

PRESIDENT'S REPORT

ELECTION OUTCOME

An historic election finally reached a close if not conclusion as President-Elect Joe Biden and Kamala Harris were declared the winners by major media, as the vote count continued to confirm that calculation, and as legal challenges and allegations of voter fraud emerging from the Trump campaign failed so far to gain strength. Biden gave a victory speech on Friday November 6th, and although President Trump has not yet conceded, a form of transition of the Executive Branch is reportedly underway.

Down ballot the Democrats lost seats in the House while still retaining a majority. In the Senate, Democratic gains fell short of a majority pending the outcome of two runoff elections in Georgia in January. In order to gain control of the Senate, Democratic challengers in Georgia need to win both races on January 5th which would result in a unlikely 50-50 split for which Vice-President-elect Kamala Harris would be the tiebreaking vote. Across the country, a predicted wave election that might have led to far more radical changes, did not materialize. Election analysis is premature, but if the Republicans retain control of the Senate, then a narrowly divided government representing a divided nation will persist. Such conditions may aid support for the traditionally bi-partisan U.S. merchant marine, but in any case, the SUP must remain vigilant and active to ensure that support for sealift capability, for MSP funding, for Jones Act respect, for cargo preference and for merchant mariners as critically essential parts of the supply chain is delivered as promised.

SUP supported candidates benefited from our focused contributions, particularly Kai Kahele in the second district of Hawaii, Marilyn Strickland and Pam Shrier in Pacific Northwest, and Josh Harder and Jerry McNerney in the Central Valley of California battlegrounds. There is a still undecided House race in California's 21st Central Valley District, where the SUP supported Filipino-American T.J. Cox trails David Valadao by a few thousand votes with many thousands of ballots left to count. Cox won by only 800 votes in 2018 and could benefit by the same pandemic-induced mailed ballot advantage that Democrats experienced nationally. More broadly, the long-time and powerful SUP-endorsed maritime champions such as Pramila Jayapal, Rick Larsen, Alan Lowenthal, John Garmendi, Barbara Lee, Sean Maloney, Peter DeFazio and many others were also re-elected. And in a territory once reliably opposed to the Jones Act as it was represented by John McCain, SUP supported Mark Kelly in Arizona was elected to the U.S. Senate. We look forward to working with them all to effect a change in maritime law to render it more equitable and an aid to the development of the American Merchant Marine and a body of American seamen, as it says in the SUP Constitution.

Finally, labor took a massive hit in California with the passage of a landmark right-to-work ballot measure called Proposition 22. It gives legal standing to the misclassification of "gig" employees as contractors. Despite deceptive language about being pro-worker, in the near term it is a slam-dunk victory for companies that don't like to pay overtime or benefits or have to deal with Union contracts. At a cost of nearly 200 million dollars, it sends a clear message to the ultra-rich forces arrayed against workers – a vote of the people can be bought even if it is against their long-term interests. It says that overturning the law of the land made by elected

representatives and the court decisions that supported it is not so difficult just expensive. Such a fact has far-reaching if unknown consequences for business and labor but there is no silver lining here and no sugarcoat – Proposition 22 was a stinging defeat for labor. As parts of the seemingly omnipotent technology economy now emerge as more or less anti-labor, the view opens on a new battlefield. For much more on the election see this month’s West Coast Sailors and visit the political and elections 2020 page of the SUP website at www.sailors.org.

AMERICAN PRESIDENT LINES

Maritime Security Program: maritime Unions remained engaged on Capitol Hill to secure funding for the all-important MSP. These efforts pre-date the pandemic but became part of or connected to the overall COVID-19 relief funding package that has been the primary budgetary focus of Congress in the run up to the election. As it became clear that no relief package would be approved before the election, and the government would be kept open by a Continuing Resolution (CR), the Maritime Administration acting in part on our requests funded the MSP at increased rate of the new legislation using MSP carryover funds that were previously appropriated but unobligated in the MSP account. That means that even without the enabling legislation, the MSP program is funded for another month at the \$314 million level (up from \$300 million) covering the outset difference between fiscal year 2020 and 2021 under the CR.

As noted above, however, long term funding levels of the Maritime Security Program, embedded within the National Defense Authorization Act, will require continued appropriations independent of the reasonably secure national defense outlook in the new government.

Chinese Visas: On October 27 APL management informed the SIU-PD Unions that due to various factors it was renewing the policy of facilitating the process for acquisition of Chinese visas for all EX1 service dispatches. Management will continue to reimburse the visa consulate fee and urged all members to get a visa (if possible) to “facilitate medical attention ashore and/or repatriation.” For context, an SUP member without a visa recently sustained an injury in a Chinese shipyard. Since there were no visas available and no shore leave permitted by the Chinese government, the injured member was technically “attached” to the ship despite the injury. There came a period of quarantining, multiple COVID tests, Chinese government clearance via MarAd and State Department intervention, and finally surgery and convalescence before repatriation. A pre-existing Chinese visa would have helped, and while obtaining a Chinese visa is not a requirement for an assignment, and may be difficult to get, the Company still urges the attempt. This is a situation that could be affected by the election and change quickly without notice in the months ahead.

RTS Agreement: In October APL management proposed another renewal of the temporary Restriction to Ship Agreement. Remembering that in late September the membership ratified a renegotiated rate amounting to a 50% increase to \$150 per day, the Union conducted some polling and internal review I worked with San Francisco Business Agent Roy Tufono, Wilmington Branch Agent Leon Gandy, and Vice-President Matt Henning, on an internal review that included average per trip additional compensation of \$900, due in part to the congestion delays in Los Angeles. Then after discussion with the MFOW and the SIU as well as the licensed unions, we tentatively agreed to the same terms, (with continued efforts at internet improvement

functionality in President Roosevelt), subject to ratification. Those terms are for a temporary 30 day agreement to compensate sailors for restrictions not required by local government at the stipend rate of \$150.00 per day (or overtime for less than 4 hours) plus \$40 per week in slop chest offset and continued premium internet service, among other administrative items. *Mr. Chairman, I recommend ratification.*

INDUSTRY TELECONFERENCE

On November 4, I participated in another large industry teleconference hosted by the Maritime Administration, and military commanders at the U.S. Transportation Command (TRANSCOM), as well as the Coast Guard (USCG) and other government agencies. Officials noted that merchant mariners continue to maintain a high priority for the COVID-19 vaccine when it becomes available. That timing now appears to begin in January of 2021 as part of Operation Warp Speed. The Coast Guard also warned that it plans to return next year to a more traditional credential renewal program, which suggests an end to the current June 30, 2021 extensions is foreseen.

Labor for its part demanded that government and military officials to keep the physical and mental health of merchant mariners at the forefront of their minds. We noted that there had been some restriction-to-ship agreements and accommodations with some employers, but that the general situation cannot persist indefinitely without severe consequences. We noted inconsistency and lack of availability in virus testing, some localized problems with on-board internet, but acknowledged an increase in available PPE. We thanked the USCG for the extensions, noted improvement in Diego Garcia flights for reliefs while calling attention to the burden of longer assignments for all given the quarantining and infrequency of flights. Finally, and acknowledged the work of the U.S. Department of State among others to secure regular repatriation protocols as well as assistance in China with an injured member.

Government officials and health experts called attention to the recent increase of COVID-19 cases, the next 8 to 12 weeks will see the crest of a ferocious second wave. Thanksgiving holiday gatherings was foreseen as a transmission event, and although it wasn't mentioned on the call the post-election celebrations relaxation of careful preventative behaviors could increase the danger. Last week there was the first day of more than 100,000 new cases in a single day nationally, a record broken the very next day by report of more than 126,000 cases. It's frustrating but San Francisco and many other places have started to restore some restrictions.

Accordingly, members are urged to not let down their guard, to maintain good respiratory, hand and face hygiene, practice radical social distancing, and continue to support all the other protocols in place. In our homes, halls and ships our many layered defense has kept us safer, lessened the impact, and prevented the spread of disease. Combined with luck, the SUP has had remarkably successful run against a dangerous virus. Vigilance may extend our luck and bolster the resilience for which, without overconfidence, the Union can be rightly proud.

TTD COMMENTS ON HAIR TESTING AND INDEPENDENT CONTRACTORS

The SUP joined with the rest of transportation labor to request a delay, or oppose

implementation if a delay is rejected, of the U.S. government's proposed regulatory guidelines for the use of human hair samples in federal workplace drug testing. Via the AFL-CIO's Transportation Trades Department, we registered again our strong and unified objection to the potentially discriminatory nature of the test (where people of color may unfairly test positive) and other unreliability built into the program structure that depends on undeveloped science. If allowed to go forward unchecked, hair follicle test will eventually reach and change drug testing system within the maritime industry.

In another letter, we also vehemently opposed a Department of Labor proposed rulemaking that would amend the definition of independent contractors under the Fair Labor Standards Act. Like Proposition 22, this is an attack on working people and their right minimum wages and overtime, allow employees almost an entirely free hand in misclassification of workers. There will be more in this ongoing battle in the months ahead.

UFCW LOCAL 5 CONTRACT NEGOTIATIONS

On October 26, I contacted John Nunes, President of UFCW Local 5 with official and unofficial notice intent to bargain a new contract to replace the existing Agreement that nominally expires on December 31, 2020. In preparation for bargaining, along with SUP VP Matt Henning we began outreach by various methods to members on the issues. As is always the case, the Union is accepting proposals on all matters related to collective bargaining and members are urged to submit in writing any item of consideration for review and development. Will continue to keep the membership informed on these negotiations.

MATSON NAVIGATION CO.

Cape Hudson: After a four-month high-profile deployment on the Pacific Defender mission throughout Asia including the Cobra Gold operation, the Ready Reserve Ship *Cape Hudson* returned home to Pier 50 in San Francisco in good shape on October 27, 2020. Bosun Phil Coulter and delegate Andrew Montoya deserve credit for their skill in seamanship and deft handling of many different difficult situations, not least of which was continuous quarantine and offloading the ship in Thailand when Thai stevedores refused to work an American ship. AB's Robert Lee, Ian Serra and Jamie McKeller helped finish off the trip, along with Ordinary Seamen Reggie Glover, Damon Collins, and McKevin Dulay. Kudos to all.

Security Breach: On October 14 Matson information networks were attacked by cyber-criminals. The attack potentially exposed the biographical data of employees to hackers. Although the Company has no information that employee data was accessed, used, or sold, it has reported the attack to law enforcement and taken other precautions. Included in those precautions is a company-paid one-year membership in an identity protection service through the credit bureau Experian using a product called Experian IdentityWorksSM. Individual letters on the topic were sent by the Company to every SUP member who has worked for Matson and has a personnel record on file. The same letter is posted on the ship and in the Union hiring halls.

Briefly, members can enroll online for fraud protection or as an alternative can call Experian Credit Bureau at 877-890-9332 if they believe there was fraudulent use of their

information, and a Experian Identity Restoration agent will help investigate and resolve each incident of fraud (including, as appropriate, helping with contacting credit grantors to dispute charges and close accounts; assisting in placing a freeze on your credit file with the three major credit bureaus; and assisting with contacting government agencies to help restore your identity to its proper condition).

Separately, the Matson had recent positive COVID cases at Sand Island, including one SUP member, and in addition to quarantines the Company expanded its preventative measures beyond temperature checks at the gate; protocols for masks, social distancing, and sanitizing; mandatory testing of new crewmembers; and the on-going monitoring of the health of crewmembers while aboard. Now Matson will offer an optional pre-discharge COVID-19 tests to departing crew members before returning home. The request will be made at the same time as the relief request. Then using a test kit kept in reserve inventory on each ship, the ship's Medical Officer can administer the test prior to the vessel arrival. Upon arrival in port and using the vessel's mail process, the swab shall be sent overnight via FedEx to Matson's COVID manager OML and their laboratory in Georgia. OML will send the test results to the Crewing Department, who will then forward the test result to that crewmember's personal email address or call the crewmember with the test results if a personal email address is not listed. The crewmember can expect to receive their results in approximately 24 hours.

Finally, Matson reported excellent earnings for the third quarter despite the troubles of the economy mainly due to its China service, which includes U.S.-flag and its now "permanent" foreign-flag "CLX+" service. Volumes were up more than 124% in the China trade and relatively flat everywhere else. The Company's net income improved to \$70.9 million versus \$36.2 million in 3Q 2019. The Company also reported the new-build con/ro *Matsonia* at 99% complete and scheduled to enter service in the fourth quarter.

QUARTERLY FINANCE COMMITTEE

In accordance with Article XVII, Section 2 of the SUP Constitution, a Quarterly Finance Committee will review the finances of the Union after the quarterly audit of Union funds is complete, and then report back to the membership. The elected Committee comprised of members in attendance was "shipped off the deck" and met on November 9 to do the work. They looked at the income and expenses of all accounts, noting net positive number for the third quarter of the year. The members of the Committee – John Crockett, Tom Shafer, Dennis Sumague, Lymwel Gador, and James Linderman – were advised of the steep loss in rental income offset by aggressive cost control to maintain a even financial keel. Their report is attached.

OFFICER'S WAGES

Article XV, Section 1(a) of the SUP Constitution states that "The salaries and supplemental pay of [Union officers] shall be adjusted automatically on the same percentage basis whenever the membership has a percentage adjustment in wage and vacation pay for the Offshore Agreement." On July 1, 2020 members working under the Offshore Agreement at Matson Navigation Co. received a three and a quarter (3.25%) percent increase. On October 1,

2020 members working aboard Company ships under the offshore agreement of APL Marine Services, received a three (3%) percent increase in wages and wage related items. Therefore as authorized by the Constitution and consistent with SUP past practice, a three and one-eighth (3.125%) percent increase in wages and wage related items for Union officers retroactive to October 1 is due and payable. Notice on the wages for officials, delayed until APL ratification was complete, will published in the November West Coast Sailors.

HOLIDAYS AND HOLIDAY PARTY

Holiday Luncheon: After contact from member and agents both for and against, the long standing and popular SUP/MFOW holiday party is this year regrettably cancelled. After coordination with MFOW President and Welfare Plan Trustee Anthony Poplawski, the SUP Trustees agreed that that due various local government orders banning large gatherings during the pandemic, the risk to both health and continued operation of our hiring halls was too great. We hope to hold the resume the normal festivities next year.

Veteran's Day: SUP hiring halls will be closed on Veteran's Day, Wednesday, November 11 which is an SUP contract holiday.

Thanksgiving: SUP hiring halls will be closed on Thanksgiving Day, Thursday, November 26 which is an SUP contract holiday.

Christmas Eve - Since Christmas Eve is a Mainland ILWU holiday, SUP halls in Seattle, San Francisco and Wilmington will be closed on Tuesday, December 24, in accordance with the Agreements with APL and Matson. It is a holiday for vessels in Pacific Coast ports on that day and for those working under the SUP Maintenance agreements. Christmas Eve is not an ILWU holiday in Hawai'i, however, the Honolulu Branch will close at Noon.

Christmas Day - All SUP halls will be closed on Wednesday, December 25, in observance of Christmas Day: SUP hiring halls will be closed on

New Year's Day: SUP hiring halls will be closed on New Year's Day, Wednesday, January 1, 2021 which is also an SUP contract holiday.

ACTION TAKEN

M/S (Crocket, Fuentes) to approve renewal of APL RTS settlement agreement. Carried unanimously.
M/S (Reed, Bacay) to concur in the balance of the President's Report. Carried unanimously.