



# West Coast Sailors

Official Organ of the Sailors' Union of the Pacific

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SAN FRANCISCO, CALIFORNIA

Friday, June 22, 2012

## Food for Peace funds slashed by House Subcommittee

Ignoring the humanitarian, economic and national security benefits associated with the Food for Peace PL 480 food aid export program, the House of Representatives Agriculture Appropriations Subcommittee voted this month to slash fiscal year 2013 funding for the program to \$1.15 billion from the \$1.46 billion appropriated for fiscal year 2012. The Senate Agriculture Appropriations Subcommittee rejected a similar 21% reduction in food aid funding, choosing instead to maintain the 2012 level of \$1.46 billion. The program had already been subject to drastic cuts in funding, down to its current level from \$2.3 billion in 2009.

**The law requires that at least 75% of the food aid cargoes exported under this program be carried by U.S.-flag vessels to the extent such vessels are available at fair and reasonable rates. Further cuts in funding would result in less food for the world's neediest people and less cargo for U.S.-flag vessels. This in turn would threaten the viability of the U.S.-flag fleet and put at risk the industry's continued availability to meet America's national security needs.**

The SUP will be working with others in the industry, including the USA Maritime Coalition, to prevent further cuts in the food aid program and to obtain fiscal year 2013 funding at a level at least equal to the fiscal year 2012 level.

USA Maritime endorses and seeks sustainable funding for the PL 480 Food for Peace program, and therefore strongly opposes amendments to cut deeply the program's commodity shipments. Since Fiscal Year 08, Food for Peace funding has already been cut 35%.

Even though funding is the lowest in years, the need for Food for Peace is greater than ever. According to the USDA, 12 million metric tons of commodities are needed each year to fill food gaps in the 70 most food insecure countries. The number of hungry people has increased to 925 million from 833 million at the end of 2002, according to the UN Food and Agriculture Organization. In many cases, Food for Peace is the difference between life and death. And the program has served an essential role in helping stabilize countries, support foreign policy, and build important trade links for our farmers in countries like India, Poland, Romania, and Egypt.

Unlike other foreign aid programs, the program does more than just send aid overseas. Food for Peace is a point of pride for the 44,000 American farmers, shippers, processors, port workers, and merchant mariners whose jobs depend upon the program. Food for Peace is not just a handout. It's the sharing of American bounty and American know-how to help rescue those less fortunate from starvation and chronic food insecurity. By creating a uniquely sustainable public-private partnership between American faith-based organizations, U.S. industry, and the U.S. government, Food for Peace leverages private and public resources to make a meaningful difference for millions of people in a way that government alone simply cannot.

*continued on page 3*

## TWIC holders get a break

*New policy allows for extension of expiration date, reduces cost and travel hardship*

The Transportation Security Administration (TSA) announced on June 15, a major policy change regarding the Transportation Worker Identification Credential (TWIC). This is significant for SUP members and all others in the transportation trades that are required to possess this document.

Effective August 30, TWIC holders who are U.S. citizens or U.S. nationals, and whose TWICs will expire on or before December 31, 2014, have two options to renew their TWIC. They may either replace their expiring TWIC with a three-year Extended Expiration Date (EED) TWIC or obtain a standard five-year replacement. All TWIC holders should begin the application process at least 30 days before his or her TWIC expires.

The EED TWIC is a one-time temporary extension option intended to provide convenience and cost-savings to workers pending the deployment of

TWIC readers. TWIC holders who are not U.S. citizens or U.S. national are required to enroll for a standard five-year replacement upon expiration of their current TWIC.

### Option 1

Replace expiring TWIC with three-year EED TWIC (Limited to U.S. citizens and U.S. nations) — \$60 fee and one trip to an Enrollment Center

### Eligibility

• Individuals are eligible to obtain a three-year EED TWIC if they meet the following requirement:

- They are a U.S. citizen or U.S. national AND

- Their current TWIC is valid and not revoked AND

- Their current TWIC is currently unexpired, but expires on or before December 31, 2014.

• If any of the above requirements are not met, then the individual is not eligible for a three-year EED TWIC and should apply for a standard five-

year renewal TWIC (option 2).

• As long as an individual maintains eligibility, he/she can obtain a three-year EED TWIC prior to the expiration of their current TWIC before December 31, 2014.

### Application process

Call the help desk (1-866-347-8942, Monday-Friday, 8:00 A.M. to 10:00 P.M. Eastern) to begin the application process.

The help desk will confirm whether the individual meets the eligibility requirements.

Once the EED TWIC arrives at the enrollment center specified by the individual, the individual will be notified for pick up and activation of their three-year EED TWIC.

The individual should turn in the original TWIC upon receipt of the EED, as it will be revoked at the time of activation of the EED TWIC.

### Option 2

Replace expiring TWIC with standard five-year renewal TWIC (open to all TWIC holders)—\$129.75 fee and two trips to an Enrollment Center.

### Eligibility

All TWIC holders (including U.S. citizens, U.S. nationals, Lawful Permanent Residents, and non-resident aliens) are eligible for this option.

### Application process

• Information about TWIC enrollment and locations of enrollment centers can be found at [www.tsa.gov/twic](http://www.tsa.gov/twic).

• The standard renewal process for a five-year TWIC requires an initial trip to capture a recent photograph, fingerprints, and review documents as well as a second trip to pick up and activate the card.

• The individual should turn in the original TWIC upon receipt of the new TWIC, as it will be revoked at the time of activation of the renewal.

Additional information on both options can be found at: [www.tsa.gov/twic](http://www.tsa.gov/twic).

## “Uphold the Jones Act” defense leaders in Congress tell the administration

“It is critical that the Administration ensures that U.S. vessels and U.S. seafarers are fully utilized before granting any Jones Act waivers,” Congressman Buck McKeon (R-California) and Adam Smith (D-California) have told the Secretaries of Defense, Transportation, Homeland Security and Energy. McKeon is the Chairman of the House Armed Services Committee and Smith is the Committee's Ranking Member. “We urge the Administration to take all steps necessary to ensure that Jones Act vessels are used in the future and that the transportation of goods, including petroleum products, is in compliance with our nation's cabotage laws.”

McKeon and Smith made the remarks in a letter to the four Cabinet Secretaries. Their action

was in response to the Administration's decision last year to grant Jones Act waivers to foreign vessels for the carriage of oil from the strategic petroleum reserve. The House Armed Services Committee has primary Congressional jurisdiction and oversight responsibility for the Jones Act.

“The Jones Act supports our industrial base and maintains a national maritime infrastructure that helps to ensure there will be ample U.S. sealift capacity to defend our nation,” the two Congressional leaders said. “As members of the House Armed Services Committee, we recognize the importance of the Jones Act and its invaluable contribution to our nation's security, which is why we are concerned about any efforts to weaken the law.”

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# SUP Honor Roll

Voluntary contributions from the membership to the following funds:

## Organization/ General Fund

Abe Acosta .....	20.00
Oliver Franceliso .....	35.00
Leo Moore .....	100.00
Raymond Reed .....	5.00
Steven Ross .....	50.00
Adam Tassin .....	10.00
Robert Turner .....	50.00

## West Coast Sailors

Abe Acosta .....	20.00
John Ban .....	25.00
Robert Barbee .....	25.00
Herbert Blake.....	25.00
Thomas Dougherty .....	25.00
Robert Doyle in memory of Scotty Holmes .....	25.00
Oliver Franceliso .....	30.00
George Gooden .....	25.00
Fred Gregorio .....	100.00
Philip Howell in memory of John Nelson .....	25.00
Herbert James .....	25.00
James Kawasaki.....	25.00
Richard Kingsbury .....	50.00
Belford Lomba .....	25.00
Gary McDevitt.....	10.00
Andy Simkanin .....	25.00
Ray Simpson .....	25.00
William Tice .....	25.00



## Political Fund

Abe Acosta .....	20.00
James Buster .....	20.00
Oliver Franceliso .....	35.00
Edilberto Genita .....	20.00
Jan Peter Johnson .....	100.00
Czeslaw Knobbe.....	50.00
Gunnar Lundeborg.....	50.00
Jason Morris .....	20.00
Ricky Pangan .....	50.00
John Perez .....	100.00
Javier Riano in memory of Forrest O'Neil .....	25.00
John Rose .....	30.00
Ralph Senter .....	100.00
John Slofanik .....	50.00

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Donald Cushing	Book #4777
Romaine Dudley	Book #2593
Diane Ferrari	Book #2251
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John Jewett	Book #4291
Kaj E. Kristensen	Book #3120
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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 #0857

## Surveyor convicted for obstruction of justice & false statements for certifying ships safe for sea

A federal jury in Miami convicted a ship surveyor last month for lying to the Coast Guard and for falsely certifying the safety of ships at sea, announced Ignacia S. Moreno, Assistant Attorney General for the Environment and Natural Resources Division at the Department of Justice; Wilfredo A. Ferrer, U.S. Attorney for the Southern District of Florida, Rear Admiral William D. Baumgartner, Commander, 7th Coast Guard District, and Jonathan Sall, Special Agent in Charge, U.S. Coast Guard Investigative Service.

Alejandro Gonzalez, of Miami-Dade County, was convicted by a federal jury in Miami of three counts of making false statements to the U.S. Coast Guard and one count of obstruction of an agency proceeding. The defendant faces a maximum statutory penalty of five years in prison on each count.

The jury found Gonzalez guilty of lying to U.S. Coast Guard inspectors and a criminal investigator during an interview in April 2009, about the dry-docking of the *M/V Cala Galdana*, a 68-meter cargo vessel, in San Juan, Puerto Rico. Gonzalez repeatedly claimed the vessel was dry-docked in Cartagena, Colombia, in March 2006, while evidence at the trial proved conclusively that the vessel was never in Colombia during 2006. U.S. Coast Guard inspectors in San Juan discovered the vessel taking on water in August 2008, and requested information concerning the last dry-docking of the vessel. Gonzalez concocted a false story about the vessel being dry-docked in Colombia in 2006 when he knew it was not.

Gonzalez was also convicted of falsifying documents in December 2009 for the *M/V Cosette*, a 92-meter cargo vessel. As the surveyor on behalf of Bolivia, Gonzalez certified the ship as safe for sea while the vessel was docked in Fort Pierce, Florida, in November 2009. When the vessel shortly thereafter arrived in New York Harbor, U.S. Coast Guard inspectors discovered exhaust and fuel pouring into the ship's engine room, endangering the crew and the ship. For his action, Gonzalez was convicted of making false statements and obstructing a U.S. Coast Guard Port State Control examination. Sentencing is currently scheduled for August 2, in Miami.

## Convicted pirates' life sentence appeal denied

Robbery at sea is not a required element for a piracy conviction and a related life sentence, a U.S. appeals court has ruled. The U.S. Court of Appeals for the Fourth Circuit, based in Richmond, Virginia, on May 24, affirmed a decision last year by a lower U.S. District Court that five Somali pirates committed piracy even though they didn't actually rob a U.S. warship in April 2010.

Two of the five fired on the frigate *USS Nicholas* but were swiftly apprehended, along with their accomplices in a nearby mother ship.

The life sentences were the longest ever given to convicted pirates by a U.S. court, and the first time in more than 190 years that a U.S. jury had convicted defendants of piracy. The appeals court decision is important, piracy authorities said, because it essentially reverses the decision of another piracy case within the Fourth Circuit—held in abeyance pending the appeals court decision—in which the judge ruled that robbery was indeed a required element for an attack to be considered an act of piracy. "You don't have to capture pirates boarding, robbing and taking over a ship to prosecute them for piracy in a U.S. court," James Hohenstein, an attorney at Holland & Knight specializing in piracy issues. "It's a very thorough and thoughtful decision, and one that needed to be made to resolve this issue," he added.

## China's bulk fleet continues to expand

China's bulk fleet is continuing to grow rapidly, according to a report published in March by the transport ministry.

During the first three months of this year, 50 new vessels, aggregating 2.7 million dwt, were added to the domestic drybulk fleet. Total capacity of this fleet grew 6.2%, to 45.5 million dwt or 1,550 vessels.

Liquid bulk showed a much smaller growth, to 9.9 million dwt or 1,494 vessels. Chemical tankers continue to show a slowdown of growth, down to 4% during the first quarter of 2012, and from 17% in 2011 and 23% in 2010. This fleet now consists of 245 vessels or 0.9 million dwt.

The fleet of liquefied gas tankers decreased almost 3% to 0.2 million dwt, or 61 vessels, because older vessels were scrapped and new ones have yet to arrive. The ministry expects to see a big increase later this year, though, when new coastal LNG vessels will be added.

The number of other tankers remained steady at 1,188 vessels or 8.9 million dwt, increasing just 0.4%.

## Final Departures

**George Castege**, Book No. 4602. Born in California in 1925. Joined SUP in 1952. Died in San Jose, California, May 12, 2012. (Pensioner)

**Knud Andersen**, Book No. 3771. Born in Denmark in 1928. Joined SUP in 1955. Died in Florida, May 12, 2012. (Pensioner)

**Robert Desmond**, Book No. 2693. Born in Massachusetts in 1921. Joined SUP in 1951. Died in Coupeville, Washington, May 17, 2012. (Pensioner)

**John Madrid**, Book No. 6396. Born in California in 1928. Joined SUP in 1950. Died in Morro Bay, California, May 31, 2012. (Pensioner)

**Iwao Nishiyama**, Book No. 2453. Born in California in 1925. Joined SUP in 1959. Died in Harbor City, California, May 25, 2012. (Pensioner)

**James Love**, Book No. 4100. Born in Wyoming in 1931. Joined SUP in 1967. Died in Salem, Oregon, May 21, 2012. (Pensioner)

*Timely Reminder*  
**Third quarter 2012 dues are due and payable now!**

### SUP Constitution ARTICLE VI DUES AND INITIATION FEE

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

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

## SUP Meetings

These are the dates for the regularly scheduled SUP meetings in 2012:

	Hdq.	Branch
July	9	16
August	13	20
September	10	17
October	Tues. 9	15
November	Tues. 13	19
December	10	17

## West Coast Sailors

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## Winds of change could affect Matson's monopoly on Guam

As the military continues to fine-tune its plans for basing more Marines on Guam, uncertainties facing the island territory include how long Matson Navigation Company will continue to have a monopoly on shipping there and what it must do to handle the buildup.

The Oakland, California-based subsidiary of Alexander & Baldwin (A&B) has been the sole shipper to Guam since late last year when Horizon Lines pulled out in an effort to cut costs. Horizon Lines cut its service to China as well. Matson will become a publicly traded Hawai'i-based company later this year when it splits from A&B and moves its headquarters to Honolulu.

Matson's shipping volume to Guam has almost doubled since Horizon Lines left. Matson has weekly service to Guam with a ship that leaves Hawai'i's Sand Island facility on Tuesday and arrives in Guam the following Tuesday before continuing on to China.

The *Guam Pacific Daily News* reported that Matson had an \$8.1 million operating profit for the first quarter of this year compared to \$5.4 million last year, a 50% increase. The company had transported 6,400 containers by the end of the first quarter of 2012, compared to 3,300 in 2011, a 94% change. But company officials and an analyst say they don't expect the monopoly to last, especially with the talk about moving up to 5,000 troops from Okinawa to Guam. "At some point in time there is going to be a competitor coming in," said Vic Angoco, Matson's Senior Vice President of the Pacific. "It helps when you are there already."

It isn't the first time Matson has been the only shipper to Guam as competitors have come and gone, said Jack Atkins, an equity analyst for air freight and logistics with Little Rock-based Stephens Inc. There's no shortage of potential competitors for Matson, but even if another shipper comes to Guam, Matson probably would still have at least 50% share of the market, Atkins said. Atkins, who talks to Matson officials frequently, said he was told by the company that even if another shipping company enters the Guam market, it may not be able to provide the same level of service there as Matson. Having operations in Hawai'i is an advantage for shipping to Guam. "They are very cognizant of the fact they have 100% of that trade," Atkins said. "They haven't raised their rates to Guam." Matson has increased only its port fees because Guam increased its port fees, he said.

Another issue is the kind of changes, if any, to its service Matson would have to make if it is the only shipper to Guam and the Marine buildup starts. Angoco said Matson is constantly keeping tabs on what is happening in Guam by talking with the island's and Hawai'i's congressional delegations, meeting with military officials and conversing with defense contractors. The company also keeps tabs on budget bills related to Guam. Matson has four ships on the West Coast that are not in service and could call upon them to handle any increase in business to Guam, he added. "Right now, we got sufficient capacity to go to Guam," Angoco said. "We would adjust to what is going on in Guam."

## Foss holding company to change name

Marine Resources Group, the holding company that owns SUP-contracted Foss Maritime Company, announced in late May that it is changing its name, effective July 1, to Foss Marine Holdings.

Company President Paul Stevens said, "This is a natural transition. Foss is well recognized as an innovative industry leader. Uniting under the Foss Marine Holdings brand will lend market strength and recognition to all five of our subsidiaries. Sunsetting the Marine Resources Group name will reduce confusion and increase cohesion among our subsidiaries while supporting the growth and goals of all holdings."

Besides Foss Maritime Company, the other subsidiaries are Hawaiian Tug & Barge, Young Brothers, AMNAV Maritime Services and Cook Inlet Tug & Barge.

## Food for Peace funds slashed

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Last year, General Duncan McNabb, former Commanding General of the U.S. Transportation Command, stated that the availability of food aid cargoes is essential to Maintaining the U.S. Merchant Fleet, and therefore essential to maintaining our national defense sealift capability. In the industry, we know this to be true. And we agree with General McNabb's assessment that any decrease in food aid tonnage would have to be compensated for elsewhere in order to maintain that capability and keep those ships sailing. As the wars overseas wind down, we need to be looking harder at how to ensure a sustainable flow of civilian preference cargoes for our fleet. Otherwise we will lose those ships and cargoes to other nations, and more importantly, lose the skilled merchant mariners who cannot readily be replaced when needed to crew the government and private vessels that support our troops overseas or to respond to a national or international emergency.

Proposals to slash funding for food aid and the tonnage of food aid shipped abroad will be harmful to our U.S. Merchant Marine and harmful to our national defense sealift capability. Farm bill proposals to shift program resources away from the purchase and shipment of commodities and into administrative costs will be similarly harmful, as will proposals to buy commodities from foreign (sometimes called "local and regional") suppliers instead of from American farmers. Therefore, USA Maritime encourages Congress to sustain PL 480 funding, and to draft a Farm Bill that will ensure this program continues to focus on the export of U.S.-grown commodities to those in need overseas, focusing upon how we can best maximize the life-saving food shipped for each scarce budget dollar.



A happy Seattle-based SUP gang in Matson's Maui: From the left: Danny Ycoy, Greg Shauf, Knut Rasmussen, Duke Maringer, Gerry Marshall, and Robert Jones. Photo: Marty Joseph

## A retort to Maersk official on U.S. maritime policy

In a recent editorial on the blog *Information Dissemination* titled "Is America Still a Maritime Power?," Stephen Carmel, Senior Vice President for Maritime Services at Maersk Line, declared, "The U.S. has no overarching maritime strategy which addresses the U.S. flag merchant marine's role in our nation's maritime power." What Carmel told his naval audience is that the U.S. Merchant Marine (USMM) has absolutely no impact on U.S. military endeavors globally. "What is in question is the role of the U.S. flag merchant marine in our foreign commerce, economic security, and status as a maritime power," Carmel said.

Carmel states that the movement of 1.5 billion tons of goods through U.S. ports annually is a key component of the U.S. supply chain and creates 30 million jobs, or about 18 percent of total U.S. employment. Carmel himself is employed at the U.S. subsidiary of AP Moller-Maersk, a Danish company, which is considered the world's largest vessel operator. **But for some reason he feels the urge to malign and disparage U.S. mariners who work at 'hybrid organizations' like the Military Sealift Command (MSC) and the Ready Reserve Fleet (RRF) as not really being qualified deepwater mariners because often they "don't actually go anywhere and are not exercising and honing their skills, and probably just the opposite."**

In his hubris, Carmel describes the USMM as being "insignificant to the nation's economic security" and that the "last fill program" of crude oil into the Strategic Petroleum Reserve, completed in December 2009, was shipped 100 percent by foreign tankers. He also depicts 'food-aid' shipments by the U.S. fleet as gratuitous government handouts, asserting that all U.S. agricultural exports, which are a significant part of the nation's total exports, are transported solely by foreign-flagged vessels. He marginalizes the U.S. deepwater fleet again by saying that if it were not for cargo preference laws, which force the Ex-Im Bank and other government agencies to support these ships, the USMM could not survive.

The U.S. fleet is about one-half of one percent of the total global tonnage of ships over ten-thousand tons. The median age of the U.S. deepwater fleet is 14 years and of Jones Act vessels 27.5 years,

Carmel proclaims. "The median age of ships in the international container fleet is about 5 to 6 years," he states. "The age of ships in the international fleet is likely to decline as the international community invests in state-of-the-art, fuel efficient or alternative fuel (e.g., LNG-fueled) ships to survive the twin threat of high fuel costs and strict emissions standards, investments the U.S. fleet, Jones Act or foreign-going, are not making." All of this, says Carmel, is "casting doubt on claims that the U.S.-flag fleet is either modern or efficient."

### "Third World" America

While the U.S. maritime sector gets ZERO subsidies or support from the federal government, Capitol Hill provides \$170 billion in annual aid to American corporations to export and another \$1.3 billion in tax breaks on earned foreign revenues. Additionally, the agricultural industry receives about \$30 billion per year in subsidies, including \$790 million for foreign sales, and another \$300 million to assist foreign purchasers to buy American agricultural products. Meanwhile, the Ex-Im Bank's lending cap will be increased to \$120 billion in 2012, \$130 billion in 2013 and \$140 billion in 2014, and its sole purpose is to help private firms finance their exports.

**Carmel appears to revel in describing the USMM and Jones Act fleet and its mariners as "third world."** The motives behind this deprecating commentary are obvious and contrived because cargo preference laws are construed to be a form of subsidy, which is totally ridiculous. The U.S. government spends over \$300 billion each year to ensure U.S. corporations are competitive globally. Meanwhile, the 2012 U.S. maritime budget was an insignificant \$344 million, and people like Carmel would love to keep it that way.

The American Century is fading away quickly and even the National Intelligence Council has admitted America's global power is in decline. The Council also said that, while it hoped the U.S. military could maintain its ability to immediately respond globally, its ability to do so will be impacted by huge budget cuts. In a recent opinion poll by the journal *Foreign Affairs*, almost 65 percent of Ameri-

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## Matson moves closer to independence

Preparations for SUP-contracted Matson Navigation Company to become a stand-alone company with its own stock market listing have taken an important step forward. The parent company, Alexander & Baldwin, has entered into a series of debt-financing agreements on behalf of Matson. Subject to final approval, the agreements pave the way for the separation of Oakland-based Matson from Honolulu-headquartered Alexander & Baldwin, possibly as soon as the end of this month.

Independence will enable the Jones Act carrier that specializes in serving Hawai'i and Guam, plus China, to directly access capital markets, giving it more scope to develop new business opportunities. Even so, the line is not expected to stray far from its core markets.

Plans to spin off Matson from real estate and agribusiness company Alexander & Baldwin were announced late last year. The Hawai'i group has owned Matson, one of the oldest names in U.S. shipping, since 1969. However, the line can trace its roots back to 1882 when William Matson started a service from the West Coast to Hawai'i.

Matson President Matt Cox said that establishing the line as an independent entity would give it more financial flexibility to pursue future growth plans. "As an independent company, Matson will be well capitalized, with a strong balance sheet and credit profile," he said.

A new \$375 million unsecured revolving senior credit facility has been arranged with a syndicate of banks. It includes an option to be increased by another \$75 million. The debt has a five-year term maturing in June 2017 and carries an interest rate of 1.5 percentage points over the London Interbank Offered Rate. Matson anticipates that approximately \$75 million will be drawn from the new credit facility immediately following the separation. The company has also entered into an amended note agreement with Prudential Investment Management under which it will issue new senior unsecured term notes in an aggregate amount of \$170 million. The initial draw on the \$375 million unsecured revolving senior credit facility and the proceeds from the \$170 million of new senior unsecured notes will be used to repay an existing revolver, to fund a contribution to Alexander & Baldwin as part of separation and for Matson's general corporate purposes.

## Panama Canal pilots affiliate with ILWU

The Panama Canal Pilots Union this month affiliated with the International Longshore Workers Union.

The 250-member Union represents pilots who guide ships through the canal, providing passage for vessels moving between Asia and the U.S. East and Gulf coasts.

The affiliation follows a long history of partnerships formed by the West Coast dockworkers with maritime Unions in other regions of the world. As ILWU President Bob McEllrath stated in September when the Panamanians announced their intention to affiliate with the ILWU. "With so many employers now going global, it's critical for workers around the globe to join forces and work together."

## Kiwi court jails master and 2nd mate for grounding vessel in "one of New Zealand's worst maritime disasters"

A New Zealand judge has handed down sentences of seven months in jail each for the captain and the 2nd mate of containership *Rena*.

*Rena* grounded near Tauranga on the North Island last October, spilling about 400 tons of fuel oil, littering nearby beaches with containers and debris and eventually breaking up on Astrolabe Reef in what has been called one of New Zealand's worst maritime disasters.

Mauro Balomaga and Leonil Relon pleaded guilty in February to a charge under Section 65 of the Maritime Transport Act for operating a ship in a manner that caused unnecessary danger to life and property.

Separately, the master admitted a charge under New Zealand's Resource Management Act of being master of a ship that released contaminants into the coast marine environment. The captain also admitted three charges under the nation's Crimes Act for trying to obstruct justice related to the altering records handed to investigatory. The 2nd mate pleaded guilty to a similar charge under the Resource Management Act and three charges under the Crimes Act.

A preliminary report by transport investigators released in March found that *Rena* took shortcuts to try to reach Tauranga by a deadline and did not heed available instrument warnings that indi-

cated the ship was headed directly toward Astrolabe Reef.

Each charge under the Crimes Act carries a maximum penalty of seven years. During the sentencing, however, the judge took into account that the two men, Filipinos, are foreign nationals and have been away from home and their families for more than eight months, had been in custody for a long time and had met with local groups as part of a restorative process.

*Rena* is owned by Greece-based Daina Shipping, a unit of Costamare. In April, maritime authority Maritime New Zealand (MNZ) said it would prosecute the owner over the oil spill that followed the grounding. After the *Rena*'s grounding, fuel oil spread across the pristine waters surrounding Tauranga and washed up on local beaches. MNZ charged *Rena*'s owner under Section 338(1B) and 15(B) of the Resource Management Act for the discharge of harmful substances from the vessel. The offense carried a maximum fine of NZ\$600,000 (\$490,000) and an additional NZ\$10,000 for every day the offense continues.

Braemar Howells, which is in charge of collecting *Rena*'s containers, said that the recovery effort has passed the 800-box mark. *Rena*'s stern separated from its bow section and sank onto Astrolabe Reef in early April.



Four members of the crew of the APL China in Oakland on May 25. From left: Ramiro Montoya, Luis Rosas, Paul Davis, and Gary Thompson. Photo: Dave Connolly.

## USA Maritime applauds reauthorization of Ex-Im Bank as critical for U.S.-flag fleet

USA Maritime on May 30, applauded President Obama's signature of legislation to reauthorize the Export-Import Bank of the United States (Ex-Im) and increase its annual lending cap from \$100 billion to \$140 billion; the bank's charter was set to expire on May 31, 2012. The legislation was approved by the House of Representatives on May 9, and by the Senate on May 15.

The bank provides direct loans and other financing to facilitate purchases of U.S.-made products shipped in U.S.-flag vessels.

USA Maritime Chairman James L. Henry issued the following statement:

"USA Maritime applauds President Obama and Members of the Senate and the House of Representatives for working together in a bipartisan fashion to ensure the reauthorization of the Export-Import Bank, and for helping to boost the Bank's capacity to support U.S. manufacturing and maritime jobs.

"Since 1934, the Ex-Im Bank has provided direct loans, loan guarantees, working capital guarantees and credit insurance to enable foreign purchases of U.S.-made products. This not only boosts U.S. exports and supports our domestic maritime industry, but it also supports employment of hundreds of thousands of Americans.

"USA Maritime and its members commend the Ex-Im Bank for its positive effect on the U.S. economy, and we are honored to play a part in its work by carrying U.S. exports. The U.S.-flag vessels supported by Ex-Im Bank cargoes are crucial to protecting America's security and economic interests. Commercial U.S.-flag vessels transported over 90% of the equipment and supplies delivered to U.S. troops in Iraq and Afghanistan. Using these ships is also extremely cost effective, as it would otherwise cost the federal government at least \$13 billion in capital costs to duplicate the U.S.-flag sealift capacity alone. Additionally, operating ships under the U.S. flag provides much-needed American jobs.

"In short, the reauthorization of the Ex-Im Bank represents a smart and sound investment in America and in our U.S. maritime fleet, and we applaud Congress and President Obama for their continued support of the Ex-Im Bank's mission."

USA Maritime is a coalition of ship owning companies, maritime labor organizations and maritime trade associations committed to protecting our national security through the auspices of the public-private partnership of the U.S. Merchant Marine. During times of war, natural disaster and famine around the globe, the U.S. Merchant Marine is always there, safely and cost-effectively delivering essential equipment and supplies, as well as needed food to hundreds of thousands of people worldwide. The SUP is a member of USA Maritime.

Patriot Contract Services						
Effective July 28, 2012						
Ready Reserve Force Vessels						
Full Operating Status (FOS)						
Rating	Wages		Supp. Wage	Overtime	Penalty	Money Purchase
	Monthly	Daily	Daily	Rate	Rate	Plan Daily
Bosun	\$4,510.78	\$150.36	\$75.18	\$35.10	\$19.91	\$12.31
A.B.	\$3,559.99	\$118.67	\$59.33	\$29.96	\$15.25	\$12.31
O.S.	\$2,441.72	\$81.39	\$40.70	\$17.92	\$12.08	\$12.31
Reduced Operating Status (ROS)						
Rating	Wages		Supp. Wage	Overtime	Money Purchase	
	Weekly	Daily	Daily	Rate	Plan Daily	
Bosun	\$1,411.41	\$201.63	\$10.08	\$35.10	\$12.31	
GVU	\$728.21	\$104.03	\$5.20	\$17.92	\$12.31	
O.S.	\$728.21	\$104.03	\$5.20	\$17.92	\$12.31	

# Matson Navigation Company Wage Rates

effective July 1, 2012

## 071, Roll-On/Roll-Off, C-8, C-9, CV-2500 & CV-2600 Class Vessels

Rating	Wages		Supp. Benefit Base Monthly	Supp. Benefit		Money Purchase Pension Plan Daily
	Monthly	Daily		Daily	Monthly	
Bosun	\$5,584.45	\$186.15	\$5,754.87	\$108.70	\$3,261.00	\$25.00
A.B.	\$3,938.67	\$131.29	\$4,300.39	\$81.23	\$2,436.90	\$25.00
O.S.	\$3023.43	\$100.78	\$3,379.21	\$63.83	\$1,914.90	\$18.51

### OVERTIME AND OTHER RATES

The hourly overly overtime rate for all ratings except the Ordinary Seaman shall be ..... **\$32.06**  
 Ordinary Seamen (overtime rate) ..... **\$24.04**

### CARGO RATES

The hourly cargo rate for all ratings shall be:  
 Straight Time ..... **\$24.04**  
 Overtime ..... **\$39.62**

### SHORTHANDLED (SECTION 7. SUP Work Rules)

Bosun ..... **\$54.73**  
 A.B. .... **\$41.24**

### STANDBY RATES (Section 43 SUP Work Rules)

**Bosun**  
 Straight Time ..... **\$37.51** ..... **\$25.00**  
 Overtime ..... **\$60.86**

**A.B.**  
 Straight Time ..... **\$30.91** ..... **\$25.00**  
 Overtime ..... **\$51.23**

### SHIFT SHIP GANGS (Section 44 SUP Work Rules)

**Bosun**  
 Straight Time ..... **\$27.15** ..... **\$25.00**  
 Overtime ..... **\$45.13**

**A.B.**  
 Straight Time ..... **\$25.52** ..... **\$25.00**  
 Overtime ..... **\$43.10**

### DECK PORT WATCHES (SECTION 55. SUP Work Rules)

**Bosun**  
 Straight Time ..... **\$36.49**  
 Overtime ..... **\$54.72**

**A.B.**  
 Straight Time ..... **\$27.49**  
 Overtime ..... **\$41.24**

### FUEL OIL SPILL CLEANUPS

All Ratings: Straight Time ..... **\$18.67**

### SHOREGANG: MAINTENANCE AGREEMENT

**Working Bosun**  
 Straight Time ..... **\$37.14** ..... **\$25.00**  
 Overtime ..... **\$60.86**

**General Maintenance**  
 Straight Time ..... **\$30.54** ..... **\$25.00**  
 Overtime ..... **\$51.23**

Spraying, Sandblasting enclosed spaces: additional per hour **\$1.70**

### SHOREGANG: EXTRA MAINTENANCE AGREEMENT

**Standby Bosun**  
 Straight Time ..... **\$37.51** ..... **\$25.00**  
 Overtime ..... **\$60.86**

**Standby AB**  
 Straight Time ..... **\$30.91** ..... **\$25.00**  
 Overtime ..... **\$51.23**

## Moku Pahu Wages

		Money Purchase Pension Plan Daily
<b>Bosun</b>	Monthly Base Wage .....	\$4,629.98
	Daily Base Wage .....	\$154.33
	Daily Supplemental Wage .....	\$56.94 ..... <b>\$23.00</b>

<b>A.B.</b>	Monthly Base Wage .....	\$3,107.78
	Daily Base Wage .....	\$103.59
	Daily Supplemental Wage .....	\$44.41 ..... <b>\$19.00</b>
<b>Overtime</b> .....		<b>\$29.86</b>

### CARGO RATES

Straight Time Hours: ..... **\$22.38**  
 Overtime Hours: ..... **\$36.90**

### FUEL OIL SPILL CLEANUPS

All Ratings: Straight Time ..... **\$17.42**

Supplemental wages at 10 days per month.

## APL Wage Rates (Non-Maritime Security Program vessels)

Effective June 16, 2012

Rating	Wages		Supp. Benefit Base Monthly	Supp. Benefit		Money Purchase Pension Plan Daily
	Monthly	Daily		Daily	Monthly	
Bosun	\$4,697.98	\$156.60	\$4,340.26	\$81.99	\$2,459.63	\$25.00
A.B.	\$3,510.90	\$117.03	\$3,259.12	\$61.56	\$1,846.94	\$25.00
AB Watchstander/ Daystander	\$3,510.90	\$117.03	\$3,259.12	\$61.56	\$1,846.94	\$25.00
O.S.	\$2,300.19	\$76.67	\$2,570.56	\$48.56	\$1,456.74	\$18.51

### OVERTIME RATES

The hourly overtime rate for all ratings except the Ordinary Seaman ..... **\$28.18**  
 Ordinary Seamen ..... **\$21.14**

### CARGO RATES

The hourly cargo rate for all ratings:  
 Straight Time Hours ..... **\$21.14**  
 Overtime Hours ..... **\$34.80**

### SHORTHANDLED (Section 7 SUP Work Rules)

Bosun ..... **\$48.09**  
 A.B. .... **\$36.25**  
 STOS ..... **\$27.18**

### STANDBY RATES (Section 43 SUP Work Rules)

**Bosun**  
 Straight Time Hours ..... **\$26.90** ..... **\$25.00**  
 Overtime Hours ..... **\$44.24**

**A.B.**  
 Straight Time Hours ..... **\$25.77** ..... **\$25.00**  
 Overtime Hours ..... **\$42.48**

### SHIFT SHIP GANGS (Section 44 SUP Work Rules)

**Bosun**  
 Straight Time Hours ..... **\$23.82** ..... **\$25.00**  
 Overtime Hours ..... **\$39.62**

**A.B.**  
 Straight Time Hours ..... **\$22.46** ..... **\$25.00**  
 Overtime Hours ..... **\$37.88**

### DECK PORT WATCHES (Section 55 SUP Work Rules)

**Bosun**  
 Straight Time Hours ..... **\$32.07**  
 Overtime Hours ..... **\$48.11**

**A.B. and STOS**  
 Straight Time Hours ..... **\$24.15**  
 Overtime Hours ..... **\$36.24**

### FUEL OIL SPILL CLEANUPS

Straight Time, all ratings ..... **\$16.44**

## East-West battle for cargo looms as Panama Canal expands

New York-New Jersey will emerge as the U.S. East Coast container port that benefits most from the expansion of the Panama Canal, according to analysis from the international shipping bank DVB.

Because no major rail projects are planned from southeastern U.S. ports to reach consumers based in the northeast home to 55 million Americans or 18% of the U.S. population, ports in the New York area will continue to offer better connections to the region.

The Port of New York-New Jersey has six terminals and handles 42% of TransPacific imports that travel on to the U.S. East Coast with volumes totaling 1.6 million teu last year. While 90% of container volumes are handled by terminals west of the Bayonne Bridge, which connects New Jersey and Staten Island in New York, the current height of the bridge excludes 62% of today's fleet. Although plans to raise the bridge height to accommodate larger ships are underway at a cost of \$1 billion; it will take an estimated 10 years to complete the project.

Although the post-expansion Panama Canal will accommodate containerships up to 13,000 teu, it will be smaller ships that benefit from business through the waterway and up to the U.S. Northeast. "We believe that post-panamax vessels in the size of 6,000 teu-8,000 teu will be the prime beneficiaries of the Panama Canal expansion," DVB analyst Adeep Mathur said in the online report.

Despite all the port expansion taking place in other regions along the U.S. East Coast, the lack of high-quality railroad east of the country to the mid-west could see them lose ground to West Coast ports. All West Coast ports connect to the midwest, which is home to a fifth of the U.S. population, on high quality Class 1 railroads. In the East Coast, just 20%-30% have Class 1 rail connections. This makes rail transit faster from the west and sailing distances are obviously a lot shorter for TransPacific volumes too.

It takes ships, that slow-steam at 14 knots an average, 13.7 days to sail from Shanghai, China to the North American port of Prince Rupert, Canada, or 16.9 days to reach Los Angeles and Long Beach in California. By comparison, a transit through the Panama Canal will take 30-31 days to reach East Coast ports.

Rail services from Prince Rupert can deliver a cargo from the port to Chicago in the midwest in just 100 hours. Los Angeles can deliver a container to the Illinois capital city in 50-90 hours, depending on the service chosen. "Given the time-sensitive nature of TransPacific imports, East Coast ports are already at a significant disadvantage," Mathur said.

Whether now or in 2015 after the Panama Canal expansion is complete, retailers will always want their goods shipped faster. This implies that vessels will still call at U.S. West Coast ports.

Last year, out of the total 12.6 million teu TransPacific import trades, 8.7 million teu were imported on the West Coast, compared to 2.9 million teu on the East Coast via the Panama Canal and 1.1 million teu were imported via the East Coast having sailed through the Suez, Canal. "In conclusion, the [Panama] Canal expansion will increase the size of vessels making the all-water transit. But will this be enough to influence the number of teu transiting the canal or be rerouted from the West Coast to the East Coast?" Mathur said.

The biggest swing factor will be how high the Panama Canal transit fees are set. This may provide an incentive for container traffic from the TransPacific trade to sail to the U.S. East Coast. However, given the canal's \$5 billion investment cost, pricing is likely to be high to recoup project costs.

At present, the dimensions of the Panama Canal mean that only 55% of the current containership fleet can transit the waterway, according to DVB, comprising 4,173 vessels with capacity of 8.3 million teu. The figure falls to 14% of the world's current orderbook at 630,000 teu. However, post-expansion, 96% of the global fleet will be able to pass through the canal, comprising 14.6 million teu, or 5,046 vessels, and it will be able to handle 77% of the orderbook at 3.5 million teu.

## Deutschland switches to Malta flag

The German government has criticized the owners of *Deutschland*, the country's most famous cruiseship, for switching it to the flag of Malta. Government maritime coordinator Hans-Joachim Otto said: "I am worried about the announcement of Reederei Deilmann that it will flag out *Deutschland*. "The move of *Deutschland* to Malta's ship register has many more implications than just replacing the German flag on the quarterdeck with that of Malta."

*Deutschland* was the last German cruiseship flying the home flag, although much of the country's boxship, tanker and bulk tonnage sails under flags-of-convenience.

The trade Union Verdi, which represents seafarers, also attacked the planned flag change. The owner wants to save money at the expense of the ship's crew, said Verdi representative Karl-Heinz Biesold.

The owner defended the move, saying such a decision was standard in the market. The company wants to operate under conditions comparable to those of its rivals, said spokeswoman Kornelia Kneissl. That means cheap foreign labor and almost no taxes under the Maltese flag. The vessel was expected to change flag in July, she said.

Deilmann said the German government's decision to cut subsidies for vessels under the domestic flag has prompted the move. Otto rejected that claim, saying that the arrangement between owners and the government was about to be revised. Owners and the government have reached an agreement under which Berlin will continue to pay subsidies and the owners will have to raise \$37.6 million for training. However, although the agreement was reached late last year, it is unclear how the money will be collected from the owners.



The sign board says it all. The SUP gang from the left: Tony Montoya, Paul Davis, Luis Rosas, James Hall, Joseph Carson. Not pictured in photo is Gary Thompson. Photo: Geoff Gill.

## Chinese consider cargo preference for nation's vessels

The Chinese government is considering reserving cargoes of strategic commodities and energy products for national flag vessels, in an attempt to save ailing state-owned shipowners. "We are considering establishing a cargo reservation system on a national level with references from long-standing practices of other countries," said Ministry of Transport spokesman He Jianzhong. "Such a system will allow us to prioritize China-flagged vessels when picking shipping lines to carry strategic materials."

The announcement came after state-owned shipping conglomerates such as China Ocean Shipping and China Shipping Group continued to suffer hefty losses amid weak market conditions. Many analysts expect that high bunker prices and tonnage oversupply will plague the shipping markets for another one or two years. "In the short run, it's hard to see any improvement in dry bulk markets," He said. "Shipping is a cyclical industry and one cycle usually lasts for eight to 10 years."

A cargo reservation system would grant national flag vessels the right to carry certain proportions of the flag state's international trades, which would often come at the expense of cargo owners and foreign shipping lines. However, such a system can take many forms depending on cargo types and enforcement, so it remains difficult to assess its real impact at this stage.

Chinese shipowners have long complained that they are less protected from foreign competition compared to other Chinese industries, though this could be more related to market focus rather than the country's international trade policies. While Chinese shipping lines need to compete with foreign firms for import and export business, they are just as protected as any other industries in domestic markets.

"The Ministry of Transport has been studying how to save shipping lines but shipowners have to work hard themselves as well and try to save themselves first," He said. Chinese carriers needed to understand the markets better and improve their strategies, he said.

## Seychelles admonishes international community on "acceptance" of piracy

Seychelles has accused the international community of treating Somali piracy as "an acceptable symptom that we can live with".

Addressing the British House of Lords European Union Committee on Somali piracy this month, Seychelles Foreign Minister Jean-Paul Adam argued that the oceans should be regarded as a development space comparable to land as a first basic principle in seeking solutions to piracy.

"A lot of the practices the pirates are involved with, if we were to transpose those activities and look at them on land, we would never have accepted them," he said.

Piracy is a global problem, not just a concern for the region's islands and coastal countries, said Adam, who noted that two-thirds of the world's oil shipments, half of containerized cargo and one-third of bulk cargo transits the Indian Ocean. In Seychelles, fisheries have been reduced by almost 30%, the fuel bunkering part of its economy is down by 35% and maritime tourism revenues are "down to almost zero". All that, Adam said, was directly due to piracy.

## Carriers seek TransPacific rate increase

Container lines in the U.S.-Asia trade are recommending another round of rate increases in the westbound TransPacific. The Westbound TransPacific Stabilization Agreement (WTSA) is seeking a \$50 feu increase from California ports and a \$100 feu increase for all other ports, "with proportionate increases for equipment sizes and cargo otherwise rated," the group announced June 1.

WTSA Executive Administrator Brian Conrad called the increases "relatively modest" and part of the carrier group's 2012 strategy to incrementally restore rates to levels that will compensate for costs and reverse steep revenue declines. Conrad said the increases are focused primarily on commodity segments where rates have fallen the farthest or those that have not taken increases in previous rounds.

In May, the group proposed increases of \$300-\$400 feu for frozen and chilled meats and animal hides to coincide with upcoming contract renewals for those cargoes. These rate increase plans, as well as those announced June 1, would be effective July 1.

## ESU Office Assignments

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



JUNE 2012

Official Publication of the Exxon Seamen's Union

## 2011 ESU Financial Statements

As per the Exxon Seamen's Union Constitution and By-Laws, one of the duties of the Vice-President/Treasurer is to have the Union's finances reviewed by a certified accountant. The following is a summary of the year-end 2011 Financial Statements prepared for the ESU by Ratliff & Jentho, Certified Public Accountants in Baytown, Texas:

"We have reviewed the accompanying statement of assets, liabilities, and net assets -modified cash basis of the Exxon Seamen's Union (a non-profit organization) as of December 31, 2011, and the related statement of support, revenue and expenses- modified cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Exxon Seamen's Union.

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

### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

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

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

#### Basis of Accounting

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

### NOTE 2 - FIXED ASSETS

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

Fixed assets consist of the following as December 31, 2011:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET</u>
Automobiles	\$19,211.00	\$(18,104.00)	\$1,107.00
Office Equipment	1,553.00	(1,099.00)	454.00
Furniture and Fixtures	563.00	(256.00)	307.00
<b>Total</b>	<b>\$21,327.00</b>	<b>\$(19,459.00)</b>	<b>\$1,868.00</b>

Depreciation charged to income was \$2,765 in 2011.

### NOTE 3 - LEASES

During the year ended December 31, 2011, the Union leased office space in Seabrook, Texas. The office facility in Seabrook, Texas is leased on an annual basis with the current lease expiring December 31, 2011. The monthly lease payments were \$750 per month for January-August and \$350 for September-December. Effective December 16, 2011, the Union entered into a thirteen month lease for alternative office space in Pasadena, Texas. The lease requires monthly payments of approximately \$435 including certain utility expenses, through January 31, 2013.

Rental expense for the office facilities amounted to \$7,493 for the year ended December 31, 2011. The minimum future lease payments for the office facilities amount to \$5,655.

### NOTE 4 - CONCENTRATION OF CREDIT RISKS

The Union maintains bank accounts at institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). As of December 31, 2011, the carrying amount of the organizations deposits was \$147,153 and the bank balance was \$147,153. The bank balance was covered by \$147,153 of FDIC insurance.

### EXXON SEAMEN'S UNION Statement of Assets, Liabilities and Net Assets as of December 31, 2011

<b>Current Assets</b>	Cash	\$147,153.00
	Fixed Assets	2,368.00
	Total	149,521.00
<b>Liabilities</b>	Credit Card	2,190.00
<b>Total Net Assets Less Liabilities</b>		<b>\$147,331.00</b>

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

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

## Shape up meeting in the American Progress



In the *American Progress*, the morning begins with a very critical and important meeting amongst the Deck department before starting the day's activities of tank cleaning and preparations for a ship yard period. Front row from left to right: CM John Haw, AB John McCarthy, PM Bob Ross. Back row from left to right AB Larry Miles, AB Paul Clow and 2M Scott Erhartic.

## Ship reports

### S/R American Progress

Vessel visited by ESU Board officer on June 3, the vessel was at Port Angeles anchorage for nearly a two-week period of tank cleaning and rafting before it started its journey across the Pacific for a yard period in Singapore. The vessel left Port Angeles on June 14, with an ETA Singapore around July 12. AB Michael Harrison filling in as Ship Representative and reports all is well and the crew did a great job during the hectic time of preparing for the trip.

Board Member at Large AB John McCarthy also on board for the trip.

#### Kodiak

The vessel continues its run between Valdez and alternating discharge ports between San Francisco and Puget Sound. Regular Ship Rep. Joe Butler went home on vacation and passed the duties to MS Eric Bush. Eric stays in touch with the ESU office thru e-mail and reports everything is going well.

#### Sierra

ESU Board officer visited the vessel at the outer anchorage in Long Beach, California, on May 25, before the vessel discharged at the El Segundo Marine Terminal. AB Wen S Tai filling in as Temporary Ship Rep. A few issues on board that have been addressed by the ESU, but, overall, everything is running OK. Both Engine Trustee Will Ackley and Steward Trustee Kurt Kreick on board.

## EXXON SEAMEN'S UNION

Founded March 28, 1941

Affiliated with the Sailors' Union of the Pacific

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President/Secretary John Straley

Vice President/Treasurer Leo DeCastro

Board Member at Large Joe Bernavich

Board Member at Large John McCarthy

Deck Trustee Kevin Conroy

Engine Trustee William Ackley

Steward Trustee Kurt Kreick

## Employers want to eliminate ILA workforce Union president asserts

International Longshoremen's Association (ILA) President Harold Daggett has rejected criticism of his tactics that James Capo, chief executive of the employer group U.S. Maritime Alliance (USMX), voiced earlier this month, in turn accusing the management representative and his associates of "wanting to effectively eliminate the [Union] workforce through automation".

Daggett has invited Capo to attend the ILA's Wage-Scale Committee meeting in Florida at the end of June. However, the Union leader's comments underscore the wide gulf between the two sides, which have yet to hold a substantive negotiating session despite a cosmetic exchange of "initial proposals" in March.

Daggett suggested that Capo had a shortsighted approach, driven by his planned retirement at year-end. "You may be looking forward to [leaving] the industry, but my members want to preserve their jobs for the length of the new contract. Your true goal seems to be productivity for the shippers and unemployment for the ILA," Daggett said.

The Union leader defended the ILA's stance on technology, saying that Union rights need to be "strengthened" further if the USMX harbors any hope of getting the ILA to agree to a new multi-year contract for dockers on the U.S. East and Gulf Coasts.

Capo accused Daggett of bargaining in bad faith and refusing to enter discussions "unless management first agrees to his demands". Daggett said he was "very disappointed that [Capo] chose to engage in personal attacks" and termed his comments as a "thinly veiled attempt to turn the ILA wage-scale delegates against Mr. Daggett". Daggett said the Wage-Scale Committee is a democratically elected body empowered to negotiate the master contract, a fact that Capo must accept even though "USMX may not like that process". "Yet, every time I mention the importance of the committee to these negotiations and invite you to address [it], you have declined," Daggett said.

The ILA leader also picked apart Capo's accusations about the Union's approach to automation and container weights. He previously has identified these issues as two of the four main "hurdles" in the negotiations, alongside chassis and jurisdiction.

A main obstacle appears to be the Union demand for job guarantees if automation is introduced at terminals. "You state that management's goal is a straightforward one to maintain your market share by increasing productivity and efficiency. The ILA's goal is also straightforward: to protect the ILA's members and their families from the impact of new technology," Daggett said. "You criticize me for trying to protect the jobs of the existing workforce and suggest that I do not even realize that in the current master contract there is a right to bargain over the impact of new technology."

## Retort to Maersk official continued from page 3

icans believe the country is now "in a state of decline." In 2011, for the first time since the Great Depression, almost four million Americans have been unemployed for over a year, and it is estimated that, since 2008, over 15 million Americans are either under-employed or have fallen into the ranks of the unemployed.

Neptune Orient Lines (NOL), which is owned by the Singaporean government, bought American President Lines for \$825 million in 1997. AP Moller Maersk bought SeaLand in 1999 for \$800 million. The Danes and the Singaporeans both have incredible social benefits, including health care. The U.S. is Denmark's largest non-European trading partner, the major share of which is transported by AP Moller Maersk. In 1997, only four of 47 vessels in the Maritime Security Program (MSP) were foreign-controlled. Today, just 11 of 60 vessels are pure American ships.

On January 3, 2012, Maersk Line was fined \$31 million by the U.S. Department of Justice to resolve allegations that it inflated shipping costs for transporting containers to U.S. troops in Afghanistan and Iraq. The DOJ claimed the company knowingly overcharged the Department of Defense and put profits over the welfare of U.S. troops. Furthermore, what makes Capitol Hill believe that foreign companies operating the commercial fleets that support U.S. military endeavors around the world will adhere to our foreign policies? AP Moller trades directly with countries like Iran and Syria, and it is documented that U.S. officers have left U.S.-flagged ships operated by Maersk when directed to sail to Iranian ports by Copenhagen executives.

### A Time to Sow

**The Obama Administration needs firm policies that will rebuild the U.S. maritime sector not only in the deepwater, but domestically as well. The U.S. has the world's largest economy and for its flag lines to be considered "third world" is unconscionable. The recent editorial by Mr. Carmel is reflective of anti-U.S. maritime sentiments within Congress and by exporters like the agricultural industry, which receives billions of dollars in subsidies but will not support a deepwater fleet – a fleet that has protected national security since the time of America's Founding Fathers. This was once the greatest maritime nation on the planet, and there is no reason the current course to futility cannot be corrected.**

**Economist and Nobel Prize winner Paul Krugman called the U.S. economy a new car's dead battery. In figurative terms the unemployed are being told to walk or take the bus, when it would cost merely \$100 to get it (and the car) back on the road. Increased government spending to assist state and local governments would put teachers, police and firemen back to work and boost the economy. Similarly, rebuilding the U.S. Merchant Marine and its flagged fleet would revitalize a nation sorely in need of jobs and in need of new strategies for global leadership and influence.**

*Source: Tony Munoz, Editor-in-Chief of The Maritime Executive and MarEx Newsletter*

## Welfare Notes

June 2012

### When Your Eligibility and Coverage Will Terminate

If an Active Participant fails to work sufficient time during the eligibility period, eligibility and coverage will terminate. Please contact the Plan office if you have any questions about your eligibility. If you intend to be off work for a significant period of time or need to be off for personal reasons contact the Plan office to check on your eligibility status.

Your eligibility and coverage will terminate when you retire or surrender your rights to ship. The eligibility will terminate in the month you retire or the month after you surrender your shipping rights even if you have worked sufficient time to earn eligibility beyond your retirement date or the date you surrender your shipping rights.

If you have active eligibility and are enrolled in a plan you may extend your coverage by making COBRA payments unless you are eligible for Medicare. Federal Law sets the COBRA rates at 2% above the current active monthly premium rate. COBRA rates are also subject to change at times of contract renewal. As an alternative, you may wish to check individual plan rates.

If you become Unfit For Duty while you have active coverage, please have your doctor forward Unfit For Duty information to the SUP Welfare Plan. Your eligibility and coverage may be extended.

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Courtesy of Masters, Mates & Pilots.

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## Port of Long Beach to increase infrastructure investment

Long Beach, one of the busiest container ports in the country, is on track to increase its annual budget to \$942 million in the fiscal year that starts on October 1, representing an increase of some 12% over its current budget. The board of Harbor Commissioners has endorsed the port's fiscal plan to spend more than \$720 million on capital investments, including new terminals and replacing a bridge, according to the port. The budget is still subject to the final approval from the Long Beach City Council.

"We're moving in the right direction," Commissioner Rich Dines said. "We're investing the money where it should be and that's in our capital improvement projects, so this port will remain competitive for decades to come."

The projects listed in Long Beach's next budget include the 300-acre Middle Harbor, which will combine two old terminals to handle more than three million teu a year. The port will also replace Gerald Desmond Bridge, whose vertical clearance bars larger boxships.

With the city government facing deficits, Long Beach has vowed to spend every penny wisely. "We're continuing looking at our spending and trying to be smarter about all the aspects of all the different things we do," Port Executive Director Chris Lytle said.

Long Beach handled nearly 1.8 million teu in the first four months of this year. With Los Angeles, it forms the largest port complex in the United States.

## Foreign-flag cruise line faces new lawsuit for failure to rescue fisherman

Princess Cruises faces a second lawsuit in Florida following the failure of the *Star Princess* crew to rescue three men from a drifting Panamanian fishing boat on March 10. (See the June issue of the *West Coast Sailors*.)

The new suit was filed June 4, by the family of 16-year-old Fernando Osorio Rodriguez, who died at sea on March 15. Rodriguez's family is seeking in excess of \$1 million in damages. Rodriguez was one of two fishermen who died. Their vessel, the *Fifty Cents*, lost power off Panama on February 24. The sole survivor, Adrian Vasquez, was rescued off the Galapagos on March 24. Vasquez filed suit against Princess in Florida on May 8, seeking unspecified damages.

Three passengers on *Star Princess* spotted the *Fifty Cents* in distress on March 10. Princess previously confirmed that the passengers' report was relayed to the bridge, but neither the captain nor the officer on watch were notified due to a "breakdown in communications on the bridge".

In addition to the two Florida-based civil suits, Princess is the subject of two criminal investigations related to the incident. On April 20, Bermuda, the flag state of the *Star Princess*, initiated a formal investigation. Bermuda Minister of Transport Derrick Burgess confirmed that the Attorney General counsel of the Bermuda Police Service were assisting. In late April, Panama's office of the Attorney General also launched a criminal investigation.

## IMO asked to mandate weighing of containers

The International Maritime Organization (IMO) has received a formal proposal co-sponsored by an array of maritime industry organizations, labor, and government interests that would require loaded containers to be weighed to determine their actual weight.

The proposal was submitted by the governments of Denmark, The Netherlands and the United States, as well as BIMCO (Baltic and International Maritime Council), the International Association of Ports and Harbors (IAPH), the International Chamber of Shipping (ICS), the International Transport Workers' Federation (ITF), and the World Shipping Council (WSC). The IMO's Subcommittee on Dangerous Goods, Solid Cargoes and Containers will consider the proposal at its next meeting in September.

Under the Safety of Life at Sea (SOLAS) Convention, shippers are required to declare the weight of the container but the cargo interests often fail to do so, largely because there is no oversight. Under the proposal, port facilities and ships would be required to verify weights of its containers to back up a shipper's declaration.

"Misdeclared container weights are a recurring safety problem on shore, on ships, and on roadways. It is time to fix that problem," said Torben Skaanild, Secretary General of BIMCO. "We are pleased that there is such a broad cross-section of industry and government agreement on a specific and effective remedy."

"The major players of the industry dealing with the handling of containers have chosen to make the transport of the "box" even safer than before. The ITF, representing more than 4.6 million workers, welcomes this initiative and will continue to work for a safe, productive and sustainable transport industry," said Frank Leys, secretary of the ITF dockers' section.

"For years, the United States has required all its export containers to be weighed. This has not impaired supply chain efficiency, and it has improved safety. The technology exists to weigh containers accurately and efficiently, and it should be a universal, required practice," said Dr. Geraldine Knatz, president of IAPH and Executive Director of the Port of Los Angeles.

International Longshoremen's Association (ILA) President Harold Daggett has listed the weighing of import containers as a top demand in the ILA's current East and Gulf Coast port labor negotiations. Waterfront management, however, contends that weighing import containers before they're released from terminals would create congestion and add unnecessary costs.

## President Adams in Charleston



APL's President Adams in Charleston early June. From left standing: Chief Steward Memo Alsize, AB and Delegate Scott Hudson, Bosun Joe McDonald. Sitting from left: AB Herminio Huavas, AB Daniel Babtunde and AB Steve Meyers. Photo: Dave Connolly.

## MSP funding advances in Congress

The House Transportation Appropriations Subcommittee and the full Senate Committee on Appropriations have approved legislation that calls for \$184 million in fiscal year 2013 funding for the Maritime Security Program (MSP), the amount requested by the Obama Administration to maintain the full 60-ship maritime security fleet.

In the report accompanying the legislation (S.2322), the Senate Appropriations Committee noted that the funds are necessary "to maintain a U.S.-flag merchant fleet crewed by U.S. citizens to serve both the commercial and national security needs of the United States... Participating operators are required to keep the vessels in active commercial service and provide intermodal sealift support to the Department of Defense (DOD) in times of war or national emergency."

"MSP is a successful and critical partnership with the Department of Defense and the U.S.-flag commercial maritime industry that supports military operations overseas," the members of the committee said. "It provides a sealift fleet capacity that would cost the government \$13 billion in capital to reproduce. Furthermore, according to the United States Transportation Command, it would cost the government an additional \$52 billion to replicate the global intermodal system that is made available to the Department of Defense by MSP participants who are continuously developing, maintaining and upgrading their logistical support systems. The committee strongly encourages the Department of Transportation to continue to support this proven and cost effective program in its fiscal year 2014 budget request."

The SUP will continue to work with others in the maritime industry towards prompt enactment of fiscal year 2013 funding legislation for MSP.

SUP-contracted APL has nine vessels enrolled in the Maritime Security Program. Without funding for the program, these vessels would be flagged foreign.

## July 5 events for Bloody Thursday

**Seattle:** The annual family picnic sponsored by ILWU Locals 19, 52 and 98, will be held at Vasa Park Resort from 10:00 A.M. to 4:00 P.M.

**Portland:** A memorial wreath ceremony begins at 11:30 A.M. on the banks of the Willamette River followed by a picnic sponsored by ILWU Local 8. A family picnic follows at Oaks Park with BBQ, soft drinks and live music provided.

**San Francisco:** At ILWU Local 10, at 400 North Point starting at 10:00 A.M. followed by a complimentary lunch at noon. Family event with lots of activities for kids.

**Los Angeles/Long Beach:** ILWU Locals 13, 63 and 94 and a group of Union and community members, have come together to create a community-inclusive event: The San Pedro Labor Fest. This event celebrates labor artists and commemorates Bloody Thursday by recognizing the positive impact the ILWU and other Unions have on the lives of their members and the community at large. The Labor Fest will be held in downtown San Pedro July 5 through July 7, and will coincide with the monthly Downtown San Pedro Artwalk.



# SUP President's Report

June 12, 2012

## CONSTITUTION COMMITTEE

In accordance with Article XXVIII of the SUP Constitution, all resolutions to amend the Constitution and Shipping Rules, must be submitted IN WRITING at today's Headquarters meeting or at the Branch meetings on Monday, June 18. The resolutions will be referred to a Committee on Constitution, comprised of three members elected at today's Headquarters' meeting and one member elected at the Seattle, Wilmington, and Honolulu Branch meetings next week.

The Committee will convene at Headquarters on Monday, June 25, at 9:00 A.M., to review the resolutions submitted and report back to the membership at the July coastwise meetings. If a proposed Constitution or Shipping Rule amendment or a substitution thereof is endorsed by a majority vote of the membership at the July coastwise meetings, it shall be placed on the 2012-2013 referendum ballot.

## APL MARINE SERVICES

In accordance with the April 1, 2009 collective bargaining agreement between the SUP and APL, wages and wage-related items (overtime, cargo rates, Supplemental Benefits) will increase by 3% on June 16, in non-Maritime Security Program (MSP) vessels. Currently those vessels are the *APL Agate*, *APL Coral* and *APL Japan*.

However, as reported last month, the *Agate* will be enrolled in MSP on July 17, and the *Coral* on October 2. In addition, the *APL Cyprine* will transfer to MSP on July 2, and the *APL Pearl* on August 6.

By early October, the non-MSP vessels will be the *Presidents Adams*, *Jackson*, *Polk*, *Truman* and *APL Japan*.

Recommend that the wage increase be applied to wages and wage-related items.

New wage rates will be published in the June issue of the *West Coast Sailors*.

It should be noted that on October 1, wages and wage-related items in MSP vessels and for those employed under the Maintenance and Extra Maintenance Agreements will increase by 3%.

## MATSON NAVIGATION COMPANY

In accordance with the 2008-2013 collective bargaining agreement with Matson, wages and wage-related items will increase by 3.5% on July 1, in all company vessels (including the *ITB Moku Pahu*) plus those employed under the Maintenance and Extra Maintenance Agreements.

Recommend that the wage increase be applied to wages and wage-related items.

New wage rates will be published in the June issue of the *West Coast Sailors*.

## PATRIOT CONTRACT SERVICES

As reported last month, the Maritime Administration (MarAd) has extended, until July 27, 2015, Patriot's contract to operate and maintain the Ready Reserve Force (RRF) vessels *Admiral W. M. Callaghan* and *Cape Orlando*.

In mid-May, MarAd requested that the company submit a Memorandum of Understanding regarding Total Labor Cost (TLC) (wages, overtime, benefits, etc.) for the *Callaghan* and *Orlando* by June 1. On May 30, subject to membership approval, the SUP, MFOW and the SIU-A&G agreed to the following with the company: A 3% increase in TLC effective July 28; a 3% increase effective July 28, 2013; and a 3% increase effective July 28, 2014.

Recommend membership ratification of the Patriot agreement.

\*\*\*\*\*

On July 1, the day after agreement was reached with the company, MarAd extended the deadline for submitting Total Labor Cost rates until June 29. In a letter to all operators holding RRF contracts, William Cahill, MarAd's Director of Ship Operations stated:

**"I need to impress on everyone that costs reductions are real and earnest labor negotiations are absolutely critical if we expect to keep RRF readiness and manning at the current levels. The National Defense Sealift Fund (NDSF), which is the single source of funding for MarAd and MSC for strategic sealift, will take \$100 million reduction. This is what we know right now and there may be even more reductions in the future. My staff and I are making every effort to reduce costs in order to ensure that there is sufficient M&R dollars to keep this aging fleet ready. We need everyone's help to do that. With 8.2% unemployment and a large part of the U.S. workforce out of work, we need to make sure that cost of living raises for the RRF are consistent with the maritime industry as a whole and compares with recognized indices such as the CPI. I am not opposed to our mariners making a good living and keeping up with the economy but it should be consistent with the economy."**

"As you enter into discussion, please emphasize the need to be reasonable with cost justified with current economic conditions."

Patriot followed up on MarAd's letter on June 4, by requesting that the Unions (SUP, MFOW, SIU-A&G, MM&P, MEBA) "take another look at your numbers for the 2012 through 2015 MOUs so that we can discuss what raises are appropriate, given both the immediate interests of your members and the long-term interest of keeping as many ships as possible in the program".

The SUP and the MFOW believe that the 3% increase was appropriate and consistent with wage increases in the industry.

## SUP CONTROLLER

After 37 years of dedicated service to the SUP, Toby Chiurazzi retired as the Union's controller on May 31. Toby's job was more than keeping track of the Union's finances and filing government-required forms, she was an ace in negotiating rents for the Headquarters building. Due to her tireless efforts, just about all available space, from the roof to the basement, is rented. Toby helped out whenever it was necessary without complaint. In addition to her devotion to the Union, Toby's big heart was always there for a member in need. From the administration of Morris Weisberger, Toby has been an integral part of the fabric of the SUP and deserves the grateful thanks of the membership for whom she labored with such distinction. Fortunately, under the terms and conditions of her retirement from her Union, the Office & Professional Employees International Union, Local 3, Toby will be available on a limited basis to advise and assist as necessary.

To replace Toby was a tough job. After interviewing several well qualified candidates, Jihan Johnson was selected as the new controller. Jihan is a graduate of the University of California, Berkeley, and has the experience necessary to do a first-class job.

Welcome aboard Jihan and smooth sailing Toby.

## HOLIDAY

All SUP halls will be closed on Wednesday, July 4, in observance of Independence Day.

## BLOODY THURSDAY

The annual commemoration of Bloody Thursday will be held at ports up and down the West Coast this year on Thursday, July 5. Details of the observance will be published in the June *West Coast Sailors*.

SUP members on the beach are urged to attend these events which mark a red letter day during the 1934 coastwise maritime strike.

Two SUP brothers were killed in the 1934 strike and its aftermath. Olaf Helland was struck by a tear gas bomb on July 20, 1934, in Seattle, during the Battle of Pier 41 and died August 6.

On ships at sea, particularly those owned by Dollar Line (the predecessor of American President Lines), it was a continuous battle to rid the ships of scabs in 1934 and 1935. Union men and scabs fought on the *Presidents Grant*, *Hoover*, *Hayes*, *Adams* and *Coolidge* in Hong Kong and Manila. SUP member Bruce Lindberg, aged 20, was knifed and killed by the ship's scab carpenter on the *President Grant* on February 3, 1935, in Hong Kong. The murderer, Alvin Chown, was never brought to justice. That same year on July 5, Brother Lindberg's mother and the widow of slain ILA longshoreman Shelvy Daffron, led a parade of 5,000 maritime workers in Seattle to mark Bloody Thursday.

## ACTION TAKEN

M/S Committee on Constitution-Elected: Diane Ferrari, Paul Fuentes, and Art Thanash. Carried unanimously.

M/S to approve APL wage increase of 3% in non-MSP vessels. Carried unanimously.

M/S to approve Matson wage increase of 3.5% in all company vessels plus those employed under the Maintenance and Extra Maintenance agreements. Carried unanimously.

M/S to approve the Patriot MOU regarding a 3% increase in TLC effective July 28, in the years 2012, 2013, and 2014. Carried unanimously.

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

Gunnar Lunderberg

## European Union gives Philippines six months to improve maritime education standards

The Philippines has been granted a six-month extension before the European Union decides whether to make good its threat to withdraw recognition of all new certificates issued in the country, because of repeated complaints about seafarer's quality. The extension from the Lisbon-based European Maritime Safety Agency (EMSA) will last until the end of 2012 or early 2013, when EMSA will visit the Philippines again to impose a pass or fail audit, according to Nic Conti, the Deputy Administrator of the Philippines Maritime Industry Administration, the nation's most powerful authority overseeing maritime policy.

Conti said the EMSA opted to present a factual report in May to the European Union on the status of compliance at Philippines maritime academies based on recent visits, the last of which was in March. The report "was factual, and did not recommend sanction for withdrawal," Conti said. "However, EMSA will send another audit team for a pass or final audit" in another six months.

The extension follows an overhaul of the bureaucratic oversight of maritime education in the country, giving extended powers to the Maritime Industry Administration, which is known as Marina. The overhaul was authorized by an executive order from President Benigno Aquino on May 1, in effect giving Marina a mandate to enforce higher standards at the nation's maritime academies.

Complaints about low standards at Philippines academies center on individual schools. But the Standards of Training, Certification and Watchkeeping (STCW) convention only permits sanctions on countries as a whole, as was the case with Georgia a few years back.

EMSA has refused to make the findings of its previous audits public, but it is understood to have recommended withdrawal of recognition of Filipino STCW certificates unless the issue is resolved.

## Vice President's Report

June 2012

**APL Japan:** Adam Tassin, delegate. Clarification on security rounds and new pay rates. Galley vent screen cleaning can be assigned to the deck gang.

**APL Agate:** Gabe Moreno, delegate. In at Howland Hook in Staten Island for the last time. Beginning with the APL Cyprine, APL ships will call across the Newark Bay in New Jersey at Mahar Terminal. In good shape. Gangway nets should not be rigged at sea.

**APL Thailand:** Norm Kurtz, delegate. Clarification on carpenter's work. Only one guy gets it and it's paid at the low cargo rate on straight time on straight time hours and overtime on overtime hours.

**APL China:** Gary Thompson, delegate. In at Oakland with no problems. Discussion on Union history and continuous improvement of our standards of seamanship. No beefs.

**APL Singapore:** Paul Harsany, delegate. Sailors who can't steer should understand that taking a job on a ship like this means putting a burden on your shipmates. The Andrew Furuseth School of Seamanship stands ready to assist with helmsman skills.

**President Adams:** Steve Hudson, delegate. Boarded at the Wando Terminal in Charleston. Questions answered on watchstanding, impending MSP changes, etc.

**Mahimahi:** Bert Genita, delegate. Long discussion about the impact of the new STCW rest hour rules that are now required by international law. Although the Coast Guard has not yet written the U.S. interpretation of that law, i.e. the regulations, most companies are requiring compliance because of potential port state control (foreign) enforcement and for other compliance reasons. In a teleconference with me, Matson management emphatically stated that the compliance effort is not intended as an overtime reduction program. The rules require a minimum of 77 hours of rest in any 7-day period and 10 hours of rest in a 24 hour period. The 10 hour rest period must not be split into more than 2 periods, one of which must be 6 consecutive hours with the interval between periods not more than 14 hours. There are two exceptions. The first is that the 77 rest hour period in 7 days can be reduced to 70 hours. This exception cannot be used again until a period of time at least twice the period of the exception has passed. The second exception is that the 10 hour minimum rest period in 24 hours can be divided into three periods rather than just two. One rest period must still be 6 hours and the other periods must be at least one hour in length and the length between consecutive periods of rest cannot exceed 14 hours. Just as with the original STCW implementation, there will be an adjustment period as we understand how to reduce the restrictions while still adhering to the law. Sailors should keep their own work and rest logs and delegates are urged to take note of the exceptions and consider their application.

**Mokihana:** Dennis Belmonte, delegate. In at Oakland with few problems. Cold-iron reel cover rigging safety under investigation.

**Moku Pahu:** Chris Roblee, delegate. Callback and new crew joined at Pier 70 shipyard.

**Florida Voyager:** Bob Turner, delegate. Boarded at Richmond Long Wharf. Investigated discipline in the steward department. Otherwise running smooth on the Columbia River run. Ron Gill is the bosun.

**Oregon Voyager:** Earl Eastmark, delegate. On the LA-El Segundo to Richmond run.

**Foss Maritime Company.:** JD Rymel, delegate. New engineer in the training program.

**San Francisco Bar Pilots:** Mike Koller and Terry O'Neill, delegates. Prepared for and participated in arbitration opposing the unjust termination of long-time Chief Operator. SUP Negotiating Committee still in bargaining for a new contract at press time.

Dave Connolly

## China's hunger for imports reshapes east-west shipping patterns

China's insatiable appetite for products sourced from around the world is rapidly changing container shipping patterns and could have an even more radical impact in the years ahead, a senior Asian shipping executive forecast.

Containerships now sail full to China, in contrast to past years when the main east-west trades were heavily unbalanced, with far more cargo moving out of Asia than being imported. The shift has been a fast one and reflects strong demand not just for the raw materials, base commodities and waste paper, plastics and metals that have always moved on the backhaul trades from Europe and North America, but for higher-value cargoes as well. These include items such as machine tools and instruments, hi-tech products and luxury brands, said the executive who asked not to be quoted directly.

Container shipping is experiencing a similar trade rebalancing to the deepsea car trades, in which ships once returned to Asia with relatively small loads, but where the Chinese preference for expensive European models has created a strong two-way trade over the past couple of years.

In the Asia-Europe trades, westbound freight rates are far higher than eastbound because of the lower value cargo typically moved on the backhaul leg - even though ships often sail full, in deadweight terms, because the commodities shipped are usually heavier. The latest World Container Index shows that spot freight rates from Shanghai to Rotterdam now stand at around \$3,200 per feu, but are less than \$880 in the other direction. The same differential is apparent on the Pacific where the latest Shanghai to Los Angeles spot rate is just under \$2,600 per feu against around \$860 on the westbound route.

## Onboard the Oregon Voyager



Bosun Scott Oliphant, AB Ken Theuringer, AB and SUP delegate Earl Eastmark and AB Dean Goddard in the crew lounge of the Chevron Shipping Company's Oregon Voyager on June 8 at Richmond Long Wharf. Photo: Dave Connolly.

## House bill retains clause to scan all containers at port of origin

A U.S. statutory requirement to scan all incoming containers at foreign ports will take effect at the beginning of July, a date thrown into sharp relief as the House Homeland Security Committee approved a revamped bill that retains the clause.

The draft bill gave the industry minor cause for cheer for unrelated reasons, as it will postpone the requirement for workers to renew their Transportation Worker Identification Card (TWIC) in the absence of Department of Homeland Security (DHS) regulations on biometric card readers.

But the 100% scanning requirement has proved its resilience yet again. Since 2006, shippers, spearheaded by associations that include the National Retail Federation, have been campaigning to get the requirement eliminated on grounds that it is impractical and costly and could trigger foreign government retaliation against cargoes originating from the United States. Homeland Security Secretary Janet Napolitano has pointed out the impracticality of the law and proposed a two-year postponement.

These calls went unheeded in the House, as the Homeland Security Committee on June 6, approved the Securing Maritime Activities through Risk-based Targeting for Port Security Act, known as the SMART Port Security Act. The SMART Port Security Act reauthorizes the Security and Accountability For Every Port Act, known as the SAFE Port Act, which became law in 2007. The SAFE Port Act implements the 9/11 Commission's recommendations, including the contentious provision that all U.S.-bound containers will be scanned at origin from July 2012.

A fig leaf in the SAFE Port Act allows the Homeland Security secretary to grant waivers to individual ports, under conditions that are somewhat vague. Last year, a SAFE Port reauthorization draft in the Senate proposed a broad waiver of the 100% scanning requirement.

The Homeland Security Committee passed a version that allows DHS to recognize other countries' trusted shipper programs and allows the U.S. Coast Guard to recognize other governments' port security threat assessments, but stops short of jettisoning the 100% scanning clause.

Congresswoman Candice Miller (R-Michigan), Chair of the Subcommittee on Border and Maritime Security, hailed the new bill, saying: "Securing our waterways is an essential component of a layered approach to security. "This bill enhances risk-based security measures overseas before the threat reaches our shores, emphasizing a stronger collaborative environment between customs and border protection and the U.S. Coast Guard in sharing port security duties and leveraging the maritime security work of our trusted allies."

## Russian owners call for fleet growth

The Union of Russian Shipowners (SOROSS) has warned the country's new government that "the current rate of development of the fleet of [Russian] shipping companies is insufficient". In a strategy statement, SOROSS' managing director Valentin Tureyev said that, as a result, "the state of Russia's fleet shipowners—the members of SOROSS— continues to be characterized by a number of negative trends: decrease in the number of ships under the Russian flag, in total tonnage of ships, in increasing vessel age."

The document reports that as of last year, just 11.5% of the vessels controlled by the Union were Russian flagged, 88.5% foreign flagged. With this distribution, SOROSS reports, "national security is not ensured in the shipping sector". The report also notes that Russian flag vessels currently account for just 5% to 6% of outward cargo transportation by sea. This percentage has not changed significantly since President Vladimir Putin first endorsed a strategy of "Russian cargo on Russian vessels" in 2000.

The shipowners call for the government and the state banks to implement tax, budget support, interest rate, port and registry measures to lift the proportion of Russian flagged fleet for carriage of Russian cargoes to 40% by 2030.

# SUP Branch Reports

## Seattle

May 21, 2012

Shipped during the period: 1 Boat-swain to a MSC vessel shipped and filled with a B member; 5 Able Seaman berths shipped and filled with 2 A and 3 B seniority members. No standbys called this port.

Registration for the period: 5 A cards for a total of 19; 8 B cards for a total of 31; and 3 C cards for a total of 7.

### Ships Checked

Matson vessels *Mahimahi* and *Maui* in Seattle twice. *President Polk*, *President Jackson*, *APL Coral*, *APL Japan* called in New York with Seattle crew members; and the Patriot vessel *USNS Martin* called for sailors.

I represented the SUP/MFU in the following meetings: the King County Labor Council meetings. A meeting with Seattle City Council Member Sally Clark on the proposed Sports Arena. The Washington State Labor Council's Committee on Political Education; a list of labor endorsed candidates will be published in the *West Coast Sailors*. A meeting with Stevedoring Services of America, ILWU and Washington State Labor Council on strategies for countering false information being generated by environmental groups opposing the Gateway Pacific commodities and coal terminal in Cherry Point, Washington. We met with Senator Maria Cantwell's legislative staff to endorse Bob Alverson to a seat on the North Pacific Fisheries Halibut Commission. And I attended the Seattle Central Waterfront Stakeholders Committee meeting.

Vince O'Halloran  
Branch Agent

## Wilmington

May 21, 2012

Shipped during the period: 1 bosun, 7 ABs, 4 AB maints., 1 STOS and 54 standbys, for a total of 67 jobs shipped.

Registration for the period: 38 A cards, 34 B cards, 11 C cards and 9 D cards.

### Ships Checked

*APL Philippines* (still running out of food or just not putting enough out), *Manoa*, *Manulani* (STCW cramping our hours, this is not the only ship), *APL Singapore*, *Maunawili*, *Maunalei*, *APL Korea*, *Mokihana*, *R.J. Pfeiffer*, *APL Thailand*, *Manoa* and *Manukai*. All OK.

On April 16, I attended the L.A. County Labor Federation delegate meeting. Eli Wegger was sworn in as SUP delegate. On April 24, AMMVMC meeting to prepare for Maritime Day. On April 27, ILWU Local 13, hosted Cal Fed AFL-CIO strike sanction meeting for United Steel Workers (USW) Local 65 against Tesoro Refining and Marketing Company. This may effect some Wilmington and Long Beach tanker terminals. The membership will be informed of any updates. On May 3, went to the Harbor Labor Coalition meeting.

On May 10, the Maritime Trades Department (MTD) meeting was held. The main topic was about stopping the campaign finance reform initiative in November. This initiative unfairly restricts Union political contribution. According to the AFL-CIO, this is the most important issue on the November ballot. Make your voice heard and vote.

May 12, the South County Labor Breakfast was held to honor the Dan Foley Outstanding Labor Leader Award for 2012. Janet Wright-Schabow, Business Representative for IAMAW Lodge 947, was the honored recipient. There was a full house of politicians and labor leaders.

On May 19, we painted walls and cleaned up the Maritime Memorial for the May 22 celebration of National Maritime Day. I would like to thank Ken Delancey, Rudy Bacalla and MFOW's Pasquale Gazillo, Phil Klein, Richard Brown and Bob Mintz.

Mark Hurley, Branch Agent

## Honolulu

May 21, 2012

Shipped the following jobs in May: 1 Bosun return, 1 AB Day steady, 1 AB Day relief, 1 AB Watch steady, 1 AB Watch return, and 2 AB Maint steady. The shipping jobs were filled by 4 A cards, and 3 B cards.

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

Registered in May: 3 A cards, 5 B cards, 3 C cards and 1 D card. To date totaled registered: 11 A cards, 7 B cards, 7 C cards and 5 D cards.

### Ships checked

The *Manukai*, *Maunawili*, *Maunalei*, *Manulani*, *RJ Pfeiffer*, *Mokihana*, *Manoa*, *Maui*, *Mahimahi*, and the Paint and Rigging gang. All are running with few or no beefs. As you can see, shipping really slowed down in the month of May in Hawai'i.

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, sign waving for Mazie Hirono, and the Honolulu Council Navy League Merchant Mariner of the Year luncheon. Mahalo,

Michael Dirksen, Branch Agent

## Aussies enact major shipping reform

The Australian parliament passed legislation aimed at reviving shipping in that country. The legislation calls for zero taxation for Australian ships and zero taxation for Aussie mariners.

Labor (Maritime Union of Australia), shipowners and the Labor Party worked for over ten years to gain the bill's passage.

MUA President Paddy Crumlin stated that "what Australia has effectively done is, it has shown the way in international shipping, showing that flag-of-convenience shipping can be defeated."

Australia currently has 21 ships under the country's flag, down from 55 in 1996.

## Dispatcher's Report

Headquarters—May 2012

Deck	
Bosun .....	4
Carpenter .....	0
MM .....	3
AB .....	7
OS .....	3
Standby .....	7
<b>Total Deck Jobs Shipped .....</b>	<b>24</b>
<b>Total Deck B, C, D Shipped .....</b>	<b>8</b>
Engine/Steward	
QMED .....	0
Pumpman .....	0
Oiler .....	0
Wiper .....	0
Steward .....	0
Cook .....	0
Messman .....	0
<b>Total E&amp;S Jobs Shipped .....</b>	<b>0</b>
<b>Total E&amp;S B, C, D Shipped .....</b>	<b>0</b>
<b>Total Jobs Shipped - All Depts. ...</b>	<b>24</b>
<b>Total B, C, D Shipped-All Depts. ..</b>	<b>8</b>
<b>Total Registered "A" .....</b>	<b>25</b>
<b>Total Registered "B" .....</b>	<b>25</b>
<b>Total Registered "C" .....</b>	<b>20</b>
<b>Total Registered "D" .....</b>	<b>44</b>

## SUP members join pension ranks

The following SUP members joined the rank of pensioner, bringing the total number of SUP members to 443:

**Louis A. Mendez**, 61, Book No. 6465, joined SUP in 1967, 20 years seetime.

**William Walker**, 65, Book No. 3636, joined SUP in 1969, 11 years seetime.

**Inti Sternback**, 74, Book No. 7509, joined SUP in 1980, 8 years seetime.

**Alex Rejojo**, 72, Book No. 19094, joined SUP in 2003, 5 years seetime.

### An AB's Prayer

Lord when I grow up I want to sail just Day Man

And roam the decks just free

Greasing splicing and painting

And nobody messes with me.

The toilet bowls they are shining

And all the decks swept free

Saturdays, Sundays and holidays

Are the days that are special to me.

May all my meals be penalties

And none of that steering for me

For Lord I am now a Day Man

Just running wild and free.

Now the weather is quite lousy

And homeward bound are we

But the Day Men are still out there

As miserable as can be.

Oh Lord on second thought please

Let me remain, just an old AB.

Tom Larkin AB Voy#101

MV. *Maunawili*

**ATTEND YOUR  
UNION  
MEETINGS**



American Merchant Marine Veterans Memorial celebrating National Maritime Day on May 22. L-R back row-Bob Mintz (MFU), Bob Bugarin MFU Wilmington Port Agent, Bob Rush (MFU), Ken Delancey (SUP), Joe McDonald (SUP), Mike Snyder (MFU), SUP Wilmington Branch Agent Mark Hurley, Steve Meyer (SUP), Barry Fisher (SUP), Cheryl Rummams (MFU), Front Row-Dave Munroe (SUP), Scott Hudson (SUP), Corey Burton (SUP), and Pasquale Gazillo (MFU). Photo: Geoff Gill.