

PRESIDENT'S REPORT – OCTOBER 2020

AMERICAN PRESIDENT LINES

As of the meeting today a new stimulus bill is still pending in Washington. Bound up in that bill is many things, including for us substantial, worker-centric economic relief package, including emergency funding for the Maritime Security Program. As reported last month in this report and in the September edition of *West Coast Sailors*, the elected leaders of America's transportation labor unions jointly demanded that Congress pass the bill. We reminded Congress that transportation workers are among the frontline workers steering the country through this public health and economic crisis. Like those in aviation and rail, maritime workers put themselves at risk for the benefit of all, getting the goods where they need to go. Congressional inaction to meet the needs of these workers will ripple through our Unions, our industry, and eventually the effects will be felt across the economy. It is an unacceptable disservice to the people who are both doing the work and bearing the brunt of this crisis to fail to pass this legislation.

Maybe they heard us because it now appears that another stimulus package is likely, with only the question of whether it comes before or after the election remaining. Whatever the short-term timing, over the long course of SUP history, the future health of the Union has sometimes been intertwined with vast political forces. This is also one of those times.

APL Agreement: The SUP Negotiating Committee met on September 18, 2020 to review materials and otherwise prepare for a new agreement within a compressed bargaining schedule with APL. The Committee began negotiating with management on September 21st as the combined SIU-Pacific District on the General Rules, later meeting separately on the SUP Work Rules. During the whole of bargaining, dozens of proposals were exchanged, advanced, debated, withdrawn, and very occasionally, agreed to. On September 28, together with the MFOW and the SIU, the SUP reached a tentative agreement with APL consistent with the following summary:

General Rules:

- 1) Term of Agreement: Two years from October 1, 2020 through September 30, 2022.
- 2) Wages and Wage-related Items:
 - a. Three percent (3%) on October 1, 2020
 - b. One and one-quarter percent (1.25%) on October 1, 2021.
- 3) Welfare Contribution Increase as measured by Medical Care Services CPI-W (at 6%) applicable October 1, 2020 and CPI-W (rate as determined by the federal government) on October 1, 2021.
- 4) MFOW, SIU, and SUP Training Funds Contribution Increase of fifty cents (\$0.50) per work day on October 1, 2020 and October 1, 2021.
- 5) Update Appendix B Transportation Fare increase and renew Maintenance Agreements.
- 6) Update to Section 11 Quarters (to delete "satellite TV" feasibility study) and Section 12 Messrooms (to replace "vaculator" with "coffee maker") and in both sections to bring existing and new vessels into compliance with the Maritime Labor Convention as the applicable standard.
- 7) Update to Section 17 Transportation to replace "coach" with "economy" and retain all other provisions business or first-class transportation if medically required repatriation.

SUP Work Rules:

It is important to note that the Committee proposed good faith fixes to perennial problems such as guaranteed weekend overtime for both watchstanders and daymen, new protections for the 1500 knock off, new additional billets for Ordinary Seaman, and streamlined overtime payments for handling of all stores, as well as higher wages and a vacation day among other things (with impact to both General Rules and Work Rules).

At the same time, and especially in terms of the SUP Work Rules, we defended against scores of Company deletions and revisions in a sustained attempt at wholesale revisions that would have imposed fundamental changes. These initiatives ranged from elimination of the existing restriction to ship language (while rejecting a realistic Union proposal for safe and equitable shore leave), rolling back health and welfare provisions, downgrading minimum storing and menu standards as well as adding the requirement of dental exams not to mention removing the 16" oscillating fans. The Company also aimed at overtime reductions through a new fixed overtime scheme, tried for permanent bosuns, as well as a restructured watch system and elimination of the helmsman, carpenter's work, deck port watches and many other things. In the end, as our improvements were rejected, their attacks were repulsed, and the SUP Work Rules remain concession-free and status quo.

Overall, the short-term two-year agreement responds to unfavorable pandemic and economic conditions while making a minor advance in wages, a not-so-minor maintenance of benefits, and giving up nothing to get them. Comprised of Chairman Mike Worth, Norhaslan Idris, Robert Reed, Dave Frizzi, along with San Francisco Business Agent Roy Tufono, and SUP VP Matt Henning the Committee concluded on September 28th that nothing was left on the table and recommends ratification.

Mr. Chairman I recommend ratification of the tentative agreement with APL Marine Services as just described and laid out in the attachments.

Restriction to Ship Agreement:

A main subject of bargaining at APL negotiations was the ongoing restrictions to ship, especially in San Pedro and Oakland. In August, as a patchwork of restrictions were imposed, as ships were sequestered and detained, and especially after COVID-related death struck close to home aboard a U.S.-flag ship, the Unions agreed to a temporary restriction to ship grievance settlement (RTS agreement) that allowed for compensation and other improvements. At the bargaining table, the Unions proposed (as we have from the outset of the pandemic) that sailors be subject to only those restrictions imposed on the general public by the local authorities in each port. Backed up by our record of aggressive and meticulous preventative behaviors, the Company nevertheless rejected our proposals, favoring instead an even more restrictive version of the present scheme that would permanently eliminate our Section 18 on Restriction to Ship.

In that context, after the close of general bargaining, the Unions including the SIU-PD and the licensed Unions, reached separate agreement to extend the RTS agreement along exactly the same lines, except to increase to the stipend or flat rate from \$100 to \$150 per day.

(A "day of restriction" shall be considered any period of time of four (4) hours or more in a twenty-four (24) hour period, during which crew is required aboard between arrival and departure as defined by the Agreement. To be clear such conditions include time alongside a berth or while a vessel is anchored or moored at or in the vicinity of a port and a minimum of four (4) hours of restriction is necessary for payment in each twenty-four (24) hour period, including during consecutive days of restriction. Restrictions imposed or lasting for less than four (4) hours within any twenty-four (24) hour period will be payable at the penalty rate (hourly straight time rate in addition to daily base wage) and not the daily rate for that period. Exceptions may be made on a reasonable showing of need upon approval by

the Master and approval from the appropriate Company shoreside management. Only one payment per twenty-four hour period is payable. The previously increased internet speeds, as well as special attention to any internet problems in the *President Roosevelt*, along with the \$40.00 weekly slop chest credit, is also agreed to. The agreement expires at midnight (2400), on October 31, 2020, unless extended by mutual agreement of the parties.)

Mr. Chairman, I recommend renewal of the Restriction to Ship Agreement with APL Marine Services.

SUP WELFARE PLAN

Pensioner Benefit Improvements: The Trustees of the SUP Welfare Plan (SUP VP Matt Henning and myself for the Union and Thomas Percival for Matson and John Dragone for APL) met on September 16, 2020 for the regular quarterly meeting. After considerable debate and financial review, Employer Trustees agreed with the Union Trustees proposals for two benefit improvements.

Reviving a proposal made in June, an increase of five-hundred dollars (\$500.00) was made to Special Pensioner's Medical Benefit, bringing the annual reimbursable amount allowable in the "Miscellaneous" category from \$1500 to \$2000 during the Plan Year (August 1 through July 31).

In addition to two other increases in 2015 and 2018, this new increase brings to seven thousand (\$7,000) the total amount available for reimbursement of health and medical expenses under the rules of the Special Pensioners Medical Benefit. Together with another benefit, the pre-existing \$2,000 Pensioner benefit amount available under the Regular Fund of the Welfare Plan, the total reimbursement now accorded to SUP Pensioners amount is \$9,000 annually.

The Union Trustees also moved to lengthen the allowable window of claims reimbursement from 90 days to 180 days effective August 1, 2020, making the benefit more accessible. That motion also carried. The allowable reimbursement categories include Medicare Part B premiums, medical gap health insurance premiums, prescription drug payments, dental payments, and other miscellaneous medical expenses.

ELECTION 2020

Election Day looms but the 2020 U.S. General Election is well underway with many states mailing ballots last week. For workers, it is hard to overstate the importance of this election. Whether it's packing the courts with anti-labor judges or the NLRB with anti-union appointees, or supporting "right to work" (for less) legislation that increases union freeloaders, or restricting overtime pay, among many other things, the Trump Administration has routinely lined up against labor. Both presidential candidates support a pro-U.S. maritime policy, but only Joe Biden has repeatedly and unequivocally supported the Jones Act in vote after vote while at the same time being part of the legislative history around the creation of the Maritime Security Program. As the *West Coast Sailors* reported last month, Biden made comprehensive support for the U.S. merchant marine a critical element of his "Plan for America." More generally, Biden has come out in favor of the Protect the Right to Organize (PRO) Act which could be landmark labor legislation and capable of a complete reconfiguration of the nation's Union landscape. On the other hand, Trump has promised to veto the PRO Act, making it harder for workers to prosper and Unions to survive. Biden's excellent pro-union record helped him gain the endorsement of the AFL-CIO, and his running mate for Vice-President, California Sen. Kamala Harris, is a long-time friend of maritime labor and the Sailors' Union. Urge all hands to vote and vote in their economic best interests.

SUP BUILDING CORP. AND UNION FINANCES

At the last meeting of the SUP Building Corporation, Trustees discussed various items related to the management of the Headquarters property at 450 Harrison St. Chief among the issues was the ongoing trend of tenant vacancy and the associated loss of rental income. Soon after that meeting a major tenant gave non-renewal notice on their lease, and the pandemic-driven negative trend gained momentum. Yet, as recent Quarterly Finance Committees can attest, the Union remains in good shape financially, mainly due to aggressive cost control, particularly in staffing, offsetting revenue losses. Fiscal discipline has long been our policy, but it can only go so far before member services are impacted. Steady building income has been for years a cushion against the press of rising costs, allowing us to avoid for example the question of a dues increase. Like the income from our stalwart Union dues-paying pensioners, building income has subsidized union operations. But financial independence is our strength and on that we can't take anything for granted. We have only the Union we can afford and depend on none but ourselves to maintain it.

MARITIME REGULATION ON VESSEL AUTOMATION

Just as the U.S. Navy and Coast Guard announced plans to test unmanned surface vessels in Hawaii and elsewhere, the Coast Guard's regulatory unit issued a formal initial "request for information" on the regulation of existing and future use of autonomous U.S.-flag commercial vessels. Since SUP members have a vested interest in the commercial application of automation technology, I worked with the Transportation Trades Department of the AFL-CIO (TTD) to help establish a primary position submitted for consideration under Docket No. USCG-2019-0698.

Despite labor's consistent advocacy for responsible review of automation technologies, the deck is already unsurprisingly stacked against labor. The maritime workforce faces great uncertainty and risk, on a variety of levels including from automation, and protecting good jobs and maintaining safety at sea is unfortunately perceived by many as a retrograde mentality in our technologically transfixed society. Even the request for information has baked-in biases in favor of automation. It calls for comments that extol the values of automation and presumes large cost savings while giving short shrift to critical questions of safety and impacts to the maritime workforce.

Accordingly, we urged the Coast Guard to consider how new technology may impact maritime workers, particularly if it is now inserting itself in the marketplace development and deployment of automated vessel technologies via the elimination of so-called regulatory barriers. There is no critical urgency in the maritime industry to prematurely accelerate the introduction of automation, and the International Maritime Organization has previously warned that "a degree of caution is needed to ensure that an inappropriate regulatory framework is not hastily put in place..." The Coast Guard should closely study how automated vessel technology may alter the future of work for mariners and take a leading role in supporting active labor market and training/retraining programs to prepare these employees for the challenges and opportunities presented by new technology. Further, any efforts to develop these types of programs cannot be developed in a vacuum and must be shaped in consultation with mariners and their unions.

Moreover, maritime labor, shipping companies, and our federal defense partners have long sounded the alarm on the decline in the merchant mariner workforce, and the dangers of a shortage of domestic, Coast Guard qualified merchant mariners. Regardless of how automation unfolds, existing shortfalls in the maritime employment base are an immediate problem. Efforts that blindly champion the future of automated vessel technology without consideration for impacts on employment will have a chilling effect on the recruitment, training, and retention of the maritime workforce already under strain and that the nation can ill afford.

The Coast Guard must uphold safety standards in partnership with mariners before approving

automation deployment. Commercial maritime vessels pose enormous risks to marine safety. Even minimally intrusive automation could lead to tragic technical failures if insufficient crewmembers are available onboard to service the ship, respond to emergencies, and ensure proper operation. Prudent seamanship has for centuries had high levels of reliability, and that may sometimes falsely appear as unnecessary redundancy. Finally, we demanded that the Coast Guard seriously reckon with the cybersecurity risks around automation, taking into account the increasingly frequent attacks and the hacking of shipboard technology.

It is likely that the SUP will grapple with the impact of automation for decades to come, and future generations of members may gain orientation from our response.

CREDENTIALS UPDATE

On September 30, the Coast Guard issued Change 4 to the Marine Safety Information Bulletin 08-20 covering mariner credentials during COVID-19. The main point is that both national and STCW endorsements that were set to expire between March 1, 2020 and December 31, 2020, are now extended. The extension goes to the EARLIER of either June 30, 2021 or one year from the expiration date of the credential. Members are urged not to wait and make application as soon as possible since there will likely be backlogs as the pandemic drags on. The full MSIB and other related and unrelated important credentialing information is available on the “Shipping Documentation” page of the SUP website at www.sailors.org.

HOLIDAYS

Veterans Day: All SUP hiring halls will be closed on Wednesday, November 11 for Veterans Day.

Thanksgiving: All SUP hiring halls will be closed on Thursday, November 26 for Thanksgiving.

ACTION TAKEN

M/S (Reed, several) to ratify the APL Agreement. Carried unanimously.

M/S (Rossi, several) to approve the new terms and renewal of the temporary APL RTS settlement agreement. Carried unanimously.

M/S (Thanash, several) to concur in the balance of the President’s Report. Carried unanimously.