The Marine Fireman

Official Organ of the Pacific Coast Marine Firemen, Oilers, Watertenders and Wipers Association

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Jones Act challenge fails

The U.S. Court of Appeals for the Ninth Circuit turned away a challenge to the Jones Act on July 30, 2015. The case, brought in Hawaii by certain shipper interests, argued that the Jones Act impaired interstate trade and therefore violated the United States Constitution.

The U.S. District Court in Hawaii had dismissed the case, concluding that the challengers lacked standing. The U.S. Court of Appeals affirmed that decision and, more importantly, concluded that the constitutional challenge would not have prevailed anyway. The appellate court concluded that whether the Jones Act is a "restraint of trade" is irrelevant because the Commerce Clause of the U.S. Constitution gave Congress broad authority to impose such a restraint.

The Court of Appeals also noted that there was no proof that shipping rates to Hawaii would decline even if the Jones Act were repealed, but it failed to note the potential impact on the transportation of merchandise between the U.S. mainland and Hawaii — in U.S. interstate commerce — of other U.S. domestic laws such as the Internal Revenue Code and Immigration and Nationality Act. It can be argued that even without the Jones Act, the costs of interstate ocean transportation would not be significantly different than it would be with the Jones Act in place.

The six Hawaiian importers and exporters who filed the suit against the U.S. government said they "suffered pecuniary injury when they purchased domestic ocean cargo shipping services on the West Coast-Hawaii routes." And they claimed the "root of their problem is found in the cabotage provisions of the Jones Act".

Under said provisions, only U.S.-built and -flagged vessels may transport goods between two U.S. ports. The laws have had a significant impact on shipping to and from outlying U.S. jurisdictions such as Hawaii, Alaska, Guam and Puerto Rico — the last two falling under Jones Act authority despite their categorization as unincorporated U.S. territories.

Competition in the shipping sector is especially important for an isolated, small-market state such as Hawaii, where 80 percent of all goods, about 90 percent of food and 95 percent of energy resources are imported, the shippers said in their complaint.

The case is reminiscent of a case brought in Louisiana in 2012 against a private defendant seeking to enforce Jones Act citizenship requirements. That case — seeking a private remedy with respect to a public statute that does not provide a private remedy — was dismissed in October 2012.

Port of Oakland task force looks at efficiency

Port of Oakland officials have a plan to move cargo more efficiently at their global trade gateway. A 30-member task force met to prioritize efficiency measures and get them launched.

The task force — which included representatives from shipping lines, marine terminal operators, cargo owners, harbor truckers and dockworkers — came up with the following measures:

- Bring an end to vessel backlogs, which force some ships to temporarily anchor in San Francisco Bay instead of berthing.
- Increase the number of dockworkers, marine clerks and equipment to efficiently manage high volumes of containerized cargo.
- Extend hours and create an appointment system to help harbor truckers get cargo in and out of the Port of Oakland quickly.

The efficiency measures are intended to accelerate cargo movement in Oakland. Task force members said they are needed because port operations have been inhibited for much of 2015.

The port stated it is ready to act on the efficiency priorities. Port officials told the task force that a two-month old labor shortage is already being addressed in Oakland.

About 150 dockworkers and 30 marine clerks are joining the workforce over the next two months. The port stated it is making significant progress in clearing out a backlog of delayed ships that developed during the labor shortage.

According to the port, a proposal for permanent Saturday operations is under review with the Federal Maritime Commission. The plan would lengthen the work week to six days in Oakland, easing congestion during peak weekday periods.

The port also said it is finalizing plans with equipment providers to ensure any chassis can be used by any trucker. By fall, the truck trailers that haul containers over the road will be made available from a common pool. That should make more equipment available to more drivers. The benefit is that containers will not be stranded while motor carriers await chassis.

The port is evaluating the benefits of a California Central Valley equipment depot and is talking to potential operators. The valley's growers are among the biggest exporters at the Port of Oakland. A depot close to home would enable them to pick up empty containers without driving hours into Oakland.

Task force members said they'd like to meet regularly to ensure Oakland efficiency measures move ahead.

Halls to close

Labor Day — The MFOW hiring halls will be closed on Monday, September 7, 2015, observance of Labor Day, which is a contract holiday. The next Headquarters' membership meeting will be held on Tuesday, September 8, 2015.

Matson announces second quarter results

On August 4, Matson, Inc. reported net income of $9.9 million for the quarter ended June 30, 2015. The company's second quarter results were negatively impacted by $13.5 million of additional selling, general and administrative expenses related to the acquisition of Horizon Lines, Inc. and by $11.4 million of costs related to the settlement with the State of Hawaii to resolve all claims arising from the discharge of molasses into Honolulu Harbor in September 2013.

Net income for the quarter ended June 30, 2014 was $18.1 million. Consolidated revenue for the second quarter 2015 was $447.6 million, compared with $436.4 million reported for the second quarter 2014.

For the six months ended June 30, 2015, Matson reported net income of $34.9 million compared with $21.5 million in 2014. Consolidated revenue for the six-month period ended June 30, 2015 was $845.8 million, compared with $828.9 million in 2014.

On May 29, 2015, the company completed its previously announced acquisition, of which the primary business was the Alaska operations. The company expects to complete its integration of the Alaska operations within two years post-closing, at which point incremental run-rate selling, general and administrative expenses are expected to be approximately $15 million per year or $3.8 million per quarter.

Ocean Transportation — In the second quarter 2015, the Hawaii trade experienced modest westbound market growth; however, the company continued to experience competitive losses in eastbound backhaul freight. For the second half 2015, the company expects market growth in the Hawaii trade to continue, with its Hawaii volume expected to be higher than the second half 2014.

In the China trade, freight rates were higher in the second quarter 2015 than in the year earlier period, reflecting a continuation of rate gains made in the latter half of 2014. For the second half 2015, the company expects to maintain its volume and average freight rates with high vessel utilization levels, as its expedited service continues to realize a sizeable premium to market rates. In Guam, stable economic activity is expected and the company envisions its volume to be modestly better than 2014, assuming no new competitors enter the market.

The company's operating results for the second quarter 2015 included the operating results from Alaska for the period from May 29 to June 30, 2015. For the second half 2015, the company expects Alaska container volume to approximate the 35,000 loads achieved by Horizon in the comparable period in 2014.

On July 29, 2015, the company reached a settlement with the State of Hawaii to resolve all civil, criminal and administrative claims that the State may have had arising from the molasses release. It paid $5.9 million in cash to the State and agreed to remove the molasses tank farm and pier risers at Sand Island Terminal in Honolulu, which is estimated to cost between $5.5 million and $9.5 million.

With the second half of 2015 now expected to moderately exceed the second half of 2014, ocean transportation operating income for the full year 2015 is now expected to be substantially higher than 2014, exclusive of approximately $38.5 million of full year selling, general and administrative expenses in excess of the company's incremental run-rate target and the impact of the molasses settlement.

Ports of Seattle and Tacoma unite

Commissioners from the ports of Tacoma and Seattle have formally launched the Northwest Seaport Alliance, the first of its kind in North America. The Northwest Seaport Alliance unifies the two ports' marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more marine cargo to the region.

The Federal Maritime Commission, the federal agency that oversees the shipping industry, voted unanimously to approve the agreement last month. FMC Chairman Mario Cordero said, "This alliance would become the third-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach and the Port of New York/New Jersey. The Pacific Northwest is a key region for inbound and outbound United States cargo, moving cargo not only for the regional trade, but also cargo headed to destinations throughout the entire U.S. Midwest, and this Alliance will help the region remain competitive into the future."

While the ports remain separate organizations that retain ownership of their respective assets, they formed a port development authority to manage the container, breakbulk, auto and some bulk terminals in Seattle and Tacoma. The airport, cruise business, marinas, such as Fisherman's Terminal, grain terminals and industrial real estate, such as the Northwest Innovation Works and Puget Sound Energy facilities and Terminal 91 uplands, will remain outside the alliance. The port development authority will be governed jointly by the two ports through their elected commissions.

New hours at SFO TWIC office

The Universal Enrollment Center in San Francisco has new hours of operation. The new hours are Monday through Friday, 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 6:00 p.m. The location to renew the Transportation Worker Identification Credential, or TWIC, in San Francisco is:

IdentoGO
150 Executive Park Blvd, Suite 3700, San Francisco, CA 94134-3320

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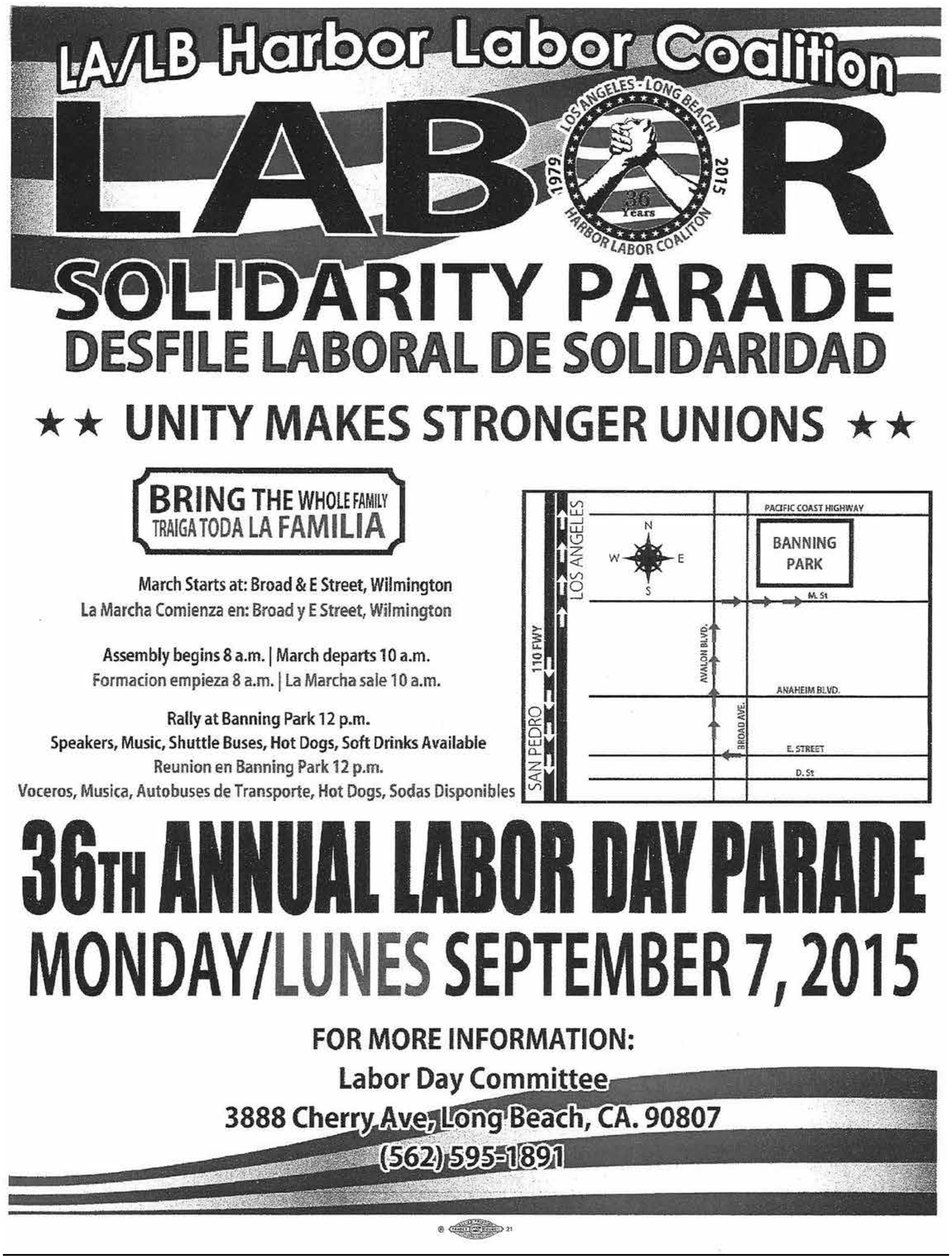

Funding for container ship shore power announced in Vancouver

Canadian government and Port Metro Vancouver officials recently announced funding for the installation of shore power facilities for container vessels at two Port Metro Vancouver container terminals. Shore power reduces emissions by allowing vessels to draw power from the local electrical grid and thereby turn off their diesel engines while in port.

Port Metro Vancouver was the first port in Canada to implement shore power for cruise ships, and since 2009, over 11,000 tons of greenhouse gas emissions have been avoided. The use of shore power at Port Metro Vancouver container terminals will further reduce greenhouse gas emissions, contribute to Canada's emissions reduction targets, and assist Port Metro Vancouver in reaching targets under the Northwest Ports Clean Air Strategy, a collaboration between Port Metro Vancouver and the ports of Tacoma and Seattle, to reduce emissions in the shared Puget Sound–Georgia Basin air shed. Shore power will also ease the impacts of growing Canadian trade on communities by reducing generator noise associated with the auxiliary engines of container vessels while in port.

The total project funding is $12 million: $6 million from Transport Canada's Shore Power Technology for Ports Program and $6 million from Port Metro Vancouver. $4.97 million will be used to install shore power technology at a berth at Global Container Terminal's Deltaport terminal in Delta, B.C., and $7.3 million will be used for the installation of shore power technology at a berth at DP World Vancouver's Centerm Container terminal in Vancouver and necessary upgrades on nearby BC Hydro property.

Each ship connection to shore power is estimated to avoid greenhouse gas emissions of 75 tons. Both shore power operations are expected to be operational by March 31, 2017.

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Long Beach port celebrates environmental successes

Shipping lines, environmental organizations, trucking companies, terminal operators and a railroad were honored on July 29 by Long Beach Mayor Dr. Robert Garcia and the Port of Long Beach at the annual Environmental Achievement Awards. The awards are an outgrowth of the groundbreaking Green Port Policy, the port's commitment to improving the environment. Approved in 2005 by the Long Beach Board of Harbor Commissioners, the policy put the port on the path to become a world leader in environmental stewardship.

At the event, Mayor Garcia introduced the "Mayor's Green Port Award," which was presented to terminal operator Long Beach Container Terminal. LBCT was named the top Environmental Excellence winner overall for its commitment to working with the port to implement clean technologies and to create the world's most advanced container shipping terminal.

The port also awarded Green Port Policy 10th Anniversary Environmental Excellence honors to companies and groups for going above and beyond the past decade in helping the port achieve its ambitious environmental goals:

- Mediterranean Shipping Co. for its performance in the port's Green Flag Vessel Speed Reduction Program, which since 2005 has asked vessel operators to slow down to 12 knots near the port, in order to reduce air pollution.
- Tesoro for top performance in the port's Green Ship Program, which since 2012 has encouraged shipping lines to dispatch their cleanest ships to Long Beach.
- An environmental coalition of the groups Natural Resources Defense Council, Coalition for Clean Air, East Yard Communities for Environmental Justice and Communities for Clean Ports/EndOil, for highlighting environmental issues and bringing about meaningful change.
- The SSAT/Matson terminal for its consistently high performance in the port's storm water runoff control program, which seeks to improve and safeguard water and sediment quality in the harbor.
- Ability Tri-Modal trucking company for its leadership in the port's Clean Trucks Program, which has slashed diesel pollution from trucks by 90 percent since 2008.
- Total Transportation Services Inc. for leadership in the Clean Trucks Program and in technology advancement.
- Pacific Harbor Line, the port's short line railroad, for its relentless pursuit of cleaner and cleaner locomotives to move freight in the harbor complex.

In addition, nine vessel operators overall were honored at the event as top performers in the port's Green Flag Vessel Speed Reduction Program.

Winners who slowed down within 20 nautical miles were Carnival Cruise Lines, CMA CGM, Hanjin Shipping Co. Ltd., Matson, Inc. and Alaska Tanker Co. Alaska Tanker received special honors for 100 percent compliance from 20 miles since 2006. In the 40-nautical-mile category, the winners were COSCO, "K" Line, MOL and Mediterranean Shipping Co. In addition, more than 150 vessel operators earned the coveted Green Flag for their participation in the program in 2014.

Matson secures new financing arrangements

Matson, Inc. recently announced that it has entered into a private placement agreement pursuant to which they expect to issue $75 million of 30-year senior unsecured notes. The notes will have a weighted average life of approximately 13 years and will bear interest at a rate of 3.92 percent, payable semi-annually.

The notes are expected to be issued in September 2015, subject to satisfying customary closing conditions, and the proceeds are expected to be used for general corporate purposes, which may include paying down the company's revolving credit facility. The notes have financial and other covenants that are substantially the same as the covenants in the company's existing outstanding senior unsecured notes. The notes will begin to amortize in 2017, with annual principal payments of approximately $1.8 million through 2019. During the years 2020 to 2026, the annual principal payments will range between approximately $1.3 million and approximately $8 million. Starting in 2027, and in each year thereafter, annual principal payments will be approximately $1.5 million.

Matson also announced that it has entered into amendments to its existing unsecured revolving credit facility and long-term private debt note agreements. The company's existing $375 million unsecured revolving credit facility with a syndicate of banks was increased to $400 million and extended for a new five-year term, maturing July 2020. In addition, the new facility includes a number of amended terms, including modifications to certain definitions and covenants and an improvement in the consolidated leverage ratio used for pricing purposes to incorporate a net debt (rather than total debt) standard. Bank of America, N.A remains as the administrative agent; and Merrill Lynch, Pierce, Fenner & Smith Incorporated and First Hawaiian Bank will continue to serve as joint lead arrangers for the amended and extended revolving credit facility.

Matson also entered into a number of amendments to its existing note purchase agreements, including modifications to certain definitions and covenants. Outstanding borrowings under these agreements are currently $200.4 million and $100 million, respectively. Interest rates and other substantive terms remain unchanged.

Singapore to address shortage of marine engineers

The Singapore Maritime Officers' Union (SMOU) has introduced a new program to encourage Singaporeans to pursue careers as marine engineers. Having worked for years to address the shortage of Singaporean seafarers, the SMOU and its training arm, Wavelink Maritime Institute, will team up with the government and industry partners to launch the Tripartite Engineering Training Award (TETA) Program in the upcoming months.

This is a place-and-train initiative, similar to the Tripartite Nautical Training Award (TNTA) for seafarers. The TETA Program was launched at the biennial Maritime Manpower Singapore event last month.

SMOU general secretary Mary Liew said, "The maritime industry contributes an astounding 7 percent of Singapore's GDP, and our aim is to continue to bring about greater awareness of well-paying career opportunities to young Singaporeans. With immense support from the government and its tripartite partners, this is an opportune time for those who have never considered, and would like to pursue seafaring as a career, to consider this exciting path. Even for those considering a career change, seafaring will help to provide a better job, better pay, and better lives."

Global fleet statistics show that about 2,194 ships will be delivered in 2015 alone, including all commodity fleets, vehicle carriers, roll-on/roll-off ships, and offshore support vessels. These additions will bring the total global fleet size to 43,480 ships for 2015, and is projected to grow 9.8 percentage points over the next five years, reaching 48,200 ships by 2020.

Many new vessel types that feature more innovative technology, fuel efficiency, and scaled-up sizes will be delivered over the next two years and by 2020, the global fleet will see an addition of 90 very large gas carriers for seaborne LPG, 286 crude oil tankers above 80,000 dwt, 149 LNG carriers, 157 drilling rigs, 58 drill ships, 1,592 dry bulk carriers of all sizes, as well as 439 fully cellular container ships.

Grant funding awarded to respond to West Coast harmful algae bloom outbreak

The National Oceanic and Atmospheric Administration (NOAA) recently announced that it is committing $88,000 in grant and event response funding for Washington state to monitor and analyze an unusually large bloom of toxic algae off its coast. During large blooms such as this, the algae, Pseudo-nitzschia, can produce a potent toxin that can be harmful to people, fish, and marine mammals. So far this year, the presence of the toxin in Washington state water's has resulted in fishery closures, which can have tremendous economic and ecological effects. In May, the razor clam fishery closed resulting in an estimated $9.2 million in lost income. The state's commercial crab fishery, worth roughly $84 million annually, has also been affected.

Blooms of Pseudo-nitzschia have been occurring along the entire West Coast from Southern California to Alaska since May 2015, prompting public health concerns. Some species of Pseudo-nitzschia create a strong neurotoxin, domoic acid, which accumulates in filter-feeding fish, such as anchovies, and shellfish, and can affect marine mammals such as sea lions. Also, seafood contaminated with domoic acid can cause amnesic shellfish poisoning, a severe illness that can cause permanent short-term memory loss, brain damage, or death, in severe cases. When domoic acid exceeds regulatory limits, state officials close shellfish beds and certain fishing areas.

A $75,000 grant will be awarded to the Northwest Association of Networked Ocean Observing Systems for monitoring and analysis of the bloom in Washington state. An additional $13,000 to support data collection efforts will be distributed among multiple partners. Matching funds and services of approximately $100,000 will come from partners in support of the effort.

Self-sufficiency at Port Hueneme

At its meeting on July 27, 2015, the Board of Harbor Commissioners passed resolution No. 1151 advising the Ventura County Board of Supervisors that for the 38th consecutive year the Oxnard Harbor District — anchored by the Port of Hueneme — would not request any government tax dollars for port operations. Board President Jess Herrera said, "The Board is extremely proud of maintaining this record of self-sufficiency and generating tax dollars for the community rather than spending them. The board's focus remains fixed on generating the revenue necessary to cover our operating expenses and achieve growth."

Panama Canal restricts ships due to drought

The Panama Canal Authority said beginning September 8 it will temporarily restrict ships to a maximum of 39 feet due to the drought caused by El Nino. This could affect about 20 percent of the water's traffic transiting between Pacific and Atlantic oceans. The authority also advised that further restrictions will be imposed if the canal depths remain low. The months of June and July were the driest period in about 102 years. The water levels in Lake Gutan and Alhajuela, which feed the canal, are extremely low.

The current draft for ships is 39.5 feet, and on September 8 it will be reduced to 39 feet. If the drought persists the authority said will be cut the restriction to 38.5 feet. Dry weather conditions in March 1998 saw authorities take similar actions.

The Panama Canal Authority gets more than $1 billion per year in transit fees.

The Marine Fireman welcomes photo submissions from members in the fleet or ashore. Please send high resolution digital images to mfow_president@yahoo.com or sserrano@mfoww.org. Include a brief description such as names and ratings of members, and name and location of ship.

MFOW President's Report

By ANTHONY POPLAWSKI

MATSON

At the request of Captain Jack Sullivan, Matson Vice President of Vessel Operations and Labor Relations, the MFOW and SUP met with the company on July 10 at SUP Headquarters. I represented the Unions, along with SUP President Gunnar Lundeberg, SUP Vice President Dave Connolly and attorney Peter Saltzman. Dale MacGillivary, Manager of Offshore Labor Relations & Contract Administration, joined Sullivan on the company side.

Sullivan began the discussion by giving an update on the status of the *Aloha*-class ships which will be built at Aker Philadelphia Shipyard. On September 28, steel will begin to be cut for the *Senator Daniel K. Inouye* and an unnamed second vessel. Keel-laying for both vessels will begin on December 15. The *Inouye* is expected to be delivered in June of 2018 and the second vessel, in December 2018.

As the membership will recall, a major issue in bargaining with Matson in 2013 was agreement that the *Aloha*-class vessels would be crewed by the SIU Pacific District Unions (MFOW — unlicensed engine department, SUP – unlicensed deck department, and SIU-AGLIW — steward department). Since the current agreement with Matson expires in 2017, the *Aloha*-class could again be an issue despite Sullivan's reassurances that we will be aboard. The double-dealing by the company in 2003 over the *Manukai*-class vessels must always be kept in mind, particularly given the current status of Matson's Alaska service.

Matson's corporate shell game with the four vessels in the Alaska trade continues. Sullivan stated that the company's plan is to continue to service the Alaska trade route with a three-vessel deployment of Jones Act qualified containerships that provide two weekly sailings from Tacoma to Anchorage and Kodiak, and a weekly sailing to Dutch Harbor. The *SS Horizon Consumer* will serve as a reserve Jones Act qualified containership. The company is making plans to scrap three of the ships acquired in the Horizon deal: the *SS Horizon Producer*, laid up in Ningbo, China; the *SS Horizon Navigator*, laid up in Orange, Texas; and the *SS Horizon Fairbanks*, laid up in Bellingham, Washington.

Matson intends to continue to honor Horizon Lines' existing collective bargaining agreements with the Marine Engineers' Beneficial Association (MEBA) as licensed engineers; Masters, Mates and Pilots (MMP) as licensed deck officers; and SIU-Atlantic, Gulf, Lakes and Inland Waters (SIU-AGLIW) covering all three unlicensed departments. The position of the MFOW and SUP is that the Alaska vessels are covered in the SIU-Pacific District collective bargaining agreement with Matson. This is an issue that will take legal action to clarify.

The MFOW and SUP pointed out to Sullivan that the *SS Horizon Consumer* had recently made two round trips from the West Coast to Hawaii covering the run usually made by the *MV Manoa*, which is crewed in the engine room and on deck by the MFOW and SUP. Sullivan responded by stating that, since Matson owned the *SS Horizon Consumer*, it had the right to operate the vessel to Hawaii or any place else she was needed.

Sullivan also stated that the other vessels in the Alaska trade (*MV Horizon Anchorage*, *MV Horizon Kodiak* and *MV Horizon Tacoma*), plus the *SS Horizon Consumer*, are scheduled for long drydocking periods in China starting in September. He added that a replacement vessel or vessels for the ships in drydock could be vessels currently in idle status for Matson, which include the *SS Lihue*, *SS Lurline* and *SS Maui* — with the MFOW and SUP onboard.

Will keep the membership fully informed on developments with Matson and the Alaska trade routes.

Molasses — On June 29, it was reported that Matson has agreed to pay Hawaii more than $15.4 million to reimburse the state for the cost of cleanup and restoration following a massive molasses spill in Honolulu Harbor two years ago. About 1,400 tons of molasses leaked into the harbor in September 2013 from a faulty pipeline used to load it onto ships operated by Matson. The spill killed thousands of fish, damaged the ecosystem and closed parts of the harbor for days. It also spurred fears that predators, like sharks, could be drawn into the harbor, a short distance from Honolulu's busy hotel and tourist area.

The settlement will include the removal of remaining molasses tanks at Oahu's Sand Island Terminal and will effectively end the company's operations in Hawaii. Last October, Matson paid $600,000 in restitution to the U.S. Department of Justice to go toward awareness and coral and invasive algae cleanup programs.

***ITB Moku Pahu* —** Matson verified that, due to the 2013 molasses spill incident at Sand Island and subsequent criminal charges, senior management has decided to exit the contract to operate the *ITB Moku Pahu* for Hawaiian Commercial & Sugar Company. The *ITB Moku Pahu* has been modified to haul molasses in one of its cargo holds. The contract will be taken over by American Ship Management (ASM), the commercial operating arm of Patriot Contract Services (PCS).

The Pacific District Unions have been working toward final agreement with ASM covering the *Moku Pahu*. On July 31, subject to membership approval, I signed off on a Memorandum of Understanding which adopts the existing Matson Work Rules, manning, wages and benefits. This MOU is printed on page six.

APL MARINE SERVICES

On July 30, NOL — parent company of APL — reported its second quarter 2015 financial results. The firm reported revenue of $1.55 billion, a decline of 24 percent compared to the second quarter 2014. The company also recorded net profit of $890 million, which was a three million dollar operating profit plus an $887 million gain on the sale of APL Logistics, its former supply chain management business. Compared to a net loss of $54 million in the second quarter 2014, the three million dollar profit represented a marked improvement. A more telling measure is the turnaround in NOL's second quarter Earnings Before Interest and Taxes (EBIT) of $29 million from a loss of $15 million in the second quarter of 2014.

NOL said that the second quarter of 2015 saw severe freight rate erosion with rates in major trade lanes falling to some of the lowest levels seen in recent years, seriously affecting profitability. The freight rate erosion is due to container shipping business overcapacity and weak market demand. NOL will remain focused on improving cost competitiveness, yield optimization and service reliability to return the liner business to sustained profitability.

NOL reported $100 million in cost savings in the second quarter 2015, bringing its total cost savings for the first half of the year to $255 million. The company stated that there is room for further cost savings with another nine vessels scheduled for expiry in the second half of this year.

APL, NOL's container shipping line, recorded a 12 percent volume reduction in the second quarter 2015 compared to the same period last year, due both to weak global demand and the carrier's continued efforts to trim capacity in unprofitable trade lanes to optimize yield. Its average freight rates dipped 17 percent amidst pressure from overcapacity in the industry. Versus the same period of 2014, APL's revenue fell by 22 percent to $1.3 billion in the second quarter 2015.

In spite of reduced revenue, APL achieved an improved second quarter 2015 Core EBIT of $20 million, compared to a loss of $28 million in the same period of 2014. APL attributed its performance to stringent cost management as well as a yield-focused trade strategy that emphasized network rationalization and better cargo selection. These efforts mitigated the impact of lower volumes and freight rates in the quarter under review.

The better-than-expected results reported by NOL are unlikely to stamp out industry speculation on the future of APL. One analyst suggested that the cost-cutting and retrenching was a "classic sign of a company being readied for a sale".

Temasek Holdings, which holds a 67 percent stake in NOL, recently hired Citigroup to seek buyers for the majority stake in the company. The selling price is expected to be around $2 billion. Industry sources say NOL's new ships and 2.8% slice of the global container shipping business can be expected to appeal to shipping lines seeking an edge over the competition.

On August 4, along with MFOW Vice President Cajun Callais, I attended a meeting with APL representatives at SUP Headquarters. Also in attendance were SUP President Gunnar Lundeberg, SUP Vice President Dave Connolly and SIU-AGLIW West Coast Vice President Nick Marrone. APL Maritime Ltd. President and CEO Eric Mensing, APL Ltd. Vice President Labor Relations Bob Stephens and APL Maritime Ltd. Director of Labor Relations John Dragone represented the company.

The company presented a financial update detailing the last six years of APL revenue versus profits and losses, status of their U.S.-flag fleet, and overview of their U.S.-flag services. The message was clear: U.S.-flag preferred cargo volume has been in a down trend, freight rates are sinking and the differential between U.S. and foreign-flag vessel operation rates continues to increase.

READY RESERVE FORCE

On July 28, in response to comments and questions from several of the maritime labor organizations, including the MFOW, the U.S. Maritime Administration (MARAD) met with labor representatives in Washington, D.C. The purpose of the meeting was to provide an opportunity for labor to explain concerns with Amendment 20 of the Ready Reserve Force (RRF) Ship Manager Contract solicitation. The U.S. Maritime Administrator made the following points:

- Funds available for all federal sealift programs are shrinking.
- MARAD wishes to maintain 45 vessels in five-day readiness and one in 10-day readiness to meet defined criteria set by USTRANSCOM.
- This year the money for the RRF was cut $30 million.
- MARAD expects funds for the RRF in future years will remain static or decrease.
- If labor costs continue to grow, there will be less money available for maintenance.
- Without maintenance, the vessels cannot be kept in readiness.
- If the vessels are not maintained, they cannot be activated and they will not need crews.
- If there is not enough money to go around, MARAD will need to make hard choices.
- If the prices are not fair and reasonable or exceed projected budget authority, MARAD may be unable to award contracts.
- If MARAD cannot award contracts because prices are not fair and reasonable, the remaining extension on the current contract will look very different in terms of individual ship readiness.
- If the contracts cost more money than is available, MARAD may have to reconsider the current contract structure and may have no choice but to reduce the number of ship groups awarded.
- If contracts are awarded, MARAD may have to reduce the number of the vessels maintained with crews; and, as costs grow, they may have to cancel or terminate contracts if there are insufficient funds, or just not exercise the options.

Among other things, the unions stated that they wanted MARAD to dictate the crewing for the vessels; that way, if there are needed adjustments, the government could change the crewing mix without the ship manager incurring a penalty. MARAD stated that they are considering defining crewing for each ship group and have requested input from industry, with the mindset that for nested or collected ships, it is expected that some crew positions be shared, such as Steward, Security Watch and Electrician.

HEADQUARTERS PROPERTY

Parking — On July 8, I attended a San Francisco Police Department (SFPD) parking station operator permit hearing at 850 Bryant Street in San Francisco. The Union was conditionally granted a parking station operator permit subject to future ap-

Continued on page five

Vice President's Report

Here is a vessel rundown for July:

APLMS: The REJ relief that was dispatched from Seattle to meet the *APL Cyprine* @ Cagliari, Italy, lost his bags (they went to Paris). A DJU job on the *APL Agate* was given to Seattle. Dispatched two standby Wipers to the *APL Korea* for two days' work. Dispatched two Standby Wipers and one ERJ to the *APL Singapore*. One Wiper was a "no show", resulting in a 30-day suspension. Dispatched two Standby Wipers to the *APL Thailand*. The *APL Philippines* called for three Standby Wipers. The ship arrived late and one Wiper was a "no show", resulting in a 30-day suspension. The *APL China* was due here first week of August; dispatched two Standby Wipers.

Matson: The *Matsonia* arrived June 26 and called for two Standby Wipers for six days @ Howard Terminal for boiler repairs. She was towed to MHT, loaded out and sailed for Honolulu. She went adrift five days out of Honolulu. They sent out a tug, but she limped in on her own power. On July 15, Matson activated the *Horizon Consumer*, which was laid up in Honolulu. She loaded up the *Matsonia's* return cargo and brought it to MHT. After load back, the *Consumer* went back to Honolulu, discharged cargo, then sailed to Seattle with cargo. The *Matsonia* arrived on July 21 and laid up @ Howard Terminal. The company called for two Standby Wipers and laid off the crew, pending repairs. She called back the crew on the 29th, moved to MHT for load-out and sailed for Honolulu on the 31st.

We received a job order on July 22 for breakout of the *Maui*. Hq. shipped the R/E, Chief Electrician, rotary Wiper and two Standby Wipers; the three Watch Jrs. came from Seattle. On the 29th, tugs swapped her with the *Matsonia* at Howard Terminal to complete activation. She will sail to Seattle to start the northern triangle run replacing the *Kauai*.

The *Kauai* arrived @ MHT on August 2 and laid off the crew on August 3. She will be in indefinite layup for boiler repairs; called for three Standby Wipers.

The *Manoa* arrived @ MHT on Saturday, July 25. She worked cargo on Monday and Tuesday, sailing Tuesday afternoon for Honolulu to get back on schedule. The licensed engineers aboard are still playing "head games" with our members. The *Mahimahi* was in and out of OAK; did not call for any standbys.

The *Moku Pahu* came back from a molasses run, released the crew and laid up at Howard Terminal. ASM became the operator of the vessel on July 27, with crewing and wages to remain "status quo" as was with Matson. The crew returned on August 5 to make preparations for the next voyage.

Fraternally,
Cajun Callais, Vice President

Business Agent's Report

For the month of July, we dispatched the following jobs relating to Patriot Contract Services' vessels:

Cape Henry — one permanent Oiler starting on July 28. The RRF vessel *USNS Yano* called for a crew for approximately 7 to 10 days for turbo activation — 2 Oilers and one Wiper from San Francisco and two Oilers from Seattle; start date of July 30. The RRF vessel *USNS Gordon* also called for a crew for turbo activation for 7 to 10 days — three Oilers from Wilmington, one Oiler from Seattle and one Wiper from San Francisco.

The *USNS Sisler* called for one Oiler, who was flown out to Bayonne, New Jersey for dry dock period, which was extended for one to two more weeks.

Fraternally,
Bobby Baca, SF Business Agent

More President's Report

Continued from page four

proval by a city building inspector. On July 9, the building inspector approval was received by the SFPD and the parking permit was fully granted.

Yerba Buena CBD – On July 28, the San Francisco Board of Supervisors, sitting as a committee of the whole, held a public hearing on the resolution to establish the Yerba Buena Community Benefit District for a period of 15 years. Afterwards the San Francisco Board of Elections tabulated ballots from property owners in the district. The final count — which was weighted on assessment dollars — was as follows:

		Assessment	
	Parcels	Percent	Dollars
Returned ballots	605	55.88	1,671,703.99
Non-returned ballots	1,518	44.12	1,320,018.83
Properties entitled to vote	2,123	100.00	2,991,722.82

		Assessment	
	Parcels	Percent	Dollars
Returned ballots FOR:	398	47.16	1,410,946.99
Returned ballots AGAINST:	207	8.72	260,757.00
Total of voting properties	605	55.88	1,671,703.99

Weighted vote — returned ballots FOR:	84.40
Weighted vote — returned ballots AGAINST:	15.60

In other words, 398 out of 2,123 property owners carried a weighted vote of 84 percent in favor of renewing and expanding the Yerba Buena Community Benefit District. The result is that the MFOW will be assessed $2,529.85 annually, subject to annual cost-of-living increases, for a period of 15 years.

As you can tell from the above numbers, this was quite a lesson on politics and voter apathy.

Port of Charleston to add refrigerated cargo capacity

The Port of Charleston is investing to improve its refrigerated cargo capacity after year-over-year growth in the segment at its terminals. Refrigerated cargo volumes are up 35 percent at the port from calendar years 2011 to 2014, with about 45,000 containers moving through the port in 2014. The South Carolina State Ports Authority said that the terminals need more reefer racks, which will provide more space for refrigerated cargo, and more electrical plug-ins, which will keep containers cool.

Of the $165.6 million the ports authority set aside for capital expenditures in fiscal year 2016, $16.9 million has been allocated for projects that aim to increase the terminals' capacity to handle more frozen and refrigerated cargo. Of that, $7 million will be spent at Wando Welch Terminal to upgrade the refrigerated cargo service area and plugs, and $3.3 million will be spent at North Charleston Terminal for expansion of refrigerated cargo area, including paving associated with the expansion. The North Charleston Terminal currently has 380 plugs. After the expansion, it will have 512 plugs.

The Wando Welch Terminal currently has 1,028 plugs. Following work there, the terminal will have 1,124 plugs and four new reefer racks. More plugs are expected the following fiscal year.

About $6.6 million will go toward the offsite completion of the New Orleans Cold Storage expansion project. The ports authority allocated $14 million overall to the project last year. The ports authority owns the land in North Charleston, and New Orleans Cold Storage leases it from the port. The cold storage facility has operated there for nearly 30 years.

Other cold storage facilities announced plans to move to the market last year to help meet the demand, including a 340,000-square-foot cold storage distribution facility in North Charleston and a 120,000-square-foot cold-storage facility in Berkeley County.

Poultry accounted for 32 percent of the refrigerated or frozen cargo that came through the Port of Charleston in 2014. It was the largest frozen commodity, followed by other meat products, grapefruit and lemons, medications, grocery products, miscellaneous cargo, candy and jam, milk and eggs, vegetables and miscellaneous fruits, according to an import and export data service.

New Suez Canal mega project is quite an engineering feat

The United Arab Emirates' leading dredging and marine construction company has announced the completion of the New Suez Canal project following its successful trial run in July. A total of six container ships from around the world navigated the canal as part of the trial run toward ensuring its readiness for full-fledged operations. Three ships navigated the canal from Suez in the south and moved to the north, while three ships sailed from Port Said in the north toward the Mediterranean Sea in the south.

The trial run is an important step in achieving the objectives of the massive expansion project that aims to enhance the operational capabilities of Suez Canal to cope with the increasing traffic. A landmark project set to transform the Egyptian economy, the new canal will allow the passage of larger vessels, reduce waiting period and open up new revenues streams for the economy.

The National Marine Dredging Company (NMDC) led the challenge consortium that won the $1.5 billion project. The consortium included three of world's largest marine dredging companies, including two from the Netherlands and one from Belgium.

The construction works involved digging 35 kilometers of a new waterway to a depth of 24 meters and a width of 317 meters. At the launch of the project, the implementation period was reduced from three years to one, presenting a huge challenge for NMDC and its consortium due to the sheer scale of work involved as well as the difficulties associated with management, manpower and logistics of the project.

The short duration of the project meant speeding up the ground deployment and logistic works. The first dredgers arrived at the site and began work within two weeks after signing the contract, something unheard of in the history of deep excavation and dredging. Within record time, project work began and continued non-stop around the clock to meet the deadline.

The short time frame required dredging of 1.5 million cubic meters every day — a huge rate as per any industry norm. The total amount of sand dredged in the project reached more than 200 million cubic meters.

Your Right to Union Representation

"If this discussion could in any way lead to my being disciplined or terminated, or affect my personal working conditions, I respectfully request that my union representative, officer, or steward be present at the meeting. Without union representation, I choose not to answer questions."

This is your right under the 1975 U.S. Supreme Court Weingarten Decision.

ASM–SIUPD MEMORANDUM OF UNDERSTANDING *ITB MOKU PAHU*

This Memorandum of Understanding (hereinafter this "MOU") is made as of July 27, 2015 between American Ship Management, LLC (the "Company" or "ASM") and the Seafarers' International Union — Pacific District ("SIU-PD" or the "Union"), which Union is comprised of the Sailors' Union of the Pacific ("SUP"), Marine Firemen's Union ("MFOW") and the Seafarers' International Union of North America, Atlantic, Gulf, Lakes and Inland Waters ("SIU-AGLIW"), regarding the terms and conditions of employment for the operation and maintenance of the ITB MOKU PAHU (the "Vessel").

WHEREAS, ASM is replacing the Matson Navigation Company ("Matson") as the manager of the *ITB MOKU PAHU* for the vessel owner Hawaiian Commercial & Sugar Company ("HC&S"); and

WHEREAS, the parties desire to have an agreement in place on the terms and conditions governing the employment of members of the Union on the Vessel;

NOW, THEREFORE, the parties hereto agree as follows:

1. Applicability of this MOU. This MOU shall apply to the *ITB MOKU PAHU* (the "Vessel"). Notwithstanding any contrary provision of any MOU incorporated under Section 3 of this MOU or any other document, this MOU shall apply only to the Vessel; none of its provisions shall apply to any other vessel owned, managed, crewed or operated by ASM, Patriot Contract Services, LLC or any of their affiliated companies.

2. Term. The term of this MOU shall be from the date that ASM takes over the management of the Vessel from Matson during July 2015, through and including June 30, 2017, provided that this MOU shall terminate upon the termination or expiration for any reason of ASM's contract with HC&S as stated in Section 5. If this MOU is not terminated due to the termination or expiration of ASM's contract with HC&S, it shall continue after June 30, 2017 from year to year for one year extended terms unless either party hereto shall give written notice of its desire to amend the MOU or notice of its desire to terminate the MOU, which notice shall be given at least sixty (60) days but no sooner than ninety (90) days prior to the expiration or anniversary date. This section 2 of this MOU shall supersede any conflicting provisions in any incorporated MOU.

3. Incorporation of Matson MOU Provisions. The parties agree to the terms stated in the agreements and Rules between Matson and the Union listed in subsection 3(a), except for the provisions listed in subsection 3(b). Agreements or Rules not listed in 3(a) are not applicable. Provisions clearly pertaining to Matson's operation of vessels other than this Vessel are not applicable.

a. Matson Agreements and Rules **Applicable** to ASM's Operation of the Vessel:

i. The SIUPD General Rules (these General Rules apply to all three of the SIUPD unions);
ii. The SUP Work Rules;
iii. The SUP Shipping Rules;
iv. The MFOW Work Rules:
v. The MFOW Shipping Rules;
vi. The MFOW MOU covering "Daily Sanitary Duties aboard the *ITB MOKU PAHU*";
vii. The SIU Work Rules;
viii. The SIU Shipping Rules; and
ix. The SIU-AGLIW Memorandum of Understanding with Matson for the "Moku Pahu Only" effective July 1, 2013 through June 30, 2017.

b. Provisions of Matson Agreements and Rules **Not Applicable** to ASM's Operation of the Vessel:

i. The following provisions of the SIUPD General Rules are not applicable:
1. Section 3, "Vessels Covered and Manning";
2. Section 11, "Quarters and Equipment for Quarters" and Section 12, "Messrooms — Unlicensed Personnel." ASM shall have no obligation to modify or upgrade quarters, messrooms, or any other aspect of the Vessel;
3. Section 33, "Sale or Transfer of a Trade Route or Service"; and
4. Section 34, "Sale of One or More Vessels (Not Involving Sale or Transfer of a Trade Route or Service)."

ii. The following provisions of the SUP Work Rules are not applicable:
1. Section 12, "Passenger Vessels at Sea";
2. Section 13, "Passenger Vessels — Duties on Saturdays, Sundays and Holidays."
3. Section 48, "Uniforms"; and
4. SUP Appendix "A" — Manning.

iii. The following provision of the MFOW Work Rules is not applicable: Section 1, subsection entitled "Customary Duties and Work Performed by the Engine Room Personnel on 21-man Crews."

iv. The following provisions of the SIU Work Rules are not applicable:
1. Section 10. Uniforms; and
2. SIU-A&G — Appendix "A" — Manning, other than for this Vessel.

4. Wages and Benefits. Wages and benefits during the term of this MOU, and extensions of the term of this MOU, shall be as stated in Appendix A (covering the SUP), Appendix B (covering the MFOW), and Appendix C (covering the SIU-AGLIW). Those Appendices supersede any wage or benefit provisions in the agreements or Rules incorporated pursuant to Section 3(a).

5. Termination. The parties recognize that during the term of this MOU the Vessel could be laid up, removed by HC&S from ASM's management, or otherwise no longer be managed by ASM, with or without ASM's consent. Given that, the parties agree that in the event ASM is no longer the manager of the Vessel for any reason, or ASM's contract with HC&S terminates or expires, this MOU shall immediately terminate and ASM shall have no liability to the Union, any of its members, or to any third party for severance, subsistence, or any other similar or dissimilar payment relating to the Vessel no longer being under ASM management.

/s/ Timothy Gill, American Ship Management, LLC
/s/ Gunnar Lundeberg, Sailors' Union of the Pacific
/s/ Anthony Poplawski, Marine Firemen's Union
/s/ Nick Marrone, SIU-AGLIW

Appendix B – Marine Firemen's Union to the MEMORANDUM OF UNDERSTANDING ASM — SIUPD *ITB MOKU PAHU*

1. Manning.

a. Unlicensed engine department manning shall be as follows:
- One QMED/OS
- One Wiper/OS

b. The QMED/OS shall possess the following Coast Guard ratings and endorsements:
- National rating of QMED - Junior Engineer or QMED - Oiler
- National rating of Ordinary Seaman
- STCW - Rating Forming Part of an Engineering Watch (RFPEW)
- STCW - Basic Training
- STCW - Vessel Personnel with Designated Security Duties (VPDSD) and Security Awareness (SA)
- STCW - Two-year Medical Certificate

c. The Wiper/OS shall hold the following Coast Guard ratings and endorsements:
- National ratings of Wiper and Ordinary Seaman
- STCW - Basic Training
- STCW - Vessel Personnel with Designated Security Duties (VPDSD) and Security Awareness (SA)
- STCW - Two-year Medical Certificate

d. The QMED/OS and Wiper/OS shall also possess the following:
- United States or foreign passport
- Transportation Worker Identification Credential (TWIC)
- Printout of DOT-approved drug screen (within six months of start date)
- Annual physical from SIU-PD Medical Center (Q-Card)

2. OS Duties.

a. The QMED/OS and Wiper/OS shall be turned-to on deck to assist with vessel mooring and unmooring operations (tie-up and let-go only). They shall not be assigned port preparation duties, rigging or stowing of pilot ladder, or gangway operations.

3. Wages and Benefits.

a. *ITB Moku Pahu* Wage and Fringe Benefit Rates — Effective July 1, 2015

Rating	Base Wage Monthly	Base Wage Daily	Supplemental Benefit Base Monthly	Supplemental Benefit Monthly	Supplemental Benefit Daily
QMED/OS	5,181.68	172.72	5,174.61	1,725.00	57.50
Wiper/OS	3,245.26	108.18	3,397.18	1,132.50	37.75

Overtime Rates	Straight Hourly	Overtime Hourly	Dirty Work Straight Hourly	Dirty Work Overtime Hourly
QMED/OS	27.61	41.41	27.61	41.41
Wiper/OS	17.43	26.21	19.76	32.60

Fringe Benefits	Welfare Guaranteed Daily	Welfare Special #1 Daily	Welfare Total Daily	Money Purchase Daily	Training Daily	JEC Daily
QMED/OS	26.59	2.50	29.09	26.00	6.17	5.00
Wiper/OS	26.59	2.50	29.09	22.00	6.17	5.00

All Ratings: Supplemental Benefits Admin Contribution = 2.12 per day

b. There shall be a 2.50% increase on all rates of pay and wage-related items (overtime, supplemental benefits, etc.) effective July 1, 2016.

/s/ Timothy Gill, American Ship Management, LLC
/s/ Anthony Poplawski, Marine Firemen's Union

Attention: MFOW Members and Pensioners

Are your MFOW Welfare Fund records up to date? The following information should be on file:

1. Insurance Enrollment Card.
2. Current beneficiary information.
3. Medical Coverage selection.

Contact: MFOW Welfare Fund
240 Second St., San Francisco, CA 94105
(415) 986-1028/(415) 986-5720
Email: welfare@mfoww.org

FMC collects fines from six companies

United States Federal Maritime Commission Chairman (FMC) Mario Cordero announced that the FMC has completed compromise agreements recovering a total of $1,227,500 in civil penalties. The agreements were reached with seven non-vessel-operating common carriers (NVOCC) and one vessel-operating common carrier (VOCC). The agreed penalties resulted from investigations conducted by FMC area representatives in New York and Seattle, and headquarters staff in Washington D.C.

The parties settled and agreed to penalties, but did not admit to violations of the Shipping Act or the FMC's regulations. The compromise agreements are as follows:

United Arab Shipping Company — United Arab Shipping Company, also known as UASC, is a VOCC based in Dubai, U.A.E. It was alleged that UASC violated 46 U.S.C. 41104(1) by unlawfully rebating to its NVOCC customer, Falcon Maritime and Aviation Inc., a portion of the applicable service contract rate in the form of an administrative fee not identified in the service contract, and for which no services were provided. UASC also violated 46 U.S.C. 41104(2) by providing transportation not in accordance with the rates and charges in its published tariff. Under the terms of the compromise, UASC paid $537,500 to the FMC.

City Ocean Logistics Co., Ltd., City Ocean International, Inc., and CTC International Inc. — City Ocean Logistics Co., Ltd. is a bonded NVOCC located in Shenzhen, China; City Ocean International is a licensed NVOCC and freight forwarder based in Diamond Bar, California; and CTC International is a licensed NVOCC and freight forwarder co-located with City Ocean International in Diamond Bar, CA. FMC staff alleged that City Ocean Logistics and City Ocean International knowingly and willfully obtained ocean transportation for property at less than the rates and charges that would otherwise be applicable by improperly utilizing rates limited to certain "named accounts" in service contracts, and through the collection of forwarder compensation on export shipments in which City Ocean Logistics acted as NVOCC. In addition, CTC International unlawfully collected forwarder compensation on shipments in which City Ocean Logistics, City Ocean International and/or CTC International had a beneficial interest. City Ocean Logistics, City Ocean International and CTC International also provided transportation in the liner trade that was not in accordance with the rates and charges set forth in their published tariffs. In addition to surrendering the ocean transportation intermediary license of CTC International, the respondents made a payment of $325,000 in compromise of the allegations.

Oriental Logistics Group Limited — Oriental Logistics Group is a tariffed and bonded NVOCC located in Taipei, Taiwan. FMC staff alleged that Oriental Logistics Group violated 46 U.S.C. 41102(a) by knowingly and willfully obtaining transportation at less than applicable rates by misrepresenting the names of shipper accounts under one of its service contracts, and by improperly describing cargo under such contract. Oriental Logistics Group also violated 46 U.S.C. 41104(2) by providing transportation not in accordance with the rates and charges in its published tariff. The respondent made a payment of $100,000 in compromise of these allegations.

Hyundai Logistics (USA) Inc. — Hyundai Logistics (USA) is a tariffed and bonded NVOCC and freight forwarder located in La Mirada, CA. FMC staff alleged that Hyundai Logistics (USA) violated 46 U.S.C. 41102(a) by knowingly and willfully obtaining transportation at less than applicable rates by means of improperly allowing third parties to access service contracts to which Hyundai Logistics (USA) was the contract signatory. Under the terms of the compromise, the respondent made a payment of $100,000.

Falcon Maritime and Aviation Inc. — Falcon Maritime and Aviation is a licensed NVOCC based in Jamaica, NY. It was alleged that Falcon Maritime and Aviation violated 46 U.S.C. 41102(a) by unlawfully obtaining rebates from a VOCC of a portion of the applicable service contract rate in the form of an administrative fee not identified in the service contracts of United Arab Shipping Company, and for which no services were provided. Under the terms of the compromise, Falcon Maritime and Aviation paid $85,000 to the FMC.

Sea Gate Logistics Inc. — Sea Gate Logistics is a licensed NVOCC and freight forwarder based in Valley Stream, NY. FMC staff alleged that Sea Gate Logistics violated 46 U.S.C. 41102(a) by knowingly and willfully obtaining transportation at less than applicable rates by means of improperly obtaining access to service contracts to which Sea Gate Logistics was not the contract signatory. Sea Gate also violated 46 U.S.C. 41104(2) by providing transportation not in accordance with the rates and charges in its published tariff. Under the terms of the compromise, Sea Gate Logistics made a payment of $80,000.

The Federal Maritime Commission is the federal agency responsible for regulating the nation's international ocean transportation for the benefit of exporters, importers, and the American consumer.

MARINE FIREMEN'S UNION TRAINING PROGRAM 2015

Interested members who meet the Training Program eligibility requirements and prerequisites outlined for each course may obtain an application online at mfoww.org or at Headquarters and branch offices. All applications must be accompanied by a copy of the member's Merchant Mariner Credential, including current endorsements and RFPEW certification.

Eligible participants are MFOW members who:

(1) Have maintained A, B or C seniority classification.

(2) Are current with their dues.

(3) Are eligible for medical coverage through covered employment.

(4) Have a current Q-card (annual physical) issued by the Seafarers' Medical Center and are fit for duty.

Non-seniority applicants:

(1) Non-seniority applicants may be selected for required government vessels training as required to fulfill manning obligations under the various MFOW government vessel contracts.

(2) Selectees under this provision must meet all other requirements for seagoing employment and shall have demonstrated satisfactory work habits through casual employment.

TRAINING RESOURCES, LTD. (TRL)

Courses are conducted at Training Resources, Ltd. in San Diego, California, contingent on enrollment levels. Tuition, lodging and transportation are pre-arranged by the MFU Training Plan.

Military Sealift Command Training

This four-day course includes the following segments: Shipboard Damage Control; Environmental Programs; Chemical, Biological & Radiological Defense orientation; Helo Firefighting; Anti-Terrorism (one-year validation). These segments are required for employment aboard various MSC contract-operated ships.

October 5-8

Endorsement Upgrading

QMED-Fireman/Watertender & Oiler

Any applicant who successfully completes this 159-hour Qualified Member of the Engine Department (QMED) course will satisfy the requirements of 46 CFR 12.15-7 (b)(2) and receive credit for 90 days of the sea service needed for a QMED Oiler and Fireman/Watertender endorsement, provided they also present evidence of at least 90 days engine room service; and if presented WITHIN ONE YEAR of the completion of training, satisfy the requirements of 46 CFR 12.15-9 for the General Safety, Fireman/Watertender, and Oiler examination modules, provided that all other requirements of 46 CFR subpart 12.15, including sea service, are also met. **Additional prerequisites:** ***Coast Guard approval letter for endorsement upgrading, which certifies sea time of six months (180 days) as a Wiper and completion of Rating Forming Part of an Engineering Watch assessments.***

September 14-October 9 October 19-November 13

QMED-Electrician/Refrigerating Engineer

In accordance with the 2010 Manila Amendments and NVIC 02-14, the QMED Electrician and QMED Refrigeration Engineer have been combined into the new QMED Electrician/Refrigerating Engineer endorsement. This six-week (240 hour) course will satisfy the training and examination requirements of 46 CFR 12.15-9 for the General Safety and Electrician modules, provided that all other requirements, including sea service, are also met. ***Prerequisites: Minimum of one year of sea time with the Marine Firemen's Union PLUS the Junior Engineer endorsement and RFPEW.***

October 5-November 13

STCW-Basic Training Refresher

This three-day Refresher course consists of the 4 modules required for the STCW endorsement in Basic Training: Personal Safety and Social Responsibility, Basic Firefighting, Personal Survival, Basic First Aid/CPR/AED. Mariners successfully completing this course will satisfy the requirements of 46 CFR 11-202(b) for the minimum standard of competence for Basic Safety Training, ***provided they have been previously certified per Section VI/1of the STCW Code.***

TRL, San Diego, CA: September 1-3, September 22-24

Compass Courses, Edmonds, WA:
September 29-October 1

Marine Firemen's Union Training Plan Notice to All Participants

The Marine Firemen's Union Training Plan reimburses tuition costs (not lodging, subsistence or transportation) for certain types of training taken by a participant on his own.

However, preapproval of the training must be given by the Marine Firemen's Union Training Plan prior to taking the course.

Any request for reimbursement without preapproval from the Marine Firemen's Union Training Plan will be denied.

Feds propose new rules to protect whales, dolphins in other countries

The National Marine Fisheries Service has proposed major regulations prohibiting the import of seafood into the United States from fisheries that kill whales and dolphins in excess of U.S. standards. Under the new rules, all fisheries worldwide will have to comply with essentially the same marine mammal protection requirements as U.S. fishermen or face an embargo from the lucrative U.S. seafood market.

Scientists estimate that each year more than 650,000 whales, dolphins, and other marine mammals are caught and killed in fishing gear. These animals are unintentional bycatch of commercial fisheries and drown or are tossed overboard to die from their injuries.

Since 1972 the U.S. Marine Mammal Protection Act has prohibited the United States from allowing seafood to enter the country unless it meets U.S. whale and dolphin standards. But for the past 40 years, the federal government has largely ignored the ban. In 2014 the Center for Biological Diversity, the Natural Resources Defense Council and Turtle Island Restoration Network filed suit in the Court of International Trade to enforce the import requirement, and today's regulations were proposed pursuant to the resulting settlement.

Despite U.S. efforts to protect marine mammals in its own waters, fishing gear continues to pose the most significant threat to whale and dolphin conservation worldwide. For example, the critically imperiled vaquita — the world's smallest and most endangered porpoise — is being driven extinct by gillnets in Mexico's Gulf of California. The most recent scientific estimates suggest that only around 50 vaquita remain. But under these new regulations, shrimp from this region would be barred from entering the United States if Mexico does not meet the more protective U.S. marine mammal protection standards. Americans consume five billion pounds of seafood per year, including tuna, swordfish, shrimp and cod. About 90 percent of that seafood is imported, and about half is wild-caught.

Honolulu Notes

Honolulu had 30 jobs for the month of July. I dispatched an Electrician to the *Manoa*, a Reefer and a Junior to the *Mahimahi*, a Junior to the *Maunalei*, two Oilers (*Charlton* and *Sisler*) and one Wiper to the *Manoa*.

This month, Honolulu dispatched 14 stby Elec/Rfrs and 9 stby Wipers. The steady jobs were filled by 3 "A" cards and 4 "C" cards. The standby jobs were filled by 14 "A" cards, 5 "C" cards and 4 applicants.

Honolulu has 20 members registered to work: 12 in Class "A", 1 in Class "B", and 7 in Class "C". Standby wiping jobs are hard to come by.

I visited most ships calling in Hawaii. I did go on vacation, so my reliefs Russell Felicilda and Stuart Melendy met the ships in my absence. The shoregang has had no problems and is running smoothly. During the summer months, the Honolulu Port Council is taking a break.

Mahalo,
Mario Higa,
Port Agent

China's leading shipping lines to merge

China Ocean Shipping Group (COSCO) and China Shipping Group are planning a merger, on government orders. Reports indicate that Beijing ordered the two state-run companies to come up with a plan to merge. The plans are expected to be ready within three months.

Together, mainland China's two largest shipping and logistics companies control 11 listed companies in Shanghai, Shenzhen, Hong Kong and Singapore. These include China Cosco Holdings with container and dry bulk fleets, China Shipping Development with dry bulk and tanker fleets and China Shipping Container Lines (CSCL), a purely container ship entity.

COSCO and CSCL rank as the world's sixth and seventh largest carriers respectively by fleet size according to Alphaliner. COSCO is a member of the CKYHE alliance, whereas CSCL has a pact with CMA CGM and United Arab Shipping. Combining their fleets will give rise to the world's fourth-biggest container line, although the move may raise anti-trust issues in some jurisdictions.

A share trading halt for COSCO and China Shipping Group came into effect on August 10.

Regular membership meeting dates 2015

Sept.	8*	S.F. Headquarters
	14	Branches
October	5	S.F. Headquarters
	13*	Branches
Nov.	2	S.F. Headquarters
	9	Branches
Dec.	7	S.F. Headquarters
	14	Branches

(*Indicates Tuesday meeting following a Monday holiday)

HOWZ SHIPPING

July 2015

San Francisco

Chief Electrician	2
Electrician/Reefer/Jr. Engineer	1
Reefer/Electrician	2
Reefer/Electrician/Jr. Engineer	1
Junior Engineer (Watch)	2
Oiler	5
Wiper	3
Shore Mechanic	1
Standby Wiper	24
Standby Electrician/Reefer	7
TOTAL	**48**

Wilmington

Chief Electrician	1
Electrician/Reefer/Jr. Engineer	2
Reefer/Electrician/Jr. Engineer	5
Junior Engineer (Day)	2
Junior Engineer (Watch)	1
Oiler	4
Wiper	5
Standby Wiper	33
Standby Electrician/Reefer	15
TOTAL	**68**

Seattle

Electrician/Reefer/Jr. Engineer	2
Reefer/Electrician/Jr. Engineer	3
Junior Engineer (Watch)	3
Oiler	3
Standby Electrician/Reefer	1
TOTAL	**12**

Honolulu

Electrician/Reefer/Jr. Engineer	1
Reefer/Electrician/Jr. Engineer	1
Junior Engineer (Day)	3
Oiler	2
Wiper	1
Standby Wiper	9
Standby Electrician/Reefer	17
TOTAL	**34**

Benefits paid during July

Death Benefits

Jerry Birt, P-2283	$1,500.00
Joseph Conway, P-2561	$1,500.00
Chang Kim, P-2391	$1,500.00
Paul Louridas, P-1397	$1,500.00
Roy Pierson, P-723	$1,500.00
	$7,500.00

Burial Benefits

Joseph Conway, P-2561	$1,000.00
Excess Medical	$16,939.99
Glasses and Examinations	$1,571.07

Active MFOW members

Retain your Welfare Fund eligibility.

MAIL or **TURN IN**

all your Unfit for Duty slips to:

MFOW Welfare Fund, 240 Second Street, San Francisco, CA 94105

FINISHED WITH ENGINES

Robert V. Concannon, #3272. Born June 30, 1932, Oregon. Joined MFOW January 27, 1964. Pensioned August 1, 1998. Died July 29, 2015, Nevada.

Wilmington Notes

We dispatched 68 jobs here total for the month of July. The details are posted on the registration clipboard in the hall and in the *Howz Shipping* section of our monthly issue. There were five Patriot Contract Services, eight APL Marine Services and seven Matson shipboard jobs. The rest were standby or relief jobs. Of these, three Standby Wiper jobs and two shipboard jobs were filled by applicants. All other jobs were filled by MFOW registrants here at Wilmington.

The present list of members registered is posted here at the hall. We have 18 A-, seven B-, and 25 C-seniority members registered.

The local MTD meeting at the SIU hall and bi-weekly — turned weekly — Labor Day March meetings at our hall, were routine. The Labor Day March will be held here on September 7. Members will muster at the hall at 0900 and the march will start at 1000.

Pasquale Gazillo, #3699, filled in for me one day. He will fill in for me if he is available when I take some time off.

Led by Gazillo, members attended the anti-Koch Brothers rally in San Diego, a USW informational picket line at a local refinery on Pacific Coast Highway in San Pedro, and a rally to support the $15 minimum wage for Long Beach city workers. All three rallies were organized by the Los Angeles County Federation of Labor, AFL-CIO. We are still actively boycotting El Super grocery stores.

Chief Engineer Jim Gillen on the *SS Lane Victory* has been calling for Wipers to assist with general maintenance items on an as-needed basis; about 10 to 15 members and applicants have been onboard weekly. They are looking to raise steam in a month.

In closing, I would like to thank all the members who filled the available billets.

Thanks,
Sonny Gage,
Port Agent

Seattle Notes

We shipped the following jobs in the month of July: two Electrician/Reefer/Juniors, three Reefer/Electrician/Juniors, three Watch Junior Engineers, three Oilers, one Wiper and one Standby Reefer. We currently have 16 A-, five B-, and 12 C-seniority members registered for shipping.

The Matson vessels *MV Manoa* and *SS Kauai* each called twice in Seattle with little or no problems. We dispatched MFOW and SUP crew members to the APL Marine Services' vessels *MV APL Cyprine* and *MV APL Agate*. We also dispatched crew to the Patriot Contract Services-operated vessels *MT SLNC Pax*, *USNS Dahl*, *USNS Gordon*, *USNS Pomeroy* and *USNS Waters*.

The returning crews off the *Watson*-class vessels report that they are doing very well in the payoffs in these bottoms. Shipping is excellent if your certifications and documents are in order.

I represented the MFOW and SUP at the King County Labor Council Executive Board meeting, the Marine Exchange Board of Directors meeting and the Seattle Marine Business Coalition meeting.

We are closing in fast on the TWIC three-year date of past renewals. If you previously renewed your TWIC card and chose the free three-year option, my suggestion is you start immediately to renew. My experience in reviewing these cards is well over three-fourths of the industry choose the three-year option. That means the TWIC centers will soon be overburdened once again and waits may be lengthy towards reissue.

Fraternally,
Vince O'Halloran,
Representative

Honor Roll

Voluntary donation to General Treasury — July 2015:

Pasquale Gazillo, #3699	$100.00

Political Action Fund

Voluntary donations for July 2015:

Jeffrey Baumgarten, #3745	$25.00
Daniel Guzman, JM-5000	$50.00
Butch Lumansoc, JM-5201	$20.00
Joel E. McCrum, P-2536	$50.00
Cynthia Philyaw, #3853	$50.00

Correction to June report, which listed a $100.00 donation from Kim Varnau, Donation should have been credited to Mark Geiler, #3727.

MARINE FIREMAN SUBSCRIPTIONS, H&B AND VOLUNTARY PAF DONATIONS

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Address envelope to: 240 Second Street, San Francisco, CA 94105