



# West Coast Sailors

Official Organ of the Sailors' Union of the Pacific

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SAN FRANCISCO, CALIFORNIA

Friday, November 20, 2009

## Global shipping company profits continue to plummet

As the recession continues, shipping companies worldwide are experiencing relentless decline in freight volumes, revenue and profits. Recent postings for the third quarter of 2009 tell the grim news.

**Neptune Orient Lines (NOL)** and its container arm **APL Ltd.** expects to remain deep in the red well into next year, with depressed conditions in the container trades showing no sign of easing. The Singapore-based carrier lost \$139 million in the third quarter, compared with a profit of \$35 million in the same period in 2008. That was the last time the company made money, with the fourth quarter of last year marking the start of the worst ever slump for the entire industry. Revenue for the third quarter fell 34% to \$1.6 billion while for the year to date, it was down 36% to \$4.5 billion. That brought the cumulative loss for the year to \$530 million, compared with a profit of \$232 million in the first nine months of 2008.

**Matson Navigation Company**, a subsidiary of Alexander & Baldwin, earned an operating profit of \$24.2 million in the third quarter, down 23% from \$31.4 million a year ago. Matson's container volume dropped 12% in the Hawai'i

trade, 3% in the Guam trade, but climbed 1% in the China trade during the quarter. The number of autos the company carried to Hawai'i declined by 3%. Overall, Alexander & Baldwin's third quarter profit sank 77% as reduced real estate sales, expanded losses in agribusiness and shipping hurt earnings for the Honolulu-based company. A&B reported net income of \$8.5 million for the quarter compared to \$38.8 million for the same period last year.

**Maersk Line:** Container shipping is dragging AP Moller-Maersk deeper into the red, with the group expecting to post a full year loss of \$1 billion as Maersk line's woes continue. The world's largest ocean carrier lost \$592 million from its container transport activities in the third quarter, swelling the nine months loss to \$1.5 billion. In the same quarter last year the Danish carrier made \$367 million in profit. In the Pacific, trade, company volumes shrank 14% in the last three months, while average freight rates were 26% below 2008 levels. Maersk has also reduced bunker consumption by 13% so far this year as oil prices rose throughout the third quarter. To cope with that

*continued on page 3*

## Merchant Marine lauded at Veteran's Day observance

Secretary of Transportation Ray LaHood, speaking at the World War II Memorial in Washington, D.C., on November 11, singled out the achievements of the merchant marine.

Secretary LaHood's comments were remarkable on a day when the focus is usually reserved for the armed services.

The World War II Memorial, located at the foot of the National Mall, was constructed to include a tribute to merchant mariners who were crucial to the Allied victory. Those overseeing the war knew well the importance of the Fourth Arm of Defense and Secretary LaHood referenced remarks of then-General of the Army Dwight Eisenhower who often pointed out the value of the Merchant Marine. Ike had noted, "Every man in this Allied command is quick to express his admiration for the loyalty, courage and fortitude of the officers and men of the Merchant Marine. We count upon their efficiency and their utter devotion to duty as we do our own; they have never failed us yet and in all the struggles yet to come we know that they will never be deterred by any danger, hardship or privation. When final victory is ours, there

is no organization that will share its credit more deservedly than the Merchant Marine." Secretary LaHood's statement, reminded Veterans' Day attendees of those forgotten heroes, past and present, for the men and women of the Merchant Marine who still get the job done today. His remarks follow:

*"I am honored to join Senator Akaka and other distinguished guests today as we remember the extraordinary service and sacrifice of our men and women in uniform. We gather here to honor all the veterans who have defended freedom and democracy against the forces of tyranny and oppression around the world. But today-- before their voices fade into history -- we especially want to recall the bravery, skill, and camaraderie of the generation who fought in the Second World War. And of those, I would like to pay special tribute to the United States Merchant Marine.*

*Throughout our history, our Armed Forces could not fight a war overseas without the Merchant Marine and the commercial ships they commanded, filled with supplies. In World War II, when our troops and their cargo needed overseas transport, the U.S. Merchant Marine was there - crossing hostile waters and sacrificing thousands of lives to complete their mission. When critical evacuations were needed during the conflict with Korea, the U.S. Merchant Marine was there to rescue thousands of U.N. troops, refugees, cargo, and vehicles.*

*During the first Gulf War, when troops required four times as much equipment as the Normandy Invasion, the U.S. Merchant Marine was there to deliver life-saving tanks, armored vehicles, and helicopters.*

*Today, more than 85 percent of the supplies and equipment for the conflicts in Iraq and Afghanistan are carried aboard ships crewed by civilian mariners.*

*Today, we remember all these brave individuals who risked their lives crossing the Atlantic, the Pacific, the Persian Gulf, and many other seas to transport essential goods or bring soldiers and others out of harm's way.*

*General Dwight D. Eisenhower said it best: "When final victory is ours, there is no organization that will share its credit more deservedly than the Merchant Marine."*

*On behalf of everyone at the United States Department of Transportation and the Maritime Administration, I want to thank the U.S. Merchant Marine, and all of our veterans, for their selfless devotion to our country. We must also acknowledge the men and women of the Armed Services who protect us today: soldiers, sailors, airmen, guardians, and marines who serve us in these times of conflict and are proudly and ably carrying on the legacy of the Greatest Generation."*

Senator Daniel Akaka (D-Hawai'i) was billed as the keynote speaker at the event but did not mention the merchant marine in his remarks. Senator Akaka chairs the Veteran's Affairs committee which controls the fate of the Senate version of "The Belated Thank You to World War II Merchant Mariners Act of 2009," introduced by Senator Ben Nelson (D-Nebraska). The legislation would provide monthly payments to those who served in the merchant marine during World War II.

The House version of the bill (H.R. 23) sponsored by Representative Bob Filner (D-California), Chairman of the House Veteran's Affairs Committee, passed that body by voice vote on May 13.

The Senate held hearings on the bill on April 29, but Chairman Akaka has not called for a committee vote to send the measure to the full Senate for consideration. The bill is cosponsored by 47 other senators. Senator Akaka is not a cosponsor.

## Sailors' Union balloting begins in December

By secret mail-ballot, all eligible members of the Sailors' Union of the Pacific will elect officers for the 2010-2012 term and decide on proposed amendments of the Union's Constitution and Shipping Rules.

The two-month election period begins on December 1, 2009, and concludes on January 31, 2010, with the ballots tallied on Wednesday, February 1, 2010.

Pacific Election Services, Inc. was selected by the membership as Impartial Balloting Agent and will be responsible for the entire election process.

Nineteen SUP members have been certified as eligible candidates, by the membership, to run for office. The positions contested are Wilmington Branch Agent, Honolulu Branch Agent, San Francisco Business Agent, Trustees of the SUP Building Corporation and delegates to the SIUNA Convention.

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# SUP Quarterly Finance Committee Report

SUP QUARTERLY FINANCE COMMITTEE REPORT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

The Quarterly Finance Committee, duly authorized to act by the regular meeting at Headquarters on October 13, 2009, hereby submits the following report:

## SUMMARY OF CASH AND INVESTMENTS

General Fund .....	\$679,063.76
Political Fund .....	\$5,221.55
Strike Fund .....	\$1,293,730.99
Total Cash and Investments 3rd Qtr. 2009 .....	\$1,978,016.30

## GENERAL FUND

Income:	
Dues, Initiation, Assessments .....	\$91,082.95
Interest .....	23,239.17
Donations - <i>West Coast Sailors</i> .....	1,205.00
Tanker & Joint Committee, Hiring Hall .....	88,237.24
Advertising & Promotion .....	55.00
Miscellaneous Income, Reimbursements, Fines .....	2,865.11
Reimbursed Administrative Expenses .....	11,857.26
Field Expense .....	302.78
Contributions - General Fund .....	2,330.00
Total Income: .....	\$221,174.51
Expenses:	
Auto & Travel .....	\$792.08
Accounting (audit) .....	2,000.00
Rent .....	17,919.96
Postage, Printing & Office .....	4,047.35
Telephone & Telegraph .....	3,629.21
<i>West Coast Sailors</i> Publishing Expense .....	9,852.91
Per Capita .....	11,175.00
Salaries & Payroll Taxes .....	172,478.78
Office Workers Pension .....	7,098.00
Insurance .....	34,706.67
Field Expense .....	4,018.74
Committee & Neg., Conference & Conv. .....	3,292.97
Investment Expense .....	1,223.53
Advertising & Promotion .....	1,695.71
Contributions .....	850.00
Officials Pension .....	1,893.15
Subscription .....	2,577.81
Total Expense: .....	\$279,251.87

## BUILDING CORPORATION

Income:	
Assessments .....	\$1,908.00
Rents .....	70,252.48
Bldg. Util. & Service Reim. ....	1,319.98
Total Income: .....	\$73,480.46

Expense:	
Building Services & Utilities .....	\$29,137.45
Repairs & Maintenance .....	691.73
Salaries & Payroll Taxes .....	15,833.13
Pension .....	299.43
Auto .....	38.00
Accounting (audit) .....	4,000.00
Insurance .....	5,889.65
Total Expense: .....	\$55,889.39

## POLITICAL FUND

Income:	
Contributions .....	\$1,560.00
Interest .....	.12
Total Income .....	\$1,560.12

Expense:	
Contributions .....	\$750.00
Total Expense: .....	\$750.00

Net Income 3rd Qtr. .... \$ (39,676.17)

/s/ Romaine Dudley

/s/ Paul Fuentes

/s/ Michael Worth

/s/ Louis Frazier

/s/ Kaj Kristensen

*ACTION BY THE MEMBERSHIP November 9, 2009. 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.*

## Mediation Board proposes changes to democratize Union elections at airlines, rail

By a 2-to-1 margin, the National Mediation Board (NMB) said it's time to bring democracy and majority rule to rail and airline workers voting whether to join a Union.

The NMB this month proposed changes to airline and rail election rules to mirror the rules that govern every other democratic election—the outcome is decided by the side that receives the majority of votes cast. Under current rules, every worker who does not cast a vote is counted as a vote against forming a Union.

Edward Wytkind, President of the AFL-CIO Transportation Trades Department (TTD), said the NMB's proposed changes are "fair and sensible." The SUP is a TTD affiliate.

The deck is currently stacked against airline and railroad workers. The NMB is proposing new rules that would finally permit airline and rail workers to vote for Unions under the same standards found everywhere else. With this change, never again will workers in these industries seeking to form a Union be thwarted by such un-democratic rules.

In its notice of the proposed change in the rules, the NMB said change to majority rule will provide a more reliable measure/indicator of employee sentiment in representation disputes and provide employees with clear choices in representation matters.

In September, the TTD requested the board reform the election procedures, noting that just because a worker does not cast a vote, it doesn't mean he or she does not want a Union. It just means a worker didn't vote. In many cases, pres-

sure from company management keeps workers from the polls.

In a recent column on the *Huffington Post*, Wytkind said the airline industry uses the current non-democratic voting rules to thwart workers' choice to form a Union and bargain for a better life.

Unionization in the airline industry has slowed in recent years. Why? Union-busting campaigns are alive and well—because the current election policy encourages and rewards employer-run voter suppression campaigns. For example, almost 100% of Delta flight attendants voted in favor of Unionization in 2008. But thanks to Delta's campaign to discourage its employees from voting (the company called it "Give a Rip" and was essentially instructing employees to destroy government-issued ballots), turnout was below 50% and the overwhelming support for a Union was nullified.

The NMB said it will make a final decision on the rule change after a 60-day comment period. Comments may be submitted by mail or hand delivery to the National Mediation Board, 1301 K St., N.W., Suite 250E, Washington, D.C. 20005; by fax to 202-692-5085; by e-mail to [legal@nmb.gov](mailto:legal@nmb.gov); or through the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov).

Said Wytkind: "The NMB majority has demonstrated its commitment to fair Union election procedures. Airline and rail workers are seeing their government take steps today to ensure that Union elections are run under American norms and standards that have stood the test of time for more than 200 years."

## Final Departures

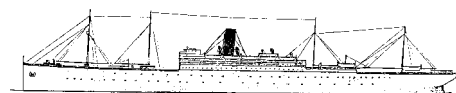
**Michael Freng**, Book No. 2246. Born in California in 1956. Joined SUP in 1988. Died in California, October 28, 2009.

**Edward Kulikoff**, Book No. 3058. Born in California in 1916. Joined SUP in 1947. Died in Jamestown, North Dakota, October 25, 2009. (Pensioner)

**William Nelson**, Book No. 2450. Born in New York in 1926. Joined SUP in 1937. Died in Arizona, October 28, 2009. (Pensioner)

**Charles Steringer**, Book No. 7089. Born in West Virginia in 1924. Joined SUP in 1947. Died in Medford, Oregon, October 28, 2009. (Pensioner)

**Lloyd Hussey**, Book No. 5818. Born in North Dakota in 1936. Joined SUP in 1968. Died in Tracy, California, November 3, 2009. (Pensioner)



## SUP Meetings

These are the dates for the regularly scheduled SUP meetings in 2009/2010:

	Hdq.	Branch
December	14	21
January	Tues. 11	19
February	Tues. 8	16
March	8	15
April	12	19
May	10	17
June	14	21
July	12	19
August	9	16
September	13	20
October	Tues. 12	18
November	8	15
December	13	20

**Sylvan Frankel**, Book No. 1964. Born in California in 1926. Joined SUP in 1946. Died in Alameda, California, November 3, 2009. (Pensioner)

**Egil Sleveland**, Book No. 5379. Born in Norway in 1916. Joined SUP in 1940. Died in Seattle, Washington, November 5, 2009. (Pensioner)

## West Coast Sailors

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President/Secretary-Treasurer  
**Teresa Anibale**, Editor

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## The New York Times on jobless recovery

If you are looking for an economic recovery you can believe in, the October employment report is not for you.

After contracting for a year and a half, the economy grew in the quarter that ended in September, driven largely by federal stimulus. But government spending, as large and as necessary as it has been, has not been enough to revive hiring.

Unemployment surged from 9.8% in September to 10.2% last month, its highest level since 1983. At the same time, the economy lost 190,000 more jobs. That means employers have eliminated 7.3 million positions since the recession began in December 2007.

As dreadful as they are, the headline numbers understate the severity of the problem. They also obscure an even grimmer fact: Unless there is more government support, it will take several years of robust economic growth—by no means a sure thing—to recoup the jobs that have been lost.

The unemployment rate includes only jobless people who have looked for work in the past four weeks. The underemployment rate—which also includes jobless workers who have not recently looked for work and part-timers who need full-time work—reached 17.5% in October. And the long-term unemployment rate—the share of the unemployed population out of work for more than six months—also continues to set records. It is now 35.6%.

The official job-loss data also fail to take note of 2.8 million additional jobs needed to absorb new workers who have joined the labor force during the recession. When those missing jobs are added to the official total, the economy comes up short by 10.1 million jobs.

Taken together, the numbers paint this stark picture: At no time in post-World War II America has it been more difficult to find a job, to plan for the future, or—for tens of millions of Americans—to merely get by.

At a recent meeting at the White House to discuss job creation, President Obama said that “bold, innovative action,” would be needed - from the administration, Congress and the private sector—to undo the devastation in the labor market. Americans are waiting for Mr. Obama to lead the way.

There were good ideas floated at the White House meeting, including bolstered federal support for efforts to retrofit and weatherize homes and public buildings. There was also talk of using government money to establishing a so-called infrastructure bank that would issue bonds to help finance big construction projects.

The country also needs a program that would create jobs for teenagers—ages 16 to 19—whose unemployment rate is currently a record 27.6%. Deep and prolonged unemployment among the young is especially worrisome. It means they do not have a chance, and may never get the chance, to acquire needed skills, permanently hobbling their earnings potential.

We know that more stimulus spending and government programs are a fraught topic. But they are exactly what the country needs. It may be the only way to prevent a renewed downturn. And the only way to create the jobs needed to put Americans back to work. Those are the essential—and missing—ingredients of a sustained recovery.

*Source: New York Times, Editorial, November 8, 2009*

## Change in medical marijuana policy does not change rules for transport workers

Workers who operate ships, planes, trains, trucks and other transport vehicles would still be in violation of Department of Transportation (DOT) rules against drug use if they use marijuana, despite a recent change in federal law enforcement rules.

The DOT Office of Drug and Alcohol Policy and Compliance issued a clarifying notice Oct. 22, after receiving queries about how the new policy stance by the Department of Justice might affect transportation workers. DOT states that marijuana use remains unacceptable for any safety-sensitive employee subject to drug testing under the Department of Transportation's drug testing regulations. “We want to make it perfectly clear that the Department of Justice guidelines will have no bearing on the Department of Transportation's regulated drug testing program,” wrote Jim Swart, director of the DOT Drug and Alcohol Policy office. “We will not change our regulated drug testing program based upon these guidelines to federal prosecutors.”

## Time running out to rebuild the United States economy

The unwillingness of political leaders to act boldly for the nation's economic future has put our prosperity in danger, and it's past time to do something about it, Union leaders and lawmakers said on October 29.

Pennsylvania Governor Ed Rendell (D) told the closing session of last month's Building the New Economy conference in Washington, D.C., that other nations, especially India and China, have made a huge commitment to rev up development of efficient energy sources and threaten to leave the United States in the dust. Said Rendell: “Time is running out. The science and technology are there, but do we have the will? The time of American economic dominance is fast disappearing. If we have an America that doesn't make anything, then we become a second- or third-rate power.”

Rendell, United Steelworkers (USW) President Leo Gerard and Representative Earl Blumenauer (D-Oregon) made up the final panel for the conference.

Rendell said the United States has the resources and creativity to develop a new green economy that provides good jobs and rebuilds communities, but lawmakers need to be pushed to act—and act quickly. He urged conference participants to go home and “sound the clarion call to the American people” and actively write letters,

*continued on page 11*

## Nation's jobless rate jumps to 10.2%, with more underemployed the number hits 17.5%

For all the pain caused by the Great Recession, the job market still was not in as bad shape as it had been during the depths of the early 1980s recession—until now.

With the release of the jobs report on November 6, the broadest measure of unemployment and underemployment tracked by the Labor Department has reached its highest level in decades. If statistics went back so far, the measure would almost certainly be at its highest level since the Great Depression.

In all, more than one out of every six workers, 17.5%, were unemployed or underemployed in October. The previous recorded high as 17.1% in December 1982.

This includes the officially unemployed, who have looked for work in the last four weeks. It also includes discouraged workers, who have looked in the past year, as well as millions of part-time workers who want to be working full time.

The official jobless rate —10.2% in October, up for 9.8% in September— remains lower than the early 1980s peak of 10.8%.

The rate is highest today, sometimes 20%, in states that had big housing bubbles, like California and Arizona, or that have large manufacturing sectors, like Michigan, Ohio, Oregon, Rhode Island and South Carolina.

The economy lost 190,000 jobs in October, the 22nd consecutive monthly decline and the longest losing streak on record dating back 70 years.

## Global shipping company profits continue to plummet

continued from page 1

increase Maersk has implement super-slow steaming across the fleet. As far as earnings for carrying a 40-foot container, they were a negative \$296, compared to a profit of \$86 per container in the same 2008 period.

**China Ocean Shipping Company's (COSCO):** Shipping volumes fell 6.5% to 1.4 million teu in the third quarter, while revenues slumped 39.5% to \$911 million. The company said the outlook for its container shipping business would remain poor next year due to overcapacity. “Carrying capacity is expected to see a 9% increase in 2010,” the company said. COSCO group has 38 containerships on order at Chinese shipyards. Ten new ships totaling 49,300 teu are scheduled for delivery in 2010, according to Clarksons Research. To tackle the problem, COSCO has adopted slow steaming of its vessels to mitigate the impact of overcapacity and the cost of bunkers. On average the company has reduced the speed of its container vessels by 12% this year.

**Mitsui O.S.K. Line (MOL), Kawasaki, Kisen Kaisha (K Line) and Nippon Yusen Kaisha (NYK),** Japan's three top shipowners sank into the red for the first half of the year, with only MOL forecasting full-year profits.

For the six-month period ending September 30, K Line reported a \$479.5 million net loss on revenues of \$4.4 billion, while NYK racked up net losses of \$325.4 million with revenues of \$8.8 billion. MOL reported a net loss of \$108 million (¥10 billion) for the first half of the year, compared with a ¥124 billion profit in the same period a year earlier.

MOL's revenues for the first half of the year were ¥625 billion down from ¥1.1 trillion a year earlier. Although reporting a half year net loss, MOL returned to the black in the second quarter, ending September 30, with a ¥3 billion profit buoyed by the rebound in the dry bulk shipping market. MOL said both its tanker and car carrier businesses were money losers in the first half of the year.

K Line said volumes for its car carrier business were down 50% in the second quarter compared to the same period a year earlier. The company said in some areas signs of recovery in car sales had surfaced, but cargo movements had not fully recovered.

NYK said volumes for its car carriers in the second quarter were less than 60% of volumes it reported in the same quarter in (lie previous year).

All three companies container shipping businesses struggled.

MOL's container shipping business racked up a ¥38 billion loss in the first half of the year. MOL said volumes from Asia to the United States had fallen 19% in the first half of the year compared to the same period in 2008. For the Asia-Europe trade volumes declined 41% year-on-year although the company said there had been some improvement in freight rates as a result of higher utilization rates in recent months.

K Line said both revenues and operating profits decreased, pushing its container shipping business into the red. However, it reported good progress on increasing freight rates on the Asia-Europe and North-South services.

NYK said its liner division “significantly underperformed” in the second quarter compared with the same period a year earlier and its cost cutting measures were insufficient to offset the decline in freight rates.

The outlook for the remainder of the year is bleak, with all three companies revising their financial forecasts for the year ending March 31, 2010, with only MOL still forecasting to be profitable. MOL has revised its net profit forecast for the full year ending March 31, 2010 down from ¥30 billion to ¥2 billion. The company said this was due to the appreciation of the Japanese yen, higher than expected bunker prices, faltering trade and weak freight rates in container shipping.

NYK increased its full year loss forecast to ¥27 billion from ¥5 billion previously. The company said although container freight rates were increasing and car carrier volumes were improving, dry bulk and tanker markets remained subdued. NYK expects operating expenses to rise due to higher bunker costs.

For the full year ending March 31, 2010, K Line said it expected to report a net loss of ¥79 billion compared to a previous forecast of a full year loss of ¥31 billion.

## Suez Canal revenues drop

Revenues for the Suez Canal were down 24% in first nine months of this year from the 2008 figures, the Egyptian government announced on October 26.

Cairo said total revenues to the end of September totalled \$3.13 billion from \$4.10 billion in the same period of 2008. Takings in September fell 18.5% year on year, to \$382.5M against \$469.6 million last year. The rate of decline in revenues appears to be slowing, but it is too early to say whether revenue levels will pick up, the government indicated.

The Suez Canal Authority is continuing dredging, which will deepen the waterway to more than 20 meters (66 feet), enabling use by 60% of tankers, 99% of bulk carriers all container and cargo vessels.

## All in a day's work aboard the *Japan*



Crew of the APL *Japan* secures the gangway net on arrival in New York. In descending order AB Charlie Noble, AB Marty Machado, STOS Al Rossi, AB Denny Silva.



AB Charlie Noble operates the crane while taking on stores. The Manhattan and Bayonne Bridges are in the background.



Bosun Roger Berioso stands with AB Rowdy Sloggett and STOS Albert Rossi on the main deck of the vessel. The *Japan* is operated by SUP-contracted APL Marine Services.

Photos: Dave Connolly

## SUP Honor Roll

Voluntary contributions from the membership to the following funds:

### Organization/ General Fund

Abraham Acosta .....	20.00
Jose Angeles .....	20.00
Rogelio Berioso .....	20.00
Jennifer Corner .....	10.00
Diane Ferrari .....	25.00
Joseph Ginez .....	10.00
John Hamann .....	30.00
Lincoln Lee .....	25.00
Gunnar Lundeberg .....	50.00
John Perez .....	50.00
Knud Sorensen .....	40.00
Ernest Stimach .....	40.00

### Political Fund

Abraham Acosta .....	20.00
Peter Bragg .....	20.00
Dave Connolly .....	100.00
John Gabourel .....	10.00
Tattoo Gardiner in memory of Jack Dalton .....	50.00
Thomas Hooke .....	25.00
Lincoln Lee .....	25.00
Gunnar Lundeberg .....	50.00
Michael McLavy .....	100.00
Jesper Pfeil .....	60.00
Ray Pinochi .....	20.00
Paul Purugganan .....	40.00
Randy Runyan .....	50.00
John Svane .....	25.00
William Wood .....	50.00

### West Coast Sailors

Abraham Acosta .....	20.00
Karl Andersen .....	25.00
Thomas Basford .....	30.00
Ruben Guerra .....	25.00
John Harmann .....	30.00
Arthur Kardinal .....	30.00
Lincoln Lee .....	25.00
Jack Milano .....	25.00
Peter Villanueva .....	25.00
Jacob Wanner .....	25.00

### Dues-Paying Pensioners

Gordon Abbott	Book #3785
Robert Copeland	Book #4763
Romaine Dudley	Book #2593
Alexander Earle	Book #1885
Duane Hewitt	Book #5748
Knud Jensen	Book #3940
John Jewett	Book #4291
Kaj E. Kristensen	Book #3120
Eli Lalich	Book #4062
Stanley Lane	Book #4106
James K. Larsen	Book #4055
Duane Nash	Book #2437
John Perez	Book #3810
Alex Romo	Book #3193
James Savage	Book #7488
Ralph Senter	Book #7323

## Offshore foreign vessel operations under Internal Revenue Service scrutiny

The U.S. Internal Revenue Service is concerned that a number of foreign vessels permitted to operate in the U.S. offshore oil and gas industry aren't complying with the nation's tax regulations.

"In recent years, an increased number of foreign vessels have applied to enter and work in the OCS (Outer Continental Shelf)," wrote Keith M. Jones, IRS industry director of natural resources and construction, in a directive to field officers last week. "Our analysis indicates that a significant number of foreign vessels permitted to work in the OCS do not comply with U.S. filing requirements."

The Offshore Marine Services Association (OMSA), which represents U.S.-flag service vessel interests in the offshore industry, praised the IRS for taking up this issue. "This confirms something we have suspected for a long time—that many of the foreign vessels that work off the U.S. coast on mineral leases granted by the U.S. government and reap benefits of America's offshore oil and gas sector have not been paying U.S. taxes," said OMSA President Ken Wells in a statement. "It is more important than ever for the IRS to close in on foreign companies that have been sidestepping their U.S. tax obligations," he said.

The IRS identified three types of activity in its directive: Contractors that perform services on the OCS, such as seismographic testing, drilling, repair and salvage work; Vessel operators that trans-

port supplies and personnel between U.S. ports and locations on the OCS; and Owners and/or operators of foreign-registered vessels that bareboat or time charter to persons who are engaged in activities related to offshore exploration and exploitation.

Wells said under IRS guidance, if a foreign vessel doesn't pay taxes on work done in the United States, the charterer of the vessel must pay the IRS a 30% withholding to cover taxes that should have been paid. "There have simply been too many instances in which foreign vessels were able to significantly undercut the rates offered by U.S. vessels," he said. "Clearly, if the foreign boats are able to start out with a 30% beneficial cost differential that makes it hard for Americans to compete." Wells also urged the IRS to look into whether foreign vessel operators are making the proper income tax withholdings for foreign laborers who work in the offshore sector.

The IRS announcement comes at the heels of the recent announcement by Customs and Border Protection that it's reviewing a number of agency rulings which have allowed foreign vessels to carry a substantial amount of cargo to offshore projects and whether there are violations of the Jones Act occurring.

"We see the two initiatives as linked," Wells said. "Not only do we believe these vessels have been carrying cargo that only U.S. vessels should carry, but now we find out they are cheating our country out of tax revenue as well."

## House passes cruise vessel safety legislation

U.S. Representative Harry Mitchell (D-Arizona) has applauded the November 17 passage of the Cruise Vessel Safety Act of 2009 by the House of Representatives. The bill passed by a vote of 416 to 4.

The legislation, H.R. 3360, would close a major loophole in federal law by beginning to require cruise ships to report crimes committed on board to proper authorities. In addition, the bill would require cruise ship to adopt additional security measures such as latches and peep holes for guest rooms, video surveillance to document criminal activity, as well as be equipped to provide emergency assis-

tance to victims of sexual assaults.

"This bill will mean improved safety and security of cruise passengers," said Mitchell, a member of the House Transportation and Infrastructure Committee which approved the bill earlier this year. "It will bring many of the same, common sense security measures to cruise ships that a lot of us take for granted in major hotels."

Mitchell congratulated Ken Carver of Phoenix who advocated for the bill. In 2004, Carver's daughter, Merrian mysteriously and tragically disappeared from an Alaskan cruise. The ship's staff did not report her absence, but instead packed

her belongings, cleaned her cabin and did nothing for five weeks. A missing-persons report was not filed with the FBI until after a private detective began pressing for answers.

Following his daughter's disappearance, Carver established the International Cruise Victims Association, Inc. (ICV), a non-profit corporation representing victims and families of victims of cruise crimes. ICV began pressing for legislation to require ships to adopt enhanced security measures and report on board crimes to appropriate authorities.

A Senate version of the bill, S-588, was approved by the Senate Committee

on Science and Transportation earlier this year, and is awaiting floor consideration.

The House previously approved the Cruise Vessel Safety Act on October 23, 2009 by bipartisan vote of 385-11 as part of a H.R. 3619, the Coast Guard Reauthorization Act of 2009. The House approved the Cruise Vessel Safety Act as a stand-alone measure, which could improve its chance at passage. In order to become law, the Senate must approve either the Coast Guard Reauthorization Act or the stand-alone version of the Cruise Vessel Safety Act that the House approved.



## ILA members ratify two-year contract extension by 65% margin

Members of the International Longshoremen's Association, AFL-CIO, on November 17, ratified a two-year Master Contract extension that calls for raises in pay, begins to bridge the gap for lower-tiered ILA workers, eliminates the container royalty cap and addresses the issues of jurisdiction and new technology.

The newly ratified ILA Master Contract which was negotiated with United States Maritime Alliance (USMX) includes the 10 months remaining on the previous ILA Master Contract with two additional years making the new expiration date September 30, 2012.

Nearly 10,000 ILA members voted at locals in the Maine to Texas region with 6,417 out of 9,736 approving the Master Contract extension.

"This Master Contract extension passing by a better than 65% margin, represents a monumental achievement for the ILA rank-and-file members," said ILA President Richard P. Hughes, Jr. "When we began Master Contract Wage Scale talks with USMX last year, ILA member indicated to us that there were five major areas of greatest concern to them. With their vote today, our members recognized that we made gains or improvements in all those five major areas: wages, tiered wages, removal of the container royalty cap, jurisdiction and new technology.

"Plus settlement and ratification of this new contract well before the expiration of the old one protects our ILA ports from loss of cargo, due to diversion which may have occurred without a contract in place," President Hughes continued. "Shippers now have the assurances they want to keep cargo coming to ILA ports on the Atlantic and Gulf Coast ports."

The ILA believes the length of the extension-24 months - has a two-fold positive effect. It does not lock the ILA in for an extended period, but it does allow time for the shipping industry to stabilize and start to grow as the economy recovers.

"We strongly hold that our national and world-wide economies will improve during the life of this contract, with a return to high volume container traffic," Brother Hughes said. "With the removal of the container royalty cap, our members could reap tremendous benefits during the life of this contract extension and put us in an even stronger position to negotiate when this contract term ends in 30 months," Hughes added.

Highlights of newly approved IL4 Master Contract extension include: Tiered wage members will receive the highest percentage wage increase in ILA history; Members earning less than \$20 per hour will immediately earn \$20 per hour; Senior members will receive a \$1.00 per hour wage increase on October 1, 2011; More Container Royalty money will be available to each local port; More money will be available from the Container Royalty fund (CR5) to stabilize local port benefits; MILA Health Care coverage, benefits and eligibility will be protected; Increased protection from the impact of new technology; and Increased protection of work jurisdiction through a stronger Jurisdiction Committee.

The ILA characterized this contract settlement as historic since it was negotiated during the toughest economic climate in decades with thermion achieving gains in all areas. The terms of the new agreement were equally remarkable. For example, lower-tiered ILA workers now have a formula where they know that the gap in wages for them and the higher paid senior members will eventually be closed. For most current ILA tiered wage carvers, that will occur sooner rather than later as it is estimated that nearly 90% of the current workforce covered under this agreement will all be at the \$32.00-an-hour wage by the end of the final year of the contract in 2012.

Lifting the container royalty cap could add considerably more income to those qualified ILA members' yearly income.

Stronger language on ILA jurisdiction and a soon-to-be formed joint committee on technology round out this strong contract package.

The ILA represents some 65,000 waterfront employees in various crafts working on the Atlantic and Gulf Coasts from Maine to Texas, the Great Lakes, major U.S. rivers, Eastern Canada, and Puerto Rico.

ILA employers in negotiations are represented by United States Maritime Alliance (USMX). USMX is an alliance of container carriers, direct employers, and port associations serving the East and Gulf Coasts of the United States. While serving as the representative of the Management groups in Master Contract bargaining, the Alliance also articulates industry positions on regulatory and safety issues; oversees coastwide training, retraining, certification, and recertification programs; and is responsible for administering coastwide fringe benefit funds and programs.

## Foss Maritime shakes up management

Foss Maritime Company announced changes to its regional operations managers effective January 1.

Robert Gregory, currently the company's Southern California Regional Manager, will relieve Dan Massey as San Francisco Bay Regional Manager. The SUP represents tankermen, engineers and deckhands employed in the company's bunkering operation on San Francisco Bay.

Massey is being transferred to Seattle

to become Pacific Northwest Regional Manager, while Ed McCain will be transferred from Honolulu to Los Angeles to become Southern California Regional Manager.

In announcing the changes on November 16, Foss Vice President of Harbor Services Dave Hill, said: "The movement of these individuals to another region provides for exchange of fresh ideas as we build on our core value of continual improvement."

## AFL-CIO's Trumka tells House Committee that bank bailout legislation misses the mark

In testimony on October 29, before the House Financial Services Committee, AFL-CIO President Richard Trumka said while parts of the proposed bill on financial reform bring necessary changes, the elements dealing with the "shadow financial sector"—derivatives, hedges funds, private equity and bailout funds—are going in the wrong direction. As proposed, they could put even more power into the hands of unaccountable bankers without fixing the financial sector failures that led to our current crisis.

The House committee made a big step forward earlier in October when it passed a bill creating a Consumer Financial Protection Agency to watchdog consumer interests. **"Now, we are working closely with leaders in Congress to ensure the final bill on financial reform will bring needed changes to banking and investment—and to make sure that members of Congress pay attention to workers and consumers, not just Wall Street. When it comes to the shadow financial sector, Trumka said, we need reform that benefits working families: Our members were not invited to Wall Street's party but we have paid for it with devastated pension funds, lost jobs, and public bailouts of private-sector losses. Our goal is a financial system that is transparent, accountable and stable—that is the servant of the real economy rather than its master."**

Trumka said the elements of the legislation the Financial Services Committee is considering would allow the practices that undermined our economy over the past decade to continue—and might even undermine our chance for real reform that protects consumers. The proposal being considered by the committee, Trumka said, "gives dramatic new powers to the Federal Reserve without reforming its governance so that the banks themselves are removed from the governance of the Federal Reserve System. Even more alarmingly [it] would appear to give power to the Federal Reserve to pre-empt a wide range of rules regulating the capital mar-

kets—power which could be used to gut investor and consumer protections."

This legislation would create a financial system with too much power in the hands of bankers, Trumka said. The authority to oversee the financial industry must be given to a public, accountable and transparent body, not to a closed circle of financial executives acting only in their own behalf. Real reform will not let the banks choose their own regulators—allowing the practices that led to multibillion-dollar taxpayer bailouts to continue. The proposal being considered by the committee doesn't do the job when it comes to disclosure, capital requirements and public oversight. The proposal "for identifying and regulating systemically significant institutions, and for resolving failing institutions, is secretive and optional. In other words, the Federal Reserve could choose to take no steps to strengthen the safety and soundness regulation of systemically significant institutions....[It] appears to take the most problematic and unpopular aspects of the TARP and make them the model for permanent legislation."

Trumka laid out four principles that must underlie financial reform so that the financial sector supports, rather than undermines, the real economy: Create a new Consumer Financial Protection Agency to monitor banks and credit card companies and prevent abuses; Reform the Federal Reserve Board or create an agency capable of stopping systemic risk; Re-regulate the shadow financial markets—derivatives, hedge funds and private equity; and Address the housing crisis.

**"There's a real danger that in this financial crisis, working families will see us back on the same old cycle, with government doing more to help big banks who caused the crisis than the families and communities who are the victims of the broken economy. We cannot build a strong, fair and sustainable economy by putting more power in the hands of bankers," Trumka added.**

## Piracy watch

The *Maersk Alabama* evaded a pirate attack off Somalia on November 18, seven months after it was hijacked in nearby waters.

Pirates fired on the 1,098 teu vessel with automatic weapons, but guards on the U.S.-flagged ship returned fire and repelled the attack.

Somali pirates released 36 crew members and their Spanish fishing vessel on November 17, even as authorities said pirates had seized a tanker with a crew of 28 North Koreans.

Prime Minister Jose Luis Rodriguez Zapatero told reporters that the Spanish tuna boat, the *Alakrana*, captured on October 2, was steaming toward "safe waters" and that its crew was "safe and sound." But officials declined to comment on reports that Spain had paid nearly \$3.5 million in ransom. Asked about a ransom, Zapatero said, "The government did what it had to do."

The pirates had threatened to kill the Spanish crew members unless Spain agreed to release two pirates captured by the Spanish Navy a day after the *Alakrana* was seized.

In the pirate stronghold of Xarardheere, Somalia, witnesses said 80 luxury cars crowded the shore as friends

and family members of pirates clamored for a share of the ransom money being divided among the pirates.

Even as the Spanish ship's crew was released, hijackings and attacks on shipping in the Indian Ocean continued. Authorities said pirates had commandeered a chemical tanker with 28 North Korean crew members and tried, apparently unsuccessfully, to seize a Ukrainian cargo ship.

The seized chemical tanker, the *Theresa*, registered in the Virgin Islands and operated from Singapore, had been heading for the Kenyan port of Mombasa when it was hijacked on November 16, in the south Somali basin, about 2808 miles northwest of the Seychelles, the European Union's naval force said on its website.

Pirates who attacked the Ukrainian ship came under fire from security guards on board the ship. The European naval force said the ship was not commandeered, but a person claiming to be a spokesman for the pirates told The Associated Press that the hijacking was successful.

In addition to the 14 commercial vessels now under their control, pirates are holding a British couple, Paul and Rachel Chandler, snatched from their sailboat off the Seychelles last month.

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## ESU Office Assignments

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

# ESU NEWS

NOVEMBER 2009

Official Publication of the Exxon Seamen's Union

## New Merchant Mariner Credential Medical forms

On October 30, the Coast Guard released revised versions of the Merchant Mariner Credential Medical Evaluation Report form (CG-719 K, Revision 01-09) and the Merchant Mariner Evaluation of Fitness for Entry Level Ratings form (CG-719 K/E, Revision 01-09) to facilitate obtaining objective medical information for use in evaluating merchant mariner credential applications. These forms are now available for voluntary use until December 31, 2009. All physical exams completed on or after January 1, 2010 must be documented using the new forms. The Medical Evaluation Report form is now nine pages long instead of what used to be four. The fitness form for Entry Level Ratings is still two pages in length.

The revised form has been designed to work in concert with the information contained in the Medical and Physical Evaluation Guidelines for Merchant Mariner Credentials, (NVIC 04-08). A complete Medical Evaluation Form is essential for NMC to process an application in a timely manner. To assist mariners and the Verifying Medical Practitioner (VMP) with submitting a complete report form, the Coast Guard is also providing a printable Instruction Guide. These forms are also available as electronic forms that can be completed on line, which will include embedded electronic instructions to assist mariners and medical practitioners with completing the forms.

Mariners with diagnosed medical conditions or who are taking prescription medication should carefully review the information in NVIC 04-08, the Instruction Guide, and the CG-719K or K/E forms.

It is highly recommended that mariners bring the Instruction Guide and forms, along with the applicable sections of the NVIC 04-08 that pertain to their specific medical conditions, with them when they have their physical exam so that the medical provider can supply recommended evaluation documentation for any diagnosed medical conditions. This medical documentation should be submitted along with the CG-719 K form at the time of application. The Coast Guard believes the use of the resources being made available should result in less missing information and a faster processing time.

All members should take the time to become familiar with the new Medical Evaluation forms and the Instruction Guide before taking a physical with your doctor. Although we hear the turnaround time for the Merchant Mariner Credential has improved, the Union advises everyone to start the renewal process at least six months in advance to ensure your new documents are issued in a timely manner.

### Implementation Timeline:

**November 2, 2009 to December 31, 2009 - VOLUNTARY USE PHASE** - The new forms are now available on the NMC website for familiarization and optional use. NMC will also post a printable Instruction Guide and forms that can be completed on line, which will include embedded electronic instructions to assist both the mariner and medical practitioners in completing the forms.

**January 1, 2010 - BEGIN MANDATORY USE** - The previous version of forms 719K and K/E will no longer be available for use on January 1, 2010. Physical exams completed on or after January 1, 2010 must be documented on Revision (01/09) of the 719 K or K/E. For more information or questions on the use of these forms you can contact the NMC's website: [www.uscg.mil/nmc](http://www.uscg.mil/nmc) or call 1-888-IASKNMC.

## BCBS refunds for 2007 participants

As reported in last month's edition of the *ESU NEWS*, 2007 Blue Cross Blue Shield Medical Plan (BCBS) participants would be receiving a refund from reserve funds that were not used to pay claims. This refund applies to 2007 employees and retirees that were participants in the medical plan.

SeaRiver HR informed the ESU that the refund was distributed on November 17, in the same manner in which employees receive their regularly scheduled paychecks but as individual payment. In most cases, this refund payment is taxable because most everyone's contributions were paid on a non-taxable basis. No taxes should have been deducted if you designated your medical contributions during 2007 to be deducted on an after-tax basis.

As a requirement of BCBS the medical plan was required to maintain monetary reserves to pay lagging claims in

the event it became necessary to switch insurance plans. These reserves were jointly funded from Company and participant contributions. The Company and the ESU agreed that participants would receive a refund equivalent to their premium contributions that were paid in 2007. Participant payments for a full year of premium contributions are as follows: \$822.60 (employee) \$1481.40 (employee +1) and \$2,244 (employee +2 or more). Participants will be refunded a total of \$331,302, which equals 46% of the total remaining run off reserve. Since 2001 the average participant contribution averaged 18% of the total premiums, whereas the Company paid 82% of the cost of premiums.

If you do not receive a refund and were a 2007 participant in the BCBS Medical Plan, please give the Union office a call and we will investigate.

## Coast Guard legislation passes House of Representatives

On October 23, 2009, House bill H.R. 3619 passed by roll call vote. The totals were 385 Ayes, 11 Nays, 36 Present/Not Voting. This bill authorizes appropriations for the Coast Guard for fiscal year 2010, and also contains numerous other provisions that are important to the maritime industry. The Senate's version of the bill is out of committee and has been recommended for a vote by the Senate as a whole. Although it has been placed on a calendar of business, the order in which legislation is considered and voted on has yet to be determined.

One provision (Seamen's Shoreside Access) of the legislation is of particular interest to the ESU. Although it may currently not be a problem, some of our members have been subjected to shore access restrictions at Nederland, Texas, and facilities in the Northeast over the past couple of years. This provision would require that facility security plans provide a system for mariners assigned to a vessel, pilots and representatives of seamen's welfare and labor organizations to board and depart the vessel through the facility in a timely manner at no cost to the individual. Currently, crew members are not having any problems with the facilities where SeaRiver conducts business. However, we are all too familiar with how quickly things can change and there are a number of facilities that are still forcing individual mariners to pay for transportation or denying access through the facility. This practice would end if this provision becomes law.

Another important provision of this legislation would establish a 14-person merchant mariner medical advisory committee (including 10 health care professionals with particular experience in medical examinations of merchant mariners and four professional mariners) to advise the Coast Guard on matters relating to medical certification determinations for the issuance of merchant mariner credentials. This medical advisory committee would also be tasked with advising the Coast Guard as to medical standards and guidelines "for the physical qualifications of operators of commercial vessels."

Incidentally, on the issue of shore access for mariners, the U.S. Coast Guard through a directive from Rear Admiral Kevin Cook is actively working to improve shore leave at port facilities. In a message to Coast Guard Captains of the Ports (COTPS) he applauded their efforts thus far to improve seafarer access. However, despite their best efforts there are still cases where seafarer access through a facility is outright denied, for shore leave, crew change, etc. Cook concluded his message with the following: "As a maritime service, it is imperative that we continue to collaboratively work through the challenges of seafarer access and develop a long-term solution that meets the spirit of the International Ship and Port Facility Security Code (ISPS) and Maritime Transportation Security Act. I appreciate everyone's commitment to this high-priority issue and working with your key maritime stakeholders in developing the right solutions."

## DLC/ADEO Class



Pictured are the ESU participants at the Combined Dangerous Liquid Cargo (DLC) and Advanced Deck and Engine Operations (ADEO) Courses held at the Ramada Inn in Vallejo, California, from November 7, through November 15, 2009. Pictured from left to right: PM Earl Doucet, MS Tracey Johnson, AB Domingos Gomes, AB Kevin Conroy, AB Steve Hicks, MS Jon Saling and MS Matt Wooley. Photo was taken in front of the Valero dock in Benicia, California.



## ESU News

**A look astern: ESSO Manhattan**

November 12, 2009, marked the 40<sup>th</sup> anniversary of the arrival of the *ESSO Manhattan* in New York City from her historic arctic trip through the legendary Northwest Passage. The *ESU NEWS* from that month reported that the ESU Board of Governors attended a huge celebration dinner held at the Plaza Hotel to honor the crew of the *Manhattan* later that evening. Four decades ago, it was a big deal when a converted oil tanker blasted through the Arctic ice to prove that it could be done.

In 1968, when oil was first discovered at Prudhoe Bay on the North Slope of Alaska, no one was quite sure what the best method was to deliver the oil to the refineries in the lower 48 U.S. The options were to build a pipeline to the south or tankers sailing north through the Arctic Circle.

Humble Oil & Refining Company, the domestic subsidiary of Standard Oil (and now ExxonMobil), converted a 155,000-ton tanker, the *Manhattan*, into an icebreaker with a reinforced hull and bow.

On August 24, 1969, the *Manhattan* set out from Delaware Bay bound for Alaska, via the Northwest Passage.

Escorted by the Canadian Navy's icebreaker *Sir John McDonald*, the *Manhattan* broke its way through ice as thick as 50 feet to reach to Prudhoe Bay by September 14. It made Point Barrow, the western terminus of the voyage, the following week. The *Manhattan* then retraced its steps through the Northwest Passage and arrived in New York on November 12, 1969, with her symbolic one barrel of oil.

The voyage proved it was technically feasible to send an oil tanker through the Arctic, but in the end the pipeline won out for economical reasons. Despite the *Manhattan's* success, the decision was made to build the Trans-Alaska Pipeline and bring the oil to Valdez on Prince William Sound.

If the decision were made today the Northwest Passage option might of won out when you consider the ice is so much thinner and supposedly melting away.

**Fleet Chef Jose Pereira retires**

After 40 years of service Fleet Chef Jose Pereira has decided to retire. Joe is pictured on the left during one of his more recent assignments with Ship's Cook Joel Mitchell. Joe plans to kick off his retirement with an extended vacation to Thailand to see his good friend and former ESU member Jack Patterson.

Effective November 1, 2009, Fleet Chef Jose P. Pereira has decided to retire with over 40 years of Company service. Until his retirement, Joe was the most senior employee in the SeaRiver Fleet.

Joe started his career with the Marine Division of Humble Oil and Refining Company on August 1, 1969, and was initially assigned to the *Esso Lima* as messman. Shortly after signing aboard the *Lima*, he began sailing as Second Cook/Baker. His dedication and hard work were quickly noted and Joe expressed an early interest in a career in the Steward's Department. After this he sailed almost exclusively in the higher rating of Second Cook and was promoted to that position in October, 1973. He continued to demonstrate outstanding abilities in the galley and was chosen to sail in the supervisory position of Chief Steward in 1978. This position was ultimately replaced by the current position of Fleet Chef and Joe was promoted to Fleet Chef on February 1, 1979. As such, Joe has the rare distinction of sailing in every Steward's Department rating in existence over his career.

Joe has also sailed on virtually every

ship in the Company's Fleet over his career but did spend a large part of his career on the *Exxon/SR North Slope* and the *Exxon/SR Philadelphia*.

No matter where he sailed, however, he has been welcomed as both a talented chef and an outstanding shipmate. His expertise and abilities are well known and respected by those who have sailed with him and those of us in the Union office who has worked with him.

Joe also assisted both his fellow shipmates and the Company through his efforts in the development and execution of several Steward Department orientated training programs. Not only did Joe serve his fellow crew members with great meals, but he served as the Exxon Seamen's Union Steward Department Trustee from 2005 through 2007. Joe's last assignment was aboard the *S/R Wilmington* where the crew presented Joe with a nice engraved clock in honor of his retirement.

We would like to take this opportunity to thank Joe for his many years of service to our fleet and wish him well in his retirement. His great attitude and warm personality will be greatly missed by all.

**Kodiak crew on break**

Crew members on the mess deck of the *Kodiak* take a break from their busy schedule. Pictured left to right: Chief Mate Arnulfo "Kingo" Delacruz, PM Erwin Smerecnik, AB John McCarthy and AB Pete DeWilde. Like *SeaRiver's* other ANS traders, the *Kodiak* has been staying very busy with multiple discharge ports and virtually no delays in turnarounds.

**Ship reports****S/R American Progress**

Since last month's report the *AP* has made a change from mogas service to ANS crude. After discharging in Tampa in October the vessel departed for the Pacific via the Panama Canal. The vessel stopped in Port Angeles, Washington for bunker, stores and a large crew change. Her first load from Valdez was discharged at BP Cherry Point. The ship was redeployed to the West Coast to accommodate an increase in ANS production and is expected to remain on the West Coast until her shipyard period that is scheduled for mid-2010. Deck Trustee, Pat Campbell is filling in as the Union Rep. on the vessel.

**S/R Baytown**

The *Baytown* 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.

**Kodiak**

Board officer visited the *Kodiak* on November 5, at Tesoro in Anacortes, Washington. Eric Bush doing a good job filling in as Ship Representative. Vessel completed a partial discharge in Anacortes and then sailed for San Fran-

cisco to discharge the balance cargo at Valero Benicia. Steward Trustee Kurt Kreick doing a good job managing the workload with respect to the additional personnel currently onboard.

**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 vessel has been trading between Valdez and San Francisco Bay area but did stop in Puget Sound last trip for a partial discharge. Robin Robinson filled in as Temp. Rep. and communicated frequently with the ESU office. Thanks for all your help Robin.

**S/R Wilmington**

Board officer visited the vessel in Beaumont, Texas, on October 26, and November 9. Ship's Cook, Joel Mitchell filling in as Ship Representative. Vessel was not impacted by Tropical Storm Ida while in Beaumont. There were some transit restrictions but those occurred before the vessel had completed cargo operations.

**Coast Guard survey available**

A Mariner Credentialing Program survey is now available at the U.S. Coast Guard website. If you have recently renewed your documents, you may want to take a few minutes to provide the Coast Guard some feedback about your renewal experience. The Coast Guard developed this online survey to help improve their customer service to merchant mariners. The survey can be taken at the following website address: [http://homeport.uscg.mil/mycg/portal/ep/program/mml\\_d\\_survey.jsp](http://homeport.uscg.mil/mycg/portal/ep/program/mml_d_survey.jsp)

The National Maritime Center's most recent report on Merchant Mariner Credential program shows they have made improvements with processing documents (MMC). Mariner Credential processing time is measured in terms of overall processing time (application submitted date to issued date), and net processing time (NPT). NPT is the total time the Coast Guard spends processing the application and does not include time waiting for information from mariners. The NMC has set a NPT goal of 30 days. The current net processing time is around 27 days according to the NMC's October report. Keep in mind the 27 days does not include time waiting for additional information. If you have any medical or background issues, the processing time can be much longer. The ESU advises all members to start early (six months) when renewing your MMC.

**EXXON SEAMEN'S UNION**

Founded March 28, 1941

Affiliated with the Sailors' Union of the Pacific

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Board Member at Large John McCarthy

Deck Trustee Pat Campbell

Engine Trustee William Ackley

Steward Trustee Kurt Kreick

## SUMMARY ANNUAL REPORT FOR SUP 401(k) PLAN

This is a summary of the annual report for SUP 401(k) Plan, EIN 94-3134523, Plan No. 002, for the year ended December 31, 2008. The annual report has been filed with the Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

### Basic Financial Statement

Benefits under the plan are provided by a trust (benefits are provided in whole from trust funds). Plan expenses were \$ 260,192. These expenses included \$92,425 in administrative expenses and \$167,767 in benefits paid to participants and beneficiaries. A total of 565 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of plan assets, after subtracting liabilities of the plan, was \$2,992,146 as of December 31, 2008, compared to \$3,863,572 as of January 01, 2008. During the plan year the plan experienced a decrease in its net assets of \$871,426. This decrease includes unrealized appreciation or depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had a total loss of \$611,234, including employer contributions of \$88,362, employee contributions of \$457,344, other income of \$7,483, and losses from investments of \$1,164,423.

### Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report: 1. An accountant's report; 2. Assets held for investment; 3. Financial information and information on payments to service providers; 4. Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates; and 5. Delinquent participant contributions.

To obtain a copy of the full annual report, or any part thereof, write or call the office of SUP 401(k) Plan, Inc., at 730 Harrison Street, Suite 415, San Francisco, California 94107, (415) 778-5490. The charge to cover copying costs will be \$3.50 for the full annual report, or \$.25 per page for any part thereof.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the plan at 730 Harrison Street, Suite 415, San Francisco, California 94107, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

## Welfare Notes

November 2009

### SUP Money Purchase Pension & SUP 401(k) Plans Quarterly Statements

Beginning with the reporting of the fourth quarter of 2009, The Standard will be mailing three separate statements for the SUP Money Purchase Pension Plan, the SUP 401(k) Plan, and the voyage information containing the mandays that have been reported by the employers.

### U.S. Life Dental

The U.S. Life PPO Dental Plan for active members living outside of the HMO provider areas will be converting to SmileMax, a national dental network administered by Careington International and DenteMax, as of January 1, 2010. This is a much larger dental network than the current U.S. Life network.

New Dental ID cards will be issued and sent to participants in November and December. The new dental ID cards will be printed with information about the new network along with instructions on how to locate a participating provider and submit claims.

If a current network provider is not participating in the new SmileMax network, claims incurred with a current network provider on or after January 1, 2010 will be reimbursed at the out-of-network level of benefits.

### Keep Us Informed

Please be sure to keep the Plan office informed of the following changes: New Address and Dependent Changes (marriage, the death of a dependent, divorce, or children to be added). New dependents must be added to the HMO or PPO Plans within 30 days of the marriage, birth or adoption. Dependents not added within 30 days will not be eligible to be added to the Plans until the next open enrollment period.

Michelle Chang, Administrator [mcsupsiupd@sbcglobal.net](mailto:mcsupsiupd@sbcglobal.net)

Patty Martin [martinpatty59@sbcglobal.net](mailto:martinpatty59@sbcglobal.net)

Virginia Briggs Claims [vbriggs80@sbcglobal.net](mailto:vbriggs80@sbcglobal.net)

Michael Jacyna Eligibility [mjacyna67@sbcglobal.net](mailto:mjacyna67@sbcglobal.net)

Training Representative Berit Eriksson 415-957-1816  
[berittrainrep@sbcglobal.net](mailto:berittrainrep@sbcglobal.net)

SUP Welfare Plan, 730 Harrison Street, Suite 415  
San Francisco, CA 94107

Phone Numbers: 415-778-5490 or 1-800-796-8003 Fax: 415-778-5495

SIU-PD Pension 415-764-4987

SIU-PD Supplemental Benefits 415-764-4991

## SUMMARY ANNUAL REPORT FOR SUP MONEY PURCHASE PENSION PLAN

EIN 94-3134523, Plan Number 001, for the year ended December 31, 2008. The annual report has been filed with the Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

### Basic Financial Statement

Benefits under the plan are provided by a trust fund. Plan expenses were \$2,700,876. These expenses included \$126,346 in administrative expenses and \$2,574,530 in benefits paid to participants and beneficiaries. A total of 851 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of plan assets, after subtracting liabilities of the plan, was \$17,815,142 as of December 31, 2008, compared to \$21,462,881 as of January 1, 2008. During the plan year the plan experienced a decrease in its net assets of \$3,647,739. This decrease includes unrealized depreciation in the value of plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total losses of \$946,863, including employer contributions of \$1,475,334, losses from investments of \$2,603,798 and other income of \$181,601.

### Minimum Funding Standards

Enough money was contributed to the plan to keep it funded in accordance with the minimum funding standards of ERISA.

### Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed

below are included in that report: 1. An accountant's report; 2. Financial information and information on payments to service providers; 3. Assets held for investment; and 4. Information regarding any common or collective trusts in which the plan participates.

To obtain a copy of the full annual report, or any part thereof, write or call the office of SUP Welfare Plan, Inc., who is the plan administrator, 730 Harrison Street, Suite 415, San Francisco, California 94107, (415) 778-5490. The charge to cover copying costs will be \$3.25 for the full annual report, or \$0.25 per page for any part thereof.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the plan at 730 Harrison Street, Suite 415, San Francisco, California 94107, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

## Poverty in America is worst than first believed

A revised formula for calculating medical costs and geographic variations show that approximately 47.4 million Americans last year lived in poverty, seven million more than the government's official figure.

The disparity occurs because of differing formulas the Census Bureau and the National Academy of Science use for calculating the poverty rate. The NAS formula shows the poverty rate as 15.8%, or nearly one in six Americans, according to calculation released last month.

That's higher than the 13.2%, or 39.8 million, figure made available recently under the original government formula. That measure, created in 1955, does not factor in rising medical care, transportation, child care or geographical variation in living costs. As a result, officials figures released by the Census may have overlooked millions of poor people, many of them 65 or older.

According to the revised NAS formula: About 18.7% of Americans 65 and older, or nearly 7.1 million, are in poverty compared with 9.7%, or 3.7 million, under the traditional measure. That's due to out-of-pocket expenses from rising Medicare premiums, deductibles and a coverage gap in the prescription drug benefit; The Northeast and West saw bigger jumps in poverty, due largely to cities with higher costs of living such as New York, Boston, Los Angeles and San Francisco.

The Census Bureau expedited release of the alternative number because of the interest expressed by lawmakers and the Obama administration. Legislation pending in Congress would mandate a switch to the revised formula.



# 2008 ANNUAL FUNDING NOTICE for SIU Pacific District Pension Plan

## Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning August 1, 2008 and ending July 31, 2009 (referred to hereafter as "Plan Year"). This notice is mandated by federal law.

## Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan's assets by its liabilities on the valuation date for the Plan Year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and two preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	<u>Fair Market Value of Assets</u>		
	2008	2007	2006
<b>Valuation Date</b>	<b>August 1, 2008</b>	<b>August 1, 2007</b>	<b>August 1, 2006</b>
<b>Funded Percentage</b>	<b>Over 100%</b>	<b>Over 100%</b>	<b>Over 100%</b>
<b>Value of Assets</b>	<b>\$124,217,557</b>	<b>\$124,861,276</b>	<b>\$113,217,684</b>
<b>Value of Liabilities</b>	<b>\$97,449,733</b>	<b>\$91,309,225</b>	<b>\$89,630,943</b>

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of July 31, 2009 (the end of the 2008 Plan Year), the fair market value of the Plan's assets was \$115,030,558. As of July 31, 2008, the fair market value of the Plan's assets was \$122,240,712. As of July 31, 2007, the fair market value of the Plan's assets was \$130,306,177. Please note that these market values are calculated at the end of each Plan Year, while the actuarial values in the chart above are calculated at the beginning of each Plan Year. The value of the Plan assets shown as of July 31, 2009 is an estimate based on the most accurate unaudited financial information available at the time this notice was prepared. The final audited information on the Plan's assets will be reported on the Plan's 2008 annual report filed with the Department of Labor in May, 2010.

## Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 3,277. Of this number, 1,233 were active participants, 1,724 were retired or separated from service and receiving benefits, and 320 were retired or separated from service and entitled to future benefits.

## Funding and Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. Plan benefits are funded by employer contributions and investment returns on those contributions. The shipping companies have not been required to make contributions to the Plan since August 1, 1993, but may resume making contributions in the future through collective bargaining or as necessary to satisfy the minimum funding standards of the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (Code). The Plan's funding policy is to continue to fund Plan benefits in this manner and satisfy the minimum funding standards of ERISA and the Code.

Once money is contributed to the Plan, the money is invested by Plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to maintain a diversified portfolio of investments. The Trustees, working with experienced investment consultants, monitor and make appropriate changes to the Plan's investments, seeking to achieve positive investment results over the long term.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	4.70%
2. U.S. Government securities	36.28%
3. Corporate debt instruments	37.86%
4. Corporate stocks	17.72%
5. Other	3.44%

## Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps

and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was not in endangered or critical status in the Plan Year.

## Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. The Plan's 2006 and 2007 annual reports are available now. The Plan's 2008 annual report will be available after it is filed with the US Department of Labor in May, 2010. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. Or you may obtain a copy of the Plan's annual report by making a written request to Ms. Michelle Chang, Administrator, SIU Pacific District Pension Plan, 730 Harrison Street, Suite 400, San Francisco, CA, 94107. There will be a charge for the annual report to cover copying costs.

## Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

## Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

*Example 1:* If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service (\$500/10), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 (.75 x \$33), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 (\$35.75 x 10).

*Example 2:* If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or \$200/10). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 (.75 x \$9), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 (\$17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

## Where to Get More Information

For more information about this notice, you may contact Ms. Michelle Chang, Administrator, SIU Pacific District Pension Plan, 730 Harrison Street, Suite 400, San Francisco, CA 94107, 415-764-4993. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 94-6061923. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).



# SUP President's Report

November 9, 2009

## APL MARINE SERVICES

The Union was notified late last month that APL plans to drydock its C-11 Class vessels for repairs at Keppel Shipyard in Singapore beginning in December and ending in July of next year.

In order to maintain U.S.-flag service on the Trans-Pacific and Suez Express runs, APL will flag-in the *APL Turquoise* around the end of December to relieve the *APL Japan*— which will be the first vessel to be drydocked— on the Suez Express. After the *Japan* completes her yard period from December 1, through December 19, she will be on the TransPacific run until the other five C-11s complete drydocking, then return to the Suez Express.

It is important to note that when the *Japan* runs TransPacific, "shuttle ship" rules (Shipping Rule 8) shall not apply. However, when she returns to the Suez Express she will revert to "shuttle ship" rules.

The tentative drydocking schedule for the other C-11s is as follows: *APL Philippines*, December 28 through January 26; *APL China*, February 7 through March 9; *APL Korea*, March 21 through April 20; *APL Thailand*, May 2 through June 8; and *APL Singapore*, June 13 through July 6.

According to the company, when the C-11s complete drydocking the *APL Turquoise* will revert to Singapore-flag.

No formal agreement has been received from APL as of today's meeting regarding the *Turquoise*, but in discussions with the company it was tentatively agreed, subject to membership approval, that the *Turquoise* would operate under the terms and conditions that apply to the *APL Agate* and *Japan* — which are not Maritime Security Program (MSP) vessels.

## MATSON NAVIGATION COMPANY

On October 26, the Union was notified by Matson that the *Mokihana* would be drydocked in San Francisco for rudder repairs and that the *Lurline* and *Matsonia* would be broken out of lay-up to pick up the slack. Crews were called for both vessels on October 30. It is anticipated that both will operate until the *Mokihana* is repaired and then returned to idle status.

## FOSS MARITIME COMPANY

Based on the complaints of several members employed by Foss regarding company safety practices, SUP Vice President Dave Connolly and your secretary requested a meeting with local company representatives. On October 27, met at Headquarters with Mike O'Connor, Director of Labor Relations; John Marcantonio, General Manager for California Harbor Services; Dan Massey, San Francisco Bay Regional Operations Manager; and Walt Partika, Tank Barge Supervisor.

Connolly and your secretary told the employer representatives that there was a perception by the Foss gang that they would face retaliation in some form or another if certain safety provisions in the collective bargaining agreement become necessary to put into practice. Specifically, the right and authority of employees to stop work on any operation that because of safety concerns, including any mental or physical condition that may impair a member's ability to conduct their duties.

After a lengthy discussion, the company reaffirmed the safety provisions in the agreement. In this regard, Foss also agreed to broadcast a fleet-wide communication that would firmly reestablish stop-work authority. In this notice, Foss reaffirmed Section 9.03 of the agreement which provides for additional personnel if needed.

Foss also acknowledged that it needed to communicate better with its workers and the Union and resolved to set-up regular (possibly quarterly) meetings to deliver reports on economic and business conditions. As part of this discussion, Foss noted the reduction in Union

and non-Union personnel in the Pacific Northwest and Southern California regions, but reiterated its intention to restore the previous work schedule and manning (see the August and September *West Coast Sailors*) of the San Francisco Bay bunkering operation once the economic climate improves.

## SAN FRANCISCO BAR PILOTS

Vice President Connolly and your secretary have held preliminary caucuses with the marine personnel and dispatchers employed by the Pilots. Thus far, no firm dates have been set for bargaining to begin.

## OFFICE & PROFESSIONAL EMPLOYEES UNION

On October 22, the SUP was notified by the Office & Professional Employees International Union, Local 3, that effective November 1, health care premiums for Kaiser Northern California would increase by \$50 per month per participant, raising the total monthly premium paid by the SUP to \$1,198.00.

The SUP has a collective bargaining agreement with Local 3 and has an obligation to pay the increase. However, the three individuals covered by the contract — Toby Chiurazzi, the Union's Contoller; Teresa Anibale, Editor of the *West Coast Sailors* and Administrative Assistant; and part-time Secretary Martha Vizcarra— voluntarily agreed on October 31, to postpone the 3.5% wage increase due November 1, to offset the increased health care premiums, until the officers of the Union receive a wage increase.

It must be noted that Sisters Chiurazzi, Anibale and Vizcarra waived a 3% wage increase last year when health care premiums increased by \$85 per month.

These sisters, who demonstrate their dedication to this Union on a daily basis, deserve the thanks of the membership for their action.

## SUP ELECTION

**Balloting for the biennial election of the Union officers and referendum on a proposed amendment to the SUP Constitution will begin on December 1, and will conclude on January 31, 2010. The ballots will be counted at Headquarters and the election held on February 1, 2010.**

In accordance with the SUP Constitution, the entire secret mail-ballot and election shall be conducted by an Impartial Balloting Agent selected by the membership at the Headquarters' meeting. The Committee on Election has recommended that Pacific Election Services, Inc. be selected as the Impartial Balloting Agent.

**As per Article VIII, Section 1 of the SUP Constitution: "Members with A and B seniority who are in good standing may vote in all Union elections. Members with C seniority who have ninety (90) days seetime within the preceding year have been in good standing for that year shall be eligible to vote in all Union elections."**

**SUP members on pension are allowed to cast ballots for Union officers and proposed Constitutional Amendments except for proposed amendments "on any dues raise and/or assessments."**

**If for any reason a member in good standing does not receive his/her ballot, he/she may make a written application to Pacific Election Services, Inc. The request shall include a statement that the member has neither received a ballot nor voted in the election and the address to which the ballot is to be sent. If you do not receive a ballot, write to contact:**

**Robbin A. Johnson  
Pacific Election Services, Inc.  
1650 Stanmore Drive  
Pleasant Hill CA 94523  
Voice: 925-685-4935 or 800-571-8049  
Fax: 925 685-4937  
Email: rjohnson7123@sbcglobal.net**

## PROPOSED CONSTITUTIONAL AMENDMENTS

Five proposed amendments to the SUP Constitution will appear on the December-January referendum ballot. All have a financial impact on the Union and should be passed by the membership.

Amendment #1 calls for a \$50 a quarter dues increase or less than \$17 per month. To reduce costs the officers of the Union took a 5% wage reduction this year and in every area your secretary has endeavored to cut and/or minimize expenditures. However, the cost of doing business continues to increase and, therefore, the membership must support its own organization financially. Pensioners cannot vote on this proposal.

Amendment #2 calls for increasing the initiation fee from \$800 to \$1600. However, if Class B, Class C or Class D Registrants pay the current initiation fee by March 1, 2010, they will not have to pay an additional \$800, if the proposal passes. Pensioners cannot vote on this proposal.

Amendment #3 calls for reducing costs to the Union by increasing the terms of office for SUP officials from two to three years. The forthcoming election will cost \$8,500 and is expected to increase in two years. If the proposal passes the next election will be held in 2013 instead of 2012. Pensioners can vote on this proposal.

Amendment #4 calls for increasing the fine of \$50 to \$500 for drunkenness or bringing the Union into ill repute aboard ship, effective March 1, 2010. This fine has not changed in many years and needs to be updated. Unless the violation is flagrant, a member accused would have to appear before a Trial Committee to determine their innocence or guilt. Pensioners cannot vote on this proposal.

Amendment #5 calls for increasing fines for missing ship from \$200 for the first offense to \$1000, from \$400 for the second offense to \$2,000, and from a reasonable penalty as determined by a Trial Committee for the third offense to not less than \$4,000, effective March 1, 2010. While missing a ship (failure to join) is an infrequent occurrence, when it does happen it places an extra burden of the ship's crew, disadvantages someone waiting for a job in the hiring hall and hurts the SUP Welfare Plan due to lack of manday contributions. As with proposed Amendment #4, the current fine dates from many years ago. Pensioners cannot vote on this proposal.

**It takes a two-thirds majority vote of those casting ballots for any of these proposed amendments to pass. Urge a YES vote on all five.**

## HOLIDAYS

**Veteran's Day:** All SUP halls will be closed on Wednesday, November 11, in observance of Veteran's Day.

**Thanksgiving Day:** All SUP halls will be closed on Thursday, November 26, in observance of Thanksgiving.

**Christmas Eve:** All SUP halls will be closed on Christmas Eve, Thursday, December 24. Christmas Eve is an ILWU holiday, therefore, it is a recognized holiday with APL and Matson. It is a holiday for vessels in Pacific Coast ports on that day and for those working under the shoreside maintenance agreements.

**Christmas Day:** All SUP halls will be closed on Christmas Day, Friday, December 25.

**New Year's Eve:** All SUP halls will be closed on New Year's Eve, Thursday, December 31, an ILWU holiday.

**New Year's Day:** All SUP halls will be closed on Friday, January 1, 2010.

## HOLIDAY BENEFIT

For the 20th year, the SUP and MFOW will cospon-

*continued on next page*



## President's Report continued

or a holiday lunch for participants of the respective Union Welfare Plans and invited guests.

As approved by the Union and employer Trustees of both Plans, the cost of catering the lunch is prorated by the number of participants in each of the respective Welfare Plans.

**The Seattle Branch will hold its event at the hall on Saturday, December 5, from 11:00 A.M. to 2:00 P.M.**

**The Wilmington Branch lunch will be held on Saturday, December 12, from 11:30 A.M. to 3:00 P.M. at the hall.**

**In San Francisco, this year's lunch will be at SUP Headquarters, 450 Harrison Street, on Friday, December 18, from 11:30 A.M. to 3:00 P.M.**

**The Honolulu festivities will be held at the hall on Saturday, December 19, from noon to 3:00 P.M. at Gordon Biersch at the Aloha Tower.**

### ACTION TAKEN

M/S to operate the *APL Turquoise* under the same terms and conditions that apply to the *APL Agate* and *Japan*. Carried unanimously.

M/S to concur with the balance of the President's Report. Carried unanimously.  
*Gunnar Lundeberg*

## Customs updates and clarifies vessel duty repair regulations

Owners of U.S.-flag vessels who have repairs undertaken outside the United States should be aware of a recent rule change that clarifies certain exemptions to the foreign vessel duty repair regulations. Specifically, United States Customs and Border Protection clarified the exemptions for repairs by the vessel's regular crew and for repairs made in countries with which the United States has a free trade agreement. Customs' action does not clearly establish all options for tariff relief, however, because the rule does not detail all U.S. free trade agreements. Accordingly, U.S. shipowners should carefully consider where they have foreign work performed.

The foreign vessel duty repair regulations require that, upon a vessel's arrival at a U.S. port, the ship's owner must declare all equipment, materials and parts purchased for, and any repairs made to the vessel. A formal entry must be filed within 10 calendar days, and that filing can be followed by an application for relief from the duty for any items that qualify for an exemption. The purpose of the statute and implementing regulations, which impose a 50 percent duty on all repairs to U.S. flag vessels that are conducted in foreign yards, is to preserve work for U.S. shipyards by deterring shipowners from having work done overseas. For shipowners, the duty imposes significant compliance efforts on top of its cost. Even so, many shipowners opt to have certain repair work done overseas.

### Crew Repairs Outside the United States

The Vessel Repair Statute dates to the 1800s, but several events in recent years have led to changes in the relevant regulations. In 2001, for example, Customs issued a rule that subjected repairs made while on the high seas to the duty. Congress reversed that rule in 2004 by adding a statutory provision that exempts equipment, repair parts, and materials

that are installed on the high seas by the vessel's regular crewmembers from the duty. A 2006 change in law further expanded the "regular crew" exception to cover repairs in foreign waters or a foreign port.

The latest rule change updates the regulations to exempt crew repairs completed anywhere outside the United States. This exemption includes the cost of crew labor, equipment, repair parts and materials installed on the vessel, so long as the repairs do not involve foreign shipyard repairs by foreign labor. Questions likely will remain related to whether those performing the repair—especially temporary riding gangs or repair specialists—are actually members of the vessel's "regular crew."

### U.S. Free Trade Agreements

The updated regulations also clarify the impact of free trade agreements, which provide shipowners relief from the vessel repair duty. The regulations specifically acknowledge U.S. free trade agreements with Israel, Canada and Mexico, but several other trade agreements exist that provide varying exemptions. For example, the updated regulations do not list them, but U.S. free trade agreements with such countries as Singapore and the Dominican Republic also contain provisions related to exemptions for vessel repair duties. Even in such cases, however, vessel repairs still must be declared and entered. Finally, while certain free trade agreements beyond those listed in the regulations do present vessel owners with the opportunity to save costs on repairs, shipowners should examine the details of such agreements to fully understand the availability of the exemption. Details of the exemption and schedules for full entry into force, for example, may vary.

by Susan B. Geiger, William N. Myhre, Michael F. Scanlon, Christopher J. Hopfensperger, October 29, 2009

## Vice President's Report

November 2009

### Ships checked

In addition to the routine duties of the Front Office, checked the following ships and places of employment:

**APL Japan:** Remigio Noble, delegate. Plumbing and other quarters repair under investigation. As with many re-flagged ships in the past, we take them "as is" and we gradually upgrade the conditions.

**APL China:** Norman Kurtz, delegate. Clean ship. Appendix A of our Agreement requires sailors in the STOS billet to upgrade to AB as soon as they are eligible. That means that if an STOS has more than 360 days of qualifying seetime he or she cannot continue to sail in that billet.

**APL Japan:** Marty Machado, delegate. Joining crew members report overweight baggage fees of 125.00 for one pound over 50 pounds.

**APL Korea:** Rudy Musgrove, delegate. No beefs. Stores loading by sailors confined to three pallets of fresh daily stores.

**USAV Worthy:** Billy Sullivan, delegate. Arrived Kwajalein after a long voyage calling in Port Hueneme and Pearl Harbor. No beefs, good fishing.

**Mississippi Voyager:** Chad Avellar, delegate. John Svane, bosun. Ship in good shape on the coastal California run. SUP training assistance for members is making a difference in career opportunity and advancement.

**California Voyager:** David Ibarra, delegate. Call from the delegate at anchor off Pascagoula after port calls in Texas. Several new members signed up and are now enjoying the benefits of the SUP, not the least of which is day-for-day seniority. Ship is headed back to the West Coast via Panama Canal.

**Mokihana:** George Simpier, delegate. Laid up in San Francisco yard to repair the rudder. Delegate made a good case, supported by the Union, to retain the crew to clean up the ship but management did not respond. Will call back soon.

**Matsonia:** together with the Lurline this ship broke out of layup to cover the Mokihana's trip to the yard to repair a busted rudder. Could be a few trips before layup.

**Cape Jacob:** Andy McElhaney, delegate. Shipped STOS and an AB this month, more reliefs ahead. Mike Henderson is the bosun in Gwangyang, Korea. No problems.

**Foss Maritime Company:** Delegates Tom Tynan and Mel Jackson resigned. The SUP thanks them for their long and dedicated service to the Union. Membership employed by Foss now going through its nomination and election process for a new delegate.

**San Francisco Bar Pilots:** Delegates Louie Urbano and Steve Ross. Several caucuses revealed new ideas. Trust meeting with the Pilots on fund selection for the 401(k) resulted in a modified lineup of investment choices. Dock bosun Leo Moore has things well in hand.

**APL Steam Rack:** Diane Ferrari, delegate. Together with Bosun Bob Greene held a meeting with APL Terminal Manager Mr. Wong on the process for cleaning contaminated containers, especially in the case of mold. Further investigation necessary.

**Andrew Furuseth School of Seamanship:** Romaine Dudley, instructor. The process for the bosun's stamp remains as it was when the membership voted for it in 2004, i.e., at least one year as delegate, recommendations from ten members, and passing a marlinspike competency course administered by the instructor.

*Dave Connolly*

## Time running out to rebuild the U.S. economy

continued from page 3

op-eds, whatever it takes to get the country aroused over the issue of rebuilding manufacturing by taking the lead on creating green technology.

A major part of rebuilding the economy includes updating the nation's infrastructure, all three speakers said. Blumenauer said the time to act is now: "We have been dragging our feet too long. We just replaced the most anti-infrastructure administration in history. We need to recast our vision for the 306 million Americans in this water-stressed, energy-short economy that barely has been pulled back from the abyss."

Just as previous presidents such as Franklin Roosevelt and Dwight Eisenhower launched major infrastructure projects that redefined the nation, we need to take strong action now, Blumenauer said. Not only will rebuilding our electrical grids, schools, water supply lines, roads, bridge and other parts of the infrastructure benefit our country as a whole, Blumenauer said. "It is the quickest way to put Americans back to work in every state and city."

Gerard added that it is "unacceptable" to let America's manufacturing capacity slip to between 8% and 11% of our Gross Domestic Product when other countries are ramping up their industrial capacity. "Our government has been too timid in dealing with our competitors, especially China, which has violated trade laws and used its government-backed export industry to undercut U.S. companies, resulting in huge job losses and plant closures, Gerard said. While our economic roots were being ripped out, our government is telling China to just slow down."

**We need jobs that create wealth, Gerard said—jobs that take a raw material, and through creativity and hard work add value to the product before selling it. He also said we need to create tough laws that restrain Wall Street's greed and prevent the same people who got us into this mess from ever doing it again.**

He likened the deregulation of Wall Street to letting your three-year-old child loose for eight hours in the world's largest candy store. "You know what happens when you come back and get them. Their stomachs are full of candy and sugar. It's coming out of their pockets, and you know they're going to puke on your shoes. I'm tired of Wall Street puking on my shoes."

**"It's a recession when your neighbor loses his job; it's a depression when you lose yours."**

President Harry S. Truman

# SUP Branch Reports

## Seattle

October 19, 2009

Shipped during the period: 6 Able Seaman jobs shipped to 3 A cards; 2 B cards and 1 C card. Six standbys filled by 1 A card, 4 B cards and 1 D registrant.

Registered during the period: 7 A cards for a total of 20; 13 B cards for a total of 23; and 4 C cards for a total of 7.

### Ships Checked

Matson vessels *Maui* and *Manoa* called twice in Seattle with little or no problems. The *President Polk* called in New York with Robert Jones relieving Tim Hill as Boatswain and from all reports the *President Polk* is a happy ship. In the *APL Agate*, delegate Joe Moniz Jr. phoned in and asked for some minor clarifications on security watches. Boatswain Steve Huggins reports lots of work in this "new" U.S.-flag APL ship.

I represented the SUP at the following meetings: the Puget Sound Area Maritime Security Committee meeting; the Puget Sound Harbor Safety Committee meeting; the King County Labor Council meetings; the Puget Sound Ports Council, and the Maritime Trades Department AFL-CIO meeting. I represented the SUP at the National Propeller Club Convention held in Seattle where Acting Maritime Administrator David Matsuda spoke on the health of the maritime industry.

The SUP is active in all political races pertinent to our industry in the Pacific Northwest with several races critical to maintaining Seattle as a deep water port. American President Lines, Matson Navigation Company and Foss Maritime are either headquartered here or call at Seattle docks including the SUP affiliated "Halibut" fishing fleet in Seattle's Fisherman's Terminal. The SUP supports Joe Mallahan for Mayor of Seattle and Max Vekich for Seattle Port Commissioner.

Along with the Andrew Furuseth School of Seamanship Workforce Development Director Berit Eriksson, and guided by Deep Sea Fisherman's Union President Tim Henkel, we met with US Senator Patty Murray to discuss legislation providing for maritime industry training grants and a more equal distribution of catch shares and harvest privileges within any "privatized fishery" for skippers and crew. I used Tim Henkel's complaint that the fisheries are becoming "one big industry full of landlords". Senator Murray is a strong supporter of the maritime industry and a former school teacher and she listened closely to Berit's explanation of the "Work Force Development" legislation winding its way through Congress and immediately instructed staff work with the SUP School in this legislation.

Vince O'Halloran  
Branch Agent

## Wilmington

October 19, 2009

Shipped: 5 bosuns, 4 ABs, 3 ABDs, 4 STOS, and 56 standbys for a total of 72.

Registered: 31 A cards, 15 B cards and 2 C cards.

### Ships Checked

*Maunawili, China, Korea, Maunalei, Mississippi, Singapore, Manukai, Thailand, Pfeiffer, Mahimahi, Mokihana.*

As always, worked with the MTD and LA Federation.

Sad to report that Brother Mike Freng has passed on.

Keep up the good work Brothers; you are the Union.

Our Christmas event will be on Saturday, December 12.

Yours in struggle,

Paul Calais  
Branch Agent

## Honolulu

October 19, 2009

During the month of September, dispatched the following: 2 ABDs, 2 ABD reliefs, 1 ABD return and 1 ABW. These jobs were filled by 3 A members and 3 B members. Also shipped 8 standby jobs filled by 4 B members and 4 C members, for a total of 14 jobs shipped.

During the month of September registered the following: 6 A members, 4 B members, and 3 C members. To date registered are: 11 A members, 12 B members, 8 C members and 1 D registrant for a total of 32.

### Ships Checked

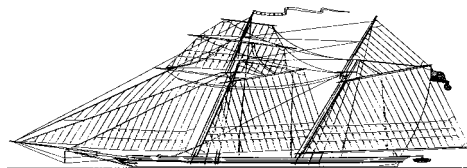
*Manulani, Manukai, Manoa, Maunalei, Maunawili, Mokihana, Mahimahi, R.J. Pfeiffer and Maui.* The *USAV Worthy* in Pearl Harbor enroute to Kwajalein. All with few or no beefs. Paint and Rigging gang running smooth with Monte Kalama as bosun.

On October 21, attended the Hawai'i Ports Maritime Council meeting. State Senator Colleen Hanabusa was our lunch guest. After an extensive interview session concerning maritime issues (re: Jones Act) Ms. Hanabusa was endorsed by the Port Council for the office of Representative for Hawai'i's First Congressional District, the seat being vacated by Neil Abercrombie. This endorsement will be presented to the Hawai'i State AFL-CIO at the Convention on November 6. There is a current local lawsuit against the federal government seeking to invalidate the Jones Act.

Would like to thank MFOW agent Bonny Coloma for covering the hall for me while I was on jury duty.

Shipping is slow in Honolulu.

Mike Duvall, Branch Agent



## San Francisco Business Agent

November 9, 2009

Visited and paid off the following ships:

**Mahimahi**— Mark Hurley, delegate; Tim Thomas, bosun: Both doing a good job; no disputes.

**Manoa**— Mark Pfaff, delegate: Running smoothly. Mike Dirksen returned as AB.

**Maui**— Allen Gonzalez, delegate: Running smoothly with John Hamann as bosun. Transportation for one man will be paid by the company.

**Washington Voyager**— Visited the ship at Richmond Long Wharf. Robert Reed is bosun; no disputes, clean ship.

Worked in the front office.

Bill Berger

## Dispatcher's Report

Headquarters—Oct. 2009

<b>Deck</b>	
Bosun .....	3
Carpenter .....	0
MM .....	6
AB .....	11
OS .....	1
Standby .....	25
<b>Total Deck Jobs Shipped .....</b>	<b>46</b>
<b>Total Deck B, C, D Shipped .....</b>	<b>19</b>
<b>Engine/Steward</b>	
QMED .....	0
Pumpman .....	0
Oiler .....	0
Wiper .....	0
Steward .....	0
Cook .....	0
Messman .....	0
<b>Total E&amp;S Jobs Shipped .....</b>	<b>0</b>
<b>Total E&amp;S B, C, D Shipped .....</b>	<b>0</b>
<b>Total Jobs Shipped - All Depts. ...</b>	<b>46</b>
<b>Total B, C, D Shipped-All Depts. .</b>	<b>10</b>
<b>Total Registered "A" .....</b>	<b>40</b>
<b>Total Registered "B" .....</b>	<b>26</b>
<b>Total Registered "C" .....</b>	<b>7</b>
<b>Total Registered "D" .....</b>	<b>23</b>

## 'Tis the season for Union-made holiday cards

The Union shop online offers an extensive selection of Union-made holiday cards on recycled paper. Featured card themes include: evergreen dove, star maker and Chanukah. To purchase Union-made holiday cards, go to [unionshop.aflcio.org](http://unionshop.aflcio.org) and click on "Holiday 2009" in the left-hand column.

## New hours of operation for some TWIC enrollment centers effective Nov. 16

<b>Albany, NY</b> – Monday-Friday 8:30 AM - 4:00 PM	<b>Oakland, CA</b> – Monday-Wed. 7:00 AM-12:00 PM and 1:00 PM - 4:00 PM
<b>Anacortes, WA</b> – Monday-Thursday 8:00 AM - 12:00 PM and 1:00 PM - 3:00 PM	<b>Panama City, FL</b> – Monday- Wed. 8:00 AM - 12:00 PM and 12:30 PM - 4:30 PM
<b>Detroit, MI</b> – Monday-Thursday 9:00 AM - 3:30 PM and Friday: 9:00 AM - 3:00 PM	<b>Ponce, PR</b> – Monday-Thursday 8:00 AM - 12:00 PM and 1:00 PM - 3:30 PM
<b>Honolulu, HI</b> – Monday-Thursday 8:00 AM - 12:00 PM and 1:00 PM - 4:00 PM	<b>Port Manatee, FL</b> –Monday-Thurs. 8:00 AM - 12:00 PM and 1:00 PM - 3:30 PM
<b>Kahului, HI</b> – Monday 8:00 AM- 12:00 PM and 1:00 PM - 3:00 PM	<b>Providence, RI</b> – Monday-Wed 8:30 AM - 12:00 PM and 1:00 PM - 5:00 PM
<b>La Plata, MD</b> – Tuesday-Wed. 8:00 AM - 12:00 PM and 1:00 PM - 3:00 PM	<b>San Francisco, CA</b> – Monday-Wed. 10:00 AM - 2:00 PM
<b>Linthicum, MD</b> – Monday-Friday 8:30 AM - 12:00 PM and 1:00 PM - 4:30 PM	<b>Tacoma, WA</b> – Monday-Thursday 8:00 AM - 12:00 PM and 1:00 PM - 4:30 PM

## USCG: more needs to be done on shoreleave for merchant mariners

The Coast Guard has been making a concerted effort to improve mariner access to ports. Even so, the agency concedes that despite its best efforts, and the efforts of its local partners—vessel operators, local port authorities and the like—much more needs to be done.

The agency recently issued a memo noting that it is taking stock of existing international obligations, homeland security requirements, cost control estimates and all of the factors that go into formulating a consistent policy on mariner access. It notes that the process is a continuing one, and that there may be a need for "future regulatory change."

The agency cites a recent study conducted by the Seamen's Church Institute that highlights what has been happening around the country in regards to this issue. It notes that individual "Captains of the Ports (COPTS)," or local Coast Guard officials whose duties involve enforcing such issues as port safety and marine environmental protections, "should consider immediately (ways of facilitating) seafarer access beyond what is currently being done and previously recommended."

According to the Coast Guard, some of the problems with mariner access to ports are a by-product of antiterrorism measures. However, some requirements have been "put in place by facility or vessel owners or operators. Seafarers are prevented from leaving their ships due to financial requirements associated with authorized escorts."

For starters, the Coast Guard believes, "COPTS should confirm that every facility security plan submitted for review specifically describe how coordination of crew change outs, short leave and visits to the vessels by Union and welfare organizations will be accomplished by the facility" in accordance with existing statutes. The agency also notes, "COPTS are required to notify Coast Guard headquarters via the chain of command of specific facilities that continue to deny access to seafarers, charge exorbitant fees to provide access, greatly limit the hours for access, or institute other overly restrictive policies that discourage or refuse access."