

PRESIDENT’S REPORT – APRIL 2022

GOVERNMENT MATTERS

Senate Commerce Committee Mark Up on OSRA: On March 22, 2022 the Senate Commerce Committee met to discuss and amend a bill called the Ocean Shipping Reform Act or OSRA, which would let the FMC regulate foreign carriers that refuse to carry American agricultural products to overseas markets. Using the supply chain problems as well as the ban on Russian oil as a political platform, some senators tried to tack on damaging and unrelated Jones Act waiver amendments.

Senators Ted Cruz (R-TX) and Mike Lee (R-UT) introduced waiver amendments that were designed to confuse and obscure the issues. Cruz, for example, argued falsely that a vote against his amendment is a vote for higher gas prices for Puerto Rico. But Chair Maria Cantwell and a bi-partisan group of senators ably rose to the defense of the Jones Act. Cantwell said that on the contrary “we should be looking at ways of strengthening our maritime industry.” She noted that “wind energy work is growing” and the “Jones Act is working there. We do not need an end run of the Jones Act.” The amendments failed.

Strategic Petroleum Reserve: At the invitation of the White House, and hosted by the Department of Homeland Security, Department of Energy, Department of Transportation and the Maritime Administration, I attended an industry discussion on April 5 on the pending release of oil from the nation’s Strategic Petroleum Reserve or SPR and any potential Jones Act waivers related to that action.

There is a lot of oil to be released, (180 million barrels), and protocols for release clearance were outlined, including an assessment of the domestic tanker demands and capacity. The Biden Administration has improved the protective nature of the waiver process by issuing waivers only on a case-by-case basis rather than a blanket loophole as used by previous administrations. Here the process transparency revealed how the waiver system is gamed at a high-level by foreign-flag charterers, traders, and operators. Basically, the six-month advance auction for SPR lifting contracts is boycotted by foreign players betting on a no obligation low-risk option later. If enough players stay away, finding ships at the time the barrels need to be moved can be tricky, and the pressure to move oil intensifies leading to MarAd granting waivers to get the job done.

If true it’s an unfair gain of emergency powers effectively granted to flag-of-convenience competition: a risk-free option of participation without commitment. The U.S. government’s role to maximize the use of the U.S.-flag ships and American labor is thus subverted despite the best intentions of MarAd. This subtle subversion of the Jones Act will make the SPR release an interesting test of will. It is the backroom reflection of flashy and shameless politicians openly advocating for feeding the Jones Act to the sharks patrolling offshore.

Ship American (Cargo Preference) Funding: As part of the broad industry group, USA Maritime Coalition, and in coordination with the rest of maritime labor, the Union signed on a

letter to Sen. Tammy Baldwin, (D-WI), Chairwoman of the Subcommittee on Agriculture, part of the Senate Committee on Appropriations, to request continued support for the Food Aid programs in FY 2022. The letter also pursues a budgetary increase to grow this essential component of U.S. maritime policy.

Maritime Security Program: Although the federal budget passed by Congress and signed by President Biden maintained full funding for the Maritime Security Program, the effort to secure funding for the next fiscal year is in full swing. Accordingly, the U.S.-flag shipping coalition called USA Maritime sent a letter to the key Committees in the House and Senate. The Biden Administration FY 2023 budget request just sent to Congress maintains full funding for MSP at the \$318 million level, which works out to be a \$5.3 million per ship stipend. The President's budget also requests \$60 million for the new Tanker Security Program for an expected 10 ships producing at \$6 million stipend. The Maritime Administration is expected to soon begin the process of selecting tankers for the new program, which will support America's strategic defense needs by reducing the military's reliance on foreign-flag vessels.

COVID-19

As the new Omicron variant called B.A2 spreads, it has quickly become 98% of all the cases in the U.S. Dr. Anthony Fauci and other health experts say B.A2 is more transmissible than even Omicron which was roughly six times as contagious as Delta. Symptoms so far suggest upper respiratory tract infection and less severity, especially in terms of hospitalization and death, and vaccinations and immunity gained from previous infection are providing greater protection so far from the worst outcomes. That's good news, but again comes a variant even more transmissible than the last just as the vaccine immunity begins to wane and restrictions are relaxed. If the UK and the U.S. East Coast provide the same warning they have in the past, a spike if not a wave of new infections are ahead. Urge all hands to get vaccinated and boosted as the best protection.

MATSON NAVIGATION

Alcohol policy: On March 14, Matson notified its Unions that the company would implement a policy to prohibit alcohol on all its ships. In a letter from Senior Vice President Capt. Jack Sullivan to ship masters, the company cited the long-developing industry trend away from alcohol where Matson was an exception, a mixed policy within their owned fleet, as well as recent increase in injury cases involving alcohol. The policy in significant part is as follows:

4.1 Company Obligation – Matson is also obligated to comply with applicable United States laws and regulations. Matson is obligated to provide a reasonably safe workplace for its employees, safe vessel for all onboard, and capably manned ocean transportation for cargo shippers. It is unacceptable to place people, the environment, or property at risk by allowing alcohol aboard Matson's Vessels.

4.2 General Guidance – Alcohol is not permitted aboard Matson Vessels. Alcohol cannot be brought, possessed, or consumed by anyone, at any time, aboard Matson Vessels. This policy does not apply to vessel cargo, or any alcohol products in Matson's possession, for industrial, medical, or maintenance purposes.

In consultation with the other Unions, most of whom have already agreed to dry ship and zero-tolerance policies, we still consider the policy objectionable, under review and subject to the grievance procedure. The ability to prevail in arbitration, however, given the industry standards and other justifications unfortunately faces significant obstacles.

Mask policy: On April 4, 2022, Matson issued its latest COVID policy update (#55) that covered masks and masking on board. Referencing the USCG MSIB 2-21- CH 4 that removes the requirement on commercial vessels at sea or where only the crew are onboard, the policy still requires masking in all other situations. That includes when non-crew is aboard in port, such as longshore, vendors, pilots, etc. The policy also clarified that the 5-day quarantine period does not apply to existing crew returning from shore leave. Only new crew must “quarantine” in their rooms outside of work hours, among other things for five days after joining.

APL MARINE SERVICES

Standby COVID-19 testing problems: After notification from members and from Wilmington Branch Leon Gandy about problems dispatching standbys (especially long delays) to jobs in Los Angeles, and noting the changes in the pandemic safety calculus, I twice contacted the company. I made clear our frustration about the pre-boarding testing, especially for standbys. I also proposed various solutions including elimination of the testing requirement, or payment for the pre-board testing day, as well as using other clinics or “at home” test kits since much of the delay seems to be in the bureaucratic procedure between APL’s medical manager FutureCare and the main clinic call “Make You Well” in Torrance. The company did not accept these proposals, but discussion is ongoing, and the company for the first time acknowledged problems. APL’s labor relations representative Karen Randmer said that the topic was under continuous discussion internally and is in negotiations with FutureCare, specifically about the testing challenge with standbys. Because of these and earlier actions, management directed FutureCare to seek other solutions. I also contacted Matson on the topic, and will keep the membership informed on further progress.

CALIFORNIA LABOR FEDERATION

The California Labor Federation held its pre-Primary Convention in a virtual format on April 6, preceded by two days of Executive Committee meetings beginning on Monday April 4, 2022. Delegates endorsed candidates for federal and state government offices and a legislative agenda that including a new billionaire’s tax (AB 2289), an affordable housing bill (AB 2053) and an initiative reform effort. The powerful ballot initiative process, most recently hijacked by big money interests in the Prop 22 campaign, needs careful revision to preserve its integrity. This reform would require that at least 10% of the signatures needed to qualify the initiative are collected by unpaid volunteers.

Recommendations from local labor councils for elective offices were also considered and dozens of labor endorsements were made but only for those candidates that truly support improving the wages and working conditions of workers. Delegates from the SUP were Roy Tufono, Sam Worth, Matt Henning and myself. There will be another round of this political action for the general election in November.

TRANSPORTATION TRADES DEPT., AFL-CIO

The TTD held its Executive Committee meeting on April 4 and passed a sweeping policy agenda in support of transportation labor. Regarding the maritime sector, the TTD called for the Biden Administration and Congress to support a new national maritime strategy that revigorates and enforces the Jones Act, increases cargo preference (Ship American) requirements, and strongly opposes Flag-of-Convenience registries. While this not exactly a new position, in the context of today's events a refresh of supply chain resiliency, of American jobs, and of national security and readiness, is robust and persuasive. See this month's *West Coast Sailors* for more.

SUP WELFARE PLAN

At the March meeting of the SUP Welfare Plan Trustees, (SUP VP Matt Henning and myself for the Union along with the Employer Matt Tucker with APL and Tom Percival for Matson) were advised that Blue Cross/Blue Shield of Louisiana had informed the Plan Administrator of their intent to terminate its contract with the Plan. The reason for the termination was that there was only one participant left in the group. Because it is a group plan, a single participant breaches the terms of the agreement. The provider contract "reserves the right to terminate the Group when participation is less than two (2) Employees" and has exercised that right.

Sarah Kantor, Associate Attorney with Plan counsel Trucker Huss advised that, in concert with the Plan's eligibility outlook, the trustees had no alternative for lawful continuation of the contract. For more context, maintaining this provider has been come at an ever-increasing cost to the general membership even when there were greater participants involved. It was a vestige of a different era, when health care pricing was more stable and generalized, less data driven, and the SUP had much greater enrollment because there were ships and members in the New Orleans area. The Trustees continue to monitor the health care landscape for viable out-of-area coverage options and will keep the membership apprised of that ongoing effort.

SUP BUILDING CORP MEETING

On April 11, 2022, the Trustees of the SUP Building Corporation met to consider the management issues of the Union's property at 450 Harrison St. in San Francisco. In attendance were the trustees including Paul Fuentes, Mike Worth, Matt Henning, Roy Tufono, and myself as well as SUP Controller Alice Wong. The Trustees heard about various building issues including maintenance and equipment repairs, tenant lease updates including those of the cell carriers and status of their ongoing development proposals. The office rental market in San Francisco is still extremely negative but generally the property is in good shape and in the view of the Trustees is being managed in a manner that is financially beneficial to the membership.

QUARTERLY FINANCE COMMITTEE

In accordance with Article XVII, Section 2 of the SUP Constitution, a Quarterly Finance Committee shall be elected at today's Headquarters' meeting to review the finances of the Union for the first quarter of 2022, and report back to the membership at the May membership meetings. Dozens of endorsements were made in Congressional and state election

In the event the Committee cannot be filled today, recommend that when the quarterly audit is completed, which will be in about three weeks, necessary Committee members be shipped off the hiring hall deck as per past practice. The Quarterly Finance Committee will turn-to on Monday, May 9 at 0800.

HOLIDAYS

Good Friday – SUP hiring halls on the West Coast will close at noon on Good Friday, April 15, 2022. The Honolulu Branch will be closed all day, as it is an ILWU Local 142 holiday. It is therefore a holiday for Matson ships in Hawaiian ports and for those working under the Matson-SUP Maintenance agreement.