



West Coast Sailors

Official Organ of the Sailors' Union of the Pacific

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SAN FRANCISCO, CALIFORNIA

Friday, August 19, 2011

Matson's foreign-flag fleet flops

China-Long Beach express service axed, millions lost

Matson Navigation Company pulled the plug on August 8, on its five ship foreign-flag liner fleet after hemorrhaging millions of dollars.

Named the China-Long Beach Express 2 (CLX2) and modeled after the successful and ongoing U.S.-flag, U.S.-crewed and U.S.-built China-Long Beach Express 1 (CLX1) service, the foreign-flag model just didn't work.

Matson's President Matt Cox said, "Unfortunately, the economics of the TransPacific trade have shifted dramatically in the relatively short time since we developed the model. Sustained high fuel prices, rate volatility and overcapacity in the Asia market have made this growth initiative unprofitable. Unlike Matson's first China-Long Beach Express, which includes calls in Hawai'i and Guam enroute to China, resulting in revenue for both westbound and eastbound voyages, the second string sailed directly from Long Beach to China, making the economics

of the service during this period exceptionally difficult."

Difficult to say the least. Matson's operating profits plunged 75% to \$9.4 million in the second quarter of this year from \$37 million in the corresponding quarter of 2010—most of it due to the CLX2 melt-down.

The start-up costs for the foreign-flag operation was \$60 million to cover the cost of chartering the ships plus the cost of buying 9,000 containers and leasing another 9,000.

Matson was still singing the praises of this service as recently as February, even though it lost \$17.2 million in the last three months of 2010. From the beginning of 2011 until August, the company lost \$30 million on the service. The last eastbound sailing from Shanghai will depart on August 21. Westbound service from Long Beach to China will continue until September 3. Three of the five vessels chartered will be returned

to their owners in the third quarter of 2011, when their charter terms end. Matson intends to sub-charter the remaining two vessels until July 2012 when the charter obligations terminate. Excess containers available due to their termination of CLX2 will be used in other services, returned to leasing companies or sold. Matson will also close an office in China and terminate the majority of employees hired for the service. These actions are expected to be substantially completed in 2011, however, the return of the leased containers is expected to occur over a period of 12 to 18 months.

The termination of Matson's foreign-flag service from the West Coast to East Asia will have no effect on the company's China-Long Beach Express 1 service. This U.S.-built, U.S.-crewed and U.S.-flagged string of five vessels is comprised of the *R.J. Pfeiffer*, *Manukai*, *Manulani*,

Maunawili, *Maunalei*. These vessels operate between Long Beach, Honolulu, Guam, Xiamen, Ningbo and Shanghai and then directly back to Long Beach. The SUP is the unlicensed deck department in these vessels.

In other Matson financial news, ocean transportation revenue increased 22%, or \$57 million, in the second quarter compared to the second quarter of 2010.

Total Hawai'i container volume was up 6%, automobiles up 6% and China containers doubled from 16,400 to 38,800. Guam-bound containers declined by 19%.

Overall, Matson's parent company, Alexander & Baldwin (A&B) reported net income of \$18.7 million for the second quarter compared to \$28.9 million for the same period last year. Net income (profits) for the first half of 2011 was \$23.9 million compared to \$46.2 million for the first six months of 2010.

"Second quarter earnings benefited from solid performance from our core Hawai'i Transportation service and from our Real Estate and Agribusiness segments," said Stanley M. Kuriyama, A&B President and Chief Executive Officer. "However, persistently high fuel prices and overcapacity in the TransPacific trade had a significant negative impact on the performance of our two China-Long Beach services (CLX1 and CLX2), which overshadowed the company's otherwise strong second quarter performance."

"Also significant was the recent announcement of our plans to develop a six-megawatt photovoltaic facility on our land in Port Allen, Kauai, which represents both a major new source of clean, renewable energy for the island of Kauai, and a further expansion of A&B's significant renewable power generation capabilities," said Kuriyama.

Billionaire Buffett says stop coddling the super rich

Warren Buffett, one of the world's richest men, has said repeatedly that U.S. taxes should be higher on him and his fellow billionaires and millionaires. On August 15, he laid it on the line in a New York Times op-ed piece. His article is reprinted in full:

"Our leaders have asked for 'shared sacrifice'. But when they did the asking, they spared me. I checked with my mega-rich friends to learn what pain they were expecting. They, too, were left untouched.

While the poor and middle class fight for us in Afghanistan, and while most Americans struggle to make ends meet, we mega-rich continue to get our extraordinary tax breaks. Some of us are investment managers who earn billions from our daily

labors but are allowed to classify our income as 'carried interest', thereby getting a bargain 15% tax rate. Others own stock index futures for 10 minutes and have 60% of their gain taxed at 15%, as if they'd been long-term investors.

These and other blessings are showered upon us by legislators in Washington who feel compelled to protect us, much as if we were spotted owls or some other endangered species. It's nice to have friends in high places.

Last year my federal tax bill—the income tax I paid, as well as payroll taxes paid by me and on my behalf—was \$6,938,744. That sounds like a lot of money. But what I paid was only 17.4% of my taxable income—and that's actually a lower percentage than was paid by any of the other 20 people in our office. Their tax burdens ranged from 33% to 41% and averaged 36%.

If you make money with money, as some of my super rich friends do, your percentage may be a bit lower than mine. But if you earn money from a job, your percentage will surely exceed mine—most likely by a lot.

To understand why, you need to examine the sources of gov-

ernment revenue. Last year about 80% of these revenues came from personal income taxes and payroll taxes. The mega-rich pay income taxes at a rate of 15% on most of their earnings but pay practically nothing in payroll taxes. It's a different story for the middle class: typically, they fall into the 15% and 25% income tax brackets, and then are hit with heavy payroll taxes to boot.

Back in the 1980s and 1990s, tax rates for the rich were far higher, and my percentage rate was in the middle of the pack. According to a theory I sometimes hear, I should have thrown

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SUP Quarterly Finance Committee Report

SUP QUARTERLY FINANCE COMMITTEE REPORT FOR THE QUARTER ENDED JUNE 30, 2011

The Quarterly Finance Committee, duly authorized to act by the regular meeting at Headquarters on July 11, 2011, hereby submits the following report:

SUMMARY OF CASH AND INVESTMENTS

General Fund	\$659,712.19
Political Fund	\$7,604.69
Strike Fund	<u>\$1,293,730.99</u>
Total Cash and Investments 2nd Qtr. 2011	<u>\$1,961,047.87</u>

GENERAL FUND

Income:	
Dues, Initiation, Assessments	\$100,875.65
Interest	16,261.13
Donations - <i>West Coast Sailors</i>	1,545.00
Tanker & Joint Committee, Hiring Hall	123,210.35
Advertising & Promotion	15.00
Miscellaneous Income, Reimbursements, Fines	2,765.61
Reimbursed Administrative Expenses	23,764.45
Contributions - General Fund	<u>2,645.90</u>
Total Income:	<u>\$271,083.09</u>
Expenses:	
Auto & Travel	\$762.55
Rent	18,656.70
Postage, Printing & Office	5,141.38
Telephone & Telegraph	4,463.21
<i>West Coast Sailors</i> Publishing Expense	7,331.46
Per Capita	12,015.00
Salaries & Payroll Taxes	182,093.85
Office Workers Pension	5,148.00
Insurance	37,617.56
Field Expense	3,604.66
Committee & Neg., Conference & Conv.	8,824.19
Investment Expense	1,214.23
Advertising & Promotion	360.00
Officials Pension	2,317.20
Subscriptions	7,865.52
Flowers	370.81
Contributions	<u>1,780.00</u>
Total Expense:	<u>\$299,566.32</u>

BUILDING CORPORATION

Income:	
Rents	\$81,937.84
Bldg. Util. & Service Reim.	<u>2,445.23</u>
Total Income:	<u>\$84,383.07</u>
Expense:	
Building Services & Utilities	\$27,561.35
Repairs & Maintenance	25,903.48
Salaries & Payroll Taxes	14,550.65
General Tax	13,152.97
Pension	385.44
Auto	62.55
Filing Fee	1,472.00
Accounting	4,000.00
Legal	2,213.00
Insurance	<u>4,648.95</u>
Total Expense:	<u>\$93,950.39</u>

POLITICAL FUND

Income:	
Contributions	<u>\$4,380.01</u>
Total Income	<u>\$4,380.01</u>
Expense:	
Contributions	<u>\$3,400.00</u>
Total Expense:	<u>\$3,400.00</u>
Net Income 2nd Qtr.	
Net Income 1st Qtr.	
YTD	
/s/ Rafael Cooper	
/s/ Arthur Thanash	
/s/ Steve Swinton	
/s/ Randy Coady	
/s/ Romaine Dudley	

ACTION BY THE MEMBERSHIP August 8, 2011. M/S/C—That we concur in the report of the SUP Quarterly Finance Committee and, as per past practice, publish in the *West Coast Sailors*. Carried unanimously.

Japanese big 3 record losses

Japan's big three container lines, "K" Line (Kawasaki Kisen Kaisha), MOL (Mitsui O.S.K.) and NYK Line, accumulated a combined operating loss of nearly \$265 million in their fiscal first quarter ending June 30.

"K" Line's containership business suffered a \$96.9 million loss in its fiscal first quarter, compared to a \$100 million operating profit during the same quarter last year. Container shipping revenue remained level in United States dollars, at \$1.3 billion, but fell 7% when converted into the Japanese yen due to the strengthening of the currency. "K" Line's overall revenue fell 3.6% to \$3 billion, while the group sustained a \$122.6 million loss in the quarter, compared to an operating profit of \$260.1 million during the same quarter in 2010. "K" Line said its container volume in its first quarter fell 1%, due primarily to the impact felt as a result of the March 11 earthquake off the northeast coast of Japan.

The third largest Japanese carrier also announced a revision for the entire fiscal year. The company now projects that it will suffer operating losses of \$64.1 million for the fiscal year, compared with an operating profit of \$751.4 million a year ago. Previously, "K" Line had projected an operating profit of \$676.92 million for the year. "Although there were many adverse factors in the first quarter, including the increase in the value of the yen and flagging containership rates, the car carrier business is recovering due to rapid restoration of operations by Japanese automobile manufacturers following the earthquake in March, and overall results were generally in line with expectations, "K"

Line said in an earnings release.

MOL's first quarter container shipping revenue dropped 4.8% in yen terms to \$1.6 billion. Container shipping losses were \$62.2 million for the quarter, compared to a \$101.5 million profit recorded a year ago. Overall revenue for MOL fell 12.1% in yen terms to \$4.3 billion for the quarter. The group sustained an operating loss of \$111.9 million in the fiscal first quarter, compared to an operating profit of \$439 million in the same period in 2010. MOL attributed their losses to declining volumes along the eastbound transpacific, down 9% on a year to year basis. Volume along the westbound Asia-Europe trade increased 13% in the quarter but rates along that trade are 30% lower than a year ago.

NYK Line's container-shipping business sustained a \$105.7 million loss, compared to a \$132 million profit in 2010. The company's container shipping division revenue fell 12.2% in yen terms to \$1.3 billion. Unlike "K" Line and MOL, NYK group revenue actually increased 11.3% in yen terms to \$5.4 billion, but the group still suffered a \$126.9 million operating loss, compared to a \$451.9 million profit in the fiscal first quarter of 2010.

SUP Meetings

These are the dates for the regularly scheduled SUP meetings in 2011:

	Hdqs.	Branch
September	12	19
October	Tues. 11	17
November	14	21
December	12	19

Maltese bulk carrier sinks off Malaysia

A Maltese-flagged bulk carrier has sunk after a collision with a Panama-flagged bulk carrier off Malaysia.

The 70,424 dwt *B Oceania* and 180,346 dwt *Xin Tai Hai* collided eight nautical miles off Pulau Pisang late on July 29, Malaysia's Bernama new agency reported. *B Oceania's* 23 crew members were evacuated onto lifeboats before the ship sank within two hours of the collision, Bernama said, while *Xin Tai Hai* anchored 1.5 miles south of Tanjung Piai. The crew of the *B Oceania* were later rescued by the container ship *Ikaruga*.

B Oceania is listed as owned by Italy's Bogazzi & Figli, while *Xin Tai Hai* is owned by Vision Ship Management of China.

Final Departure

Louis Marks, Book No. 6459. Born in Hawai'i in 1912. Joined SUP in 1957. Died in Honolulu, Hawai'i, July 19, 2011. (Pensioner)

SUPPORT THE SUP POLITICAL FUND

Public inspection of annual information returns of tax-exempt organizations

Annual information return IRS Form 990 for the Sailors' Union of the Pacific and Sailors' Union of the Pacific Building Corporation are available for public inspection. Interested parties should contact the office of Toby Chiurazzi, 450 Harrison Street, San Francisco CA 94105 or call (415) 777-3400 during normal office hours.

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Chevron's profits soar

Buoyed by high oil and gasoline prices, Chevron Corporation last month reported earnings \$7.73 billion in the second quarter, putting the San Ramon, California company on track for what could be its most profitable year yet.

Chevron, the nation's second-largest oil company, made \$13.94 billion in profit for the first half of this year, easily topping its previous record of \$11.14 billion in the first half of 2008.

"We have strong momentum entering the second half of the year, and we remain well positioned to deliver long-term growth," said Executive Vice President George Kirkland in a conference call with Wall Street analysts.

Chevron's second-quarter profit, equal to \$3.85 per share, represented a 43% increase from the same period last year. And it almost set a quarterly record at the 131-year-old company. Only in the third quarter of 2008, when oil prices hit their historic peak of \$145 per barrel, did Chevron make more, earning \$7.89 billion.

During the second quarter, Chevron's sale price for oil in the United States averaged \$104 per barrel, up from \$71 during the same period last year. As a result, Chevron's profit grew even as its worldwide production of oil and natural gas slipped 2%; falling to 2.69 million barrels per day. The company's revenue for the quarter rose 30% to hit \$68.95 billion.

Other oil giants also posted solid second-quarter profits this week. Exxon Mobil Corp. made \$10.68 billion, a 41% increase from the same period last year. Royal Dutch Shell's profit nearly doubled, jumping from \$4.39 billion in the second quarter of 2010 to \$8.66 billion in the three months that ended June 30.

The SUP represents all unlicensed marine personnel in Chevron Shipping Company's U.S.-flag fleet.

Neptune Orient lost \$67 million this year

Neptune Orient Line (NOL), the parent company of APL, announced on August 15, that rising fuel and other operating costs and declining freight rates added up to net losses of \$67 million for the first half of 2011. That compared with net profits in the same period a year ago of \$1 million, NOL added.

The container shipping and logistics group lost \$57 million in the second quarter of 2011 and predicted full-year losses because "deteriorating conditions in the global economy are resulting in weakened trade demand and continued pressure on freight rates". CEO Ronald D. Widdows noted: "Conditions are challenging throughout the shipping industry. In this environment, we are working aggressively to bring down costs while keeping our assets well utilized."

NOL also said revenues increased 9% in the first half to \$4.595 billion, but core earnings before interest and taxes were down \$28 million. But its supply chain management business, APL Logistics, increased revenue, while its line business APL had revenues of \$4 billion in the first half of 2011, up 7% from a year ago, on a volume increase of 8%.

"Rate pressure, coupled with a 23% year-on-year fuel price increase in the first half of 2011, negated the benefit of higher volume," APL President Kenneth Glenn explained. "Our job now is to accelerate revenue growth while managing down costs in every aspect of our business—from terminal operations to the way we procure all other services."

Horizon reports \$7 million quarterly loss

Horizon Lines reported a \$7 million loss from continuing operations during the second quarter of the fiscal year compared to a \$4.1 million profit in the same quarter last year.

Revenue for the quarter, which ended June 26, was \$307.5 million compared to \$291.4 million during the second quarter of 2010.

The company said it recorded a second-quarter net loss from continuing operations of \$20.9 million on an adjusted basis, after a negative \$13.9 million in adjustments. The adjusted net loss does not include a reversal of \$18.2 million related to legal settlements.

Horizon announced that container volume for the 2011 second quarter totaled 75,208 loads, a 16.4% increase from 64,596 loads for the same period a year ago.

The volume growth was due to the company's new China service, which began operating in December of last year. Excluding the new China service, volume totaled 61,315 loads, a decrease of 4.5% from a year ago. Relative to the second quarter in 2010, volumes were up in Alaska and Guam but down in Puerto Rico and Hawai'i.

United Continental fleet workers choose IAM

Fleet service workers at United Continental Holdings on August 11, voted for representation by the International Association of Machinists (IAM).

In the five-week-long election, 97% of the workers who cast ballots supported Union representation, while 3% voted against representation. Of those who favored representation, 51.4%, or 5,572 employees, voted for IAM, while 48.5%, or 5,257 employees, chose the Teamsters, and a handful of workers supported other Unions and individuals.

United and Continental merged October 1, 2010, to form Chicago-based United Continental Holdings, but the two airlines continue to operate as separate operating subsidiaries. Prior to the vote, IAM represented United employees and the Teamsters represented the ramp, cargo, and operations workers at Continental and Continental Micronesia.

IAM District 141 President Rich Delaney said: "The election was contested by two Unions that have rich histories and deeply rooted belief in the trade Union movement. It was conducted with a minimum amount of animosity between us."

SUP gang in New York



AB Gary Thompson, AB Harold Uriate, AB Juan Gonzalez and Bosun Joe McDonald aboard the *President Adams* when she called Staten island in July. Not pictured was AB Steve Hudson & AB Hector Diaz. Photo: Vern Johansen.

Jones Act important to U.S. national security

The following article was written by Daniel Goure, Ph.D. of the Arlington, Virginia-based Lexington Institute:

How many hundred-year-old laws are there critical to U.S. national security in the 21st century? Only one: the Merchant Marine Act of 1920 also known as the Jones Act after its sponsor, former Senator Wesley Jones. It was promulgated at a time when unionization and protections for workers were just coming into vogue and much of the Act and its subsequent amendments have to do with the rights of merchant mariners.

Equally important were the Act's provisions designed to promote and protect a strong merchant marine and shipbuilding industry in the United States. The Act places restrictions on what is called cabotage or the movement of goods between U.S. ports and the use of U.S. waterways, requiring that only U.S. built and flagged vessels conduct this trade and that at least 75% of the crews be U.S. citizens. In addition, the Act restricts the foreign steel content of repair work on U.S.-flag vessels thereby restricting such activities to U.S. shipyards.

The Jones Act's goals are, if anything, more important today than when the Act was promulgated. The United States is a trading nation and a naval power. The overwhelming majority of U.S. military equipment and supplies is mined by ship. U.S. merchant mariners moved 90% of the combat cargo and supplies used by the military in the Iraq war. The maintenance of a fleet of U.S.-flag cargo vessels is vital to ensuring that the military can respond to any wartime need. In addition, the Act helps to maintain a pool of U.S. merchant sailors who can be called upon to man government-owned sealift ships that are reactivated to support the wartime sealift effort.

The Jones Act is critical to the maintenance of a shipbuilding and repair industry and associated skilled workforce to support the U.S. Navy. The Act permits the Navy, which cannot acquire ships from foreign yards, to procure support ships such as tankers more cheaply by amortizing their costs across a larger production run that also includes commercial vessels. The repair and modernization of U.S. Navy vessels is dependent on the same workforce that performs similar work on commercial vessels. Without a flexible pool of skilled workers, the costs to the Navy of its repair and overhaul work would skyrocket.

The Act's requirement that vessels engaged in cabotage be U.S.-flagged and that crews be at least 75% U.S. citizens also supports both homeland security and environmental safety. The inland waterway system allows ships to move deep into the nation's heartland—up the Mississippi, across the Great Lakes and into the Chesapeake. It is vital that the Department of Homeland Security and the Coast Guard be able to conduct security, safety and environmental checks of vessels and crews plying the inland waterways.

There are costs associated with the provisions of the Jones Act. However, these must be weighed against the nation's national security needs and the requirement to secure America's waterways. There are some parts of the manufacturing sector such as computers, communications electronics and vehicle power trains where the military can and should rely on an unfettered private sector. However, there are others where in reality the market is no longer free and the military is dependent on a small number of specialized producers. Shipbuilding is one of those areas where the government must maintain an arsenal of protected producers. In this context, the Jones Act continues to be a relevant and necessary restriction on free commerce.

SUP Honor Roll

Voluntary contributions from the membership to the following funds:

Organization/ General Fund	West Coast Sailors
Clinton Gregg in memory of Dan White 100.00	Ruben Guerra 25.00
	Charles McDougall 100.00
	John Perez 25.00
	Colin Walker 25.00
	Richard Walsh 20.00

Dues-Paying Pensioners	Political Fund
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Robert Copeland Book #4763	John Benson 100.00
Donald Cushing Book #4777	Robin Colonas 100.00
Romaine Dudley Book #2593	John Farley 100.00
Alexander Earle Book #1885	Dave Garcia 10.00
Duane Hewitt Book #5748	Juan Gonzalez 15.00
Knud Jensen Book #3940	Scott Griggs 100.00
John Jewett Book #4291	Jill Hollerman 40.00
Kaj E. Kristensen Book #3120	Thomas Hooke 25.00
Eli Lulich Book #4062	Noel Itsumaru 50.00
Stanley Lane Book #4106	Michael Koller 50.00
James K. Larsen Book #4055	Gunnar Lundeborg 50.00
Volkert Lories Book #4097	Harry Naeole 20.00
Duane Nash Book #2437	Erick Weiss 50.00
John Perez Book #3810	Danilo Ycoy 20.00
Alex Romo Book #3193	
Francisco Salvatierra Book #7498	
James Savage Book #7488	
Ralph Senter Book #7323	



Bosun Rhonda Benoit and delegate Mike El Mobdy on the mess deck of Matson's Maui alongside in Oakland on July 27. Photo: Dave Connolly

Oakland promotes exports

With cargo shipping on the rebound, Oakland's port is stepping up efforts to grow its biggest money-maker: exports.

The port soon will begin exploring which new commodities to attract to its facility and port officials will start a marketing blitz to convince shipping lines and cargo owners to use Oakland when sending goods overseas.

The push to grow exports comes as the port starts healing from the fiscal pain unleashed by the Great Recession. Total container shipping, including both exports and imports, rose 13.9% in 2010, reversing steady declines between 2007-2009.

About 57% of Oakland's cargo business, when measured by number of containers, comes from exports to its two biggest customers, Japan and China, followed by many other countries including Taiwan, South Korea, Hong Kong, Australia and the United Kingdom.

The port's import business is driven largely by the health of the U.S. economy, something out of Oakland Port officials' control. But Oakland Port executives said they may be able to boost their export business through some hands-on efforts.

"First, the port will begin a study to determine which commodities to attract to its facility. Grains from the Midwest could be one for the port to consider," said Lawrence Dunnigan, Manager for Business Development and International Marketing. The port's agriculture export business is already strong, said Port Director Omar Benjamin, given its proximity to California's agricultural centers in the central valley and the Napa/Sonoma wine region. So exporting food "is the foundation of our export strategy," Benjamin said.

Second, the port is ramping up marketing at logistics and food industry events aimed at Asia. In coming months, at shows like the Asia Fruit Logistica and International Wine and Spirits Fair, Port of Oakland representatives will be on site looking to strike export deals with shippers and food producers.

Finally, the port also has a new deal with China Merchants Holding International, a cargo terminal operator in China, to jointly market to U.S. producers about shipping options to China.

178 saved from sinking ship off Philippines

The Philippine Coast Guard and nearby fisherman rescued all 178 people who were passengers and crew of the *M/V Asia Malaysia* that tilted for three hours before finally sinking into the ocean off the Philippines in the early morning of July 31.

The cargo-passenger vessel had been heading from the Cebu region to Iloilo Province when the ship began to tilt 35 degrees on its starboard side, four nautical miles off Calabaras Island in Ajuy. The Trans-Asian Shipping Lines Inc.-operated ship suffered hits from strong waves, but it was not immediately obvious to the captain as to what was causing the tilt.

He deployed a distress call to the Coast Guard and ordered the crew and all passengers to abandon ship, as the 2,400-ton vessel ran about four miles from their destination. The ship then sank while in the midst of heavy rain, a Coast Guard spokesman reported.

While it is unclear due to mixed reports how many people the vessel was carrying exactly, Coast Guard vessels, fisherman, and passenger ships have reportedly saved 178 people, including 44 crewmembers and 134 passengers.

A Coast Guard helicopter has been scouring the area for any other possible survivors and to check for an oil slick that would possibly have been produced from the sinking cargo vessel. A Commandore for the Philippine Coast Guard stated that the ill-fated ship was carrying 21,000 liters of fuel prior to sinking in the Visayan Sea off the coast of Ajuy in northern Iloilo. The rescue of the crew and passengers has set the Coast Guard's sights primarily on preparing for containment of a possible spill, as the area is one of the country's richest fishing waters.

The sinking of the *Asia Malaysia* follows a chain of battering weather conditions in the area, with tropical storms and powerful typhoons wreaking havoc over the Pacific Ocean.

45,000 workers strike Verizon

The Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW) on August 7, struck Verizon Communications Inc. affecting more than 45,000 wireline workers in the Northeast and the Mid-Atlantic when the parties were unable to reach agreement before their labor contracts expired, the Union and company announced.

The Unions set up picket lines on August 8, at more than 100 Verizon sites from Massachusetts to Virginia protesting the nearly 100 company proposals for concessions, which the Unions said would "roll back half a century of advances" and which remained on the table when labor contracts with the telecommunications company expired at midnight August 6.

The affected workers maintain and repair traditional telephone lines and install FiOS. They also include telephone and repair technicians, customer service representatives, and operators.

In bargaining that began on June 22, Verizon proposed that any wage increases be based on yearly evaluations, that defined benefit pensions be frozen, that employees begin for the first time to contribute to health care premiums, that all job security provisions be eliminated, and that paid sick leave and holidays be reduced.

Verizon said on August 7, in a statement that it has activated its contingency plan "to ensure customers experience limited disruption in service" during the strike. The company has trained "tens of thousands of management employees, retirees, and others to fill the roles and responsibilities of is Union-represented wireline workers."

"If Verizon had shown any good faith effort to negotiate honestly, our members would still be on the job," IBEW International President Edwin D. Hill said. "Instead, they turned their backs on any attempts to reach a reasonable settlement. We cannot stand by while one of the richest, most successful corporations in the world joins the race to decimate the middle class of this country. We remain ready to meet with Verizon to work out a fair agreement, but at this point, we had no choice."

The Unions claim that Verizon is aiming to destroy middle class jobs at the company with its refusal to "back off its \$1 billion demand for concessions."

"CWA and IBEW members are prepared to return to work when management demonstrates the willingness to begin bargaining seriously for a fair agreement," CWA said.

AB and delegate Rich Reed in Matson's Mokihana in Oakland on July 13. Photo: Dave Connolly

AFL-CIO leaders press Obama to focus on jobs; some Unions criticize debt ceiling deal

During a more than one-hour meeting with President Obama at the White House on August 2, members of the AFL-CIO Executive Council and the federation's general board pressed the president to focus on jobs, now that the debt ceiling crisis has been resolved, according to several participants at the meeting.

The Union leaders urged the president to focus on job-creating policies that will "propel working people and the economy forward," according to AFL-CIO spokeswoman Alison Omens.

President Obama conveyed his own feeling of urgency around dealing with the jobs crisis, and told the Union leaders that jobs would continue to be a priority of his administration.

According to a statement from the White House, the president and the Union leaders talked about "issues important to working families, including how to continue growing our economy and putting Americans back to work."

Hours after his meeting with the Union officials, Obama said upon signing into law legislation to raise the nation's debt ceiling that the administration intends to turn its attention to job creation when Congress returns from the August recess.

AFL-CIO Secretary-Treasurer Liz Shuler said the meeting with the president was "uplifting and positive." She said Obama promised to take up the jobs crisis, adding that he said "he goes to sleep and wakes up thinking about jobs."

Randi Weingarten, President of the American Federation of Teachers, said it was a "good and constructive conversation." She added that she told the president "people are frustrated and that is fertile ground for demagoguery."

The deal reached to raise the debt ceiling was a topic of discussion, with some council members telling the president they did not agree with the final deal.

The AFL-CIO on August 2, released a statement criticizing the budget agreement because it does not deal with jobs. The budget deal is bad for our country and especially bad for working people, the statement said, because it "undermines the nation's ability to solve the real crisis —America's jobs crisis."

According to the AFL-CIO, the budget deal hurts working families by not making public investments to restore America's place in the world; cutting programs that are helping working families "keep a toehold on the ladder to the middle class while refusing to hold hedge fund managers and other millionaires and billionaires responsible for paying their fair share" and "virtually ensuring that Congress will spend another four months focused on budget-cutting instead of jobs and investment in the future."

Several Union leaders said that they understood that resolution of lifting the debt ceiling was important because the stabilization of the markets depended on it. But, several said they told Obama that they did not agree with the final deal because it does not address jobs.

"Obama explained his view and made a compelling case for the deficit deal," stating that it was not the deal he wanted, but it moved the issue past the 2012 election and averted default, according to Harold Schaitberger, President of the International Association of Fire Fighters.

"He emphasized to us that he is the workers' president," Schaitberger said. "And if we don't think so, our enemies on the other side certainly are convinced" that Obama is pro-worker.

Schaitberger said he told the president that the right wing has a "well funded, well orchestrated campaign to destroy workers and the Unions that represent them," and "labor's friends don't seem as willing to fight on our behalf with the fervor that the enemies are."

When he asked if the president could help push reluctant Democrats to defend workers and Unions as strongly as the Republicans attack them, Obama replied, "yes," according to Schaitberger. But the president added he can only do so much with the bully pulpit to defend workers, Unions, and collective bargaining, Schaitberger said, adding that Obama said he cannot run every level of the government.

Weingarten indicated the fight for job creation would resume, despite the "reckless and irresponsible people" Obama now faces in the Republican-majority House. "My Union understands there had to be a debt deal, but there are other economic issues and it doesn't mean we should stop fighting" for them, she added.

Rose Ann DeMoro, Executive Director of National Nurses United, and a member of the AFL-CIO Executive Council, did not attend the meeting at the White House, saying that she "boycotted" the meeting.

"Obama has the distinction of being a Democratic president who is reducing the USA to a banana republic," DeMoro said. "His political role model appears to be Thatcher, as he has endorsed a third world austerity program benefiting big finance to the detriment of working people and those in need who actually rely upon what used to be termed 'society,'" she added.

DeMoro contended that the president "uses labor and progressive groups for legitimization of his programs after the fact and so far this has worked." But, she added, in the process, "the D.C. political morass betrays the interest of the people of Main Street... through the never-ending demands of Wall Street."

"What Congress and the White House should be doing is promoting programs that create jobs and reduce the suffering for those millions of American families who can't pay their medical bills, are losing their retirement savings, and face the loss of their homes while more and more resources are transferred to big corporations and the wealthy who need it the least," DeMoro added.

Flag-of-convenience companies banned from U.S. waters

The Justice Department announced late last month that four corporations involved in owning and operating a fleet of vessels regularly calling New Orleans were sentenced to pay a \$1 million fine and banned from doing business in the United States for the next five years by Judge Carl J. Barbier.

Stanships Inc. (Marshall Islands), Stanships Inc. (New York), Standard Shipping Inc. and Calmore Maritime Ltd., collectively the owners and operator of the *M/V Americana*, a Panamanian registered cargo vessel, all pled guilty on April 12, in New Orleans, to 32 felony counts for violations of the Act to Prevent Pollution from Ships, Ports, and Waterways Safety Act and obstruction of justice.

As part of the sentence, the court prohibited the shipping conglomerate from conducting further business in the United States during the maximum five-year period of probation. The owner of the companies was also personally banned from being involved in the ownership or technical management of ships trading in the United States. Of the \$1 million penalty, Judge Barbier ordered that \$250,000 be devoted to organizational community service to help conservation, protection, restoration and management projects to benefit fish and wildlife habitats and resources in the Eastern District of Louisiana.

The government's investigation of the *Americana* began when a crew member told the U.S. Coast Guard during an inspection of the ship on November 29, 2010, that the ship was illegally dumping sludge and oily waste overboard using a so-called "magic pipe" to bypass required pollution prevention equipment. The crew member provided the Coast Guard with cell phone photos taken at sea showing the use of the bypass.

This is the second time in less than a year that Stanships Inc. has run afoul with the law. It was previously sentenced on September 29, 2010, for deliberate discharges in U.S. waters and concealing illegal pollution in falsified ship records from the *M/V Doric Glory*. In that case, U.S. District Judge Helen G. Berrigan of the Eastern District of Louisiana ordered the defendant to implement a comprehensive environmental compliance plan and pay \$700,000 in criminal fines and an additional \$125,000 as community service payments. On April 27, 2011, Judge Berrigan revoked probation for Stanships Inc. and banned the company's vessels from further trade in the United States.

The defendants also were charged with violating the Ports and Waterways Safety Act because they failed to report a hazardous situation that threatened U.S. ports and waters, involving the failure of the ship's generators. After a voyage in which the ship had lost power for several days at sea, the ship arrived at the Southwest Pass, Louisiana. The master, who opposed proceeding to port until the problem was corrected, was directed by a shoreside manager to write an email indicating that the ship had two generators. This was communicated to the Coast Guard which then allowed the ship to enter the Mississippi River. However, the agency was not told that neither of the two generators was fully operational or able to power the ship, and that there was no backup since a third generator was completely inoperable. Because of the hazardous situation, the master ordered tug boats to guide the ship into port.

American ports make the case for new federal infrastructure funds

Ports in the United States, which are starved of infrastructure funding, once again are obliged to beef it out with other transport sectors such as highways, railways, and bridges for a fair slice of \$526.9 million in funds. Applications for the \$526.9 million in "national infrastructure investments" under the third annual installment of President Obama's economic stimulus package enacted in 2009, must undergo a complicated pre-application process before being lodged with Washington no later than October 31.

U.S. ports will be pressing their case on the merits of the role they play in U.S. economic development, as well as pointing to the dire consequences that will ensue if they are ignored. Ports' success in the previous two versions of the federal package has been modest. They ended up getting only 8% of the 1.5 billion disbursed in 2009, when railways and highways combined got 90%, but managed to get \$95 million out of the \$557 million distributed under the program in 2010.

Ports have lobbied hard for Tiger funding, maintaining all along that as one of the four eligible candidates they deserve 25% of the funding. American Association of Port Authorities president Kurt Nagle last year exhorted politicians to recognize that: "America's goods movement system is challenged by inadequate infrastructure investment in and connectivity to America's seaports." Port bottlenecks, congested terminals as well as ill-maintained ports, especially in the matter of dredging, have a knock-on effect on landside transport and trade that is incalculable in terms of opportunity cost, the port lobby has stressed.

The Transportation Investment Generating Economic Recovery program, or Tiger Grants, was authorized under the American Recovery and Reinvestment Act of 2009, passed in the immediate aftermath of the financial meltdown. Despite the better returns realized by the U.S. port system under last year's Tiger II availability of \$557 million, for which the government fielded more than 1,700 applications totaling more than \$21 billion, experts expressed only guarded optimism about the sector's prospects under Tiger III.

"Unfortunately, our government always sees the maritime industry as the last guy in the line," said maritime regulatory consultant Dennis Bryant. "The U.S. historically has been a maritime nation, but its recent history as a trading nation appears to sway politicians more. They ought to realize that our ports and waterways have a much bigger role to play in the country's economic future." In the wake of last month's deficit reduction compromise in Congress, which has mandated trillions of dollars in cost cuts, Bryant believes this year's Tiger program would be the last of its kind. The fact that the amount made available under the Tiger scheme is going down each year could be another sign of this, he said.

ESU Office Assignments

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



AUGUST 2011

Official Publication of the Exxon Seamen's Union

SeaRiver to build two new double hull tankers

After many years of speculation SeaRiver makes it official of their intent to modernize and replenish it's aging fleet by announcing plans for building two new vessels. The new vessels, due for delivery in 2014, will be replacing the *Sierra* and *Kodiak* for the ANS trade. Below is the press release from SeaRiver Maritime, Inc., which goes without saying is very much welcomed news by the ESU membership.

EXXONMOBIL U.S. MARINE AFFILIATE ANNOUNCES PLAN FOR TWO NEW TANKERS

Represents SeaRiver's Ongoing Commitment to Safety and the Environment

- Vessels to Trade Between Alaska and U.S. West Coast Destinations.
- U.S. Flag Vessels Scheduled for Delivery in 2014.
- Double Hull Design Used Extensively Throughout the World.
- Added Features Enhance Safety, Reliability and Reduce Air Emissions.

On July 25, 2011, in Irving, Texas, Exxon Mobil Corporation's U.S. marine affiliate, SeaRiver Maritime, Inc., signed a letter of intent with Aker Philadelphia Shipyard, a leading U.S. shipbuilding facility in Pennsylvania, for the construction of two U.S. flag, crude oil tankers in partnership with Samsung Heavy Industries, a leader in shipbuilding technologies. The vessels will be used to transport Alaska North Slope crude oil from Prince William Sound, Alaska to U.S. West Coast destinations. Project planning work is underway with construction of the 115,000 deadweight ton tankers expected to begin by mid-2012. The vessels are scheduled for delivery in 2014 and will be capable of carrying 730,000 barrels of crude oil to help meet U.S. energy needs. They will replace two existing double hull tankers.

All cargo and fuel compartments will be equipped with double hull protection. Both vessels will feature the latest in navigation and communications equipment. Main engine and auxiliary systems will be energy efficient and generate lower air emissions than what is required by current regulatory standards. "Today's announcement is consistent with our long term ongoing commitment to safe and reliable marine transportation in the United States and throughout the world," said Will Jenkins, president of SeaRiver. "These new vessels will provide jobs for American shipyard workers and help support energy needs along the U.S. West Coast for decades to come." SeaRiver Maritime, Inc., headquartered in Houston, Texas,



operates a fleet of U.S. flag tankers and provides a wide range of technical and commercial marine services to ExxonMobil affiliates throughout the world."

Similar to the ship above, the new vessels will be built according to an established design by Samsung Heavy Industries with a couple of modifications that were desirable to SeaRiver. The vessels will have a raised foc's'le and an elevator in the main house structure. Other features include: Double Hull – All cargo and fuel tanks; Latest Navigation and Communication Systems; IMO Tier II Main Engine and Auxiliaries; Reduced Emissions; NOX, SOX and PM; Oil Mist and Gas Detection Systems; Stern Tube Air Seal; Ballast Water Treatment System; Anti Fouling Hull Coating; Redundancies for Key Systems; Enhanced Security Features; 115,000 Deadweight Tons; Length: 820 feet, Beam: 144 feet, Draft: 44 feet; Cargo Capacity at 98% 730,000 barrels; and Slow Speed Diesel Propulsion with 15 knots Design Speed.

The ESU welcomes the news and looks forward to manning these new vessels for long-term Company service. It has been over two decades since the Company last built a vessel for ANS service and we see this as a clear indication that the Company will be around for some time to come.

ESU membership approves new contract

On the afternoon of August 15, 2011, the ESU was notified by the American Arbitration Association in New York that the 2011 MOU between the ESU and SeaRiver Maritime had been approved by the membership. The official results of the referendum showed that out of a total of 98 ballots received there were 78 for ratification of the Contract and 18 against. Two ballots received were voided. The new 3 year Contract will be in effect from September 1, 2011 through August 31, 2014. Some of the highlights from the new Agreement are as follows:

1. A 3% increase on Base wages, CSB, SSHOT, OT and PENALTY rates effective 9/1/2011.
2. A \$2250.00 lump sum bonus paid to all active unlicensed employees as of September 1, 2011.
3. A 3% increase on Base wages, CSB, SSHOT, OT and PENALTY rates effective 9/1/2012.
4. A 3% increase on Base wages, CSB, SSHOT, OT and PENALTY rates effective 9/1/2013.
5. Loss of Clothing Article IV, Section 8. The amount in both A and B of this article was increased from \$750 to \$1000.
6. Article VIII, Section 2(B) in addition to the dinner subsistence that is currently received when departing the vessel, members will also receive additional

meal allowances when traveling from the vessel based on the travel schedule that is provided by the Company. Example: If you are required to take a late flight home and traveling during breakfast time you will now receive subsistence at the breakfast rate.

7. General Working Rules Article XII, Section 9(C) Maintenance Seamen will now be granted a rest period when required to perform the following tasks between the hours of 0000 and 0800: Docking, undocking, putting out or taking in the gangway, breaking out or stowing mooring lines, or connecting or disconnecting cargo hoses. Section 9(A) requires that you work more than two hours to qualify for the rest period.

8. The Safety Shoe Program will receive an increase in the subsidy to \$200 per year that will be paid on a non-taxable payment in mid-February of each year starting in 2012. The shoes must conform to the standards listed in the Contract language.

9. Winter (Arctic) Clothing – Employees will be able to buy arctic clothing from any vendors they choose and will receive a tax assisted payment of \$400 dollars in mid-February once every three years starting in 2012. The Company defines tax assistance as follows: Tax Assistance is provided in two steps. The first occurs when the tax assistance item is reported via payroll. At this point, interim tax assistance is provided at stan-

dard rates for Federal withholding; State withholding, Social Security and Medicare. The interim tax assistance is provided for Federal tax at a flat rate of 25%. The second step occurs at year end. We accumulate all the tax assistance earnings and the amount of interim assistance to determine the correct amount the employee should receive according to his actual federal and state tax tables. In case

any additional tax assistance is due, it will be added to the employee's earnings/withholding at year end and paid to the appropriate taxing authorities on their behalf. If the assistance that was given is too high, an adjustment will be made to the earnings/withholding.

10. Safety glasses will now be reimbursed at \$150 instead of \$100 but no other change to this program.

ExxonMobil second quarter 2011 results

ExxonMobil posted solid second quarter results reporting a higher quarterly profit despite missing Wall Street estimates as its international refining business and output fell short. Even with the earnings miss, Exxon's profit was the highest in nearly three years, lifted by a jump in crude oil and higher natural gas prices. Exxon Mobil said its profit for the three months ended June 30 increased by 41% to \$10.68 billion, or \$2.18 a share, from \$7.56 billion, or \$1.60 cents a share a year ago.

Chairman Rex W. Tillerson commented: "ExxonMobil recorded strong results during the second quarter of 2011, while investing at a record level of over \$10 billion to develop new supplies of energy to meet growing world demand. Second quarter earnings of \$10.7 billion were up 41% from the second quarter of 2010, reflecting higher crude oil and natural gas realizations, improved Downstream results and continued strength in Chemicals. First half 2011 earnings of \$21.3 billion increased 54% over the first half of 2010. In the second quarter, capital and exploration expenditures were a record \$10.3 billion, up 58% from the second quarter of 2010. Oil-equivalent production increased by 10% over the second quarter of 2010, driven by our world-class assets in Qatar and our growing unconventional gas portfolio. The Corporation returned over \$7 billion to shareholders in the second quarter through dividends and share purchases to reduce shares outstanding."

The Board of Directors of Exxon Mobil Corporation (NYSE:XOM) declared a cash dividend of 47 cents per share on the Common Stock, payable on September 9, 2011 to shareholders of record of Common Stock at the close of business on August 12, 2011.

Four members take Voluntary Separation Program

On August 15, the deadline expired for SeaRiver unlicensed employees to take the Voluntary Separation Program (VSP) that was developed between SeaRiver and the Exxon Seamen's Union. At the conclusion of the program, a total of four (4) members opted to take the voluntary program and separate from the Company. The separation program identified a surplus of 25 positions in Principal Ratings. More specifically, thirteen (13) Able Seamen; four (4) Oilers; four (4) Pumpmen; two (2) Fleet Chef; and two (2) Cooks.

This surplus developed as a result of the unexpected removal from service of the *S/R Wilmington*. Following discussions with the ESU, the Company offered on a non-precedent setting basis, a voluntary separation program to all unlicensed personnel before issuing layoff notices under Article XI of the ESU Collective Bargaining Agreement.

Personnel who were willing to participate in this voluntary separation program were chosen according to their Company service, and limited to the number of positions (by rating) necessary to address the surplus. Maintenance Seamen were eligible to participate in the VSP, only if any Maintenance Seamen were subject to involuntary layoff under Article XI of the Contract.

Those individuals that elected to participate in the program received a one time only, non benefit bearing, taxable payment in the following amounts as per their Seniority list position.

Fleet Chef	\$54,000
Pumpman	\$54,000
QMED-Oiler	\$45,750
Able Seaman	\$37,500
Cook	\$32,500
Maintenance Seaman	\$20,750

This payment is in addition to the non-benefit bearing contract ratification bonus payment of \$2,250, which was ratified by the Union on August 15, 2011. Also any other Company benefits related payments that individuals participating in this voluntary separation program would be eligible to receive as a result of a normal separation and/or retirement.

The following individuals elected to participate in the program: AB Roger Vreeland, QMED-Oiler Rick Baur, QMED-Oiler William Davis and Fleet Chef Gerald Holmes.

Since the voluntary program was unable to entice enough volunteers to separate from the Company, the next phase of the Layoff language was put into effect on August 16. Ratings that still have a surplus above the number identified by the Company received letters with the option to take the layoff allowance as outlined under Article XI of the Contract or take a demotion to a lower rating. This letter provides the employee 30 days to make a decision. If the individual opts to demote to a lower rating he/she will continue to receive his/her previous rate of pay for 6 months from the Company notice. The number of positions that received letters on August 15, is as follows: (4) Pumpman, (2) QMED-Oilers, (1) FC, (1) Cook, and (12) AB's.

Once this 30-day decision period concludes on September 17, the second round will begin and depending on the results of the first round some surplus Maintenance Seamen will be given a 30-day notice to choose to take the layoff allowance under the Contract or work six months at their current rate of pay. Additionally, the impact to the QMED-Oiler and Cook positions may be affected again depending on what the four Pumpman and Fleet Chef decide to do during the first round. Finally, there will be a third round on October 18, and the number of Maintenance Seamen affected will depend on whether anyone chooses to take layoff versus demotion in the previous rounds of the layoff/demotion process.

The Union is disappointed that the voluntary program was unable to attract very many volunteers. This is probably due in part that this VSP comes on the heels of the program that was offered in 2010. This program did however attract four people to separate from the Company and the impact of this will result in fewer demotions and ultimately fewer employees facing layoff from the Company.

If you have any questions about the layoff/demotion process, please feel free to call the ESU office.

Preparing a mean stir fry!



On board of the *Kodiak* during the return trip from Singapore (left) AB Wen Tai shows FC Kurt Kreick the secret ingredient to a mean stir fry.

Ship reports

S/R American Progress

Vessel continues ANS service with a change of pace this month by calling on the San Francisco Bay area. AB Gregory Raredon filling in as Temporary Ship Representative and reports so far so good. He is encouraging others members to step up and fill in as temporary ship representative.

Kodiak

Vessel arrived in Valdez, Alaska, on August 11, following a trans-Pacific trip from Singapore. After a couple days of delay at Knowles Head the ship finally loaded and departed for Anacortes, WA area refineries. Regular Ship Representative Tim Williams on board and reports all is well, a couple of crew members did let the ESU know about the excellent job with the internet, although the brand new Satellite TV system did not work very well and had to wait until a tech got onboard to fix it. ESU Board member visited the vessel on August 20, in Port Angeles. Incidentally, some of the members affected by the layoff did not get relieved from the vessel before the official notification went to their home, therefore the company did not start the 30 days timeline for a decision until those members affected got discharged from the vessel.

S/R Long Beach

The *Long Beach* continues in cold lay-up, in Labuan, Malaysia. There are no crewmembers assigned to the vessel at this time. Future plans for the vessel are unknown at the present time.

Sierra

The *Sierra* completed discharging its last load from Valdez in the San Francisco Bay area before heading north to Port Angeles for rafting and some inspections. Regular Ship Representative Thor Floreen joined the vessel in San Francisco. ESU Board member visited the vessel in Port Angeles. The crew was making preparations for the long voyage to Singapore for the vessel's shipyard period.

S/R Wilmington

The vessel is still alongside the City Dock in Beaumont, Texas. It is anticipated that the completion of the sale of the *Willy* may take another month or so. There are only two unlicensed employees currently assigned to the vessel and they may remain assigned until the vessel is officially sold. Regular Ship Representative Jeff Harris left the vessel for the last time and at this time the ESU Board and the entire membership wants to thank Jeff for all is hard work and support during the past few years as the ESU Ship Representative of the *SR Wilmington*. Thank you Jeff!

New travel agent for SeaRiver

After many years of dealing with American Express to make travel arrangements for the SeaRiver Ocean Fleet personal, the Company decided in May to make a change to Carlson Wagonlit Travel. The transition to CWT was complete as of August 1, 2011.

The phone number for Carlson Wagonlit is 800-227-4958. This number will be staffed 24 x 7 with normal business hours between 0700-1700 Monday thru Friday. For afterhours calls the number is the same but the caller will be guided through prompts to an afterhours agent. The CWT teams that will be handling Fleet travel are Myra Smith, Heather Boswell, Connie Baird and Dava Arnold.

While the travel agent provider is changing, the process for receiving travel arrangements will remain the same. Fleet Manning Administrator, Helen Wright will continue to be the point of contact for unlicensed employee's travel. The Contract language still applies and if there are any issues with your flights (i.e. your flight is cancelled at the airport) you should try to get in touch with Ms. Wright before contacting CWL to see if there are any other airlines or flights available.

Incidentally, if you haven't already, it's a good idea to update your traveler profile form with SeaRiver Human Resources. Forms were mailed to the membership earlier but if you need another please contact Marsha Shorts at 713-656-2991 or give the ESU office a call.

EXXON SEAMEN'S UNION

Founded March 28, 1941

Affiliated with the Sailors' Union of the Pacific

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Slow economic growth stirs recession fears

The economic recovery is grinding to a halt, raising the risk that the United States could fall back into recession.

Gross domestic product (GDP)—the sum of goods and service produced in the United States and the broadest tally of economic growth—increased at a paltry 1.3% annual rate in the second quarter, the Commerce department announced on July 29. First-quarter revisions —down to 0.4% from 1.9%— reflected an economy at a near standstill early in the year.

The minimal growth, coming after a recession that new data show was deeper than previously thought, raises doubts about the economy’s trajectory for the rest of the year and helps explain the unusually feeble pace of job growth for a recovery entering its third year. Economists generally say a pace of 3% or higher is needed to create jobs.

More than anything else, the economy is being hobbled by weak demand. Consumer spending, which accounts for 70% of economic activity, grew a negligible 0.1% in the second quarter. A gauge of final sales that strips out inventory growth increased 1.1% in the second quarter after being flat in the first three months of the year. Government spending fell 1.1%, as cutbacks and layoffs by state and local governments swallowed an increase in federal spending.

That left the economy to subsist on stepped-up business spending, exports, and inventory growth— three areas that on their own aren’t up to injecting needed momentum.

Many economists, including at the

Federal Reserve, have forecast growth will accelerate in the second half of the year, to around 3%, as the twin shocks of high gas prices and supply disruptions stemming from the March earthquake in Japan begin to fade. But that outlook has darkened in recent months, and the slow pace of first-half growth has many economists wondering if the economy’s recent soft patch is in fact just a “patch.”

Several economists lowered their GDP projections for the third quarter and beyond but held out hope that lower gas prices and the easing of Japan-related supply shocks will lead to a pickup toward year-end. Economists at Deutsche Bank lowered their third-quarter estimate by a full percentage point to 2.5% and their fourth-quarter estimate to 3.0% from 4.3%. Forecasting firm IHS Global Insight said it expects growth in the third quarter to come in much weaker than the 3.4% previously expected, to less than 2% “and possibly less than 1%.”

“We’re simply losing momentum,” said Torsten Slok, an economist at Deutsche Bank Securities. “It’s just a terrible starting point for the second half.”

The GDP report showed price growth slowed in the second quarter, but underlying pressures continued to build. The core inflation rate, which excludes volatile shifts in food and energy prices, increased 2.1% from the previous quarter. That rise, the biggest since the final quarter of 2009, followed 1.6% gain in the first quarter. A separate report showed employment costs rose on pricier worker benefits, climbing 0.7% in the second quarter, compared with a 0.6% gains in the previous three months.

Buffett says stop coddling the rich *from page 1*

a fit and refused to invest because of the elevated tax rates on capital gains and dividends.

I didn’t refuse, nor did others. I have worked with investors for 60 years and I have yet to see anyone —not even when capital gains rates were 39.9% in 1976-77— shy away from a sensible investment because of the tax rate on the potential gain. People invest to make money, and potential taxes have never scared them off. And to those who argue that higher rates hurt job creation, I would note that a net of nearly 40 million jobs were added between 1980 and 2000. You know what’s happened since then: lower tax rates and far lower job creation.

Since 1992, the I.R.S. has compiled data from the returns of the 400 Americans reporting the largest income. In 1992, the top 400 had aggregate taxable income of \$16.9 billion and paid federal taxes of 29.2% on that sum. In 2008, the aggregate income of the highest 400 had soared to \$90.9 billion —a staggering \$227.4 million on average— but the rate paid had fallen to 21.5%.

The taxes I refer to here include only federal income tax, but you can be sure that any payroll tax for the 400 was inconsequential compared to income. In fact, 88 of the 400 in 2008 reported no wages at all, though every one of them reported capital gains. Some of my brethren may shun work but they all like to invest. (I can relate to that.)

I know well many of the mega-rich and, by and large, they are very decent people. They love America and appreciate the opportunity this country has given them. Many have joined the Giving Pledge, promising to give most of their wealth to philanthropy. Most wouldn’t mind being told to pay more in taxes as well, particularly when so many of their fellow citizens are truly suffering.

Twelve members of Congress will soon take on the crucial job of rearranging our country’s finances. They’ve been instructed to devise a plan that reduces the 10-year deficit by at least \$1.5 trillion. It’s vital, however, that they achieve far more than that. Americans are rapidly losing faith in the ability of Congress to deal with our country’s fiscal problems. Only action that is immediate, real and very substantial will prevent that doubt from morphing into hopelessness. That feeling can create its own reality.

Job one for the 12 is to pare down some future promises that even a rich America can’t fulfill. Big money must be saved here. The 12 should then turn to the issue of revenues. I would leave rates for 99.7% of taxpayers unchanged and continue the current 2-percentage-point reduction in the employee contribution to the payroll tax. This cut helps the poor and the middle class, who need every break they can get.

But for those making more than \$1 million —there were 236,883 such households in 2009— I would raise rates immediately on taxable income in excess of \$1 million, including, of course, dividends and capital gains. And for those who make \$10 million or more —there were 8,274 in 2009— I would suggest an additional increase in rate.

My friends and I have been coddled long enough by a billionaire-friendly Congress. It’s time for our government to get serious about shared sacrifice.”

Welfare Notes

August 2011

Unfit For Duty

If you are Unfit For Duty, your eligibility for coverage may be extended; however, you must inform the Plan office of your Unfit-For-Duty status with documentation from your attending physician. Periodic updates of your status should be submitted if your disability continues.

Unfit For Duty does not automatically add time onto the eligibility period. The extension of eligibility due to Unfit For Duty is dependent upon the Unfit-For-Duty dates and the Fit-For-Duty date.

When an eligible member becomes Fit For Duty, he has three months starting in the month after becoming Fit For Duty, to work 60 days to continue his eligibility.

As an example if a member’s eligibility period is 02/01/11 through 01/31/12 and he becomes Unfit For Duty in July 2011 and becomes Fit For Duty in September 2011, his eligibility is not extended. In this example the Fit-For-Duty date would make October, November, and December the time frame for him to work the 60 days needed to keep eligibility from lapsing. The eligibility period, however, covers him through January 2012, so the Unfit for Duty would not affect the eligibility period.

If a member with an eligibility period of 02/01/11 through 01/31/12 became Unfit For Duty in October 2011 and Fit For Duty in February 2012, his eligibility would be extended for February 2012, as well as the months of March 2012, April 2012, and May 2012, when he would have to work at least 60 days to keep his eligibility from terminating.

If the member in this example failed to work 60 days between March 2012 and May 2012, eligibility would terminate in the month following the last extension month (May 2012) and the member must work 120 days within 12 months to become eligible again.

Time worked in the extension months after becoming Fit For Duty does not count in the 120 days within 12 months required if eligibility is terminated. Participants who regain eligibility after being terminated must re-enroll in a plan. Please check with the Plan office if you have any concerns about your eligibility.

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Woods Hole and NOAA to survey World War II wrecks off North Carolina coast

It’s been called everything from the Graveyard of the Atlantic to Torpedo Junction. By whatever name, the seas off the coast of North Carolina during World War II were the site of a devastating period for the United States, during which dozens of ships—mostly merchant vessels— were sunk by German U Boats.

Today, the remains of those ships, along with several U Boats, rest at the bottom of the Atlantic. The National Oceanic and Atmospheric Administration (NOAA) estimates that from January to August 1942, alone, more than 50 vessels were lost to the U-Boat assault.

“They sank ships at will,” says Evan Kovacs, director of 3D photography for Woods Hole Oceanographic Institution’s (WHOI) Advanced Imaging and Visualization Lab (AIVL), which is embarking on a 10-day mission to provide NOAA with the first 3D optical survey of the undersea wrecks off the Carolina coast. The cooperative team of divers and archeologists from the National Park Service Submerged Resource Center, University of North Carolina Coastal Studies Institute and the Cooperative Institute for Ocean Exploration Research and Technology.

“We hope to get a full 3D picture of several sites so that NOAA can go back and assess the wrecks’ condition and the impact of the ships on the marine environment,” said Kovacs. “We’re breaking new ground.”

“This is our first large-scale marine archeology program with NOAA,” said AIVL Director Bill Lange. “We hope it will be the first of many such cooperative programs.” Lange and his team have been conducting similar marine archeology programs with the National Park Service and State agencies over the last five-six years.

Canada: Military to be “royal” again

Canada’s Conservative government, stressing ties to Queen Elizabeth II and the monarchy, is reinstating the names Royal Canadian Air Force and Royal Canadian Navy after a gap of 43 years. The Liberals removed the “royal” designation in 1968 when they amalgamated the branches of service and called the military the Canadian Forces.

General Walter Natynczyk, chief of the defense staff, announced the decision on August 15, on the website Milnet.ca. “The initiative to restore the historic names of Canada’s three former services is aimed at restoring an important and recognizable part of Canada’s military heritage,” General Natynczyk said.

Ice loss opens Arctic Ocean

Sea ice retreat in Siberia and Eurasia over the past few weeks has opened up much of the Northern Sea route, according to the National Snow & Ice Data Center.

The center reported on August 3, that the average extent of Arctic sea ice in July reached the lowest level for that month since 1979. “Shipping routes in the Arctic have less ice than usual for this time of year, and new data indicates that more of the Arctic’s store of its oldest ice disappeared,” the center said.

Russian LNG producer Novatek announced on July 15, that its Panamax gas tanker *Perseverance*, on its first voyage, navigated a new route north of the New Siberian Islands, carrying 60,000 tons of cargo to China. Novatek noted that increased shipments through the Northern Sea Route is expected to reduce costs and transit times for shipments from Russia’s northern ports to Asia-Pacific consumers.

Still, INTERTANKO managing director Joseph Angelo said that heavier use of the Northern Sea Route is not yet a high priority for his members. “Ice-classed ships can decrease transit times from A to B, and therefore reduces fuel costs, but there are environmental concerns that have to be considered as well,” said Angelo, who added that Canada warned of such issues recently regarding oil spills in its northern waters.

Wisconsin’s warning to GOP Union-busters

Republicans paid a price for their anti-Union law, even if Democrats had hoped for more

Five months after Governor Scott Walker of Wisconsin pushed through a law stripping public Unions of their bargaining rights, the Republican Party has paid a price. Two of the state senators who backed the law were thrown out of office by voters on August 9, and replaced with Democrats. Walker’s opponents did not succeed in turning over the Senate, but it was still an impressive response to the governor’s arrogant overreach.

Recall elections are extremely difficult to win; only two had succeeded in the state in the last 80 years. The districts lean Republican, and getting people to turn out in an unusual off-year election is always a struggle. Had democrats won one more district, they would control the Senate, but they were also trying to send a warning to Republican lawmakers around the country who are trying to break public employee Unions. In that, they succeeded.

Republicans will not admit this, but the numbers showed significant strength for Democrats even in the districts they lost—strength that could grow if lawmakers continue cutting spending and taxes while reducing the negotiating rights of working families. In one rural senatorial district that had not elected a Democrat in a century, the Democratic candidate reached 48% of the vote. Another race was also close, and as Nate Silver noted in *The New York Times*, the overall results suggest that a contemplated statewide recall of Walker himself would be too close to call.

Walker and his colleagues tried to paint the Unions as unwilling to sacrifice a bit of their pensions and health benefits in rough fiscal times. It was heartening to see more than 160,000 Wisconsin voters reject that false notion. The Unions had already agreed to significant concessions on both; what the Republicans really wanted was to break their organizing ability by ending bargaining on anything except wages and limiting raises to inflation.

The measure they enacted, which would block withholding of Union dues from state employees’ paychecks, was aimed solely at labor’s political power and had nothing to do with the state budget. But the vote proved that the Unions and the middle-class voters who support them remain a potent force.

It was probably a stretch for Union supporters to go after six incumbent senators, rather than concentrate their forces on the most vulnerable. Nonetheless, voters around the country who oppose the widespread efforts to undermine public Unions —largely financed by corporate interests— should draw strength from the election’s success, not discouragement.

Source: New York Times Editorial: August 11, 2011

Vessel classification companies doing business with rogue nations could be banned from U.S. work

Classification societies doing business with Iran, North Korea, North Sudan and Syria could find themselves locked out of work in the United States if new legislation is signed into law.

Under the terms of the Ethical Shipping Inspections Act of 2011 (S.1496), introduced on August 2, by Senator Susan Collins (R-Maine) and cosponsored by Senators Joe Lieberman (I-Connecticut) and Mark Begich, (D-Alaska), classification societies that are approved to carry out inspections of ships on behalf of the U.S. government will no longer be able to do so if they are found to be working with pariah states blacklisted under U.S. foreign policy.

“This legislation sends a clear message to vessel inspection firms: either they can do business with America or they can do business with repressive regimes, but they cannot do business with both,” said Senator Lieberman, Chairman of the Homeland Security and Governmental Affairs Committee.

Only four class societies—Germanischer Lloyd, Lloyd’s Register, Bureau Veritas and DNV— would be directly affected by the initial terms of the legislation as they are the only bodies currently validated by the U.S. Coast Guard to do inspections on the Coast Guard’s behalf. However, sources familiar with the legal processes behind the legislation have suggested that the proposals are likely to prompt a wider scale re-examination of current business links between class societies and the blacklisted governments.

Each of the class societies stressed that they adhered to “all applicable laws and sanction regimes” and offered prepared statements explaining that they were still evaluating the full implications of the new act. Lloyd’s Register went as far as confirming that it was “contractually recognized by the Iranian Government to conduct statutory inspections on its behalf, but not by either North Korea, Syria or North Sudan”. None of the class societies were prepared to discuss the full extent of their links to the affected regimes.

Industry sources, however, reveal that many of the industry’s major classification societies flag vessels

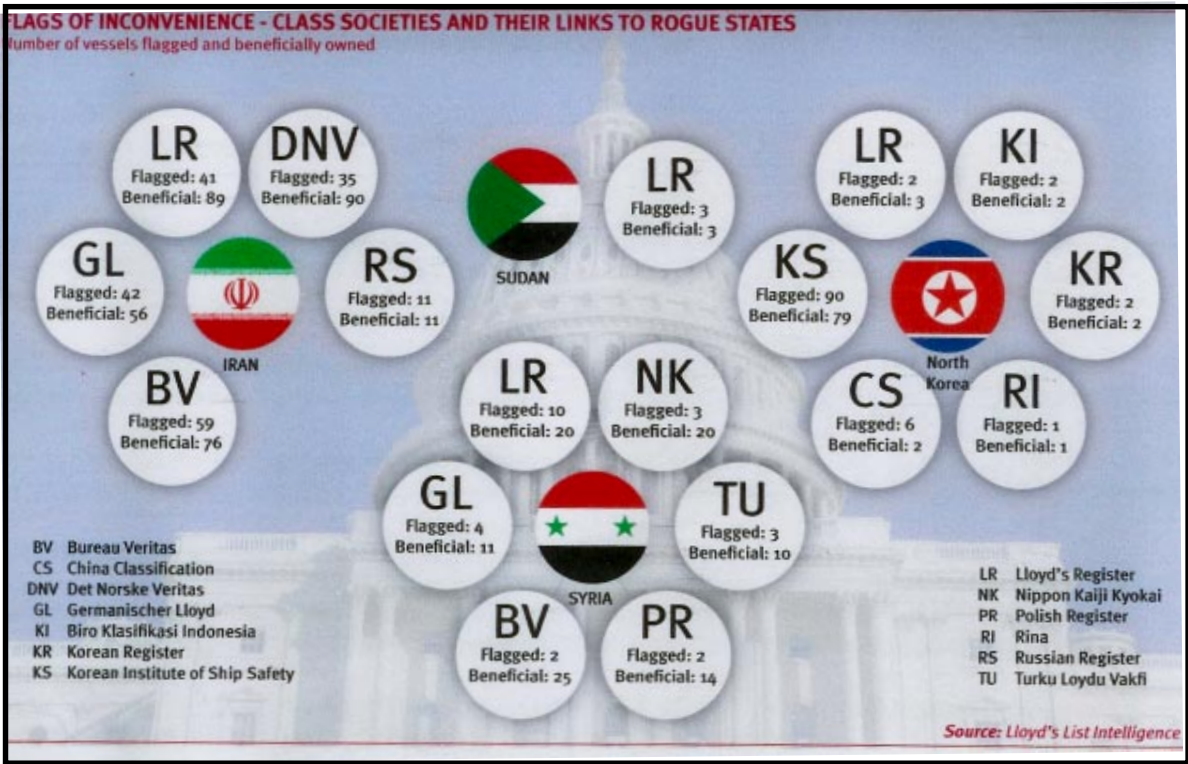
formally registered in these countries and many more that are beneficially owned by companies inside these regimes. While such links are technically outside the remit of the legislation laid out by the act, Senator Lieberman made clear in his statement that the U.S. government’s market power gives it “significant influence” over the behavior of foreign companies doing business with rogue states like Iran, North Korea and Syria.

“It makes little sense for the United States to have companies which work for nations like Iran, North Korea, North Sudan and Syria looking out for the maritime interests of the U.S.,” said Senator Begich. “This legislation closes a loophole and promotes our national interest by giving classification societies a clear choice of who they want to do business with.”

While the launch of the bill took most industry insiders by surprise, U.S. class society ABS (American Bureau of Shipping) appeared less surprised by the developments. The current legal regime in the United States provides more latitude to foreign societies than ABS, meaning that competitors have been happy to find business in regions off limits to ABS. As a U.S.-based non-profit, non-governmental organization, ABS is restricted from providing services in Iran under existing Iranian Transaction Regulations. An ABS spokeswoman declined to confirm or deny whether the society had been actively lobbying for the introduction of the new act, but said, “ABS believes that it is important to call attention to actions that are contrary to U.S. interests.”

Senator Collins and Senator Lieberman co-authored the Intelligence Reform and Terrorism Prevention Act of 2004 which implemented many of the recommendations of the 9/11 Commission, modernizing and improving America’s intelligence systems. Senator Collins was also responsible for the major port security legislation reforms signed into law in 2006.

S.1496 has been referred to the Senate Committee on Commerce, Science and Transportation.



West Coast ports experience increase in container traffic

Ports along the West Coast of the United States registered a 5% increase in total loaded containers during the first half of 2011 compared to the same period last year, according to figures on August 1, by the Pacific Maritime Association. Export growth also exceeded growth in imports during the time period, with exports up 9% and imports increasing 3%.

Total container volume at both the Ports of Los Angeles-Long Beach as well as the Port of Oakland increased 6%. Exports continued to outpace imports at both locations. Exports at the Ports of Los Angeles-Long Beach grew 8% while imports grew 6%. The Port of Oakland saw their exports grow 9% while im-

ports only increased 2%.

The Ports of Seattle-Tacoma experienced a slight 1% increase in total container volume, with exports increasing 10% and imports declined 8%. At the Port of Portland, total container volume grew 17%. Exports there grew 25% while imports increased 10%.

In Canada, total container volume dropped 6% at the Port of Vancouver while the Port of Prince Rupert experienced a 12.5% increase. Exports continued to outperform imports at both ports, however, at export volume at the Port of Vancouver increased 13% compared to a 1% decline in imports. Exports at the Port of Prince Rupert exploded by 79.4% while imports declined 4.5%.



SUP President's Report

August 9, 2011

FOSS MARITIME COMPANY

As reported in June, the SUP and Foss met to discuss a company proposal to amend the current collective bargaining agreement to adjust the tripartite agreement between the SUP, Foss and the Inlandboatmen's Union for call-out and intermittently crewed tugs which provides for the most efficient use of the company's vessels in San Francisco Bay (see the June *West Coast Sailors*). This formula has not worked as the SUP has performed more work than the IBU. Therefore, Foss and the IBU want to amend both the SUP and IBU agreements to attempt to remedy the problem.

There was initially some healthy skepticism expressed by some members employed by Foss, however, the company submitted supplemental data after the meeting which, in your secretary's judgment, verified the company's position.

The parties met again on July 12. The Union was represented by Mel Jackson, Don Nichols, Heath Rose, Gary Rymel, Jason Rymel, Tom Tynan (members employed by Foss); and Mike Worth, SUP Vice President Dave Connolly and your secretary. In attendance for the company were Mike O'Connor, Director of Labor Relations; Ken Leever, Labor Relations; Bob Gregory, Northern California Regional Director; and Laura Rosenberg, Marine Personnel Manager.

After reviewing all documents submitted by the company and after a full discussion, members in attendance voted unanimously to amend the agreement by substituting the following language for the current language:

The company will dispatch call-out and intermittently crewed boats according to primary jurisdiction of the work to be performed at the time of the crewing. Each call-out shall be exclusively and completely to one Union or the other, subject to the availability of qualified personnel. The procedures for call-out and intermittently crewed boat personnel shall be in accordance with the respective Unions' collective bargaining agreements.

It is the intent to have an equal balance of cross jurisdictional work between the two (2) Unions (i.e. SUP work performed by IBU and vice versa). The company will adjust call-out and intermittently crewed boats to maintain a balance of cross jurisdictional work.

The company will provide the Union a monthly report (to include year-to-date numbers) of the work performed by joint jurisdiction, outlining any imbalance in the work performed across jurisdictional lines. No later than five (5) business days (M-F excluding holidays) after the start of the following month, the company will give 100% of call-outs and intermittent crewing to the Union that was under crewed (as defined by work performed by joint jurisdiction) until such time the year-to-date work performed by joint jurisdiction is in balance, pursuant to qualified personnel being available.

The Union and company agree to meet over any disputes arising out of application of this rule.

As the IBU is in bargaining with Foss, the proposed amended language will not go into effect until the IBU and Foss conclude negotiations. The SUP/Foss agreement expires on February 29, 2012.

Recommend general membership approval of the amendment to the Foss agreement.

CHEVRON SHIPPING COMPANY

The current collective bargaining agreement with Chevron Shipping Company, covering all unlicensed personnel in the company's U.S.-flag fleet, expires on January 31, 2012. The Union will give notice 90 days before that date requesting negotiations to amend the agreement.

SUP members employed by Chevron are urged to submit bargaining proposals either to Headquarters or

boarding Union agents. Those interested in participating in a pre-negotiations caucus and negotiations should notify the Union.

PORT OF REDWOOD CITY

In June, reported that the SUP had joined the Teamsters, ILWU Local 10, ILWU Local 6, California Federation of Teachers Local 1493 and over 150 elected officials from San Francisco to San Jose in opposing a plan by Cargill and developers DMB Associates to build 12,000 units of housing adjacent to the Port of Redwood City. Since then, the IBU, MM&P, MEBA and SIU have joined in opposition.

At the request of Shelley Kessler, Executive Secretary-Treasurer of the San Mateo Labor Council, Rome Aloise, President of Teamsters Joint Council 7 (which is comprised of 15 Teamster locals), and your secretary met at the Labor Council's offices on July 14, to discuss the issue. Also in attendance were: Sister Kessler; Bill Nack, Executive Director of the San Mateo Building Trades Council; John Bruno, Senior Vice President of DMB; and former San Francisco Mayor Art Agnos, who is a consultant to DMB.

Mr. Bruno delivered a comprehensive presentation on the proposed project, named Saltworks –since it would be built on Cargill's salt ponds on San Francisco Bay.

After the presentation, Brother Aloise and your secretary unequivocally stated that the development was incompatible with the Port of Redwood City and should be built somewhere else. We explained to all present that similar developments near other West Coast ports, encroachment by new, inconsistent uses, restricts cargo operation, threatens marine terminal operations and threatens maritime work.

At the Port of Los Angeles, marine terminals with seaport operations which have been ongoing for over a century have been subject to nuisance litigation from residential neighbors.

At both the ports of Los Angeles and Long Beach, the potential for residential housing have halted terminal projects, created a toxic political environment and slowed economic development to a crawl –ultimately costing both ports millions of dollars of lost revenues, thousands of lost jobs and, ironically, fewer sources of funds for environmental remediation projects.

In San Diego, a development scheme touted as "compatible" with port operations threatened to bring that port's 10th Avenue bulk operations terminal to its knees. After a court battle, voters rejected incompatible uses.

At the Port of Seattle, residential encroachment has not only threatened marine terminal operations themselves, but has also threatened goods movement and mobility in the region by making it nearly impossible to complete the supporting road and infrastructure improvements necessary to keep the port a strong competitor for trade volumes.

While SUP-contracted vessels have not called Redwood City recently, the port is a invaluable marine asset. The development of housing and schools in close proximity and adjacent to port operations does not make sense for the port or its customers or for the potential residents that will be living there. No further study needs to be done to figure this truism out. However, the San Mateo Labor Council has taken a neutral position on this issue, choosing to wait for the publication of the draft Environmental Impact Report.

In the judgment of your secretary, the maritime industry can ill-afford to have its ports threatened, whether it be Redwood City, or some other locale. Therefore, the SUP and other like-minded organizations will continue to fight the Redwood City development.

CALIFORNIA LABOR FEDERATION

As a Vice President of the California Labor Federation, AFL-CIO participated in the Federations's Executive Council meeting on July 21, in Los Angeles.

Of central concern to the Council is another attempt to silence Unions on the political front. An initiative is

being circulated for signatures across the state that would prohibit Unions from making political contributions to non-federal candidates in California.

Corporations, however, would be permitted to make independent expenditures in support or opposition to candidates using corporate profits.

This proposed ballot measure, aptly named "Pay-check Deception" by the Federation is similar but worse to the initiatives that made the statewide ballot in 1998 and 2005, but were defeated in no small measure by the activism of organized labor. An initiative needs 504,760 valid signatures to qualify for the June 2012 ballot. Since the deadline for submitting the signatures is October 24, the Federation and its affiliates are engaged in a campaign to ensure that this anti-Union measure does not get enough signatures to qualify for the ballot. Failure to do so will mean a costly political campaign. SUP members should not sign the petition for this initiative.

Legislatively, since March, the Federation's Sacramento staff has been neck high in budget discussions, moving labor and Federation supported bills and killing the last remaining bad bills.

The Legislature passed a majority vote budget with no Republican support. No new revenues and no limits on giveaway tax credit programs. The budget includes \$140 billion in budget cuts, with billions more in triggered cuts if revenues don't pick up another \$4 billion. The process was dismal and the results horrible with draconian cuts to schools, public safety and services for the poor, disabled and aged: all because the recalcitrant Republicans were unwilling to maintain the tax base to fund essential services. The Federation is supporting several bills pending to raise revenues to avoid even more drastic cuts. The Federation is also focusing its efforts on bills that will create jobs.

INTERNATIONAL LONGSHOREMEN'S ASSOCIATION

By invitation, attended the International Longshoremen's Association (ILA) 53rd Quadrennial Convention from July 25, through July 28, in Hollywood, Florida.

Over 1,000 delegates and guests heard from members of Congress, Obama Administration officials and employer representatives of the shipping industry.

Ed Wytkind, President of the Transportation Trades Department, AFL-CIO and Paddy Crumlin, President of the International Transport Workers Federation and National Secretary of the Maritime Union of Australia, both gave powerful speeches on the war against workers in the United States and globally.

James Capo, Chairman of the United States Maritime Alliance –the East and Gulf Coast equivalent of the Pacific Maritime Association– told the delegates that the ILA needed to work with employers to compete with West Coast ports and attract investment if Atlantic and Gulf ports are to benefit from the opening of larger locks at the Panama Canal in 2014. Capo cited western railroads investments in intermodal services and statements made by officials of the International Longshore and Warehouse Union on maintaining and growing their share of inbound and outbound cargo.

Capo's remarks drew a strong reaction from ILWU President Bob McEllrath. McEllrath told the delegates that employers "are using the word 'competition' to put a wedge in between" the ILWU and ILA.

"We are one," he said. "I'm going to work with the ILA. We're going to fight together, we're going to keep our jurisdiction and we're going to keep our jobs."

McEllrath's speech brought the delegates to their feet with a standing ovation.

The convention culminated with the election of Harold Daggett as ILA president. Daggett relieves Richard Hughes who did not seek reelection after serving one four-year term.

In a fiery acceptance speech lasting more than 45 minutes, Brother Daggett promised an aggressive line in bargaining with the United States Maritime Alliance. The current agreement between the ILA and the Alliance expires on September 30, 2012. Daggett said he

continued on next page

President's Report continued

would pursue closer ties with the ILWU and invited McEllrath to participate in ILA negotiations.

Daggett was replaced as Executive Vice President by Benny Holland with Stephen Knott relieving Holland as General Vice President. Robert Gleason, Secretary-Treasurer; Gerald Owens, General Organizer; and John Baker, Assistant General Organizer were reelected to the respective positions as were 25 Vice Presidents.

LABOR DAY

All SUP halls will be closed on Monday September 5, in observance of Labor Day, a holiday under all SUP agreements.

Labor Day activities in Seattle, San Francisco, Wilmington and Honolulu will be published in this month's *West Coast Sailors*.

ACTION TAKEN

- M/S to approve the amendment to the Foss agreement. Carried unanimously.
- M/S to concur with the balance of the President's report in its entirety. Carried unanimously.

Gunnar Lundeborg

Negligence blamed in Volga River cruise ship disaster

Russia's transport investigatory agency, Rostransnadzor, said a Volga River cruise ship disaster had been caused by crew negligence.

Rostransnadzor found that the main cause was that water had flowed through unsecured portholes during a storm, with 50 tons of flooding in a single minute. The study began after the cruise ship *MV Bulgaria* sank on the Volga on July 10, killing at least 122 people.

On its website Rostransnadzor said: "The commission has concluded that the accident was caused by a combination of factors: the failure by the shipowner and ship's master to adhere to the regulations for safe navigation in the planning, preparation and execution of the voyage, as well as the poor skills and lack of discipline of the crew members."

On July 15, Prime Minister Vladimir Putin slammed the operators of the cruise ship as the first arrests took place over its fatal sinking. While visiting the port

of Kazan, the planned destination for *MV Bulgaria* before it sank on July 10, Putin said the sinking was due to "irresponsibility, for disorder, for greed, for the gross violation of the rules of technical safety".

Then on August 4, the prosecutor's office said it had found that more than 700 vessels registered for riverine navigation were more than 30 years old. Faults discovered by inspectors included insufficient lifebuoys and jackets, engine and other equipment substitutions, counterfeit navigation programs, and negligent enforcement by regional inspectorates along the Volga River and in Russia's Far East and Pacific coast regions.

Also, the riverine shipping register was found to have certified substandard vessels and extended validity periods unlawfully. The office has begun enforcement and penalty actions in 550 cases involving 800 individuals.

Sisterhood of the Sea



In the Maui this month pictured above are: In front: Tammy Bissinger/SIU Chief Cook; Rhonda Benoit, SUP Bosun. In back: Laura Deebach, SIU Chief Steward; Jeanine Wanther/MEBA 3A/E; Debbie Cannella/SIU OBR.

Vice President's Report

August 2011

- Maui:** Mike El Mobdy, delegate. In at Oakland with no beefs. Good meeting at coffee time with the entire SUP gang on pension increase, overtime accounting, new member orientation, dental cost reimbursement, etc. Rhonda Benoit is the bosun.
- Manukai:** Michael Soper, delegate. Rigging and maintenance of canvas cover for shore power unit is SUP jurisdiction just as it was for the covers of hatches, lifeboats, binnacles, etc.
- Manoa:** Jennifer Corner relieved Greg Schauf as delegate. Clarification on shoreside crane operation. In at Oakland with no problems. Gang interested in Matson's other Jones Act opportunities and elated to hear about the failure of its foreign-flag operations.
- Moku Pahu:** Mark Cain, delegate. Sanitary work is a daily requirement. A hard-working bulker with grimy decks needs continuous house sanitary to maintain habitable conditions. In Crockett with a few clarifications. Laid up at SFO pier 70 with plans for another sugar run in September.
- APL Coral:** Paul Aguirre, delegate. Joining crew delayed by weather in Detroit. Departing crew including the delegate, James Salera and Marcos Gil, who were checked in at the airport, got the call, retrieved their bags, returned to the ship and sailed for Charleston saving a costly delay. Outstanding seamanship consistent with our tradition of meeting challenges head on and doing what must be done no matter how arduous or unpleasant: SUP style.
- APL Singapore:** Scott Griggs, delegate. Lodging claim investigated in Oakland. Deck flooring was removed at sea for replacement in San Pedro but wet concrete surface prevented installation. Captain agreed to maintain sanitary conditions during the trip and replace on arrival in LA.
- APL Philippines:** Gus Silva relieved Dave Sylstra as delegate. In at Oakland with no trouble.
- APL China:** Larry Gately, delegate. C/M gets to set the sailing board.
- APL Steam Rack:** Jan Peter Johnsson filling in for Bob Greene at Oakland terminal. Vacation is earned by work performed. Still working some night and weekend shifts.
- APL Agate:** Dave Rowlands, delegate. Carpenter time payable for one man for rail repair.
- APL Japan:** Marc Caliero, delegate. Members need to maintain physical fitness and avoid injury. Being on a ship and doing the work we do is risky enough. Doing it with a risky medical condition hazards the sailor, his shipmates, and the SUP reputation for reliability.
- Florida Voyager:** Anton Seravaseiyar, delegate. In at Richmond Long Wharf, no problems. Workforce reduction terminations being investigated. Accepting proposals for bargaining.
- USNS Waters:** Eduardo Zepeda, delegate. Steadily getting the work done on mission after mission. Riding gang to be shipped for deck maintenance work enroute East Coast. Education on Rating Forming Part of a Navigational Watch and its relationship to NVIC 3-83 complete.
- USNS Gordon:** Joe Nugent, delegate. Lots of quality work getting done in Jacksonville in ROS with Aaron Wiebe as serang. Activation is likely in September for passage to an East Coast yard.
- USNS Yano:** Haz Idris, delegate. Activated on August 7, for transit to a Texas shipyard. Travel day is not paid under this contract. Refusal to provide draws investigated and overturned. On arrival in the yard in Corpus Christi, MSC changed the work order, initiated ROS, and laid off the crew. Call from the delegate indicated dissatisfaction especially with regard to the sudden deactivation and payroll issues. Company agreed to review payroll process for activations.
- San Francisco Bar Pilots:** Mike Koller, Terry O'Neill, delegates. Third swingman position finally filled. Operators covering for each other and continuously training deckhands.
- Foss Maritime Company:** JD Rymel, delegate. Union registered with management its objection to termination of longtime tankerman. Investigation is ongoing.

Dave Connolly

Prison term for former shipyard inspector

On August 12, a former inspector at the Newport News shipyard was sentenced in a U.S. District Court to 37 months in a federal prison after issuing falsified welding certifications on 13 Navy ships.

The 34-year-old culprit, Robert R. Ruks Jr., had pleaded guilty to two felony counts regarding lying about weld certifications. Ruks was a Non-Destructive Testing (NDT) inspector at Northrop Grumman Shipbuilding, Newport News, Virginia, and on May 14, 2009, he admitted that he lied about performing inspections on a Navy submarine. As Ruks was questioned, he continued to lie about how many inspections he did not perform but certified on Navy subs and hulls. Investigations into the case revealed that unperformed inspections by Ruks yielded 14 defective structural welds and two detective pipe welds. Ruks

was charged with making false statements to Navy officials and federal authorities, after he was accused of falsely certifying vessels for two years.

U.S. Attorney MacBride commented on the case that lying about a weld inspection is a very dangerous crime that threatens the safety of the men and women who serve in the U.S. military, and now the Navy and its shipbuilding partners are forced to conduct extensive technical reviews and re-inspection of vessels to ensure the future safety of the ships themselves and the crew aboard. He added that they are committed to ensuring that contractors of the government are held responsible in attempts to defraud and put personnel at risk.

Due to Ruks' neglect, repairs to the vessels cost \$654,000 and 18,906 man-hours.

SUP Branch Reports

Seattle

July 18, 2011

Shipped during the period: 3 Boat-swains jobs shipped and filled with 3 A's to 1 steady job, 1 return and 1 relief; 13 Able Seaman slots went to 2 A's, 9 B's, 1 C and 1 D registrant; 14 standbys went to 1 A, 9 B, and 4 D registrants.

Registered during the period: 11 A cards for a total of 29; 12 B cards for a total of 38; 7 C cards for a total of 16.

Ships Checked

Matson ships *Maui* and *Manoa* called twice with little or no trouble. *Kauai* still laid up in Terminal 25. APL vessel *President Truman* went into the shipyard in Singapore, expecting to call the gang back towards the end of July. *President Polk* called the gang back June 26. The Patriot Contract vessels *USNS Gordon* and *USNS Gilliland* called for sailors.

I represented the SUP at the following meetings: the King County Labor Council Executive Board meetings; the King County Labor Council Political Action Committee meetings; the Washington State Labor Council legislative briefing meeting; the North Seattle Industrial Association meeting; a meeting with ILWU Local 19 and the Port of Seattle; the Maritime Air Quality Forum.

The SUP/MFU provided testimony in Port of Seattle Commission Chambers on ship air emissions; and in Seattle City Council Chambers on their "paid sick leave" resolution.

If you have changed your mailing address, phone number or email address, notify your Branch Agent, Headquarters, and the Welfare Plan.

Vince O'Halloran
Branch Agent

Attend your Union meetings

The Sea

the green flash,
a rainbow at night,
St. El-mo's fire
a sailor's delight

monsoon, typhoon,
the eye of the storm
then fair weather sailing,
a new day is born

westward ho,
we retard the hours
not to regain
until eastward she powers,
tho,
continuing westward
we'll gain back the time
after we've crossed
the
International Dateline.

Rich Cahill #4746, retired

Wilmington

July 18, 2011

Shipped a total of 76 jobs. The breakdown is as follows: 2 Bosun- 2 steady; 6 AB/Dayman- 5 steady; 1 relief; 9 AB/Watch- 5 steady, 1 relief, 3 returns; and 59 standbys.

Registration: Class A 27; Class B 21; Class C 11.

Ships checked

Manulani, Maunawili, Mokihana, Mahimahi, Manukai, Lihue, Philippines, Korea, Thailand, China, Singapore and the *USNS Waters*.

Attended and represented the SUP at the following meetings: American Merchant Marine Veterans Memorial Committee; Maritime Trades Port Council; LA/LB Labor Day Parade Committee; and the LA County Federation of Labor.

New regulation when renewing your Merchant Marine Documents, you must call the National TWIC center and request a "ticket number". The Coast Guard will not process your application without it.

Thanks to Mark Hurley for conducting the monthly meeting while I was in New York in the *President Adams*.

Vern Johansen,
Branch Agent

Honolulu

July 18, 2011

Shipped the following jobs during the month of June: 1 Bosun relief, 3 AB Day steady, 2 AB Day relief, 3 AB Watch steady, 1 AB Maint. steady. The regular jobs were filled by 7 A cards and 3 B cards. Also shipped 33 standby jobs this month. The standby jobs were filled by 3 A cards, 4 B cards, 17 C cards, and 9 D cards.

Registered during the month of June: 7 A cards, 7 B cards, 4 C cards, and 3 D cards. To date total registered: 8 A cards, 11 B cards, 8 C cards, and 7 D cards.

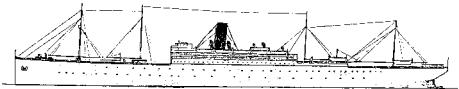
Ships checked

Manukai, Maunawili, Maui, Mokihana, Manoa, Maunalei, Mahimahi, Manulani, Lihue and the Paint and Rigging gang. All running with few or no beefs.

The Labor Day Picnic in Honolulu will be held on September 4 (Sunday) at the Waikiki Shell. There will be food, drinks, games, and live entertainment for all.

Mahalo,

Michael Dirksen
Branch Agent



British frigate aids ship crew after pirate attack

The Royal Navy has helped a Greek bulker's crew after it was attacked by pirates in the Red Sea.

The 68,438 dwt *Caravos Horizon* sent an alert on August 10, that it was being attacked by pirates, the Royal Navy said in a statement. It was reported that six pirates had boarded the ship, forcing its 24 Filipino crew members to hide in its citadel.

The frigate *HMS Monmouth*, operating as part of Combined Task Force 151, began travelling towards the vessel and also sent a helicopter to assess the situation. "Analyzing all the reports that were coming in, there appeared to be no sign of the attackers; only a ladder over the side of *MV Caravos Horizon* was spotted," the Royal Navy said.

A boarding team from the warship searched the ship and found that the pirates had left. The team then freed the crew, who are not continuing their voyage.

Labor Day festivities at Sailors' Union ports

Seattle: The Martin Luther King, Jr. Labor Council's Labor Day Celebration will be held on Monday, September 5, from 11:00 A.M. to 3:00 P.M. at Lower Woodland Park (N. 50th Street & Woodland Park Ave. N.). The event is free (food and soft drinks, etc.) with many activities for the kids. Live music by Bobby Medina & the Red Hot Band.

San Francisco: The San Francisco Labor Council is hosting its annual pre-Labor Day breakfast on Friday, September 2, at the Holiday Inn on Van Ness Ave., at 8:00 A.M. honoring Michael Hardeman for his years of service as Executive Committee member and delegate of the San Francisco Labor Council. The featured speaker is to be announced. The cost is \$50 per person.

Wilmington: The 32nd LA/Long Beach Labor Day Solidarity March will be held on Monday, September 5. SUP members will muster at 8:00 A.M. on Broad and E Street in Wilmington, and the March departs 10:00 A.M. to Banning Park for a celebration at noon. There will be speakers, music, hot dogs and soft drinks. Shuttle buses are available.

Honolulu: A Labor Unity Picnic organized by the Hawaii Building & Construction Trades Council and affiliates will be held on Sunday, September 4, from 3:00 P.M. to 10:00 P.M. at the Waikiki Shell which is in Kapiolani Park.

Free admission. Shuttles available from Kapiolani Community College.

Dutch court sentences five Somali pirates

Five Somali nationals found guilty on piracy charges have been handed prison sentences ranging from four-and-a-half to seven years by a court in Rotterdam. The public prosecutor had been seeking a 10-year term for the ringleaders. The trial took place in the Netherlands because the pirates were picked up in 2010 by a Dutch warship.

San Francisco Business Agent

ATTENTION: When paying Union dues via U.S. mail, enclose your book along with your payment so it can be stamped and brought up-to-date.

Bill Berger

Dispatcher's Report

Headquarters—July 2011

Deck	
Bosun	1
Carpenter	0
MM	3
AB	12
OS	1
Standby	18
Total Deck Jobs Shipped	35
Total Deck B, C, D Shipped	11
Engine/Steward	
QMED	0
Pumpman	0
Oiler	0
Wiper	0
Steward	0
Cook	0
Messman	0
Total E&S Jobs Shipped	0
Total E&S B, C, D Shipped	0
Total Jobs Shipped-All Depts.	35
Total B, C, D Shipped-All Depts. .	11
Total Registered "A"	33
Total Registered "B"	22
Total Registered "C"	19
Total Registered "D"	34

SUP members join pension ranks

The following SUP members joined the rank of pensioner, bringing the total number of SUP members to 485:

James Eriksen, 66, Book No. 1876, joined SUP in 1966, 17 years seetime.

Roberto Garcia, 79, Book No. 2957, joined SUP in 1957, 48 years seetime.

Thomas James, 61, Book No. 5417, joined SUP in 1983, 25 years seetime.

Hannu Kurppa, 65, Book No. 3162, joined SUP in 1970, 34 years seetime.

Samuel Trujillo, 65, Book No. 19115, joined SUP in 2004, 6 years seetime.



Reymundo Gabarra on the boat deck of Chevron Shipping Company's *Mississippi Voyager* in Richmond Inner Harbor on July 13. Photo: Dave Connolly