Brotherhood of the Sea

Organized 1885

West Coast Sailors

Official Organ of the Sailors' Union of the Pacific

Volume LXXV No. 4 GCC/IBT 869-M SAN FRANCISCO, CALIFORNIA Friday, April 20, 2012

Navy League of the U.S. backs essential maritime programs

The annual policy statement from the Navy League of the United States, released last month, voices strong support for the U.S. Merchant Marine and the programs that sustain it. The policy statements regarding the merchant marine and the marine transportation system follows:

THE U.S.-FLAG MERCHANT MARINE

The U.S.-flag commercial fleet is facing significant challenges. The ability to access this maritime capability of ships and seafarers is essential to our national and economic security 95% of the equipment and supplies required to deploy the U.S. armed forces is delivered by ship. U.S. commercial and government-owned vessels, manned by 5,000 U.S. Mariners, played a significant and indispensable role in strategic sealift support for Iraq operations and continue to supply operations in Afghanistan. In today's irregular warfare environment, with increased requirements to support and sustain special operations forces, maritime coalition forces, humanitarian assistance/disaster relief operations, a substantial logistics force and commercial sealift capability is needed.

The U.S. commercial fleet includes the 60 ships in the Maritime Security Program (MSP), and has grown in capabilities with old ships being replaced with new, more productive ships. The MSP fleet continues to show its value as the most cost-effective source of sealift for the U.S. government and has "answered the call" in all emergencies and contingencies. Also, the Voluntary Intermodal Sealift Agreement (VISA) provides 135 ships, 213 barges and tugs, as well as worldwide inter modal capability. The global reach and intermodal expertise of the MSP carriers has proven to be the vital link in the delivery of equipment and supplies to Afghanistan through the Northern Distribution Network, bypassing Pakistan.

The Maritime Administration's (MarAd's) Ready Reserve Force (RRF) and the Military Sealift Command fleet, sized to support DoD special mission requirements, include heavy lift, offshore petroleum discharge, auxiliary crane, aviation logistics support vessels and hospital ships.

The Navy League of the United States supports:

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Sailors' Union of the Pacific SUP Org. 1885

• The Maritime Security Act that provides the foundation to support the U.S. commercial fleet in international trade and an economically viable U.S.-flag Merchant Marine for national defense and economic security.

• The Jones Act and Passenger Vessel Act, which are important to economic and national security because they protect critical national infrastructure and provide added sealift capacity through the VISA, an expanded pool of trained and experienced mariners to crew U.S. government-owned sealift assets and help sustain the U.S. shipbuilding and repair industrial base that is vital to the U.S. Navy and Coast Guard.

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Cabotage enemies in Guam and Hawai'i seek legislation to amend the Jones Act

The Jones Act is under attack again, with a Guam politician sponsoring legislation that seeks to dilute the cabotage statute after Senator John McCain (R-Arizona) failed in a new bid to get the law abolished last month. (See SUP President Gunnar Lundeberg's report on page 10.)

Guam Senator Frank Blas, Jr. introduced a resolution in the Guam legislature on April 4, requesting the unincorporated territory's delegate to the U.S. House of Representatives, Madeleine Bordallo, to introduce a bill that would exempt Guam, Puerto Rico, Hawai'i and Alaska from the Jones Act requirement that vessels employed in the domestic trades be built in the United States.

The Jones Act (Section 27 of the Merchant Marine act of 1920) also requires that all domestic waterborne commerce in the United States be U.S.-owned, U.S. crewed and U.S.-flagged.

The Hawai'i Shippers Council on April 12, refloated a proposal that died in 2010 to exempt Hawai'i, Puerto Rico and Alaska from the U.S.-built provision of the Jones Act only for large, self-propelled oceangoing ships. The shippers legislative proposal is known as the Noncontiguous Trades Jones Act Reform (NTJAR—the acronym is pronounced "Nit-Jar"). This proposal originated with the Hawai'i shippers and does not have a mainland counterpart as did previous reform efforts during the 1990's with the national Jones Act Reform Coalition, headed by Rob Quartel.

The Guam and Hawai'i arguments for abolishing the U.S.-built requirement are the same: that allowing foreign-build ships to participate in the domestic trades would bring in new tonnage, increase competition and lower commodity prices for people living in noncontiguous jurisdictions due to "assumed" lower freight rates.

"Although these arguments seem benign to those not involved in the American maritime industry, it would open the door to the eventual abolition of the Jones Act," said SUP President Gunnar Lundeberg. "This would totally collapse the U.S. merchant marine, not only in the offshore trades but also in the inland bays, rivers and waterways. The United States would then be totally subservient to foreign-flag interests. The Sailors' Union of the Pacific, in conjunction with the rest of maritime labor and industry, who have spent billion of dollars to build and maintain with American labor, cannot and will not let this occur."

"To exempt carriers from the U.S.-build requirement of the Jones Act is, to paraphrase an old Arabian proverb: letting a camel get his nose in the tent, his body will soon follow," Lundeberg added. "This is the danger of amending this law, which is critical for the merchant marine."

Maritime Administration's budget and leadership challenged

The following opinion piece was published on April 9, in the Maritime Executive Magazine and the MarEx Newsletter and written by its Editor-in-Chief, Tony Munoz.

The 2013 Maritime Administration budget is a saga of the transformation of an entire nation and the hard realities of the "Haves and Have-Nots." The once-proud Maritime Administration now dwells in cellar-status within the sixth largest agency of the federal government while its insufficient budget of $344 million becomes a footnote in the Obama Administration's recovery plan for revitalizing America and its transportation infrastructure in the 21st Century.

As the Administration picked at the crumbs provided to the maritime industry by decreasing MarAd's budget by another $5 million next year, it simultaneously increased the Department of Transportation's budget by $1.4 billion to $98.5 billion ($74.5 billion in mandatory and $24 billion in discretionary spending), giving additional infrastructure subsidies to the trucking, rail and air sectors. But it's the Administration's transportation revitalization plan, which intends to boost DOT's budget by more than 34 percent ($492 billion) over the next six years (2013-2018) and lavish it on "runways, roadways and railways," that deliberately and utterly trivializes the maritime industry by excluding it from the national recovery plan.

In fact, since the Obama Administration took office it has deliberately pilfered MarAd's budget by over $107 million. Furthermore, it has insulted the maritime sector by appointing a maritime neophyte and political crony as Administrator. America's commercial maritime heritage has been dismissed as a relic, and the once promising "marine highway," which could alleviate highway congestion and air pollution in urban areas, has instead been replaced by shortsighted policies that envision larger trucks transporting more tonnage over expanded roadway systems.

While the Arab Spring is having profound effects on the destabilization of the Middle East, which could ultimately affect oil and gas supplies to the U.S., there are also increasing tensions

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SUP Honor Roll

Voluntary contributions from the membership to the following funds:

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Steven Ross	50.00
Roger Tupas	25.00

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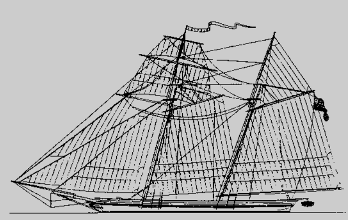

Lest we forget

In remembrance of Harry Lundeberg - Born in Norway on March 25, 1901. Secretary-Treasurer of the Sailors' Union of the Pacific from 1935 until his death on January 28, 1957. Lundeberg was also President of the Maritime Federation of the Pacific (1935) and the first president of the Seafarers' International Union of North America (1938-1957).

Final Departures

Ernest Villarico, Book No. 846. Born in Hawai'i in 1926. Joined SUP in 1952. Died in San Francisco, California, October 25, 2011. (Pensioner)

Gerald Allen, Book No. 3784. Born in California in 1932. Joined SUP in 1953. Died in San Francisco, California, February 2012. (Pensioner)

Gene VanKlinken, Book No. 862. Born in Washington in 1934. Joined SUP in 1986. Died in San Francisco, California, March 2012.

Lawrence Portillo, Book No. 3600. Born in Arizona in 1927. Joined SUP in 1945. Died in San Jose, California, March 7, 2012. (Pensioner)

Peter Quaade, Book No. 73. Born in Denmark in 1921. Joined SUP in 1943. Died in Olympia, Washington, March 28, 2012. (Pensioner)

SUP Meetings

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

	Hdqs.	Branch
May	14	21
June	Tues. 12	18
July	9	16
August	13	20
September	10	17
October	Tues. 9	15
November	Tues. 13	19
December	10	17

Somali pirate activity reaches 15-month high

Ten ships were hijacked by Somali pirates in March, making this the most attacks in one month since December 2010. According to Bloomberg, pirate gangs may also be moving to attack larger merchant vessels this month.

Four of the seized ships were used to make more attacks, rather than the usual holding for ransom acts. Maritime security experts believe that pirate groups will be encouraged by the latest hijackings and will be moved on organizing more attacks over the next several weeks. Additionally, calm weather conditions forecasted for April are favorable to pirates, as it makes it easier to launch skiffs and access a targeted vessel's deck.

A recent study done by One Earth Future Foundation showed that Somali pirate attacks rose to a record 237 in 2011, with ransoms worth $160 million paid to release 31 hijacked vessels. It also reported that pirates based in Somalia cost governments and the shipping industry as much as $6.9 billion last year.

Currently, sea pirates have 13 vessels detained with 197 sailors taken as hostages, according to the International Maritime Bureau (IMB).

Opinion on MarAd budget and leadership

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with China and Russia, who number among their allies North Korea, Iran and Syria. Meanwhile, the Chinese military complex is rapidly growing and, in December 2011, President Hu Jintao made it abundantly clear that China is preparing for war due to local maritime disputes and U.S. influence in the South China Sea, which holds all of its offshore oil and gas resources.

If interests in Asia and the Middle East are to remain priorities of U.S. international polices, and rebuilding the industrial base and putting millions of Americans back to work are important domestic priorities for the Obama Administration, then it needs to rethink its current DOT six-year plan, which excludes the maritime sector. More importantly, the Administration needs to appoint a real maritime executive to oversee MarAd, enforce Cargo Preference laws, rebuild the shipbuilding base through tax incentives and grants, and begin training the next generation of U.S. commercial mariners to keep military supply lines open around the world.

West Coast Sailors

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No legal change for conversions or rebuilding of Jones Act vessels

The process that governs the rebuilding or conversion of Jones Act ships at foreign shipyards will not change, the U.S. Coast Guard has said. The decision is the latest development in a six-year-old controversy, in which Jones Act shipowning and shipbuilding interests have challenged some domestic owners' attempts to convert tonnage overseas, particularly in China, to save money.

In a notice published in the *Federal Register* in March, the USCG recognized that efforts to tighten the restrictions on foreign rebuilding could jeopardize the act's exemption from World Trade Organization (WTO) rules. This is based on a provision that WTO's predecessor, the General Agreement on Tariffs and Trade (GATT), exempts statutes in force before its own creation in 1947. However, this is subject to periodic WTO review to ensure that the exempted law has not been tightened or adversely modified. The Jones Act was signed into law in 1920.

Foreign governments, no fans of the Jones Act, can pounce on any tightening to invoke this provision. "Any changes to the Jones Act statutes or measures implementing those statutes must not make them less consistent with GATT 1994," the *Federal Register* notice concludes. However, regulatory experts said the WTO angle was peripheral to the USCG's decision, which simply reaffirmed a rule that has worked well over the years and does not need to change.

Under the Jones Act, foreign repairs that do not involve more than 7.5% of the ship's steel weight can proceed with no formality. But replacements that exceed 7.5% need USCG approval, subject to a cap of 10%. In one notable case in 2006, the Shipbuilders Council of America (SCA) sued the U.S. government for allowing foreign conversion of Seacor tankers. A district court ruled in the SCA's favor, but an appeal court later overturned the decision, recognizing the USCG's existing regime as "holistic" and based on predictability. Other controversies have centered on foreign rebuild projects undertaken by Matson Navigation Company and Horizon Lines.

In early 2011, the Coast Guard reopened the foreign rebuilding issue for public comment, following a petition by a coalition that included the SCA and Jones Act shipowners Crowley Maritime, Horizon Lines, Matson, Overseas Shipholding Group, Pasha Hawaii Transport Lines and Totem Ocean Trailer Express. The *Federal Register* notice states that the petitioners' proposed tightening of the existing regime would establish "new and onerous procedural impediments" to an applicant seeking to contract work to a foreign shipyard. "Their proposal would make the process slower, more cumbersome, inflexible, conducive to adversarial disputes and appeals by third parties, whether or not directly affected, and more resource-intensive for the Coast Guard," the document states.

Maritime regulatory consultant Dennis Bryant interpreted the *Federal Register* notice as a refusal by USCG to give the petitioners an administrative victory after they had lost in court.

APL to cut carbon emissions by a third

APL has announced an ambitious plan to cut its key carbon exhaust measure by 30% from all its shipping operations by 2015.

The company will deploy 32 new vessels in the next three years and says that better designs for fuel efficiency and slow steaming will help it to meet the target. "We're changing the profile of our fleet with larger, more efficient ships that will significantly curb exhaust emissions," said APL President Kenneth Glenn. "It is the most effective way we know to make global trade environmentally sustainable."

APL said that its fleet will produce 130 grams of carbon exhaust for ever teu of cargo transported one nautical mile by 2015, representing a 30% reduction from emission levels in 2009, when auditors first calculated APL's carbon footprint. The company said it would take other measures to cut carbon emissions, such as optimizing vessel trim, speed and routing, improving maintenance on vessel hulls to reduce drag in the water and upgrading cargo handling equipment at APL terminals.

NOL, APL's parent company, announced a loss of $320 million in the fourth quarter, and an annual loss of $428 million for full-year 2011. In response, chief executive Ng Yat Chung said the company would trim $500 million from its costs in 2012.

Costa Concordia to be salvaged in one piece

Costa Cruises, a subsidairy of Carnival Cruises, has decided to refloat the *Costa Concordia* in one piece, with the overall cost of the salvage estimated at $288 million for an operation likely to take at least a year. Although it would have been less expensive to break the vessel up for salvage, Costa said it had chosen the course of action that minimized the likely threat to the environment and protected tourism and local interests. The wreck lies near Giglio Island, Italy, designated a maritime reserve.

Maritime sources indicate that Crowley Maritime's Titan Salvage and Dutch firm Smit Salvage are the two firms bidding for the salvage contract.

International Salvage Union General Secretary Mike Lacey said he was not surprised that Costa Cruises was taking its time over the salvage decision. "It is a huge operation," he said. "Sealing the 170-foot hull gash is a big enough start. We don't even know what kind of damage there is under the water on the starboard side. Ensuring the vessel is watertight will be difficult but crucial as otherwise the air will just come out. [The salvage operation] can be done. If you throw enough money at a job you can do anything. It is just a question of how straightforward it will be."

Calling radicalism by its name

President Obama's fruitless three-year search for compromise with the Republicans ended in a thunderclap of a speech on April 3, as he denounced the party and its presidential candidates for cruelty and extremism. He accused his opponents of imposing on the country a "radical vision" that "is antithetical to our entire history as a land of opportunity."

Mitt Romney, the Republican presidential front-runner, has embraced a House budget plan, drafted by Congressman Paul Ryan (R-Wisconsin), that is little more than "thinly veiled social Darwinism," the president said, a "Trojan horse" disguised as deficit reduction that would hurt middle- and lower-income Americans.

"By gutting the very things we need to grow an economy that's built to last—education and training, research and development, our infrastructure— it is a prescription for decline," he said, speaking to a group of Associated Press editors and reporters in Washington.

Mr. Obama has, in recent months, urged Republicans to put aside their destructive agenda. But, in this speech, he finally conceded that the party has demonstrated no interest in the values of compromise and realism. Even Ronald Reagan, who raised taxes in multiple budget deals, "could not get through a Republican primary today," Mr. Obama said. While Democrats have repeatedly shown a willingness to cut entitlements and have agreed to trillions in domestic spending cuts, he said, Republicans won't agree to any tax increases and, in fact, want to shower the rich with even more tax cut.

The speech was the first time that Mr. Obama linked Mr. Romney, by name, to his party's dishonest budget and discredited trickle-down policies. As Mr. Obama pointed out, Mr. Romney described as "marvelous" a budget that would drastically cut study financial aid, medical research, Head Start classrooms and environmental protections. Mr. Obama further ridiculed the budget's deficit-cutting goal as "laughable" because it refuses to acknowledge the need for new revenues.

The speech was immediately attacked by the House speaker, John Boehner, for failing to deal with the debt crisis, but Mr. Obama pointed out how hollow that charge has become. "That argument might have a shred of credibility were it not for their proposal to also spend $4.6 trillion over the next decade on lower tax rates," he said. The math is, in fact, quite simple: cutting both taxes and the deficit can mean only more sacrifice from the middle class and the poor, ending the promise of Medicare and Medicaid. Over the long term, the deficit can be brought down through a combination of cuts and new revenues; doing so immediately, as Mr. Romney and his party want to do, would reverse the fragile recovery.

Mr. Obama provided a powerful signal that he intends to make this election about the Republican Party's failure to confront, what he called, "the defining issue of our time": restoring a sense of economic security while giving everyone a fair shot, rather than enabling only a shrinking number of people to do exceedingly well. He remarks promise a tough-minded campaign that will call extremism and dishonesty by name.

Source: New York Times editorial: April 4, 2012

Container lines lost over $6 billion in 2011

Container lines lost around $6 billion between them last year as they abandoned financial discipline to go after market share, according to two assessments published this month.

London consultancy firm Drewry has revised its estimate of collective losses to $6.5 billion, having earlier forecast a lower figure of $5.2 billion. The deterioration marked a $23 billion drain from 2010 when lines posted record profits. Neither does Drewry anticipate a rapid recovery, with financial results expected to remain weak in the first half of 2012. However, much now depends on the behavior of carriers themselves rather than market fundamentals.

New figures from industry analyst Alphaliner put the collective operating losses of the top 22 global carriers at a slightly lower $5.6 billion in 2011, with only four managing to stay in the black. Losses accrued last year compare with operating earnings of $12.1 billion achieved in 2010 but were nevertheless better than in 2009, when the combined shortfall came to $13.4 billion, according to Alphaliner.

One unknown in any analysis of box line losses is the performance of the world's second largest ocean carrier, Mediterranean Shipping Company, which does not release any financial numbers.

Despite the carnage of 2011, Alphaliner notes that only one operator pulled out of liner shipping, with Malaysia's MISC deciding to exit the business after accumulating losses in excess of $1 billion over the past four years.

On average, freight rates were 12% lower in 2011 compared to 2010 while fuel oil prices were 39% higher. Operating margins have been in continuous decline since the third quarter of 2010, down to minus 13% in the fourth quarter of 2011. However, Alphaliner says the positive news for carriers is that margins bottomed out late last year, as freight rates recovered strongly in all main trade lanes since January.

Commenting on industry prospects, Drewry head of container research Neil Dekker cautioned that until the inherent structural capacity is truly tackled, "we will continue to have periodic and violent bouts of overcapacity that will keep rates and operating margins yo-yoing up and down."

"To argue with a person who has renounced the use of reason is like administering medicine to the dead." Thomas Paine (1737-1809)

U.S. Navy League backs maritime programs

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• Full compliance with U.S. Cargo Preference Laws by government agencies and shippers, as a necessary and critical component to the long-term sustainability of the U.S.-flag fleet. Without this commercial capability, the U.S. government will be required to provide significantly more funds to build a replacement fleet and infrastructure while losing the pool of highly qualified Mariners needed to sail these vessels. These laws include the Jones Act, Passenger Vessel Act, DOD and, Foreign Aid cargoes.

• Budgetary and legislative measures, including capital and operations-related changes in U.S. tax laws, Mariner income tax exclusion and the harmonization of domestic and international regulations to improve the competitive position of the U.S.-flag fleet in the world marketplace.

• Growing the MSP fleet, as requirements warrant, for both surge and sustainment operations. Also, full, long-term funding for the program. Replacing the lift capability of this fleet would cost the DoD $9 billion.

• Full funding, at authorized levels, for meeting the operational and maintenance requirements and capital improvements at the U.S. Merchant Marine Academy and federal assistance at the six state maritime academies for the Student Incentive Program and Training Ships. This will ensure the long-term availability of licensed Mariners to serve the nation's needs.

• A strong strategic sealift Merchant Reserve component in the U.S. Navy to ensure that critical Mariner skills and experience are retained to support Navy and strategic sealift transportation.

• The combined government and industry efforts to counter piracy by placing armed guards aboard ships and introducing new technologies to prevent hijacking.

• Legislation for the Department of Veterans Affairs to treat Merchant Marine veterans of World War II as they do all other veterans.

THE MARINE TRANSPORTATION SYSTEM

Maritime transportation contributes more than $10 billion per year to the U.S. economy. The U.S. Marine Transportation System (MTS) consists of waterways, ports and their intermodal connections, vessels and vehicles. As the one of the world's paramount trade leaders, the United States requires a technologically advanced, secure, efficient and environmentally sound MTS.

Roughly one quarter of the world's trade flows through U.S. ports. Our economic prosperity is dependent on international trade, of which, more than 94%, by volume, moves by water. Any disruption in this global supply chain would have a serious negative impact on the U.S. economy and, consequently, our national security. Trade flowing through the nation's ports and waterways will increase substantially by 2020, creating greater congestion on overburdened land, port, water, passenger and freight-delivery systems. Only a truly seamless, integrated, multimodal transportation system with an expanded "America's Marine Highway System" and a dynamic National Freight Policy will meet the nation's growing needs.

The Navy League of the United States supports: The Department of Transportation's "America's Marine Highway" initiative that includes a National Freight Policy that shifts more freight cargo to the nation's waterways to improve economic competitiveness, reduces congestion, carbon consumption and transportation costs, while increasing U.S.-flag vessels and Mariners on domestic waterways.

MarAd's comprehensive "green" program with the necessary resources to promote sustainability throughout the MTS, including research and technology in areas of emerging environmental concerns such as ballast water, port and vessel emissions, alternate fuel use and energy management.

Making MTS infrastructure projects permanently eligible for funding under Title 23 of the next surface transportation reauthorization legislation to ensure that marine transportation is fully integrated into the surface transportation system.

Under the America's Marine Highway initiative, an exemption of waterborne cargo transshipped between U.S. ports from the Harbor Maintenance tax. This is a double tax because it is paid when imports first land in the United States and is a major disincentive for increased waterborne transport.

Additional resources for the Army Corps of Engineers' dredging projects and for the Coast Guard to upgrade navigational aids in river and harbor channels that connect U.S. ports to the world.

Use of the Inland Waterway Trust Fund to repair/replace aging infrastructure on the inland waterway system. The inland waterway system is capable of carrying huge additional amounts of freight and petroleum products at a fraction of the cost of other modes of transport.

• Increased investment in overall maritime research and development on a par with other modes of transportation.

• Funding for the Title XI Ship Construction Loan Guarantee Program to support replacement of existing Jones Act tonnage; Marine Highway shipping needs including vessels and infrastructure in ports and shipyards.

• Efforts by the Coast Guard, Navy and MarAd for MDA improvements such as the MarView Internet-based portal, which provides essential MTS information for decision makers.

• The 17 commercial strategic ports that support the short-notice military surge deployments with priority access to terminals, vessel berths and staging areas under the National Port Readiness Network.

• Efforts to develop a national capacity for the MTS to recover from major disruptions to ensure the continuity of critical maritime activities. This should include the maintenance of a robust U.S. salvage vessel and oil spill recovery capability to ensure expeditious clearing of vital channels and harbors.

The Navy League of the United States is a national nonprofit organization dedicated to educating our citizens about the importance of sea power to U.S. national security and supporting the men and women of the U.S. Navy, Marine Corps, Coast Guard and U.S.-flag Merchant Marine and their families.

The Navy League was founded in 1902 at the suggestion of President Theodore Roosevelt.

The SUP gang in the *President Polk* at the bottom of the ship's swimming after giving her a new paint job this month. From left to right: ABs Mark Brower, Pat Tite, Delegate Jack Sheldon, Erik Williamson, Nicole Withers and Bosun Otto Hallgren. The *Polk* operates off the East Coast in APL's Suez Express Service.

European Union backs land strikes against Somali pirates

The European Union (EU) has authorized navies to strike pirates on land as part of its anti-piracy operation, which was extended to December 2014. European foreign ministers, meeting in Brussels, have agreed to "extend the area of operations to include Somali coastal territory and internal waters," EU NAVFOR (Naval Force) said late last month.

Operation Atalanta was designed to protect World Food Program vessels delivering food aid in Somalia, as well as to combat piracy off Somalia. Until today, it has been confined to the sea, but now EU forces will also focus on coastal land areas, in collaboration with the Transitional Federal Government and other Somali entities.

The EU said a budget of $19.7 million has been approved to pay for the prolonged mandate.

Spanish Foreign Minister Jose Manuel Garcia-Margallo told the Associated Press: "The EU plan is to allow attacks on land installations when ships are assaulted at sea." He added that "much care" will be taken to avoid civilian deaths.

Speaking about the extension of the mandate, Rear Admiral Duncan Potts, Commander of the EU Naval Force, said: "The extension of the mandate until the end of 2014 confirms the EU's commitment of fighting piracy off the Horn of Africa. "Piracy has caused so much misery to the Somali people and to the crews of ships transiting the area, and it is right that we continue to move forward in our efforts," he declared.

While some industry players have praised the European Union decision to all EU NAVFOR to fight piracy on Somali soil as a "step in the right direction," other say they need to see more detail before they can support the move.

Although shipping sources have welcomed the extension of the Operation Atalanta mandate, many feel it is not clear what the extension to Somali coastal territory will involve. BIMCO (Baltic and International Maritime Council) Chief Maritime Security Officer Giles Noakes said the statement from the EU was too vague and this made it difficult for anyone to make a definite comment. "All it suggests is that forces will operate beyond the waters and into coastal territory. That is not to say this is not good news, by extending the naval forces' area of operations to include Somali coastal territory it allows for far more robust actions against Somali pirates," he said. "If it means that they will focus on targeting pirates' logistical operations then this is a step in the right direction. After all historically, pirates have only ever been defeated when their operations have been targeted onshore."

However, others have questioned where EU NAVFOR will focus its efforts. There is a concern that rather than concentrate on pirate bases on shore, time will be taken dismantling capture motherships. If this is the case, it would have huge ramifications for salvage operations that would be extremely difficult to conduct on the Somali coast.

Another question raised is what kind of retribution the industry can expect from the pirates. Some fear that a move like this, if not immediately successful, could make the problem of Somali piracy worse.

Gary Li, head of marine and aviation at London intelligence company Exclusive Analysis, said expanding operations could be a good move but was not a long-term solution. He added that the rules of engagement needed to be very clear. "It is understood there will be no ground forces on shore but there is still the question of how will they validate that a target was a pirate and not a fisherman," he said. "When a group of Somalis claims that a target was civilian, they may find it difficult to refute. It could be a case of their world against EU NAVFOR's." However, Li said that EU NAVFOR had good intelligence and knew when pirate groups were preparing to go to sea.

Russian master busted by Danes

Danish authorities on March 23, arrested the Russian master of a chemical tanker that ran aground near Copenhagen. The Greek-owned *Terry* (15,441dwt) grounded on a sandbank between Kastrup and Saltholm Island, March 22, while on voyage from the Danish port of Hirtshals to the Latvian capital Riga, the *Odin Maritime News* portal reported.

When officials boarded the vessel and tested the master's blood alcohol level, they found it to be illegally high and arrested him, the report added.

A spokesman for shipowner Halkidon Shipping confirmed that the master had been drunk and said that the ship was refloated. The company has a "zero tolerance" policy when it comes to alcohol, he emphasized.

The 2010 Manila amendments to the IMO's Standards of Training, Certification & Watchkeeping rules came into force in January. They require seafarers on active duty to keep a blood alcohol level of no more than 0.05% of alcohol in the breath.

Legal victory leads to lockout and protracted negotiations for New Zealand dockers

Last month's *West Coast Sailors* reported that longshore workers in Auckland, New Zealand were fired by the private contractor "Port of Auckland". On March 21, the Maritime Union of New Zealand (MUNZ) scored an important legal victory when the employer withdrew the terminal order.

The port was forced to reverse course because they feared that New Zealand's Employment Court would not allow the firing of the Union dockworkers, said Garry Parsloe, President of the MUNZ.

The employer decision to cancel the firings also came as international solidarity efforts geared-up around the globe, focusing attention on the harsh, anti-Union policies employed against workers by management at the Ports of Auckland.

When management agreed to withdraw the firing order, MUNZ members voted to end their strike and unilaterally return to work. But any sense of celebration was short lived. Instead of reciprocating the Union's good faith offer to end the strike and return to work, the Ports of Auckland management immediately issued a lockout notice and refused to let the dockers back to work. Under New Zealand labor law, parties must give a 14-day notice prior to a strike or lockout at the port.

After the lockout notice was served, workers and community supporters took to the streets, including over 60 students from the University of Auckland. MUNZ President Parsloe said Port's action was illegal and destructive.

"We're ready to go back to work and get this port moving again for Auckland," said Parsloe. "It is deeply disturbing that the company's vision is so blurred that they now want to stop the port from functioning," he said.

Parsloe said management at the Ports of Auckland is "out of control," and called on Auckland's Mayor and Council to "step in, sack management and replace them with a group willing to run this important asset for the benefit of Auckland."

Port officials have given conflicting rationales for the lockout. Ports of Auckland board chairman Richard Pearson was quoted in the New Zealand press saying that the lockout was aimed at moving toward a "competitive stevedoring system" which is management-speak for casualizing the workforce. The following day, Pearson made the outrageous claim that the lockout was imposed to protect the safety of replacement workers, saying the lockout would continue until the MUNZ assurance that replacement workers would not be subjected to violence. No evidence of threats or violence was cited by the port.

New Zealand's Council of Trade Unions (CTU) President Helen Kelly criticized Pearson's unfounded accusations against MUNZ members.

"If he has got any evidence of this he should give it to the police," said Kelley, "but there is no evidence," she told Radio New Zealand.

The New Zealand Herald newspaper reported a possible conflict of interest involving an unnamed port manager who participated in the contract negotiations and is connected to a company hiring non-Union dockworkers. The company, Pacific Crew Holdings Ltd., was registered on February 27, nine days before the Ports of Auckland announced the firing of the 292 MUNZ dockworkers.

The allegations suggest management was not negotiating in good faith because at least one member of their negotiating team had a predetermined view— and possible financial conflict that could allow him to benefit from firing Union members and replacing them with private contractors.

The port is facing mounting international pressure for their attack against Union workers, and efforts to undermine working conditions for port workers. The ILWU and other Unions affiliated with the International Transport Workers Federation (ITF) mobilized quickly to show solidarity and offer support.

Dockers belonging to the Maritime Union of Australia refused to handle cargo coming from the Port of Auckland, triggering a multimillion dollar legal threat against the Union.

As this issue of the *West Coast Sailors* went to press, the Union and Port of Auckland are mired in mediation. MUNZ President Parsloe said both parties had agreed with a judge's recommendation to first attempt more mediation, and then move to facilitation. "As mediation hasn't worked, it's important that we now go to facilitation. The Maritime Union welcomes this development."

"As we previously indicated we have struggled with a cut and paste negotiations approach from Ports of Auckland, who are simply recycling previous proposals that provide no guaranteed days off, no protection against casualization and a package that would significantly reduce workers' pay. We hope to get some positive direction from facilitation. We will be taking all of the facilitators recommendations seriously, and take them back to membership to consider."

Parsloe said the Union also welcomed comments from the Mayor on the unacceptable behavior of management at Ports of Auckland. "This sort of behavior has been challenging for Ports workers and their Union to deal with to say the least. We are encouraged the Mayor wants to see an end to this management culture at Ports of Auckland."

[Editor's note: Parts of this article are from *The Dispatcher*, the official newspaper of the ILWU.]

Hollywood workers vote to merge Unions

Members of the Screen Actors Guild and the American Federation of Television and Radio Artists have overwhelmingly approved merging their Unions into one, SAG/AFTRA, the Unions announced on March 30, in Los Angeles.

The SAG/AFTRA merger approval required a 60% vote from each Union. AFTRA members approved the merger by 86% and SAG members voted 82% in favor of the merger. AFTRA has some 70,000 members in the entertainment and news industries while SAG represents about 125,000 actors.

Months of discussions of the merger between the two Unions included a "Listening tour" by SAG President Ken Howard and AFTRA President Roberta Reardon. The two will now serve as co-presidents of the new Union.

"Ghost ship" from Japanese tsunami sunk by U.S. Coast Guard off Alaska

The derelict Japanese fishing vessel Ryou-Un Maru after being shelled by the U.S. Coast Guard cutter Anacapa on April 5. Photo: USCG Petty Officer 2nd Class Brandon Thomas

After surviving one of the most devastating earthquake and tsunami ever recorded and a full year unmanned and adrift in the Pacific, the *Ryou-Un Maru* has met her demise at the hands of the U.S. Coast Guard.

The derelict squid fishing vessel was first spotted by the Canadian Coast Guard in late March drifting off the Cost of British Columbia. From there, she drifted in U.S. waters. On March 31, a U.S. Coast Guard C-130 aircraft dropped a buoy to monitor its location.

Determining that the vessel was a threat to navigation, the USCG dispatched the 110-foot cutter *Anacapa*, armed with a 25mm cannon, with orders to shoot-to-sink. On April 5, 170 miles southwest of Sitka, the *Ryou-Un Maru* sank at 6:15 P.M. in 6,000 feet of water after being shelled by the *Anacapa* and then filled full of water.

The battered 178-foot ghost ship had traveled more than 3,600 nautical miles and been adrift for more than a year since the March 11, 2011 earthquake, which generated monster waves that killed more than 19,000 people. The squid-fishing boat was anchored at the Port of Hachinohe, Japan, when the tsunami struck.

U.S. sanctions on Iranian shipping expands

The U.S. Treasury Department has announced further sanctions against individuals and shipping companies allegedly linked to Islamic Republic of Iran Shipping Lines (IRISL). Among the latest targets are two Malta-based entities, Malship Shipping Agency and Modality, both said to be IRISL affiliates, and two named individuals, Seyed Alaeddin Sadat Rasool and Ali Ezati, said to be IRISL officials.

IRISL, Iran's largest shipping concern, has long been subject to sanctions because the United States has accused it of playing a key role in Iran's nuclear program and in transporting military cargoes. Washington claims that Iran is seeking to acquire nuclear weapons, a charge that Tehran has consistently rejected.

The operator used Malta Freeport as its principal transhipment hub in the Mediterranean until it pulled out late last year, preempting a reluctant decision from the Maltese government banning it from calling after 2013, which was only made in the face of U.S. pressure. Malship and Modality join six other Maltese entities subject to earlier rounds of sanctions.

The Treasury Department also imposed additional sanctions on Iran Maritime Industrial Company, known by the Farsi acronym Sadra, which is thought to have offices in Iran and Venezuela. Sadra is allegedly owned by Khatam al-Anbiya, an engineering company used by the Islamic Revolutionary Guard to fund its operations. Deep Offshore Technology PJS, said a Sadra subsidiary, has also joined the sanctions list.

"By designation the individuals and entities, Treasury is sending a clear signal to the international community that Iran's attempts to evade international sanctions will not go unnoticed," said Adam Szubin, Director of Treasury's Office of Foreign Assets Control.

Sewage discharge banned in California waters

The state of California has introduced a no-discharge zone that prohibits vessel sewage discharge in all California marine waters. The Coast Guard will enforce the new regulation.

The ban took effect on March 28, and applies to large passenger vessels of 300 gross tons and over that have berths or overnight accommodation for passengers. It also applies to large private, commercial, government or military vessels of the same limit, equipped with a holding tank with remaining capacity or containing sewage generated before entering state waters.

Responding to an application from California, the Environmental Protection Agency (EPA) established the regulation under the U.S. Clean Water Act. EPA says the rule will prohibit the discharge of more than 22 million out of 25 million gallons of treated sewage that large vessels discharge into state waters each year.

ESU Office Assignments

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

ESU NEWS

APRIL 2012

Official Publication of the Exxon Seamen's Union

Bangkok reunion

Current and former ESU members get together for dinner and sea stories at the Poung Kaew restaurant in Bangkok, Thailand. Pictured from left: ESU Board Member at Large, John McCarthy. Retired Fleet Chef and former Steward Department Trustee, Jose Pereira. Retired 3rd Mate, Kim Burnett started with Exxon Shipping as AB and was a former ESU member. Deck Trustee, Kevin Conroy. Retired Pumpman, Jack Patterson former Ship Representative for the S/R Long Beach *and* Exxon Valdez.

Also during his stay in Thailand, Kevin Conroy at the invitation of Human Resources Manager Mary Elizabeth McComas, spoke at the ExxonMobil Limited Headquarters in Bangkok. Kevin (center seated) talked with her team on Labor Relations from the rank and file point of view and everyday life aboard SeaRiver's tankers. Kevin was well received by everyone and he made many new friends. Mary Elizabeth's (seated right of Kevin) department handles HR and administrative functions for ExxonMobil facilities in 22 countries.

Best of the Best Award

The men and women of SeaRiver were recognized on March 30, 2012 in Houston for 2011 Safety and Environmental performance. On behalf of SeaRiver Maritime, Chief Mate Dan Goodwin received the "Best of the Best" award from Sherman Glass, President of ExxonMobil Refining and Supply Company. Mr. Glass oversees the Global S&T organization consisting of forty three business units. Of the total, five were considered as contenders for this award. Out of those five SeaRiver was chosen as the recipient for flawless SH&E performance and demonstrating improvement over the past year. In order to be considered for this award the organization must meet the following criteria:

- Lost Time Incidents = 0
- Combined Workforce TRIR < Stewardship
- Process Safety Incidents = 0
- Spills and Releases = 0
- Environmental Compliance Inci dents = 10% improvement (10% improvement per year with 2004 as baseline)

E-mail pay voucher

If you have yet to submit a Pay Statement Delivery Form or have had trouble getting the form processed by ExxonMobil payroll, the ESU office can be of help.

The Union has become aware of few individuals that have experienced some difficulty in getting their form processed by payroll after sending the form in through regular mail or by faxing. The ESU now has a contact in payroll that we can e-mail this form directly to and is processed with very little delay. If you can mail your form to the ESU office we will be glad to forward to payroll for processing. Please send to PO Box 754, Seabrook, Texas 77586 or you can send via fax at 832-201-0441.

Former *Exxon Valdez* sold for scrap

Another former SeaRiver tanker appears to be headed for the breaking yard to be scrapped. The vessel known as the *Oriental Nicety*, originally christened the *Exxon Valdez* was reported sold in late March to Best Oasis, a cash buyer of ships for demolition for nearly 16 million dollars.

The story was first reported by *Tradewinds* on March 20, that a trip to India will mark the final voyage for one of the most infamous vessels in the history of the shipping industry. India has one of the world's largest industries for breaking down old ships and oil tankers in the town of Alang, along the Gulf of Cambay in Gujarat.

Now named the *Oriental Nicety* (the vessel has changed names and owners a few times throughout its lifetime), the tanker was converted into an ore carrier in 2007 and was later severely damaged in a collision with a cargo ship in the South China Sea in 2010.

The *Exxon Valdez* was a relatively new tanker for Exxon Shipping Company when it ran aground at Alaska's Bligh Reef in Prince William Sound on March 24, 1989, creating what is considered now as the 2nd largest oil spill in US history (the Deepwater Horizon oil spill is the largest now). However, according to the Tanker Owners Pollution Federation, the spill is not one of largest 30 spills on record. This incident was the spark for many legislative changes to come including, the Oil and Pollution Control Act of 1990, which mandated new rules for tanker industry and its maritime workers.

Timeline for the Exxon Valdez after running aground in 1989: After repairs, the *Exxon Valdez* entered foreign service and was renamed the *Exxon Mediterranean*, then *SeaRiver Mediterranean* in the early 1990s, when Exxon transferred their shipping business to a new subsidiary company, SeaRiver Maritime Inc in 1993. The name was later shortened to *S/R Mediterranean*, then to simply *Mediterranean* in 2005.

Although Exxon tried briefly to return the ship to its North American fleet through the courts, it was ultimately prohibited by law from returning to Prince William Sound. It then served in Europe, the Middle East and Asia.

In 2002, the ship was removed from SeaRiver service due to depressed tanker rates on the world market only to return in 2003. In 2005, it was transferred to Exxon's international fleet and began operating under the Marshall Islands flag of convenience. In early 2008, ExxonMobil sold the Mediterranean to a Hong Kong-based shipping company named Hong Kong Bloom Shipping Ltd., which renamed the ship once again as *Dong Fang Ocean*, then under Panama registry. In 2008, the ship was refitted, converting it from an oil tanker to an ore carrier. The vessel then sold to the new owners and became the *Oriental Nicety*.

Despite the vessel's historic past she was a good ship that inherited a bad rap from incidents that the vessel had no control over. Like her only sister, the *Long Beach* those ships were two of the best ships that Exxon ever built for the domestic fleet and the Alaska North Slope trade. They were large vessels and rode well in the Gulf of Alaska winters and were favored ships to sail in for the members of the Exxon Seamen's Union.

ExxonMobil Vision Plan (OptumHealth) explained

Although this plan has been available to the membership for a few years now, we still have from time to time a member that is not fully aware of how the benefits are applied.

ESU members need to be aware of a potential pitfall when you use the features under this plan. Most of the benefits are available to the participants on a frequency basis of once every 12 months (i.e. exam, spectacle lenses and contact lenses). Frames are covered on a frequency basis of once every 24 months. This 12-month frequency means you have to wait 12 months before you are eligible for new benefits. In the case of frames you have to wait 24 months since the last time you ordered a new pair of frames. Example: If you purchase contacts on April 1, you would then be eligible again to use the benefits under the plan on or after April 1st of the following year. Incidentally, the vision plan is no longer called Spectera and is now called OptumHealth Vision.

The administrator of the vision plan provides information about network providers, makes claims payments and benefit pre-determinations, and decides appeals of denied claims. You may contact a OptumHealth Vision Customer Service Representative for questions about the benefits at 1-877-303-2415. You can also find more information about the plan on the OptumHealth Vision web site www.exxonmobilvision.com. Before enrolling, visit the OptumHealth Vision web site to search for providers, get answers to Frequently Asked Questions (FAQs), and read articles to help you learn more about the importance of vision care.

Also, for added convenience, OptumHealth will automatically submit eligible out-of-pocket expenses for reimbursement for you if you are enrolled in the Health Care Flexible Spending Account through the ExxonMobil Pre-Tax Spending Plan.

ESU News

ExxonMobil, ConocoPhillips, BP and Alaska Pipeline Project form pact to commercialize North Slope Natural Gas

ExxonMobil, ConocoPhillips, BP and TransCanada, through its participation in the Alaska Pipeline Project, announced on March 30, 2012, that they are working together on the next generation of resource development in Alaska.

The four companies have agreed on a work plan aimed at commercializing North Slope natural gas resources within an Alaska Gasline Inducement Act (AGIA) framework. Because of a rapidly evolving global market, large-scale liquefied natural gas (LNG) exports from south-central Alaska will be assessed as an alternative to a natural gas pipeline through Alberta.

"Commercializing Alaska natural gas resources will not be easy. There are many challenges and issues that must be resolved, and we cannot do it alone. Unprecedented commitments of capital for gas development will require competitive and stable fiscal terms with the State of Alaska first be established," the CEOs of ExxonMobil, ConocoPhillips and BP wrote in a joint letter to Governor Sean Parnell.

The producing companies support meaningful Alaska tax reform, such as the legislation introduced by Governor Parnell, which will encourage increased investment and establish an economic foundation for further commercialization of North Slope resources.

With Point Thomson legal issues now settled, the producers are moving forward with the initial development phase of the Point Thomson project. Alaska's North Slope holds more than 35 trillion cubic feet of discovered natural gas, and Point Thomson is a strategic investment to position Alaska gas commercialization.

ExxonMobil is also proceeding with a proposal to develop the Thomson Sand Reservoir on the North Slope of Alaska. The objective is to produce 10,000 barrels per day (bpd) of condensate and test and delineate other hydrocarbon resources including oil and natural gas, of the Point Thomson area. A common carrier sales pipeline will be constructed for transporting hydrocarbon liquids 22 miles west to connect with the Trans Alaska Pipeline System.

The Alaska Pipeline Project is a joint initiative between TransCanada and ExxonMobil that seeks to build and operate a pipeline system to transport Alaska's North Slope natural gas resources to markets.

MS Eric Bush pictured with QMED-Oiler Joe Butler (left) during his first assignment as Ship Rep. for the Kodiak. *Joe was out on sick leave for a couple of months but doing well now and glad to be back on the job. Joe holds multiple endorsements including a 3rd Assistant Engineers license. Since starting with SeaRiver in 1993, Joe has also sailed as Able Seamen and Cook. He is truly a man with many skills.*

Ship reports

S/R American Progress

Vessel slated to call on San Francisco toward the latter part of April after a few months of continuous trips to the Puget Sound area. The crew is looking forward to a change of pace before returning to their normal run. AB Jeff Harris has been filling in as Ship Rep. and doing a good job. Time frame for the upcoming shipyard period is within the next couple of months but no final word on the location.

Kodiak

ESU Board officer visited the vessel at the Chevron Richmond Longwharf on April 7. Vessel scheduled to make a trip to El Segundo, CA this trip south. Regular Ship Rep. Joe Butler is aboard and reports everything is going well.

Sierra

ESU Board officer visited the vessel at anchorage 9 in San Francisco on April 5. Prior to arriving San Francisco the vessel completed a partial discharge at Tesoro 86, Long Beach. Deck Trustee, Kevin Conroy just joined in San Francisco and will fill in for the Regular Ship Rep. Thor Floreen. Thor has been on sick leave but should return to duty shortly.

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

Frank Simpson receives medical retirement

Able Seaman, Frank Simpson received a medical retirement from SeaRiver on April 10, 2012 with nearly 22 years of company service. Frank began his career as a Maintenance Seaman aboard the *Exxon Galveston* on October 24, 1990. Frank, already possessed an Able Seamen endorsement when hired and was quickly promoted up the ranks in 1991. Frank's last vessel assignment was the *Wilmington* during March/April of 2011.

Frank, a resident of Rockport, TX, plans to stay at his current home but also has plans to avoid some of the extreme heat during the summer months by visiting friends and family in his native country Canada.

The Exxon Seamen's Union would like to express its most sincere thanks to Frank for his support to the ESU throughout his career. Frank was not only an excellent shipmate, but also a loyal Union supporter. The ESU Board and the entire membership wish Frank nothing but the best of times during his retirement years.

Strike authorization approved by Tesoro refinery workers

United Steelworkers (USW) members at Tesoro's Mandan, North Dakota, refinery voted overwhelmingly today to give their negotiating committee the authority to call a strike. At this time a strike has not been called.

"Given Tesoro's refusal to put forward fair proposals at the bargaining table, our members thought it was important to take this step in authorizing the committee to call a strike if needed," said USW Local 10 President Javier Montoya. "If the company continues to refuse to put forward an offer that our membership can find acceptable, we will have to consider using our authority to call a strike."

The Mandan workers join other USW members at Tesoro refineries in Anacortes, Wash., and Martinez, Calif., in giving strike authorization to their bargaining committees. Currently, workers at refineries accounting for 61% of the company's refining capacity have authorized strike action. On May 1 when the contract covering workers at the company's Los Angeles refinery expires, workers at refineries accounting for 78% of the company's capacity will be in a position to strike if needed.

During negotiations Tesoro has been attempting to get the local unions to agree to waive their legal right to bargain over benefit changes during the term of the agreement. Six months after members lost seven co-workers due to the April 2, 2010 Good Friday explosion and fire at the Anacortes refinery, the company announced it was cutting or eliminating benefits.

Despite the locals' demands to bargain, Tesoro unilaterally implemented a series of benefit reductions on Jan. 1, 2011. The USW filed unfair labor practice charges. At Mandan, a National Labor Relations Board (NLRB) administrative law judge ruled Feb. 7, 2012 that the company should have bargained with the union and unlawfully implemented the benefit cuts. The judge ordered Tesoro to bargain with the union over the changes, restore the original benefits and reimburse workers for any increased costs resulting from the benefit cuts. Tesoro has appealed the decision.

Other contract issues include calculation of vacation time, pension security and restoration of retirement benefits.

The USW represents more than 145 operations and maintenance workers at the 58,000- barrel-per-day Mandan refinery. At Tesoro's five other refineries, except for the Kenai facility, the USW represents over 1,300 workers.

The USW represents over 850,000 workers in the U.S., Canada, and the Caribbean who are employed in oil refining, pulp, paper and packaging, metals, rubber, chemicals, energy, government and the service sector.

ExxonMobil CEO's pay rose 17% in 2011

In Exxon Mobil's proxy report to shareholders, ExxonMobil Corporation reportedly had a very good year in 2011 and chairman and chief executive Rex Tillerson shared in the company's success with a $25.2 million total compensation package, up from 21.5 million in 2010. Tillerson was paid $6.8 million in salary and bonus plus restricted stock worth $17.9 million and $519,230 more in other compensation and incentives.

Exxon said that Tillerson, who has led America's biggest petroleum company since 2006, earned the increase in pay by boosting returns for shareholders. In 2011, Exxon beat the S&P 500 and industry average in shareholder returns. It also beat the industry average in return on average capital employed. The company added that its safety record was better than the average as well.

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SIU Pacific District Pension Plan Notes

The Plan provides two types of pension — Deferred Vested Pensions and Pensions Vesting at Retirement. The latter is employer subsidized early retirement benefits. If you qualify for more than one pension, you will receive only the one that is the largest. A few highlights from the SIU Pacific District Pension Plan rules are outlined below:

Deferred Vested Pension

The Plan provides a Deferred Vested Pension benefit payable at Normal Retirement Age (usually age 65). The amount of the benefit depends on the pension credits accumulated.

One Year of Vesting Service

125 days of covered employment within a calendar year

Benefit Credits

125-199 days: pro rata benefit 200 days: full year vested benefit credit

Vesting Requirements

Before August 1, 1999, 10 years of vesting service for active employees. After July 31, 1999, five years of vesting service for active employees.

If following a Plan participant's most recent year of vesting service, a participant with less than 10 aggregate years of vesting service has one or more one-year service breaks before January 1, 1999, then the required number of aggregate years of vesting service shall continue to be 10, until the participant completes one year of vesting service after December 31, 1998.

(Exceptions to the above vesting periods may apply in accordance with break in service rules.)

Breaks in Service

Until your benefit is "vested", you may lose your accumulated pension credits if you have a Break in Service. Prior to January 1, 1985, you experience a Break in Service for purposes of the Deferred Vested pension if the number of consecutive calendar years in which you have 62 or fewer days of service equals or exceeds the number of accumulated prior calendar years in which you had 125 or more days of service provided, however, that from January 1, 1985 and after, you will not suffer a Break in Service until you have at least five consecutive calendar years of vesting with 62 or fewer days of service. Your accumulated years of vesting service cannot include years lost because of a previous break in service.

(Above is a brief extract from the break in service rules only. Contact the Plan Office for discussion of how break in service rules may apply to your particular circumstances.)

Pensions Vesting at Retirement

The following pensions may be payable *before* Normal Retirement Age based on the number of qualifying years earned within the applicable qualification period:

Pension Type	Qualifying Years Requirement	Minimum Age
Long Term	25	55
Basic	20	55
Reduced	15-19	65
Disability	Minimum of 10 years	Any age

Year of Qualifying Time

200 days of covered employment within a calendar year equals a full year of qualifying time. Less than 200 days within a calendar year will earn a pro rata partial year of qualifying time. No credit will be earned for covered employment in excess of 200 days in any calendar year.

Loss of Qualifying Time

A Plan participant shall lose all qualifying time credit if he or she:

1. Has failed to maintain seniority shipping rights under the provisions of the Collective Bargaining Agreement; or

2. Has failed to work at least one day in covered employment or in a non-covered standby employment for a contributing employer in any two calendar year period after having attained seniority shipping rights; or

3. Did not have seniority shipping rights on June 15, 1965, under the provisions of the Collective Bargaining Agreement, provided that a Plan participant shall be deemed to have seniority shipping rights on June 15, 1965, if he or she was working in covered employment on June 15, 1965, or was eligible for registration or employment on a seniority basis on that date at one of the hiring halls of the Pacific District Unions.

Any such Plan participant who reenters covered employment after having so forfeited his qualifying time shall accumulate qualifying time only after the date he or she last forfeited Qualifying time.

A Plan participant cannot lose previously acquired qualifying time if he or she has fulfilled all of the eligibility requirements for a Basic or Long Term Pension at any time since June 16, 1978.

Normal Retirement Age and Special Rules for Participants over Age 70½

Your Normal Retirement Age under the Plan is age 65, provided you have:

· Completed at least five Aggregate Years of Vesting Service if you have at least one Day of Service after July 31, 1999; or

· Completed at least 10 Aggregate Years of Vesting Service if you do not have at least one Day of Service after July 31, 1999.

If upon attaining age 65 you have not satisfied either of the conditions above, your Normal Retirement Age is the fifth anniversary of your date of Participation, provided you have not had a Break in Service.

Special rules apply if you are age 70½ or older and are still actively employed by a Contributing Employer. If you attain age 70½ on or after January 1, 1996, you will be required to commence retirement the later of:

· April 1 following the calendar year in which you attain age 70½, and

· January 1 following the calendar year in which you fail to complete at least 62 Days of Service

If you attained age 70½ prior to January 1, 1996, please consult the Plan Office for details on the calculation of your benefit.

If you work past your Normal Retirement Age or commence your pension after your Normal Retirement Age, any benefits payable to you shall be no less than the actuarial equivalent of the benefit to which you would have been entitled at your Normal Retirement Age.

Integration Agreements

The SIU Pacific District Pension Plan entered into INTEGRATION AGREEMENTS with (1) the Chevron/SUP/Marine Pension Plan and (2) the San Francisco Bar Pilots Marine Pension Plan.

Example Calculation for a Pro-rata Benefit(s):

Applicant is age 60

Applicant has accumulated in excess of 25.000 Qualifying Years.

Applicant is entitled to receive the current maximum amount of $1,700.00

SIU-PD Pension Plan: 27.500 Qualifying Years
Chevron Marine Pension Plan: 7.000 Qualifying Years
Total Qualifying Years: 34.500
$1,700.00 ÷ 34.500 Qualifying Years = $49.2754
$ 49.2754 x 27.500 = $1,355.07 SIU-PD Pension Plan
$ 49.2754 x 7.000 = $ 344.93 Chevron Marine Pension Plan
34.500 $1,700.00

The calculation pertaining to the San Francisco Bar Pilots Integration Agreement is identical.

The SIU Pacific District Pension Plan does not integrate with either Plan for VESTING PURPOSES.

Space does not allow a full listing of the SIU-PD Pension Plan rules. Questions regarding Exceptions, Break-in-Service rules or Accumulated Vesting or Qualifying Time should be directed to the Plan Office.

SIU Pacific District Pension Plan: 415-764-4987

SUMMARY ANNUAL REPORT FOR SIU PACIFIC DISTRICT SUPPLEMENTAL BENEFITS FUND, INC.

This is a summary of the annual report of the SIU Pacific District Supplemental Benefits Fund, Inc., EIN 94-1431246 for the year ended July 31, 2011. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Benefits under the Plan are provided by the SIU Pacific District Supplemental Benefits Fund, Inc., a Trust Fund.

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was $(270,015) as of July 31, 2011, compared to $94,919 as of August 1, 2010. During the plan year the plan experienced a decrease in its net assets of $364,934. 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. During the plan year, the plan had total income of $8,520,451, which included employer contributions of $8,509,377, realized losses of $1,810 from the sale of assets, and earnings from investments of $12,844.

Plan expenses were $8,885,385. These expenses included $408,878 in administrative expenses and $8,476,507 in benefits paid to participants.

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. Transactions in excess of 5% of plan assets.

To obtain a copy of the full annual report, or any part thereof, write or call the office of SIU Pacific District Supplemental Benefits Fund, Inc., at 730 Harrison Street, Suite 400, San Francisco, CA 94107, telephone number (415) 764-4990. The charge to cover copying costs will be $4.25 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 400, San Francisco, CA 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, Room N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N. W., Washington, D.C. 20210.

SUMMARY ANNUAL REPORT FOR SUP WELFARE PLAN, INC.

This is a summary of the annual report of the SUP Welfare Plan, Inc., EIN 94-1243666, for the year ended July 31, 2011. The annual report has been filed with the Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

The Board of Trustees of SUP Welfare Plan, Inc. has committed itself to pay certain medical, dental and death claims incurred under the terms of the plan.

Insurance Information

The plan has contracts with Health Net, Kaiser Foundation Health Plan of the Northwest, Kaiser Foundation Health Plan of Hawaii, Kaiser Foundation Health Plan, Inc., Dental Health Services of Washington, Group Health Cooperative, BlueCross BlueShield of Louisiana, Guaranty Assurance Company, MHN Services, Delta Dental of California, UnitedHealthcare Insurance Company and The United States Life Insurance Company in the City of New York to pay certain medical, dental, and death claims incurred under the terms of the plan. The total premiums paid for the plan year ending July 31, 2011 were $4,307,659.

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was $14,428 ,002 as of July 31, 2011, compared to $14,291,087 as of August 1, 2010. During the plan year the plan experienced an increase in its net assets of $136,915. This increase 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. During the plan year, the plan had total income of $6,775,836, including employer contributions of $6,103,185, employee contributions of $45,173, realized losses of $119,452 from the sale of assets, earnings from investments of $710,861, and other income of $36,069.

Plan expenses were $6,638,921. These expenses included $808,847 in administrative expenses and $5,830,074 in benefits paid to participants and beneficiaries.

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;
4. Transactions in excess of 5% of plan assets; and
5. Insurance information including sales commissions paid by insurance carriers.

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, at 730 Harrison Street, Suite 415, San Francisco, CA 94107, telephone (415) 778-5490. The charge to cover copying costs will be $28.75 for the full 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, CA 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, Room N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

Pirates transferred from Seychelles to Somaliland

The United Nations has transferred 17 convicted Somali pirates to prisons in Somaliland because of overcrowding in Seychelles prisons. Seychelles Transport and Home Minister Joel Morgan said this is the first time pirates have been moved to Somaliland to complete their sentences, the Associate Press reported on March 29. He added that it would lead to more pirate transfers in the future to the autonomous regions in Somalia of Somaliland and Puntland.

The government has said that Somali pirates make up about one-fifth of the 500 captives in the main Montagne Posee Prison in Seychelles.

It has long been unclear where captured pirates should be imprisoned, particularly while Somalia itself remains locked in chaotic conflict, noted *Reuters*, which added that the transfer followed a Somali deal on piracy signed in London in February. "This prisoner transfer represents an important step forward in ensuring pirates are brought to justice," Britain's Africa Minister Henry Bellingham said.

Funding from the UN Development Program helped to build the prison in Somaliland's capital Hargeisa, where the pirates are kept separated from other prisoners. Meanwhile, Puntland in northeastern Somalia is setting up a new base and recruiting more personnel for its Maritime Police Force, set up in 2010 with financial support from the United Arab Emirates and training by security company Saracen International.

SUMMARY ANNUAL REPORT FOR ANDREW FURUSETH SCHOOL OF SEAMANSHIP TRAINING PLAN

This is a summary of the annual report of the Andrew Furuseth School of Seamanship Training Plan, EIN 30-0162507, for the year ended July 31, 2011. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was $772,347 as of July 31, 2011 compared to $870,984 as of August 1, 2010. During the plan year, the plan experienced a decrease in its net assets of $98,637. The plan had total income of $466,316 including employer contributions of $462,484, earnings from investments of $2,701 and other income of $1,131.

Plan expenses were $564,953. These expenses included $105,807 in administrative expenses and $459,146 in benefits paid to or for participants.

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; and
3. Assets held for investment.

To obtain a copy of the full annual report, or any part thereof, write or call the office of Andrew Furuseth School of Seamanship Training Plan, 730 Harrison Street, Suite 415, San Francisco, CA 94107, and telephone (415) 778-5490. The charge to cover copying costs will be $1.75 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 the 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 the accompanying notes will be included as part of that report. The charge to cover copying costs 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, CA 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, Room N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

SUMMARY ANNUAL REPORT FOR SIU PACIFIC DISTRICT SEAFARERS' MEDICAL CENTER FUND

This is a summary of the annual report of the SIU Pacific District Seafarers' Medical Center Fund, EIN 94-2430964 for the year ended June 30, 2011. The annual report has been filed with the Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Benefits under the plan are provided by the SIU Pacific District Seafarers Medical Center Fund, a trust fund.

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was $(78,131) as of June 30, 2011, compared to $(124,844) as of July 01, 2010. During the plan year the plan experienced an increase in its net assets of $46,713. During the plan year, the plan had total income of $586,299, including employer contributions of $581,925, earnings from investments of $191 and other income of $4,183.

Plan expenses were $539,586. These expenses included $133,477 in administrative expenses, and $406,109 in benefits paid to participants and beneficiaries.

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; and 3) Assets held for investment.

To obtain a copy of the full annual report, or any part thereof, write or call the office of SIU Pacific District Seafarers' Medical Center Fund, 730 Harrison St., Suite 400, San Francisco, CA 94107, (415) 392-3611. The charge to cover copying costs will be $2.00 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 400, San Francisco, CA 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.

SUP President's Report

April 9, 2012

JONES ACT

The fight to maintain American cabotage –specifically the Jones Act– is unending.

On March 27, Senator John McCain (R-Arizona) introduced four amendments to Senate Bill 2204 (Repeal Big Oil Tax Subsidies Act), a bill to extend tax credits for renewable energy projects and repeal tax breaks for the oil and gas industry. McCain's amendments would have repealed or waived the Jones Act as it applies to oil and petroleum product tank vessels, liquefied natural gas (LNG) vessels and small passenger vessels.

Fortunately, McCain was stymied in his attempt to kill American cabotage by Senate Majority Leader Harry Reid (D-Nevada) who used his authority to limit the number of amendments to S.B. 2204. The issue became moot when the Senate voted 51-47 to stall S.B. 2204. Under Senate rules at least 60 votes are necessary to bring a bill to the floor for debate, amendment and vote.

On March 28, McCain acknowledged that his amendments would be "denied," but reaffirmed his career-long opposition to the Jones Act by stating that: "I think the Jones Act should be repealed – repealed completely." He added, "But if it cannot be repealed, couldn't we at least waiver the Jones Act restrictions on coastwise trade for oil and gas tankers?"

As the membership will recall, McCain was prominent among those who charged –inaccurately and irresponsibly– that the Jones Act was an impediment to the emergency response and oil spill cleanup effort during the *Deepwater Horizon* crisis in the Gulf of Mexico in 2010. His unsuccessful legislation during the crisis was an attempt to exploit public and political anger to satisfy his senseless, dangerous obsession with Jones Act repeal.

The measures introduced by McCain complement efforts by foreign-flag interests and some limited pressure in the public and private sectors in Hawai'i, Alaska and the territories of Puerto Rico and Guam for exemptions from domestic shipping laws and a renewed push to strip the Jones Act of its requirement that vessels operating exclusively between U.S. ports be built in U.S. shipyards.

The SUP will continue to work with others in the maritime industry and members of Congress to ensure that Section 27 of the Merchant Marine Act of 1920 (Jones Act), which reserves all domestic waterborne commerce for merchant vessels owned, crewed, built and flagged in the United States, remains the law of this nation.

BUNKER TAX LEGISLATION

As the membership will recall, in 2003 the reimposition of the tax on marine fuels (bunkers) purchased in California for out-of-state use had an adverse impact on those employed in the bunkering industry in California, including SUP members employed by Foss Maritime Company.

The SUP in conjunction with other maritime Unions, the California Labor Federation and companies, including Foss, belonging to the Pacific Merchant Shipping Association were successful in getting legislation passed and signed by then Governor Gray Davis to kill the bunker tax. That exemption expires on December 31, of next year.

State Senator Alan Lowenthal (D-Long Beach) has drafted legislation that would remove the sunset date of the exemption.

On March 22, your secretary sent a letter to Senator Lois Wolk, Chair of the Senate Governance and Finance Committee in support of Senator Lowenthal's bill:

Dear Senator Wolk:

On behalf of the membership of the Sailors' Union of the Pacific, I write in support of SB 1243 (Lowenthal), which will remove the sunset date for the existing partial SUT (Sales and Use Tax) exemption on the purchase of marine fuels in California. This exemption is scheduled to expire on December 31, 2013, and unless this sunset date is deleted, California will experience the third collapse of the marine fuel industry in the last 20 years. This will result in the loss of jobs and associated business and tax receipts that this industry provides.

The partial exemption was allowed to expire in 1993 and 2003. Following both of these lapses, the state experienced an immediate drop of about 60% of marine fuel sales, which devastated the industry and led to the closing of businesses and consequent job loss. Each time the Legislature responded by reinstating the partial exemption the following year, which allowed for a slow but painful recovery. Unfortunately with each lapse, some market share was lost to competing fueling ports in other states and nations.

Ships that purchase marine fuels have the ability to shop for that product from many ports located around the world. Being a highly competitive market, and with fuel costs comprising about 60% of a ship's variable operating costs, the imposition of the full SUT on fuel sales would price California out of this market. All other competing ports throughout the United States and in other nations exempt the sale of fuel used in international commerce.

With the adoption of regulations in 2007 for mandatory consumption of clean marine fuels by ships in California waters, which will be followed by the expansion of clean fuel requirements within 200 nautical miles of the United States and Canada in August of 2012, there is already a growing market for clean marine fuel sales in California. It is imperative that California sustain the marine fuel business and the jobs it generates.

The Sailors' Union of the Pacific again urges you to support AB 1243.

As of today's meeting, a hearing on Senator Lowenthal's legislation has not been scheduled. However, the California Labor Federation, Inlandboatmen's Union, Master Mates and Pilots, SIU-A&G and the Pacific Merchant Shipping Association have joined the SUP in supporting the Lowenthal bill.

Urge all members in California interested in protecting our work to write their legislators in support of Senate Bill 1243.

MIDDLE HARBOR TERMINAL

On March 13, met with Bob Stephens, APL Director of Labor Relations, to discuss the future of the company's Middle Harbor Terminal in Oakland, also known as Global Gateway Central.

Stephens stated that the company is considering either suspending operations at the terminal or shutting it down completely. The move is driven by costs with the company asserting that the terminal has the highest cost per container lift and is the least efficient container terminal in APL's network. In addition to Oakland, APL operates terminals in Los Angeles, Seattle, Dutch Harbor, Yokohama, Kobe and Kaohsiung. The company also has joint-venture interests in terminals in Laem Chabang, Thailand, and Ho Chi Minh City (Saigon), Vietnam.

APL has begun an analysis to determine whether or not shutting down the terminal and shifting vessels to another Oakland terminal is feasible. Under this scenario, APL would be a client of another terminal operator which in turn could put the container steaming operation at Middle Harbor, which employs SUP sailors, at risk.

Anticipate more meetings on this issue as APL plans, according to Stephens, to make a decision by mid-year.

CHEVRON SHIPPING COMPANY

The Sailors' Union was informed by Chevron last month, that as a result of the company's profits in 2011, and other criteria, all full-time Chevron marine employees, as well as those employed by Chevron Corporation, received a 10.8% bonus based on 2011 straight-time earnings.

The bonus program, known as the Chevron Incentive Plan, was proposed by the company and agreed to by the Union during collective bargaining in 1995.

It should be noted that the bonus is in addition to the 3% increase in wages and wage-related items (overtime, vacation pay) that became effective February 1, in accordance with 2012-2017 agreement between the SUP and Chevron.

In addition, this year's wage increase and the bonus on last year's straight-time earnings does not include the company's yearly matching contribution to a participating SUP member's Chevron 401(k) plan. A member participates in this profit sharing program by contributing 2% of his/her monthly base wage to the Plan. That contribution is then matched by a company contribution.

QUARTERLY FINANCE COMMITTEE

In accordance with Article XVII, Section 2, of the SUP Constitution, a Quarterly Finance Committee shall be elected at today's Headquarters' meeting to review the finances of the Union for the first quarter of 2012, and report back to the membership at the May coastwise meetings.

In the event the Committee cannot be filled today, recommend that when the quarterly audit is completed, which will be in about three weeks, necessary Committee members be shipped off the hiring hall deck as per past practice. The Quarterly Finance Committee will turn-to on Monday, May 14, at 8:00 A.M.

SUP ELECTION INFORMATION

The triennial election of SUP officers and referenda on proposed amendments to the SUP Constitution and Shipping Rules will commence on December 1, 2012, and will conclude on January 31, 2013.

Although nominations for elective office will not occur until September, the membership is reminded that in accordance with Article XXVII of the SUP Constitution, proposed Constitution and Shipping Rule changes must be submitted, in writing, to any Headquarters or Branch meeting by June.

Resolutions submitted will be referred to a rank-and-file Committee on Constitution elected at the June coastwise meetings. The Committee, as per the Constitution, will consist of three members from Headquarters and one member elected at the Seattle, Wilmington and Honolulu Branch meetings.

ACTION TAKEN

Quarterly Finance Committee: Nominated and elected: Romaine Dudley, Kaj Kristensen, Diane Ferrari, Dave Larsen, Mike Worth, and Frank Portanier.

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

Gunnar Lunderberg

Titanic survivors speak on maritime safety

The following statement was issued by survivors of the *Titanic* in New York on April 18, 1912; 1,514 passengers and crew perished when the ship sank on April 15, 1912:

"We feel it our duty to call the attention of the public to what we consider the inadequate supply of lifesaving appliances provided for on modern passenger steamships, and recommend that immediate steps be taken to compel passenger steamers to carry sufficient boats to accommodate the maximum number of people carried on board. The following facts were observed and should be considered in this connection:

The insufficiency of lifeboats, rafts, etc.; lack of trained seamen to man same—stokers, stewards, etc., are not efficient boat handlers; not enough officers to carry out emergency orders on the bridge to superintend the launching and control of lifeboats; absence of searchlights."

Bipartisan call for full funding of the Maritime Security Program

In sharp contrast to the gridlock that has dominated Congress this year, a bipartisan group of 34 legislators is urging the House of Representatives to approve full funding for the Maritime Security Program (MSP) for fiscal year 2013.

Led by House Armed Services Committee Chairman Howard "Buck" McKeon (R-California) and Ranking Member Adam Smith (D-Washington), the group wrote to the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies last month requesting MSP funding. That letter follows:

"We are writing to request that funding for the Maritime Security Program (MSP) be included in the Fiscal Year 2013 appropriations bill for the Departments of Transportation, Housing and Urban Development, and Related Agencies in the amount of $186 million, the same amount proposed to be obligated by the Administration. This amount is the minimum necessary to ensure that the U.S. Maritime Administration, in conjunction with the Department of Defense, has the Congressionally-authorized amount available to fully implement the MSP for FY 2013 as set forth in Public Law 108-136, the National Defense Authorization Act for Fiscal Year 2004.

The MSP was originally enacted to ensure that the United States has the U.S.-flag commercial sealift capability and trained U.S. citizen merchant mariners available to crew the government and privately-owned vessels needed by the Department of Defense in time of war or other international emergency. Most importantly, the Maritime Security Program and the uninterrupted operation of its maritime security fleet of 60 U.S.-flag militarily-useful commercial vessels ensures that America will in fact be able to support and supply our troops overseas. It guarantees that American flag vessels and American crews will continue to be available to transport the supplies and equipment our troops need to do their job in behalf of our nation.

It is extremely important to note that the failure to approve the requested funding for the Maritime Security Program will not only put American troops at risk, but will weaken America's overall security interests and will cost the American taxpayer significantly more than the amount requested for FY 2013 for the MSP. Without having the MSP and its maritime security fleet to rely on, the options available to the Department of Defense and to our country to meet America's commercial sealift capability requirements are totally unacceptable.

On the one hand, our country would be faced with the option of giving foreign flag shipping interests and their foreign mariners, interests who may not share America's goals, objectives and values, the responsibility for supporting and advancing America's security interests overseas. These foreign flag shipping services will have to be paid for by the United States and it means our country will be encouraging the outsourcing of American maritime jobs as we spend taxpayer dollars on foreign-flag ships and their foreign crews.

On the other hand, our country would be faced with the option of having the Department of Defense build, maintain and operate the requisite vessels itself, at a tremendous cost to the American taxpayer. In fact, a 2006 report prepared for the National Defense Transportation Association-Military Sealift Committee concluded that "the likely cost to the government to replicate just the vessel capacity provided by the MSP dry cargo vessels would be $13 billion." In addition, the United States Transportation Command has estimated that it would cost the U.S. government an additional $52 billion to replicate the "global intermodal system" that is made available to the Department of Defense by MSP participants who are continuously developing, maintaining and upgrading their systems. In contrast, the commercial maritime industry, through the MSP, will provide the Department of Defense with these same vessels and global intermodal system at a cost to the taxpayer of $186 million in FY 2013, a fraction of what it would cost our government to do the jobs itself.

In other words, without funding the MSP and ensuring the continued operation of its maritime security fleet, America would either have to place the safety of our troops and the security of our nation in the hands of foreign shipping interests or be forced to spend billions of dollars more of the taxpayer's dollars to achieve the commercial sealift capability that will be lost if the requested funds for MSP are not appropriated.

During Congressional consideration of the reauthorization of the MSP in 2003, General John W. Handy, Commander in Chief, United States Transportation Command, told Congress that: "As we look at operations on multiple fronts in support of the War on Terrorism, it is clear that our limited defense resources will increasingly rely on partnerships with industry to maintain the needed capability and capacity to meet our most demanding wartime scenarios…MSP is a cost-effective program that assures guaranteed access to required U.S.-flag commercial shipping and U.S. merchant mariners when needed…MSP is a vital element of our military's strategic sealift and global response capability."

We again ask that you support this highly efficient and low-cost public-private partnership by including $186 million in your Subcommittee's FY 2013 appropriations legislation in order to fully implement the MSP. In so doing, you will be saving the American taxpayer billions of dollars because the Department of Defense will be able to utilize privately-owned U.S.-flag vessels to meet its commercial sealift requirements rather than buying and maintaining this capability on its own."

In addition to Representatives McKeon and Smith, the other co-signers were:

Tim Bishop (D-New York), Madeleine Bordallo (D- Guam), Corrine Brown (D-Florida), Howard Coble (R-North Carolina), Elijah Cummings (D-Maryland), Norm Dicks (D-Washington), John Duncan (R-Tennessee), Bob Filner (D-California), Michael Grim (R-New York), Janice Hahn (D-California), Brian Higgins (D-New York), Maxie Hirono (D-Hawai'i), Duncan Hunter (R-California), Jim Langevin (D-Rhode Island), Rick Larsen (D-Washington), Daniel Lipinski (D-Illinois), Frank LoBiondo (R-New Jersey), Jim McDermott (D-Washington), Mike McIntyre (D-North Carolina), Michael Michaud (D-Maine), Nick Rahall (D-West Virginia), Laura Richardson (D-California), Cedric Richmond (D- Louisiana), Scott Rigell (R-Virginia), C.A. Ruppersberger (D-Maryland), Linda Sanchez (D-California), Loretta Sanchez (D-California), Albio Sires (D-New Jersey), Bennie Thompson (D-Mississippi), Allen West (R-Florida), Don Young (R-Alaska)

Vice President's Report

April 2012

Lurline: Bill Berry relieved Noel Itsumaru as delegate. Boarded in Oakland shortly before departing on the final voyage before layup. No problems. Remoni Tufono, bosun.

Mississippi Voyager: Bryan Short, delegate. Delegate read the President's Report in the *West Coast Sailors* and noticed a discrepancy between actual and negotiated pay rates for the AB maintenance sailors in the riding gang known as the "tiger team." Informed SUP HQ and after considerable investigation and discussion the Company agreed that an error had been made. Retroactive pay pro-rated to March 1, is forthcoming.

Florida Voyager: Robert Turner, delegate. In good shape at Richmond Long Wharf with a solid SUP gang. Calling at Cherry Point with refined product. Ron Gill is the bosun. Notification made (as on all the ships) about the impending meeting of the SUP Committee on Constitution in June. Amendments to the SUP Constitution or Shipping Rules should be submitted to the Union before June meetings.

President Truman: Arsenio Purganan, delegate. After an unsuccessful attempt at resolution aboard ship, the Company later agreed to pay all penalty meal claims submitted by the Union from last voyage. Although STCW rest hour rules are not in full force and effect in the U.S., (because the USCG has not yet written the regulations) they can be enforced by port state control in U.S ships in foreign ports. The rules are that anyone with watchstanding or safety or security duties must gain a minimum of 77 hours of rest in any 7 day period and 10 hours of rest in a 24 hour period. The rest period should not be split into more than 2 periods, one of which must be 6 consecutive hours with the interval between periods not more than 14 hours.

APL China: Bob Strabbing, delegate. AB Harry Ibanyan made expert eyesplices for two parted mooring lines in Korea. No problems.

APL Coral: Quentin Brown, delegate. Strong winds of a sudden sandstorm parted eight lines in a single night in Jebel Ali. Crew turned to and repeatedly secured the ship, and then spent the next day splicing. Bosun Roger Berioso sent his thanks to the AFSS for the instructional DVD on splicing that was helpful to some as a refresher.

Cape Orlando: Mike Worth, bosun. The future of the Ready Reserve Force debated in the context of new bids, budget wars in Washington and overall military strategy.

Adm. Callaghan: Allen Gonzalez, bosun. Ship activated and shifted to the old Concord Naval Weapons Station at Port Chicago to serve as a platform for a security drill. Shipped 4 AB's and 4 OS's. Outstanding work by both surge and steady sailors in the Ready Reserve Force. All fast in Alameda with no beefs.

USNS Martin: Nick Mannessiotis, delegate. Ship participated in Operation Freedom Banner 2012 in Korea and then returned to homeport. Bosun James Bailey banging out the work SUP-style. Still slated for October layup

Mahimahi: Dave Kaupiko, delegate. Boarded in the rain in Oakland. Discussion on proposals for Committee on Constitution. Watchstanders make less overtime than the daymen in part because of the new (2008) weekend guarantee for daymen and in part because the one-man watch increased callouts after 1700 and before 0800. The disparity has a precedent: when ships carried a bosun, carpenter, a three-man watch, two or three daymen and three ordinary seamen there was not a lot of overtime for the watchstanders.

Moku Pahu: Cody Clark, delegate. Richard Crowell is the bosun. Re-crewed in a Shanghai yard and headed for Maui for a load of sugar for Crockett. Possible government grain run to Bangladesh after that.

Mokihana: Dennis Belmonte, delegate. In at Oakland with few problems. Patrick Weisbarth is the relief bosun. Ordinary seamen that have the seatime for the upgrade to AB must do so and clear out the billet for the next OS trying to break in.

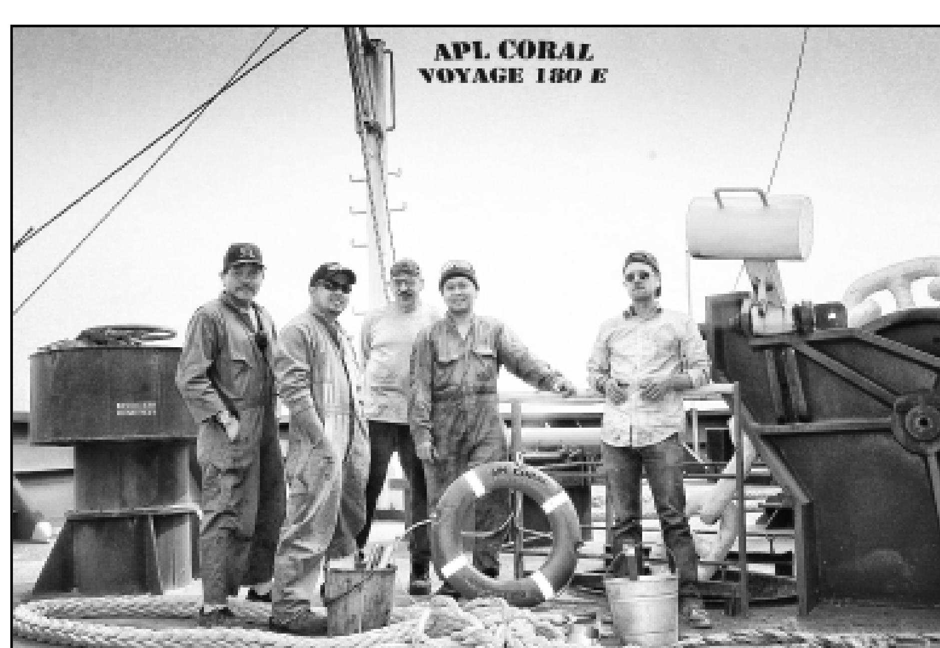
Maui: Duke Maringer, delegate. No problems in Oakland. Bosun is Knud Rasmussen.

Manoa: Jerry Komoto, delegate. Fresh from the yard in China meaning it will take a lot of work to clean her up. Don Bohle is the bosun.

Lihue: Daniel Tun, delegate. Union meeting with the gang just before shift to SFO yard and layup. Two week activation was fun while it lasted. Paul Fuentes, bosun.

Foss Maritime Company: JD Rymel, delegate. Still investigating mileage reimbursement for scheduled tankermen.

Dave Connolly



Gang in the APL Coral in Dubai, March 19. Due to windy conditions in Jebel Ali, the gang parted eight mooring lines in one night. Taking a break from splicing are from left: Bosun Roger Berioso, Dennis Sumague, James Salera, STOS Van Bularz, and Delegate Quentin Brown. Wilson Abanto, not pictured, was on watch.

SUP Branch Reports

Seattle

March 19, 2012

Four boatswain jobs shipped and filled with 1 A-member to a regular job and 3 B-members to USNS vessels; 11 Able Seaman shipped and filled with 4 A's, 3 B's, 3 C members and 1 registrant; 1 STOS shipped. No standbys were called this month.

Registered 15 A cards for a total of 26; 8 B cards for a total of 34; and 3 C cards for a total of 12.

Ships Checked

Matson vessels *Mahimahi* and *Maui* called twice in Seattle with little or no problems. The C-10 vessels *Presidents Jackson, Truman and Adams* and the *APL Coral, APL Agate and APL Japan,* called in New York during the last four weeks with crew turnovers in both the SUP and MFU.

Patriot Contract vessels *USNS Gilliland, Yano, and Waters,* all called for sailors during this month.

I represented the SUP/MFU at the following meetings: the Workforce Development Council at Seattle Central College; the Puget Sound Marine Exchange, Executive Board meeting; a meeting with the Transportation Institute; the King County Labor Council Executive Board meetings; a meeting with the Washington State Labor Council and members of the environmental community on the proposed "Gateway Pacific" grain and coal terminal at Cherry Point;

On February 14, I was invited to a meeting in the Seattle Mayor's office along with ILWU Local President Cam Williams and ILWU District Council Dan McKisson to hear Mayor Mike McGinn layout a proposal for a new basketball Arena in the SODO district south of the baseball and football stadiums. Also present were the Building Trades, UNITE HERE and two representatives of Seattle City Unions that may benefit from possible work in this proposed multi event arena. The maritime unions immediately rejected this proposal. We know firsthand that more traffic congestion in the dock areas will have a negative impact on trucks getting on and off the marine terminals. The SUP/MFU's Wil Williamson testified before an "Arena Review Panel" to the negative impacts that additional traffic will impose including job losses and revenue losses to the City, County and State. A quick fact to bring this home: an NBA franchise brings in about a $120 million in revenue to the area it is located in. The Port of Seattle's terminal 46, directly abeam of the new arena site brings in $3 billion.

Vince O'Halloran
Branch Agent

SUPPORT THE SUP POLITICAL FUND

Wilmington

March 19, 2012

Shipped during the period: 2 bosuns, 10 ABs, 4 AB maints. and 51 standbys for a total of 67 jobs shipped.

Registration: 33 A cards, 29 B cards, 11 C cards and 11 D registrants.

Ships Checked

Matsonia, Maunalei, APL China, Maunalei, Mokihana, P.J. Pfeiffer, APL Philippines, Oregon Voyager, Matsonia, Manukai, APL Singapore and *Manulani*.

On February 23, along with MFOW's Bob Bugarian, attended the MTD lunch meeting at the Teamsters' hall. The guest speaker was Congresswoman Grace Napolitano.

On March 8, the SUP hosted the Harbor Labor Coalition meeting. On March 15, went to the MTD Executive Board meeting.

I learned a lot from my very first SUP watch partner, Roy Tufono. Among the many things he taught me was to "remember three things:"

1) Always start on time and relieve on time;

2) Stick with your watch partner; and

3) Do your laundry on watch. OK, now this was a tanker. It worked. The point being, the older SUP guys should teach the new SUP guys the "SUP style."

Mark Hurley
Branch Agent

Honolulu

March 19, 2012

Shipped the following jobs in March: 1 bosun relief, 2 AB day steady, 2 AB day relief, 2 AB day return, 3 AB watch steady, 2 AB watch relief, 1 OS steady, and 2 AB maint steady. The shipping jobs were filled by 7 A cards, 4 B cards, 3 C cards, and 1 D card.

Also shipped 28 standby jobs. The standby jobs were filled by 7 A cards, 7 B cards, 6 C cards, and 8 D cards.

Registered in March: 8 A cards; 4 B cards; 3 C cards; and 2 D cards. To date totaled registered are: 12 A cards; 8 B cards; 6 C cards; and 7 D cards.

Ships checked

The *Manukai, Maunawili, Maunalei, Manulani, RJ Pfeiffer, Mokihana, Lurline, Matsonia, Maui, Mahimahi*, and the Paint and Rigging gang. All are running with few or no beefs.

During the month, I represented the SUP at the Hawai'i Ports Council monthly meeting; which includes the monthly Hawaii Ocean Safety Team (HOST) meeting report, and the AFL-CIO Executive Board meeting.

Just a quick reminder, now is the time to submit any resolutions for the Constitution Committee which will meet in June. You have until June's branch meetings to submit any resolutions, **in writing**, but it never hurts to turn to them in early. This also includes shipping rules resolutions. Mahalo,

Michael Dirksen, Branch Agent

U.S.-flagged vessels available to transport strategic petroleum

The following article was released last month by American Maritime Partnership, a broad-based coalition of U.S.-flag maritime industry interests. The Sailors' Union of the Pacific is a member of American Maritime Partnership.

In a letter to the Departments of Homeland Security (DHS), Energy (DOE) and Transportation (DOT), the American Maritime partnership (AMP), a broad-based coalition representing U.S.-flag vessel operators and allied interests, has offered its resources to help implement new Congressional requirements that should increase the use of U.S.-flag vessels in future Strategic Petroleum Reserve (SPR) drawdowns.

Several circumstances could lead to another SPR drawdown soon, including an Iranian blockade of the Strait of Hormuz and rising U.S. gas prices. There are dozens of American vessels with millions of barrels of capacity available to transport oil, according to AMP.

"AMP was troubled by the decisions during the last SPR drawdown to issue waivers for foreign-flag vessels, employing foreign workers to transport oil form the SPR despite the fact U.S.-flag vessels were available to assist," said AMP. "AMP recognizes that there may be circumstances where waivers of the Jones Act are necessary, but we want to work with the Departments to maximize the use of available American vessels, employing American workers, in the transportation of SPR oil should another drawdown occur."

The Jones Act is a long-standing U.S. maritime law that mandates the use of vessels that are American-crewed, -built and -owned to move cargo between two U.S. ports. The law is critical for American economic, national, and homeland security, which is why it has enjoyed the support of the U.S. Navy, many members of Congress of both parties, and every president in modern history including President Obama.

Release of oil from the SPR in 2011 resulted in nearly 50 waivers of the Jones Act, allowing the transportation of the oil on foreign vessels when U.S.-flag vessels were available to assist. New Congressional law now requires DHS and DOT to comply with certain requirements to maximize the use of U.S.-flag vessels for the transportation of oil from future SPR drawdowns before Jones Act waivers are approved.

Specifically, the new law states that no waivers may be granted until DHS "takes adequate measures to ensure the use of United States flag vessels" and no waivers may be granted unless DOT has determined whether U.S.-flag vessels are capable of assisting an SPR move. DOT is now required to provide DHS with written justification for not using U.S.-flag vessels during an SPR drawdown.

To ensure that the federal government has adequate measures in place to utilize U.S.-flag vessels, the department are statutorily required to consult with representatives of the U.S.-flag maritime industry. AMP believes that such consultations with industry should begin immediately.

Costa Concordia captain to remain under house arrest

On April 10, the highest court in Italy ruled that the infamous *Costa Concordia* cruiseship captain, Francesco Schettino, is to remain under his house arrest orders until the possible criminal charges filed against him are thoroughly investigated.

Prosecutors insist on keeping the captain behind bars during the investigation, while his lawyers fight for his freedom. He is being blamed for causing the luxury liner to capsize off Italy's Giglio Island, taking the lives of over 30 people.

Italy's Supreme Court, known as the Court of Cassation, met to consider Schettino's house arrest at a closed hearing with a five-judge panel. The court was also expected to rule on the admissibility of the captain's phone intercepts at the police station following his detention right after the shipwreck, according to CNN.

Allegations against Captain Schettino include manslaughter, causing a shipwreck, destroying a natural habitat and abandoning ship. The captain's first officer, other ship officers, and officials from the Costa firm are also being investigated in this case, with additional allegations, including failure to report the accident. No one has yet been charged in connection with the incident.

The captain stands by the claim that Costa cruise line authorities instructed him to sail close to the island and has denied claims that he was sailing too fast. He has released statements that said the rock the ship struck was not indicated on his charts of the area. He has been under house arrest at his home since January.

Currently, 30 bodies have been recovered from the shipwreck, 25 have been identified and five are still in process of identification. Two people are missing.

Dispatcher's Report

Headquarters—March 2012

Deck	
Bosun	4
Carpenter	0
MM	5
AB	19
OS	1
Standby	12
Total Deck Jobs Shipped	41
Total Deck B, C, D Shipped	18
Engine/Steward	
QMED	0
Pumpman	0
Oiler	0
Wiper	0
Steward	0
Cook	0
Messman	0
Total E&S Jobs Shipped	0
Total E&S B, C, D Shipped	0
Total Jobs Shipped - All Depts.	41
Total B, C, D Shipped-All Depts.	18
Total Registered "A"	26
Total Registered "B"	17
Total Registered "C"	17
Total Registered "D"	36