-up status in Labuan, Malaysia on June 24, 2009. The decision to place the vessel in lay-up was primarily due to the lack of work in domestic or international crude markets and the fact that the vessel was mandated to be retired on January 1, 2010, under the Oil Pollution Act of 1990.

The *Long Beach* was the twin sister to the infamous *Exxon Valdez* and the last of the single hulled tankers in the Alaska North Slope fleet. The *S/R Long Beach* was built in 1987 at the National Steel and Shipbuilding Company (NASSCO) in San Diego, California with an overall length of 987 feet and cargo capacity of 1.5 million barrels.

The ship was originally built for ANS crude service from Alaska to Panama where the cargo was pipelined across Panama for further shipment to Gulf Coast refineries. Deliveries to Panama were discontinued around 1990 and from then on the vessel made crude deliveries to L.A. and/or the San Francisco Bay area.

The vessel's last load in Valdez was transported around the tip of South America (Horn) for discharge in the US Gulf at the Louisiana Offshore Oil Port (LOOP). From there the vessel crossed the equator twice, once going south in the Atlantic Ocean and again going back North in the Indian Ocean before arriving in Labuan.

The *Long Beach* was the last vessel built by ExxonMobil for U.S. domestic service, a practice that spanned over most of the last century. It's revitalizing to see that the corporation has once again demonstrated a commitment to the marine arm of Exxon by announcing plans in 2011 to build two U.S. flag vessels (Liberty Class) for continued service between Valdez, Alaska and refineries on the West Coast. It is the ESU's understanding that steel cutting for the first of the two vessels will begin next month at Aker Philadelphia Shipyard.

For nearly 25 years, the *Long Beach* provided excellent service to the Company and was, due to her size, a favored ship by the ESU membership when transiting the Gulf of Alaska, especially during the stormy winter season. *She* will be missed.

A common occurrence during her service for SeaRiver, the S/R Long Beach prepares to take departure under the Golden Gate Bridge. After nearly 23 years of ANS service and two plus years in layup the vessel was sold and transferred to her new owners in January. ESU file photo.

Second quarter lump sum pension rate lowered to 3.00%

The interest rate for calculating the lump sum payments of ExxonMobil pensions for April - June 2012 will be lowered from the current 3.50% to 3.00%. If you are considering retirement and plan to take a lump sum pension, the lower interest rate should generate a larger lump sum pension payment.

The ESU advises all members that may be considering retirement in the near future to closely evaluate their financial position before deciding on retirement and whether to take the lump sum pension option or the monthly pension payment. Members deciding whether to continue employment or to retire should consider other factors that may affect their financial security in retirement. For example, employees continuing to work will receive additional months of salary, additional months of Savings Plan contributions and additional months of age and service that will normally increase pension benefits.

The ESU also recommends that everyone that is eligible or within a few years of his or her retirement to attend the Late Career Pre-Retirement Planning Course offered by the Company. Please note the seminar dates below.

ExxonMobil Seminar dates for 2012

(Late Career Pre-Retirement Planning Course)

If you are eligible, or soon to be eligible to retire from the Company, you should consider attending a pre-retirement planning seminar that is offered by ExxonMobil. Scheduling is prioritized by age and/or definite retirement plans. Eligibility normally means within 3 years of the minimum age to retire for the unlicensed group (50) with a minimum 15 years of service at the time you elect to retire. Spouses are invited to participate in this class. The classes tend to fill up quickly; some may be filled up by the time we go to print and keep in mind there a fewer courses on the 2012 schedule than last year. If you are interested in attending and know the session you wish to attend, you should then notify Helen Wright at 713-656-2786 for enrollment. Limited space is available per each class so plan ahead.

Dates	Locations	Dates	Locations
March 6-7	Houston, TX (800 Bell Street)	August 6-7	Houston, TX (800 Bell Street)
March 14-15	Baytown Refinery in Baytown, TX	August 14-15	Baton Rouge, LA (Marriot Hotel)
March 20-21	Clinton, NJ	September 6-7	Clinton, NJ
March 27-28	Baton Rouge, LA (Marriot Hotel)	September 10-11	Houston, TX (800 Bell Street)
April 4-5	Joliet, IL (Holiday Inn)	September 10-11	Baytown, TX
April 12-13	Baton Rouge, LA (Marriot Hotel)	September 11-12	Joliet, IL (Holiday Inn)
April 26-27	Houston, TX (800 Bell Street)	September 18-19	Baton Rouge, LA (Marriot Hotel)
May 16-17	Baytown, TX	October 4-5	Baton Rouge, LA (Marriot Hotel)
May 23-24	Houston, TX (800 Bell Street)	October 17-18	Torrance, CA
June 5-6	Baytown, TX	October 24-25	Irving, TX (Headquarters)
June 18-19	Baton Rouge, LA (Marriot Hotel)	October 25-26	Houston, TX (800 Bell Street)
June 26-27	Houston, TX (800 Bell Street)	November 1-2	Clinton, NJ
July 18-19	Houston, TX (800 Bell Street)	November 7-8	Baytown, TX
July 25-26	Baytown, TX	November 13-14	Baton Rouge, LA (Marriot Hotel)
August 1-2	Torrance Refinery–Torrance, CA	November 26-27	Houston, TX (800 Bell Street)

Kevin Conroy elected Deck Department Trustee

On January 26, 2012, the ESU office received the official vote count tabulation for the special election that was held for the position of Deck Department Trustee. The election was mandated by the terms of the Union's Constitution and By-laws (Vacancy) with the resignation of former Trustee Aaron Rathbun.

Kevin Conroy and Jeff Harris fulfilled the requirements necessary to be placed on the ballot for this election. The vote count conducted through the American Arbitration Association in New York was: Conroy 29 and Harris 25. The ESU mailed a total of 106 ballots to the membership and the AAA office received 54 ballots.

The ESU would like to thank both candidates for their willingness to run for this important Union position. The Departmental Trustee positions provide a valuable link of communication between the membership and the Union office, a link that is essential for unlicensed training and collective bargaining.

Incidentally, there are no regularly scheduled elections during 2012. The next election for ESU officer positions will be in the fall of 2013. The following positions will have expiring terms effective December 31, 2013: Vice President/Treasurer, Engine, Steward and Deck Trustee positions and the Ship Representative position for the *SR American Progress*.

Maintenance Seamen preference

Ship Representatives and everyone on the Maintenance Seamen Seniority list needs to be aware of ESU Contract language pertaining to preference for departmental assignments in situations where two or more Maintenance Seamen desire assignment to the same department. According to the Contract, it is the Union's position that such preference will be determined by the individuals' MS bargaining unit seniority.

Contractual language found in Article X, Section 1 and paragraph F states in part; "*Where qualifications between two (or more) MS on the MS Seniority List are relatively equal, MS department preference will be based on MS bargaining unit seniority*". Bargaining unit seniority is an employee's length of continuous service with the ESU bargaining unit.

ESU News

2012 training schedule released

The 2012 training schedule for the ESU membership is now available. The schedule reflects courses in Advance Fire-fighting, Confined Space Rescue, and Maintenance Skills. The number of courses and dates are dependent on participation and are very much subject to change.

Firefighting courses are held at Texas A&M, College Station, Texas and is offered to those individuals that have not attended in the last five years or more. This class is considered advanced and is a four day course that will run from Tuesday through Friday for the weeks that the course is offered.

There are two Confined Space, Entry and Rescue courses scheduled this year. This course has normally been filled by the Pumpman rating and Able Seamen, but it is expected that other ratings may begin to filter into the training sessions as slots become available.

Only one Maintenance Skills training class will be offered this year since many unlicensed have attended this class. Deck and Engine unlicensed personnel are the primary target audience for this class unlicensed. The one day unlicensed conference part of the course is also offered to Steward Department personnel.

With shorter tours, it is not as easy to determine your schedules too far ahead which may make planning more difficult. However, if anyone is interested in enrolling in any of the classes, please make your desire known to Helen Wright, as your assignment schedule becomes clearer. Fleet Manning can try to make sure that you get into the class that you are eligible and wish to attend.

As always, the Union encourages all members to participate in the courses that are available to them.

Advanced Firefighting

February 28 – March 2
March 20 - 23
May 8 - 11
September 25 - 28
October 16 – 19
October 30 – November 2
November 13 - 16
December 11 - 14

Confined Space Rescue

March 26 - 30
October 1 - 5

Maintenance Skills

September 24 - 28

EREP vacancy

The Engine Ratings Endorsement Program (EREP) currently has a vacancy that is open to any Able Seaman that would like to acquire the engine department sea time that is necessary to qualify for U.S.C.G. engine endorsements.

To request placement in the program, regular employees on the AB Seniority List who do not have the necessary engine department sea time for a QMED-Oiler's endorsement should request in writing to Fleet Manning Administrator, Helen Wright. The employee must also obtain a letter of recommendation to the program from either a Chief Engineer or a Chief Mate. Effective 9/1/2008, selection for participation in the EREP will be based on the following factors: (1) past performance, (2) date an employee's written request is received by Fleet Manning, and (3) mechanical comprehension.

Consistent with ongoing operational needs as determined by the COMPANY, no less than two (2) ABs will be eligible to participate in the EREP Program at any time. Currently there is only one AB in the program.

Participants will normally be assigned to fill MS billets while in EREP. Their work will include the normal MS duties, including housekeeping. Participants will receive engine department discharges.

Participants will only remain in this program for the period of time necessary to accumulate the engine department sea time needed for a QMED-Oiler's endorsement. Once the required sea time is accumulated, the participant will be returned to his/her regular AB standing for the next assignment. ABs participating in this program will maintain their AB rate of pay, will remain on the AB Seniority List and will not require replacement on that list.

Ship reports

S/R American Progress

Vessel continues to trade between Valdez and refineries in the Puget Sound area. Ein Cooley has been filling in as Ship Rep. and doing a good job. Board Member at Large, John McCarthy will fill in once Ein departs for paid leave. Vessel recently received improvements to the wireless internet system.

Kodiak

The vessel switched runs with the *Sierra* and recently called on the SF Bay area for discharge of cargo at Chevron Richmond. Marvin Marcum relieved Tim Williams as Ship Rep. Regular Ship Rep. Joe Butler is currently on sick leave but should be returning to active duty soon. SeaRiver Vice President, Jon Evans recently made a trip with the crew from Valdez to San Francisco.

Sierra

Board officer visited the vessel at Chevron Richmond Longwharf on February 10. Regular Ship Rep. Thor Floreen aboard and reports no problems. The *Sierra* last port call was the Puget Sound for cargo discharge and minor repairs in Port Angeles. SeaRiver President, Jack Buono joined the vessel in Valdez for the trip south. Also, HR Manager, Jennifer Shenefelt and HR Specialist, Dona Steadman were aboard while the vessel was in port to discuss benefits related issues with the crew. The ESU and the unlicensed group appreciate shoreside management taking the time to visit with seagoing personnel.

The *ESU News* is written and edited by the Exxon Seamen's Union.

TWIC renewal

All members are reminded to note the expiration date on your TWIC and start thinking about the process for renewal. A majority of the membership mostly likely will need to renew over the next 12 to 18 months since the TWIC program is closing in on its first five year anniversary.

The renewal process consists of the same steps as the original enrollment process (optional pre-enrollment, in-person enrollment, and card activation.) These steps are required since a security threat assessment is required on all applicants, confirming they still meet eligibility requirements.

Some TWIC Enrollment Center locations have closed and/or the address has changed since the TWIC program began. Everyone should check with the TWIC Help Desk or check the Internet website to confirm the closest enrollment center to your home. The TWIC Program Help Desk is operational and can be reached at 1-866-DHS-TWIC (1-866-347-8942). The online site (www.twicinformation.com) has a current list of TWIC enrollment centers. Also, be aware that low volume enrollment centers may only be open one day per week. High traffic enrollment centers still continue to provide service Monday through Friday.

Renewal TWICs currently cost the same amount as the original ($132.50) and are valid for five years and the cost is the responsibility of the individual. SeaRiver reimbursed all employees for the cost of the TWIC document in 2008 but balked at continuing the practice in 2011 Contract negotiations even though other competitors and industry related employees are being reimbursed.

Effective March 19, 2012, the fee charged by the Federal Bureau of Investigation (FBI) for electronically processing fingerprint-based criminal history records information (CHRI) will decrease from $17.25 to $14.50 - a reduction of $2.75. As a result, the enrollment fee for the TWIC program will reduce from $132.50 to $129.75. Workers with current, comparable background checks (Merchant Mariner Credential) will pay a reduced fee of $105.25. If workers are eligible to pay the lower price, their TWIC will expire 5 years from the date of the comparable credential. Acceptable payment methods include, Money Order, Cashier Check, Visa or MasterCard (cash is not accepted).

The TSA recognizes that TWIC applicants require flexibility due to the nature of maritime jobs. As a result, individuals may renew their TWIC at any time, at any enrollment center. Individuals should take into account the expiration date of their previous TWIC and understand that the expiration date associated with their renewal TWIC is tied to the security threat assessment performed for that renewal application.

For example, an individual currently has a TWIC with an expiration date of October 20, 2012 and they apply for a renewal TWIC on June 1, 2012, getting approved on June 20, 2012. From a cost-benefit standpoint, that individual would forfeit approximately four months of value on the previous TWIC. Turnaround time has been fairly quick with individuals receiving their new TWIC within a couple of weeks. In any event, please allow ample time to ensure you have a valid TWIC in order to be assigned to a vessel and avoid being place on a non-pay status.

Final Departure - Earl D. Murphy, Sr., 83

The Union office learned recently that former ESU member, Earl Murphy passed away at his home in Seaford, Virginia, on June 17, 2011. Mr. Murphy worked for Exxon Shipping/SeaRiver Maritime as an Able Seamen from the late 70's until his retirement in 1995. Earl was respectfully known by his fellow shipmates as "Earl the Pearl".

Before joining Exxon Shipping, Earl served his country faithful as a Sergeant Major with the U.S. Army for 28 years of faithful service to his country. He served three tours in Korea and two tours in Vietnam, and was a recipient of numerous awards, including the Bronze Star, during his military career.

He is survived by his wife Sybil Jean Murphy of Seaford; a son Doug of Newport News; one brother, Jerry Murphy of Marshallberg, NC; stepsons Donnie C. Tilghman Sr., Keith Tilghman; grandchildren, Wendy, John, Tammy, Christy, Missy, Donnie Jr. and Rusty; three great-grandchildren; and numerous nieces and nephews.

ExxonMobil 1st quarter dividend

The Board of Directors of ExxonMobil Corporation also declared the quarterly dividend to remain at 47 cents per share on the Common Stock, payable on March 9, 2012, to shareholders on record of Common Stock at the close of business on February 10. For nearly 30 years Exxon has increased the dividend annually and in recent years that increase has occurred in the second quarter.

There are three ways to receive your dividend if you are a shareholder of ExxonMobil stock. Direct Deposit: 1) The dividend payment is transferred by electronic funds on the dividend payable date directly to your checking or savings account; 2) Check: You may have your dividend checks sent directly to your residence or bank; and 3) Dividend Reinvestment: You may automatically reinvest all or part of your dividends in additional shares of ExxonMobil stock through the Computershare Investment Plan for ExxonMobil Common Stock.

From the left: Scott Griggs, Michael Ruan, Julian Torre, SUP Welfare Plan Administrator Michelle Chang, and Emo Aulelava in the Manulani, last month, in Honolulu.

MEBA official nominated for Federal Maritime Commission

President Obama has nominated Richard Lidinsky as chairman of the Federal Maritime Commission for a second term. Lidinsky, the commission's chair since 2009, was one of two FMC nominees put forward by the White House. Both will have to be confirmed by the Senate. The chairman' new term will run from June 2012 until June 2017.

Obama also nominated William Doyle, chief of staff at the Marine Engineers' Beneficial Association, as commissioner at the FMC. Doyle has served as director of permits, scheduling, and compliance at the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects. If appointed, Doyle will take the seat currently occupied by Commissioner Joseph Brennan for a term to run from the date of the Senate confirmation through June 2013.

Before joining the FMC, Lidinsky worked in the maritime trade industry for nearly 40 years and held several positions in business and government. Between 1986-2006, he worked at global maritime conglomerate Sea Containers. He was named one of the 100 most influential people in shipping in 2011.

Port of Oakland emissions reduced by half

The results of a study by the Institute of Transportation Studies at the University of California at Berkeley (UC Berkeley) have shown a 50% decline in diesel particulate matter emissions from drayage trucks and a 40% decline in nitrogen oxide emissions at the Port of Oakland after the Port implemented its clean truck program.

"We are very pleased by the results of the UC Berkeley study. It independently confirms that partnering with our stakeholders has resulted in cutting diesel emissions in the Port area in half," said Port of Oakland Board President Pamela Calloway. "Our partners include the California Air Resources Board (CARB), the Bay Area Air Quality Management District (BAAQMC), the Environmental Protection Agency (EPA), trucking companies, independent owner-operators, and other community stakeholders. Together we have significantly improved air quality in our maritime area; and we are continuing our commitment to reduce pollution because it is vital to the health of our workers and neighbors."

In March 2008, the Oakland Board of Port Commissioners unanimously adopted a major maritime air quality policy statement along with actions to reduce diesel emissions that are related to health risk. The CTMP is part of the Port's overall Maritime Air Quality Improvement Program (MAQIP) the Port's master plan regarding long-term air quality strategy, initiatives, programs and projects to achieve the Port's goal of reducing health risk related to seaport sources of diesel pollution.

The UC Berkeley study measured ambient directly above 7th Street in the Port area where there is concentrated truck traffic. Air samples were taken in November of 2009, and then again in June 2010, after the Port's CTMP clean trucks component was implemented. The data was used for an independent, academic and peer-reviewed study that looked for changes in diesel particulate matter and nitrogen oxides emissions from drayage trucks in the seaport area.

"This study indicates that we are on the right path. Air pollution comes from many sources in the Bay Area including emissions from Port-related activities," Port of Oakland Executive Director Omar R. Benjamin said. "We have been and continue to work with our partners to achieve our goal that, by the year 2020, the Port of Oakland will have cut the health risk from diesel particulate matter at our seaport by 85%." The MAQIP, the Port's comprehensive plan that would achieve this goal through truck retrofits, truck replacements, shore power and other initiatives, was adopted in April 2009.

Beginning in January 2010, drayage trucks with engine year models between 1994 and 2003 were required to be retrofitted with a diesel particulate filter (DPM) to enter Port of Oakland maritime facilities. The DPM filter is verified by CARB to reduce a truck's diesel emissions by at least 85%. CARB, BAAQMD, EPA and the Port of Oakland funded grants for truck retrofits and replacements. The UC Berkeley study reflects some of the clean air benefits of the Port's CTMP.

"The 50% reduction in diesel particulate matter from the short-term air quality monitoring study at UC Berkeley independently substantiates the progress the Port is making toward achieving our 2020 health-risk reduction goal," said Port of Oakland Director of Environmental Programs and Planning. "To build on this success, we are making strides this year to complete the first half of our Shore Power Program. This will allow ships to plug into the electric power grid and turn off their diesel auxiliary engines. Once completed, the Shore Power Program will provide huge air quality benefits by significantly reducing diesel emissions from ships at dock. This means even better air quality in the Port area, which is good for those who work here, truck drivers and residents in our nearby communities."

Welfare Notes

February 2012

SUP MONEY PURCHASE PENSION PLAN & 401(k) PLAN

Charles Schwab Bank, which manages the Schwab Stable Value Fund used in the SUP Money Purchase Pension Plan and SUP 401(k) Plan, notified the Trustees recently of their decision to discontinue the fund effective April 30. At the regularly scheduled meeting of the Board of Trustees on January 25, Reliance/MetLife GAC Series 25053 Class II Shares Stable Value Fund was selected as a replacement. On or around March 19, participants' assets invested in the current Schwab Stable Value Fund in the two Plans will be automatically transferred to the Reliance/MetLife Stable Value Fund. Plans participants were recently mailed a memorandum from the Plan Office citing further details of the fund replacement and directions to follow if participants wish to make changes to their accounts.

SUP WELFARE PLAN ELIGIBILITY STATEMENTS

Statements reflecting eligibility earned for work dates through December 31, 2011, are currently being mailed to Welfare Plan participants. If you should have any questions, please contact the Plan Office.

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

Berit Eriksson, Training Representative 415-957-1816, berittrainrep@sbcglobal.net

SUP Welfare Plan 730 Harrison Street, #415
San Francisco, CA 94107
Phone Numbers: 415-778-5490 or 1-800-796-8003
Fax: 415-778-5495

NUHW and IAM form partnership in first move toward potential affiliation

The International Association of Machinists and Aerospace Workers (IAM) and the National Union of Healthcare Workers (NUHW) have signed a letter of intent concerning a potential affiliation of NUHW with the IAM.

The signing of the letter of intent, approved by the Executive Boards of both Unions, initiates a process whereby representatives of each Union will begin to work out the terms of a possible affiliation. Any final decision on affiliation will be subject to approval by the leadership of the IAM and a membership vote of NUHW. Immediately, IAM and NUHW will begin working together to organize the unorganized, and each Union will provide mutual support in collective bargaining and in other areas.

Both NUHW and IAM put a high value on member democracy, fighting for and protecting workers' contractual standards, and organizing the unorganized.

With 700,000 members in North America, the IAM, founded in 1888, is affiliated with the AFL-CIO, and is the leading Union among aerospace and transportation workers. The IAM is one of a handful of international Unions in which members have the right to directly elect their international Union officers. The IAM has been at the forefront of protecting workers' rights and has been actively organizing the unorganized, including winning a tough representation election at IKEA in Maryland, the first victory in the United States against the giant retailer.

The National Union of Healthcare Workers was created in January 2009. Since its founding, NUHW has become the fastest growing healthcare workers' Union in the country, representing more than 9,000 caregivers in California and Michigan. NUHW began when United Healthcare Workers West (UHW), a 150,000-member California-based local Union of the Service Employees International Union, was seized by Andy Stern, the president of SEIU. Stern, with the support of current SEIU President Mary Kay Henry, commandeered the local Union for its refusal to give him the unilateral right to appoint bargaining committees and to negotiate with employers without membership input or involvement, and for opposing the forced transfer of 65,000 nursing home and homecare workers from UHW into another, corruption-plagued SEIU local Union without a vote of the affected workers. In 2012, NUHW will be competing with SEIU to represent 43,000 healthcare workers at Kaiser Permanente in the largest Union election conducted by the National Labor Relations Board since 1941.

"In the IAM, we believe we have found the partner that will enable healthcare workers to achieve their dreams of building a strong, democratic, and progressive healthcare workers' Union," said Sal Rosselli, president of NUHW. "We look forward to working with the IAM to build a movement of healthcare workers, like IAM has done in aerospace, transportation and other industries."

"NUHW and its leadership have a strong, national reputation for honesty, competence, integrity, and militant, democratic, progressive trade Unionism," said Gary Allen, Vice President of the IAM. "Their record of success in winning industry standard contracts and organizing the unorganized speaks volumes. For 124 years the IAM has fought hard to raise standards of living and bring forward the issues of working families in North America. The IAM shares the NUHW's commitment to free, fair and democratic membership control of the collective bargaining process. By standing together, all of us are stronger."

SUP President's Report

February 14, 2012

MARITIME LEGISLATION

This month, the SUP in conjunction with the MFOW, SIU-A&G, MM&P, MEBA and AMO submitted proposals in the form of a statement to Subcommittee on Oversight and the Subcommittee on Select Revenue Measures of the House Committee on Ways and Means regarding maritime tax reform. Excerpts of that statement are as follows:

"Today, U.S.-flag commercial vessels are on the front lines in our nation's War Against Terror, not only abroad in support of the Department of Defense and our troops, but here at home, as well. Only American maritime workers are subject to the background and security checks imposed by the Department of Homeland Security and implemented by the Federal Bureau of Investigation, the Coast Guard and the Transportation Security Administration to help prevent maritime-related security and terrorism incidents on our waterways and in our nation's ports. The operation of U.S.-flag vessels with American crews in our domestic trades means that foreign companies and foreign maritime workers who are not subject to United States government background and security checks will not have unlimited access to America's ports, port facilities and coastal and inland waterways.

It is, in our opinion, ill-advised for our government, especially at this dangerous time in our nation's history, to weaken the domestic shipping statutes and to thereby relinquish control over the timing and the cost of transporting America's domestic commerce. Rather, it is extremely important that our government take the steps necessary to ensure that our nation has the United States-flag commercial vessels and American citizen crews needed to support our troops, to protect and enhance America's economic and security interests at home and abroad, and to strengthen United States defense operations around the world.

We strongly believe that one way to achieve these goals is to ensure that America's tax laws encourage, rather than discourage, investment in the United States shipping industry.

Consequently, we support proposed changes in the tax law that are the subject of your hearing as well as other important maritime tax reform initiatives that we believe will help foster the growth of the United States maritime industry and preserve and create jobs for American maritime workers. Without such changes in our tax laws, American dollars and American jobs will continue to be outsourced to the benefit of foreign flag fleets and foreign maritime workers. With such changes, America's tax laws and policies will help promote the construction, acquisition and operation of U.S.-flag vessels and the employment of American workers in American ports, aboard American ships, and in American shipyards and related service and supply industries.

HR 1533 - SHORT SEA SHIPPING ACT OF 2011

Our maritime labor organizations are part of a large maritime industry coalition comprised of shipping companies, ports and other interests that strongly supports HR 1533, the Short Sea Shipping Act of 2011.

We believe the enactment of this legislation will remove a serious tax-related impediment to the development of a marine highway system. Such a system has the potential to create significant new employment opportunities for American shipbuilding workers and workers in related service and supply industries as well as for those licensed and unlicensed merchant mariners who will crew these vessels. The shipment of imported cargo along our coasts will provide a significant opportunity for America's underutilized smaller and medium sized ports, creating important new employment opportunities for American longshoremen and other shoreside workers.

In other words, the enactment of HR 1533 and the resultant construction and operation of vessels in the United States as part of a marine highway system offers a greater potential for new employment in the domestic maritime industry than any other proposal or initiative presently before the Congress.

Today, cargo entering the United States is subject to the Harbor Maintenance Tax (HMT). This will not change through the enactment of HR 1533. If that same cargo which has already been subject to the HMT upon its initial entry at a U.S. port is then transported by rail or truck to another destination within the United States, it is not taxed again under the HMT upon its arrival. However if, instead of moving by truck or rail to another destination within the United States, that same cargo is transported by a U.S.-flag vessel, it is taxed again upon its arrival under the HMT. This second discriminatory application of the HMT on cargo transported by water is what will be changed and eliminated through the enactment of HR 1533.

This discriminatory double taxation of cargo moving by water creates a significant economic disincentive for the owners of the cargo (i.e., shippers) to use waterborne transportation to move their cargo from one U.S. destination to another. Consequently, insofar as shippers understandably choose to avoid paying a tax more than once on the same cargo, the current application of the HMT has become one of the major impediments to the development of a marine highway system and the subsequent greater utilization of commercial vessels to transport cargo along America's coasts.

At a time when our economy is struggling to recover and the nation is working tirelessly to alleviate unemployment, eliminating this double taxation and encouraging the development of the marine highway system can result in significant benefits for the United States.

HR 104–REALIZE AMERICA'S MARITIME PROMISE ACT

There is another legislative proposal relating to the Harbor Maintenance Tax that we and many others in our industry vigorously support: HR 104, the Realize America's Maritime Promise (RAMP) Act and its companion legislation, S 412.

At its core, the enactment of HR 104 will ensure that the funds collected under the Harbor Maintenance Tax (HMT) and deposited into the harbor Maintenance Trust Fund (HMTF) are in fact used for their intended purpose, namely, maintaining America's harbors and coastal waterways. However, expenditures for these purposes from the Harbor Maintenance Trust Fund have lagged far behind revenues, creating an unspent balance of approximately $6 billion in the HMTF at the end of Fiscal Year 2010, a balance that continues to grow as the need for these funds to be spent to maintain America's harbors and waterways continues to grow even greater.

In fact, the failure to utilize the funds collected under the Harbor Maintenance Tax for their intended purpose is seriously and adversely affecting vessel navigation. Poor or non-existent maintenance means that navigation channels are getting narrower and shallower from sediment accumulation. It is estimated by the Army Corps of Engineers that almost 30 percent of vessel calls at U.S. ports are constrained due to inadequate channel depths. This means, of course, that vessels laden with American exports cannot carry all the cargo they are capable of carrying, lest they run aground, impeding our nation's ability to competitively sell American products in overseas markets.

Enacting HR 104 is, in our opinion, an essential component of our nation's campaign to revitalize American manufacturing and to increase the export of American made goods and products of all types. It will create thousands of good paying jobs for Americans in our ports and will eliminate a significant impediment to the economical and efficient waterborne transportation of America's foreign and domestic commerce.

HR 1267–TO MODIFY THE APPLICATION OF THE TONNAGE TAX

Another important maritime tax reform initiative that we strongly support is contained in HR 1267, legislation to modify the existing tonnage tax regime applicable to certain U.S.-flag commercial vessels.

Specifically, this legislation will make U.S.-flag vessels operating in the United States - foreign shipping trades eligible to be taxed under the tonnage based system enacted by Congress in the American Jobs Creation Act of 2004 (Public Law 108-357) regardless of the amount of time the vessels operate in the U.S. domestic shipping trades. This proposal will enable American shipping companies to compete on more equal terms for the carriage of America's export and import trade with foreign flag shipping operations.

Under existing tax law, the tonnage tax is presently available only to U.S.-flag vessels operating exclusively in the U.S. foreign trades, to vessels operating on the Great Lakes, and to U.S.-flag vessels that operate in the domestic trades for less than 30-days in each year. This 30-day limitation effectively precludes United States shipping companies which operate vessels in both the foreign and domestic trades from benefitting from the tonnage tax when they compete against foreign flag vessels in the international trades. As such, it discourages American shipping companies from investing in additional U.S.-flag vessel operations and prevents these companies from increasing their employment of American merchant mariners.

Our organizations strongly supported the enactment of the tonnage tax in 2004 because it helps American vessels compete on a more equal footing in the international shipping arena. A significant number of foreign flag and foreign crewed vessels had already enjoyed the advantages of a tonnage tax and many foreign flag and foreign crewed vessels have long operated in what is essentially a tax-free environment, enabling them to capture more than 95 percent of all the commercial cargo entering and leaving our country. In response, Congress wisely enacted the tonnage tax, eliminating one of the tax-related disincentives to operating vessels under the U.S.-flag with U.S. citizen crews.

Unless the 30-day limitation is removed by this Congress, American shipping companies that operate vessels in the U.S. domestic trades will continue to be severely disadvantaged and effectively precluded from successfully expanding their operations into the U.S. foreign trades and recapturing a share of America's trade for American ships. Unless the 30-day limitation is removed, one of the primary objectives of the tonnage tax, namely, retaining, attracting and expanding U.S.-flag vessel operations, will not be fully realized as domestic shipping companies find themselves at a serious economic disadvantage as they compete against foreign flag vessels which have the benefit of operating under a tonnage tax regime.

As proposed, the 30-day limitation would be removed for all U.S.-flag vessels when they operate in the foreign trade. As a result, U.S.-flag vessels would continue to pay taxes under the current corporate tax rate for their operations in the domestic trades, and would be able to pay taxes under the tonnage tax regime when operating in the United States foreign trade in competition with foreign vessel operations.

HR 1031 – AMERICAN SHIPPING REINVESTMENT ACT OF 2011

A fourth extremely important maritime tax reform initiative is contained in HR 1031, the American Shipping Reinvestment Act of 2011.

This legislation would repeal a provision in the Internal Revenue Code that prevents American shipping companies from investing in the United States. More specifically, HR 1031 would allow these companies to bring back to the United States pre-1987 earnings stranded overseas and to use these earnings for investment in U.S.-flag ships and shipping operations. These are earnings that will

continued on next page

President's Report continued

not otherwise come back to be invested in the U.S. economy or be spent to support the U.S.-flag shipping industry.

This enactment of this legislation would spur domestic job growth by creating a broad and diverse range of well-paying jobs for American shipboard, shore-side and shipyard workers. Investment in the U.S. shipping industry would have a significant economic multiplier effect, spurring job growth in affiliated businesses.

Once again, we urge the Subcommittee on Select Revenue Measures and the Committee on Ways and Means to work to enact this legislation this year.

CAPITAL CONSTRUCTION FUND PROPOSALS

Finally, we would note that there are two proposals that relate to the qualified withdrawal and utilization of funds by American shipping companies that have a Capital Construction Fund. Both proposals would eliminate an existing impediment relating to the expenditure of funds in the United States for vessel construction and repair. The enactment of these proposals will help put Americans to work aboard commercial vessels and in American shipyards and related service and supply industries.

The existing Capital Construction Fund (CCF) program is contained in Chapter 535 of Title 46, United States Code. The primary purpose of the CCF program is to enable commercial shipping companies to accumulate the private capital necessary to expand, upgrade and modernize their U.S.-flag fleets. Taxes on the earnings deposited into a CCF are deferred until withdrawn by the company and used for their intended and statutorily authorized purposes.

We believe the existing Capital Construction Fund provisions should be amended to expand the definition of qualified withdrawal so that American companies have a greater opportunity to spend their own money in the United States and to help put American maritime workers to work.

First, while the existing CCF allows a company to withdraw its funds to build vessels in the United States, it does not specifically allow funds to be withdrawn by a company to be used for the maintenance and repair of its vessels in an American shipyard. This is, in our opinion, an unwarranted distinction that does little more than deny American ship repair yards of much-needed commercial business.

Expanding the permissible use of CCF funds to include maintenance and repair of vessels in U.S. shipyards will generate additional job opportunities for American workers in our shipyards. This will help reduce the outsourcing of vessel maintenance and repair work to foreign shipyards and the outsourcing of American jobs in this industry. Equally important, facilitating the maintenance and repair of U.S.-flag commercial vessels will enhance the competitiveness of U.S.-flag vessel operations and help achieve a more modern and environmentally-sound fleet.

The second change to the Capital Construction Fund that our organizations support would expand the ability of American shipping companies to withdraw and use their CCF funds for the acquisition of vessels built in American shipyards.

Under the current regulatory framework controlling the Capital Construction Fund companies are precluded from withdrawing and using their own money for the acquisition of U.S.-built vessels through a charter or capital lease payment. Rather, they may only do so to acquire a vessel through a mortgage or by an outright purchase. In our opinion, this limitation should be eliminated, especially in view of the wide spread use of charter arrangements in today's worldwide shipping industry. It is an unnecessary and highly impractical distinction in the allowable use by a company of its own money, and serves only to impede the growth and modernization of the U.S.-flag shipping industry.

This impediment and restriction limits the flexibility of American companies to pursue all options pertaining to the financing and acquisition of vessels. It limits the ability of U.S.-flag vessel operators to make the best decision when planning and implementing a vessel acquisition program often times forcing a company to delay or abandon its plans because it does not have access to its own accumulated capital in its CCF.

As we have noted, the construction of commercial vessels in United States shipyards generates thousands of skilled jobs in the shipbuilding and related service and supply industries. After the vessels are constructed and delivered, jobs are created for Americans who work aboard ship – the men and women we are proud to represent – helping to ensure that the Department of Defense has the trained civilian seafaring personnel needed to crew the government and privately-owned vessels that are called into service in time of war or other international emergency.

It is important to note that in both instances, the proposed changes will not require the appropriation of any new Federal funds nor provide American shipping companies with any new tax incentive. Rather, both would simply expand the opportunity for U.S.-flag shipping companies to spend their CCF funds to build, maintain and repair commercial vessels in the United States."

It should come as no surprise to the membership, but the Republican leadership (Speaker John Boehner and company) failed to include any provisions proposed by the Unions in the Surface Transportation Bill pending (as of this date) in the House of Representatives.

SUP MONEY PURCHASE PENSION AND 401(k) PLANS

Recently, the Trustees of the SUP Money Purchase Pension and SUP 401(k) selected a new stable value investment option. The following will explain the background behind this change which is intended to take place on or around March 19.

On November 8, 2011, Charles Schwab Bank, which manages the Schwab Stable Value Fund used in the SUP Money Purchase Pension Plan and SUP 401(k) Plan, announced its intent to discontinue the Schwab Stable Value Fund effective April 30, 2012. Subsequently, the Trustees began the process to find a suitable replacement stable value investment option. A subcommittee was established in December to review replacement options and to provide recommended alternatives to the full Board of Trustees for a final decision on January 25.

After fully considering the alternatives, the Trustees chose to replace the discontinuing Schwab fund with MetLife GAC Series 25053 Class H Shares. (Participants may see the name "Reliance Stable Value Fund" in place of "MetLife" on Plans materials as the MetLife fund is sponsored by Reliance Trust Company.)

The Trustees have made this decision in fulfillment of their ongoing responsibilities to monitor the investment options in a prudent manner and to continue to provide a diversified range of investment options under the SUP retirement plans. The replacement fund, Reliance/MetLife GAC Series 25053 Class II Shares, appears to meet these goals and was selected because of its impressive management and history. However, it must be emphasized that past performance is not a guarantee of future results.

The following will explain, in question and answer format, the circumstances surrounding this fund change.

What is happening?

On or around March 19, the current Schwab Stable Value fund in the two SUP retirement plans (Money Purchase and 401(k)) will be replaced with Reliance/MetLife GAC Series 25053 Class II Shares. Assets invested in the Schwab Stable Value Fund at that time will automatically be transferred to the Reliance/MetLife fund. All participant directives to invest future contributions in the Schwab fund will be directed to the Reliance/MetLife fund. There are no fees or transaction costs associated with these changes.

What is the Reliance/MetLife GAC Series 25053 Class II?

This is a conservative investment option designed to preserve capital at all costs while providing a stable rate of return. It is the most conservative investment option of the two SUP retirement plans.

Why is this occurring?

Charles Schwab Bank made the decision to close down the Schwab Stable Value Fund effective April 30, 2012. Their announcement explained the decision as strictly an internal business decision to close one of their investment products. This decision does not reflect any concern for the quality of the fund which remains highly regarded.

Does this present any risk to money invested in the Schwab Stable Value Fund?

No. Charles Schwab Bank has stated that the fund's underlining portfolio is in a positive position, with the market value exceeding the promised value-or book value-of participant balances. In fact, this was a consideration for their decision as it is advantageous to the participants who hold money in the fund.

Wasn't this fund just initiated in the SUP plans?

Yes, the Schwab Stable Value Fund was just added to the SUP Money Purchase Pension Plan and SUP 401(k) Plan in August 2011, as replacement for the previous Bank of America Stable Value Fund which also closed down. At the time, that the Trustees for the SUP plans chose the Schwab Stable Value Fund, Schwab had either not yet decided to close the fund, or were not ready to release the information publicly. Had this information been known, the Trustees would not have made its decision to use the fund.

Do participants need to take action?

Participants are not required to take any action. However, if participants do not want their account balance invested in the Schwab fund to be automatically transferred to the new fund on or about March 19, participants must transfer those amounts to another available investment option before that date.

If participants want to make changes to their account, participants can:

- Change your investment directives to ensure that future contributions are invested in the investment option of your choice.

- Transfer any balance in one investment option to another option of your choice.

These changes can be made using either:

1. INFOLINE at 800.858.5420, or
2. Personal Savings Center Website at **http://retirement.standard.com**.

If you have any questions, please do not hesitate to contact The Standard at the call center phone number listed above.

SUPPLEMENTAL BENEFITS

As reported in October and December of last year, there has been considerable discussion regarding federal tax rates when members file for Supplemental Benefits. This was precipitated by an Internal Revenue Service directive via Matson Navigation Company to the Plan Office to cease "exempt" withholding and begin withholding a flat 25% from Supplemental Benefits beginning September 27.

At the Plan meeting on January 27, this issue was discussed among the Trustees with Plan Administrator Michelle Chang and Plan Auditor Debbi Dimery of the Lindquist firm directed to investigate the second option for withholding Supplemental Benefit taxes.

Under a second option scenario, the Plan has projected, in order to be in compliance with IRS regulations regarding supplemental wages, that withholding for Supplemental Benefits would be the same as that of the Plan participant's W-4 filed for the latest voyage with each employer as documented by the participants payroll stubs. This would have to be done within 30 calendar days of the end date of the Plan participants latest voyage or if mailed, as evidenced by the postal mailing date indicated on the application envelope. Original payroll stubs and original discharges would be copied at the Plan Office and originals returned to the participant with the issuance of the Supplemental Benefits check at the conclusion of the application's processing.

A new Form W-4 would be needed to be filed with the Plan Office with each application for which the second option –rather than the 25% flat rate– is requested. Applications for multiple years' discharges, but not beyond the Plan's two year filing limitation, will be processed at the tax withholding rate documented by the Plan participant's pay stub from the latest voy-

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President's Report continued

age if submitted for processing at the Plan Office within 30 days.

Any application that is submitted beyond 30 days from the Plan participant's latest voyage, or for which proof of employer tax withholding cannot be provided would be processed at the standard 25% flat rate.

Administrator Chang advised that programming changes in processing Supplemental Benefits under the second option scenario are estimated to be a one-time cost of between $1,000 to $1,500.

On February 7, the SUP notified the other Plan Trustees (APL, Matson, MFOW and SIU-Marine Cooks) that it was in support of implementing the second option. Matson responded on February 10, stating that it was "evaluating modifying the present process in using 25% withholding for Supplemental Benefits," adding that "additional administrative costs must be considered." As of today's meeting, APL, MFOW and SIU-Marine Cooks Trustees have not commented on the issue.

The next meeting of the Supplemental Benefits Fund Trust is scheduled for June 27, when the issue will again be on the agenda. Unless there is support for a change before or after that date, 25% will continue to be withheld from members applying for Supplemental Benefits.

CHEVRON SHIPPING COMPANY

During bargaining with Chevron in December, there was a discussion regarding the Agreement signed and ratified last year (see the July *West Coast Sailors*) concerning the rate of pay for sailors employed as riding gangs in company vessels.

As pointed out by members sailing in the fleet, the overtime rate for AB Maintenance Men hired for the riding gang billets was higher than that of the Bosun, the ABs, the Machinist, the Pumpman and the Oiler/QMED, and the Steward/Cook.

This issue was resolved with a revised Memorandum of Agreement signed on February 6. Effective March 1, the overtime rate for the AB Maintenance Man is $23.21 per hour – the same rate for the job classifications previously mentioned. This rate will increase during the term of the 2012-2017 Agreement in accordance with the negotiated increases for all other ratings.

The base pay for AB Maintenance Men hired for riding gangs shall be $3,839.00 per month effective February 1; $3,916.00 effective February 1, 2013; $4,014.00 effective February 1, 2014; $4,114.00 effective February 1, 2015; and $4,196.00 per month effective February 1, 2016.

Recommend membership ratification.

Chevron Shipping Company
Wages and Overtime Rates
Effective February 1, 2012

Rating	Monthly Wages	Overtime Rates
Boatswain	$4,303.34	$23.21
Able Seaman	3,103.39	23.21
Machinist	3,927.39	23.21
Pumpman	3,927.39	23.21
Machinist Trainee	3,103.39	23.21
Oiler/QMED	3,103.39	23.21
Wiper	2,602.81	18.06
Ordinary Seaman	2,602.81	18.06
Steward Cook	4,286.86	23.21
Cook	3,103.39	23.21
Messperson	2,602.81	18.06
40-hour week		

ATTEND YOUR UNION BRANCH MEETNGS

PATRIOT CONTRACT SERVICES

In January of 2008, the Military Sealift Command (MSC) awarded Patriot Contract Services a contract to operate and maintain vessels: *USNS Hayes* and *USNS Waters*.

The initial contract term for both vessels (the *Hayes* was withdrawn from service in October 2008) was for one year, with four one-year options. The award also called for a possible extension to 2015/2016. However, MSC notified Patriot on January 11, that it was not exercising the extension option and intended to put the *Waters* out for competitive bids.

Patriot will again bid for and hopefully retain the *Waters*.

SAN FRANCISCO BAR PILOTS

On January 17, SUP member Mike Sposeto was terminated from his job as Chief Operator of the *P/V California* for allegedly failing to report a mechanical problem in the vessel. The Union believes the termination was unjust and has met with Captain Bruce Horton, Port Agent of the San Francisco Bar Pilots, to rectify the situation. However, Captain Horton is adamant in his refusal to reinstate Brother Sposeto. Therefore, the SUP will pursue the grievance through the arbitration process stipulated in the collective bargaining agreement. Peter Saltzman of the law firm of Leonard Carder will represent the Union in this matter.

HOLIDAYS

All SUP halls will be closed on Monday, February 20, in observance of President's Day (Washington's Birthday) and in accordance with the collective bargaining agreements with APL, Foss, Matson and Patriot Contract Services. Branch meetings will be held on Tuesday, February 21.

Under the agreements with Chevron and San Francisco Bar Pilots, Washington's Birthday is observed on February 22.

SAN FRANCISCO-OAKLAND BAY BRIDGE

Members take note: The westbound traffic lanes into San Francisco will be closed from 8:00 P.M. Friday, February 17, until approximately 5:00 A.M. on Tuesday, February 21.

BART (Bay Area Rapid Transit) will operate a limited all-night service during this period.

ACTION TAKEN

M/S to ratify the MOA on riding gangs with Chevron Shipping Company. Carried unanimously.

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

Gunnar Lundeberg

Vice President's Report

February 2010

APL Coral: Quentin Brown, delegate. Termination in New York under investigation.

APL Korea: Teo Rojas, delegate. Clean ship in Oakland. Tony Montoya is bosun.

APL China: Juan Magana, delegate. Tying up and letting go on watch is payable in the form of one hour for the first hour and half-hour increments thereafter for time worked. Working beyond the watch triggers the two hour minimum.

APL Japan: Spencer Thompson, delegate. Collected supervisor pay at the low cargo rate for the AB that managed a Sri Lankan shore-gang cleaning windlasses.

President Truman: Walter Harris, delegate. Holiday clarification. Washington's Birthday is listed in the Agreement but it also says that "if the national holiday structure is changed" then our holidays will also change. The change came in 1968 when Congress passed the Uniform Monday Holiday Act which officially moved observance of Washington's Birthday from February 22nd to the third Monday of February.

Lurline: Noel Itsumaru relieved Chris Bujnowski as delegate. Remoni Tufono back from a trip off as bosun. Ventilation problem and pillow replacement problem brought to the attention of management. Molasses spill handling payable at the cargo rate.

Oregon Voyager: Bill Fisher, delegate. Boarded at Pier 70 in the San Francisco shipyard. Gang washed, mucked and wiped every tank under the able direction of bosun Thor Erikson.

California Voyager: Brian Waymire, delegate. In at Richmond Long Wharf on President's Day after another voyage from the Gulf via the Panama Canal. Overtime starts at the call provided we turn to on deck 30 minutes later. Turning to in less than 30 minutes is only required during emergencies or moments of critical operational necessity.

Florida Voyager: David Fadoul. Running smooth on the romance run from Richmond to Willbridge. Discussion on the budget, competencies of tankermen, and the unfinished business of the freeloader problem. In good shape.

USNS Shughart: Jon Clark, bosun, reported that early on the morning of February 6, a deep draft ship bound for sea at a high rate of speed pulled the *Shughart* off the dock. Lines parted and then the gangway sheared off its platform and fell to the dock crushing power cables and a steam line. With the deck crew from the *Yano* assisting, SUP sailors put up new lines, rigged a temporary gangway from the sideport, secured the electrical hazard, and achieved the expert rigging and emergency response for which SUP sailors are famous.

Shughart gangway on the dock after shearing off the platform due to the suction of a passing ship on the Mississippi River in Louisiana.

USNS Martin: Nick Mannesiotis, delegate. Call from the delegate in Saipan indicates most things okay. Question on relieving for meals answered. Ship is scheduled for ROS in late 2012. Bosun Jim Bailey indicates things in good shape as ship returned to a familiar port—an island paradise in the western Pacific.

Foss Maritime Company: JD Rymel, delegate. Held several caucuses on impending negotiations. Many proposals for improvements discussed and debated with solid participation. Bargaining begins at the end of February.

San Francisco Bar Pilots: Mike Koller and Terry O'Neill, delegates. Meeting with management on excessive punishment (termination) of an operator with a long record of excellent service for an infraction produced no results. The Pilots rejected all Union arguments. The issue is headed to arbitration.

Dave Connolly

SUP Branch Reports

Seattle

January 17, 2012

Shipped 3 Boatswains, filled with 1 A to a steady job and 1 A to a relief; 1 C to a Navy bottom; 8 Able Seaman billets went to 2 A-cards; 4 B, and 2 D registrants. Of these jobs, 3 were steady, two were reliefs and 3 went to Navy bottoms. Shipped 1 STOS and 2 Ordinary Seaman jobs; 11 standby jobs filled with 3 B members and 8 D registrants.

Registered: 12A cards for a total of 27; 11 B cards for a total of 29; and 2 C cards for a total of 8.

Ships Checked

Matson vessels *Mahimahi* and *Maui* called twice in Seattle with little or no problems. The *President Jackson* and *President Polk* called in New York. Feeding problems on the *Polk* persist with the delegate and captain inspecting the stores spaces and miraculously discovering missing prime ribs hidden behind other meat boxes.

I represented the SUP/MFU at the following meetings: the King County Labor Council Executive Board meeting. The King County Labor Council Political Action Committee meetings.

During the Political Action Committee meetings we called for early endorsement to put forward both U.S. Senator Maria Cantwell for re-election and Congressman Jay Inslee to be nominated for Washington State Governor.

Congressman Jay Inslee represents Washington State's First District and in that capacity has steadfastly supported the Jones Act in all matters and has consistently signed on to the Military Security Program spending bill which keeps us in APL bottoms. Now that Mr. Inslee is running for Governor this Branch supports him unequivocally. His opponent, Washington State Attorney General Rob McKenna has already had Republican Party fundraiser Karl Rove appear alongside of him, signaling a campaign towards the Republican Party's quest to destroy labor Unions in the United States.

You would have to live on the moon to not know that the Republican Party has been working in state after state to remove your right to choose who represents you in your job. They believe you have no rights to work rules; no right to employer contributions to your medical coverage for you and your family; no right to company pension contributions. And no right to a Social Security safety-net for you, your relatives, and your friends and neighbors when they put us all out into the street.

We will need all hands on deck in this election. We will need volunteers and we will need money. Call your Union branch and ask where you can sign up to help. Phone bankers, envelope stuffers, yard sign pounders, computer geeks, are all needed. Contribute to your Union's political fund. The war against the workers can only be fought by the workers getting involved!

Vince O'Halloran, Branch Agent

SUPPORT THE SUP POLITICAL FUND

Wilmington

January 17, 2012

Shipping for the period: Bosun: 2, AB: 7, AB Maint.: 2, and standby: 45. Total jobs shipped: 56.

Registration: A cards: 41, B cards: 21, C cards: 12, and D cards: 11.

Ships Checked

APL Singapore, *Mahimahi*, *R.J. Pfeiffer*, *Matsonia*, *Manukai*, *APL Korea*, *Manulani*, *APL Thailand*, *Matsonia*, *Maunawili*, and *APL China*. All okay.

Attended the MTD meeting on January 13. Sony Pictures called looking for "real" merchant mariners for roles in the new feature film, *Maersk Alabama*, starring Tom Hanks. Several members submitted their information. We shall see if they end up on the big screen.

Received the Risk Control's report on the *Manukai* Industrial Hygiene Survey. Not too impressed, however, Matson assures us that this problem will be resolved.

Mark Hurley, Branch Agent

Honolulu

January 17, 2012

Shipped the following jobs in January: 2 ABD (return), 1 ABW (steady), 1 AB Maint (steady), and 1 OS (steady). The ship's jobs were filled by 2 A cards, 2 B cards and 1 C card.

Also shipped 32 standby jobs. The standby jobs were filled by 4 A cards, 7 B cards, 13 C cards, 6 D cards and 2 SIU members.

Registered in January: 2 A cards, 5 B cards, 2 C cards, and 2 D cards. To date totaled registered: 11 A cards, 7 B cards, 6 C cards and 4 D cards.

Ships Checked

The *Manukai*, *Maunawili*, *Maui*, *Lurline*, *Matsonia*, *Kauai*, *Maunalei*, *Mahimahi*, *Manulani*, *RJ Pfeiffer* and the Paint & Rigging gang. All are running with few or no beefs.

During the month I represented the SUP at the Hawai'i Ports Council monthly meeting; which includes the monthly Hawaii Ocean Safety Team (HOST) meeting report, and the AFL-CIO COPE executive board meeting.

During this month's meeting we had the pleasure of having SUP President/Secretary/Treasurer Gunnar Lundeberg, SUP Welfare Plan and Pacific District Pension Plan Administrator Michelle Chang, and SUP Training Director Berit Ericksson in attendance. A lot of questions were asked and most were answered to the membership's satisfaction.

Just a quick reminder, make sure that your Union dues are paid through the current quarter. If not, you will not be shipped to any job and the person standing behind you with their dues paid will be. Also, support the SUP Political Fund, this is an election year and we need to do all that we can to elect labor friendly candidates. Mahalo,

Michael Dirksen
Branch Agent

Dispatcher's Report

Headquarters—Jan. 2012

Deck	
Bosun	4
Carpenter	0
MM	3
AB	12
OS	3
Standby	3
Total Deck Jobs Shipped	27
Total Deck B, C, D Shipped	7
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.	27
Total B, C, D Shipped-All Depts.	7
Total Registered "A"	26
Total Registered "B"	25
Total Registered "C"	22
Total Registered "D"	32

Salvors find sunken World War II merchant vessel with a load of platinum

The wreck of a World War II merchant ship has been found by a shipwreck hunter who plans to collect on the load of platinum onboard, now valued at $3 billion. The vessel was torpedoed by a German U-boat off Cape Cod. This may now possibly be the richest find ever discovered on the sea floor.

Sub Sea Research's Greg Brooks, who has been in the shipwreck business for almost 20 years, said the wreck, currently in 700 feet of water and approximately 50 miles off of Maine, is that of the *Port Nicholson*, a British ship sunk in 1942. The hull number was reportedly positively identified using an underwater camera by Brooks and his crew.

Salvage is set to begin this month or early March. The *Sea Hunter*, a 220-foot vessel, will be used in the operation with the aid of a remotely operated underwater vessel.

Brooks stated that the *Port Nicholson* was enroute to New York from Nova Scotia carrying an estimated 71 tons of platinum when attacked. The cargo was to be used as payment from the Soviet Union to the U.S. government. A federal court judge has granted him salvage rights, according to his own testimony.

Somali pirates sent to Seychelles

A group of pirates caught by a British Royal Navy operation in the Indian Ocean will face justice in the Seychelles, according to a statement released by the British Defense Ministry on January 31.

Royal Fleet Auxiliary ship *RFA Fort Victoria*, part of NATO's counter-piracy task force Operation Ocean Shield, has handed over 14 suspected pirates to Seychelles authorities for prosecution. The 14 suspected Somali pirates were captured on January 13, by Royal Navy and Royal Marines teams embarked in *Fort Victoria* under the NATO-led operation.

The suspected pirates, who were known to have been operating in the Indian Ocean, were intercepted on board a hijacked Yemeni fishing dhow. They were found to have a variety of pirate paraphernalia and weapons on board, including rocket-propelled grenades and hand held grenades.

This action is the culmination of four months of counter piracy operations for the UK Counter-Piracy Task Group based in *RFA Forth Victoria* under the command of Captain Gerry Northwood.

"This has been a long four months of intensive counter-piracy operations during which time we have captured more than 30 pirates for prosecution and rescued 44 merchant mariners from the hands of the pirates. "This success has been echoed by other NATO united engaged in counter-piracy operations and the handover of these 14 suspect pirates to the Seychelles authorities will contribute to ensuring the waters of the Indian Ocean become a safer place for all mariners."

The Danish ship *HDMS Absalon*, another NATO ship conducting counter piracy operations in the Indian Ocean, was also in the Seychelles to hand over four suspected pirates to the Seychelles authorities.

NATO has contributed to the international counter piracy effort off the Horn of Africa since December 2008. The mission has expanded from escorting UN and World Food Program shipping under Operation Allied Provider and protecting merchant traffic in the Gulf of Aden under Operation Allied Protector. NATO has announced is continuing commitment to counter-piracy by extending Operation Ocean Shield to December 2012.

Navy plans to make base from old ship

The U.S. Navy is converting an amphibious transport and docking ship to serve as a floating base for military operations and humanitarian assistance, with deployment expected this summer to waters in the Middle East, Pentagon officials announced last month.

The conversion of the *Ponce*, which had been scheduled for retirement, would be an interim step to providing the military with its first afloat staging base.

The Pentagon's new budget proposals included money to turn a freighter hull into a full-time floating base that would be moved around the world for military operations or humanitarian missions.

But the fiscal year does not begin until October and, to meet a standing request from American military commanders in the Middle East, Pentagon and Navy officials decided to convert the *Ponce* to serve as a floating base in the meantime.

Officials said the staging base would allow commandos, helicopters, speedboats and even aircraft with a short-take-off capability to operate in regions where the United States does not have access to installations on land.

While its value as a staging base for combat operations would be a priority, it also could be moved near an area suffering from natural disaster, to provide full logistics for the military to carry out relief missions for a region left without power, food or potable water.