THE MARINE FIREMAN

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West Coast dockers ratify contract extension

The union that represents dockworkers along the West Coast has ratified a three-year contract extension, a move that will likely quell fears of a work stoppage or slowdown in 2019, when the contract was originally set to expire. The International Longshore and Warehouse Union (ILWU) announced that 67 percent of its members approved the extension through July 1, 2022.

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"The rank-and-file membership has made their decision and expressed a clear choice," ILWU International President Robert McEllrath said in a statement. "During the past year, we saw a healthy debate and heard different points of view, with concerns raised by all sides. The democratic process allowed us to make a difficult decision and arrive at the best choice under the circumstances."

The news comes nearly three years after contentious negotiations resulted in a major backlog of cargo ships outside the harbor. A breakdown in contract talks between the ILWU and the workers' employers, represented by the Pacific Maritime Association, slowed cargo movement and cost the economy billions of dollars as retail inventories were held up on the docks. It also blemished the reputation of the nation's busiest seaports, Los Angeles and Long Beach, which were already losing market share to East Coast hubs.

The ILWU represents roughly 20,000 workers at 29 ports across California, Oregon and Washington. The unusual early vote came amid pressure from manufacturers, retailers and other local, regional and national groups dependent on the ports. The contract extension will raise wages, maintain health benefits and increase pensions.

"With this contract extension, the West Coast waterfront has a tremendous opportunity to attract more market share and demonstrate that our ports and our workforce are truly world-class," Pacific Maritime Association President James McKenna said.

MPF ships successfully conduct group sail

Maritime Prepositioning Ships Squadron Three (MPSRON 3) successfully conducted an underway multi-ship training exercise, called "group sail" on August 2-3 off the coast of Saipan. For the first time in 10 years, MPSRON 3 conducted its largest successful multi-day group sail event with six preposition ships: the *USNS 1st LT Jack Lummus*, *USNS 2nd LT John P. Bobo*, *USNS GYSGT Fred W. Stockham*, *USNS Pililaau*, *USNS Red Cloud* and *USNS Soderman*. The MFOW provides unlicensed engine ratings aboard the *Red Cloud* and *Soderman*.

This demanding two-day exercise was used to train the ships in interoperability with other ships within the squadron and to prepare them to work with other U.S. Navy assets and escorts. During the exercise the ships executed close quarter turns, torpedo evasions tactics and formation steaming. They also practiced night time signal communications and worked with Helicopter Sea Combat Squadron Two Five for night time deck landing qualifications. While the purpose of this exercise was to prepare the squadron in tactical movement, it was also used as valuable training time for military staff of the squadron, who took the opportunity to improve their skills in command and control of multiple ships.

Under the command of Navy Capt. Eric Lindfors, MPSRON 3 operates in the western Pacific, maintaining tactical control of the 13 ships carrying afloat prepositioned U.S. military cargo for the U.S. Marine Corps, the U.S. Army and the U.S. Air Force. The squadron's mission is to enable force from the sea by providing swift and effective transportation of vital equipment and supplies for designated operations. MPSRON 3 is part of the Military Sealift Command.

AFL-CIO executive board backs Medicare for All

A position statement from last month's AFL-CIO Executive Council meeting revealed a strong endorsement of government-run, single-payer Medicare for All as the ultimate solution to the problems in the U.S. health care system. The council's health care statement, issued from the three-day meeting in Silver Spring, Maryland, first denounced Congressional Republicans for trashing the Affordable Care Act.

"If Congress and President Trump are truly interested in improving health care for working people, there are many things they could do."

Some Affordable Care Act fixes include tackling hollowed-out coverage with deductibles that are far too high for the typical person, reining in prescription drug prices, and repeal of the Cadillac Tax on high-cost health plans, many of which unions have negotiated in contracts. Lawmakers should also explore patient-centered alternatives to the private insurance system – with single-payer Medicare for All topping the list, the statement adds.

"Our core goal is to move expeditiously toward a single-payer system, like Medicare for All, that retains a role for workers' health plans and in which access to quality, affordable health care is indeed a right for everyone in this country," it declares.

Endorsement of single-payer government-run health care as the ultimate goal of the labor movement marked a new phase in labor's crusade to reform the U.S. health care system. At least 20 unions, led by National Nurses United, the United Steelworkers and the Amalgamated Transit Union, have campaigned for single-payer for years. The AFL-CIO endorsed it as a potential objective in prior health care statements.

Other AFL-CIO Executive Council statements:

- Denounced the Trump administration's rollback of government regulations — including dumping of the rule requiring fuller disclosure from union-busters.
- Reiterated pro-worker goals for negotiating a "new NAFTA."
- Blasted the denial of voting rights through so-called Voter ID laws and said the stacked "election fraud" commission Trump named is probing a problem that doesn't exist.
- Defended the rights of undocumented people, including more than one million covered under the Obama administration's program for protecting teenagers and young adults brought to the U.S. as children, and other workers under "Temporary Protected Status."

Halls to close

Labor Day — The MFOW hiring halls will be closed on Monday, September 4, 2017, in observance of Labor Day, which is a contract holiday.

Suisun Bay vessel removal project finishes ahead of schedule

Maritime Administration Executive Director Joel Szabat joined federal, state and local officials and environmental groups earlier this month to mark the completion of an agreement to remove 57 non-retention vessels from the Suisun Bay Reserve Fleet (SBRF) by September 30, 2017. The departure of the *Cape Borda* for recycling reaches the milestone two months ahead of schedule.

In 2009, MARAD entered an agreement with local officials and environmental groups to expedite disposal of 57 non-retention SBRF vessels, which are vessels that MARAD has deemed to be no longer militarily useful. This effort will improve protection of the unique marine environment and surrounding bayside communities. A seven-year, environmentally safe cleanup plan was designed and implemented, which expedited the cleanup of all the vessels in the fleet and surpassed the annual consent decree target goals established to remove the non-retention vessels. In the first three years of the agreement, 36 vessels were towed out of Suisun Bay, eight vessels more than required.

Thanks to a strong scrap steel market, 27 vessels were sold for recycling, with receipts totaling approximately $30 million. Ship sales revenue, allocated in accordance with the National Maritime Heritage Act, provided approximately $7.5 million to maritime academies, including the California State Maritime Academy in Vallejo, for facility and training, ship maintenance, repair and modernization, and for the purchase of simulators and fuel. Approximately $3.75 million was provided to the National Park Service to fund the Maritime Heritage Grant Program, which provides competitive grants to maritime related projects that preserve historic sites and artifacts related to our nation's maritime history.

Built as the *SS Howell Lykes* in 1967, the *Cape Borda* served in the commercial trade for nearly two decades, after which the U.S. government acquired the vessel, renamed it, and assigned it to MARAD's Ready Reserve Force in 1985. *Cape Borda* was maintained in a reduced operating status in Alameda, California, until it was transferred to the SBRF in July 2003. The vessel was downgraded from retention status to non-retention status on July 31, 2006.

The Maritime Administration keeps ships at three National Defense Reserve Fleet sites for national defense and national emergency purposes: the James River Reserve Fleet in Virginia, the Beaumont Reserve Fleet in Texas, and the SBRF in California. When ships become obsolete, the Maritime Administration arranges for their environmentally safe disposal at qualified domestic ship recycling facilities.

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Matson, Inc. announces second quarter results, affirms 2017 outlook

On July 31, Matson reported net income of $24 million for the quarter ended June 30, 2017. Net income for the quarter ended June 30, 2016 was $18 million. Consolidated revenue for the second quarter 2017 was $512.5 million compared with $467.7 million reported for the second quarter 2016. For the six months ended June 30, 2017, Matson reported net income of $31 million, compared with $36.1 million in 2016. Consolidated revenue for the six month period ended June 30, 2017 was $986.9 million, compared with $921.9 million in 2016.

According to a Matson executive, the company achieved better than expected second quarter results, buoyed by stronger demand for their expedited China service, the timing of fuel surcharge collections, higher lift volumes at their SSAT terminal joint venture, and improved performance in logistics. However, these gains were moderated by lower construction related cargo to Hawaii as the boom of high-rise condominium developments in Honolulu has begun to ebb and other real estate construction activity has yet to offset that decline. For the balance of 2017, Matson expects modest improvement in each of their core trade lanes with the exception of Guam, where they expect further competitive losses due to the launch of APL's weekly service in December 2016.

Ocean Transportation — The Hawaii economy experienced modest growth in the second quarter 2017; however, container volume was lower due to the absence of volume gains associated with a competitor's service reconfiguration and related issues in the second quarter of 2016, and lower construction related volumes. Given the timing of the expected transition of construction activity and the absence of a 53rd week in 2017, the company expects its full year 2017 Hawaii container volume to be modestly lower than the level achieved in 2016.

In China, container volume in the second quarter 2017 was 15 percent higher year-over-year due to stronger demand for Matson's expedited service and an additional sailing. The company continued to realize a sizeable rate premium in the second quarter 2017 and achieved average freight rates modestly higher than the second quarter 2016. For the remainder of 2017, they expect continued strong demand for their highly differentiated expedited service amid a chronically over-supplied international container shipping market.

In Guam, container volume in the second quarter 2017 was lower on a year-over-year basis, the result of competitive losses to APL's containership service that increased its service frequency to weekly in December 2016. For the balance of 2017, the company expects a continued heightened competitive environment and lower volume.

In Alaska, container volume for the second quarter 2017 was 1.1 percent lower year-over-year, primarily the result of the continued energy sector related economic contraction, partially offset by improved seafood harvest. For the remainder of 2017, the company expects modestly lower volume based on declining northbound freight due to ongoing contraction of Alaska's energy-based economy, partially offset by improved southbound seafood volume.

As a result, the company expects ocean transportation operating income for the full year 2017 to be lower than the $141.3 million achieved in 2016. In the third quarter 2017, ocean transportation operating income is expected to be moderately higher than the $42.7 million achieved in the third quarter 2016.

Logistics — In the second quarter 2017, operating income for the logistics segment included a full quarter of freight forwarding operating results from the acquired Span Alaska business. For the full year 2017, the company expects logistics operating income to be approximately $20 million, up significantly from the 2016 level of $11.9 million, primarily due to the inclusion of Span Alaska's freight forwarding business for a full year. In the third quarter 2017, the company expects logistics operating income to be approximately double the $3.5 million achieved in the third quarter 2016.

Depreciation and Amortization — For the full year 2017, the company expects depreciation and amortization expense to increase by approximately $15 million to $150 million, inclusive of dry-docking amortization of approximately $50 million, primarily due to the higher levels of maintenance capital and vessel dry-docking expenditures in 2016 and planned for the remainder of 2017.

EBITDA — The company expects full year 2017 EBITDA (earnings before interest, taxes, depreciation and amortization) to approximate the $288.6 million achieved in 2016.

Interest Expense — The company expects interest expense for the full year 2017 to be approximately $25 million.

Income Tax Expense — In the second quarter 2017, the company's effective tax rate was 39.4 percent. For the full year 2017, the company expects its effective tax rate to be approximately 39 percent.

Capital and Vessel Dry-Docking Expenditures — In the second quarter 2017, the company made maintenance capital expenditure payments of $14.2 million, vessel construction expenditures of $44.9 million, and dry-docking payments of $17.9 million. For the full year 2017, the company expects to make maintenance capital expenditure payments of approximately $50 million, vessel construction expenditures of approximately $242 million, and dry-docking payments of approximately $50 million.

Matson extends South Pacific Express service to Tahiti

Matson, Inc. announced that it will introduce a new extension of its South Pacific Express (SPX) service to Tahiti, providing twice monthly arrivals from the U.S. mainland and Honolulu to French Polynesia. Matson will begin accepting Tahiti shipments with the departure of the *Samoana* from Honolulu on August 22, 2017, and first arrival at Papeete on September 4, 2017.

The new Tahiti service will leverage Matson's existing U.S. West Coast network, serving all three major ports, and its newly enhanced biweekly SPX service from Hawaii with Tahiti cargo transshipped at Apia to provide industry fastest transit times from Hawaii. With the addition of Papeete, Tahiti as a port of call, Matson now provides export shipping from the United States and Hawaii to many of the major islands of Polynesia, including Samoa, American Samoa, the Cook Islands (Rarotonga and Aitutaki), Tonga (Nukualofa and Vavau), Niue, New Zealand and Fiji (Suva and Lautoka).

"This new service allows Matson to leverage existing operations in the region to offer market-leading service to a new destination," said a Matson executive. The people of Tahiti and Hawaii have enjoyed a long and rich history together with shared ethnic and cultural ties. We look forward to strengthening ties between our island communities."

Matson has appointed Papeete Searland Transports as its exclusive agent in Tahiti. The company has an accomplished history in the shipping industry of French Polynesia.

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Port of Los Angeles extends incentive program to reduce emissions

The Port of Los Angeles and other participating Environmental Ship Index (ESI) incentive providers have expanded their rewards programs for vessel operators willing to go above and beyond regulatory standards to cut harmful emissions from ships. Under a new formula that took effect July 1, participating ESI vessel operators are now earning additional incentive points for reducing carbon dioxide (CO_2) emissions from their ships.

CO_2 is a major source of the heat-trapping greenhouse gases that contribute to global warming, and ships are a key source of CO_2 emissions from port-related operations. Vessel operators participating in ESI programs already earn points for reducing nitrogen oxides (NOx) and sulfur oxides (SOx), both key components of smog.

The ESI program is among the suite of clean air strategies the port has implemented to dramatically reduce vessel emissions between 2005 and 2015. For ships alone, overall diesel particulate matter emissions have dropped 87 percent, NOx emissions are down 29 percent, and SOx emissions have plummeted 97 percent, nearing total elimination.

ESI programs use a point system based on fuel purchases, onboard emissions reduction technologies, and a ship's engine rating according to standards established by the International Maritime Organization. The total points determine if a ship qualifies for an incentive grant from a participating port.

Member ports have moved swiftly to implement the new formula because the ESI reporting system already collects the necessary performance data from participating vessel operators to assess a ship's efficiency at sea, and by extension, its CO_2 emissions. Reduced CO_2 emissions are being calculated by comparing a ship's fuel consumption and the distance sailed each year for 2013, 2014 and 2015 with the same data for 2016. If sailing in 2016 was more efficient than the baseline years, vessel operators have lowered CO_2 emissions and increased their total score.

Typically, vessel operators earn points on a per call basis from each port in the ESI network. Under the new formula, operators calling Los Angeles that have been entering CO_2 data and show an improvement over the baseline years could see these additional points boost their scores as early as September.

Launched by a collection of Northern European ports in 2011, the ESI program rewards vessel operators for lowering ship emissions beyond international requirements and in advance of pending regulations. Incentive providers include ports, pilot organizations and other entities. When the Port of Los Angeles adopted its ESI in 2012, it was the first port in North America and the Pacific Rim to join the program.

New toll structure approved for Panama Canal

Panama's government has approved a proposal to modify the Panama Canal tolls structure which could see container ships paying less and LNG and LPG carriers paying more.

The new structure, scheduled to go into effect on October 1, 2017, at the beginning of the Canal's fiscal year, comes following a recommendation from the Panama Canal Authority (ACP) Board of Directors who are aiming to safeguard the competitiveness of the waterway.

For the container ship segment, the approved tolls structure offers more attractive rates per loaded containers on the return voyage, applicable only to neo-Panamax vessels deployed on the canal route in the head and back haul legs, and when the (a) utilization rate of the northbound transit is higher or equal to 70 percent, and (b) time lapse between the northbound and the southbound transit is not greater than 28 days.

In order to promote the use of the services provided within Panama's logistics hub, any additional days that the vessel requires to perform port-related activities in the Panamanian terminals will not add to the 28-day period. The ACP's tolls proposal had originally set 25 days as the maximum time lapse for the return voyage. After evaluation of the comments received during the consultation period, it was decided to extend this time frame to 28 days.

Container/breakbulk vessels formerly part of the others market segment will be reclassified into the general cargo segment, thus resulting in more attractive tariffs. This change was made in response to a request submitted by customers during the 2015 tolls hearing and consultation process and due to the fact that container/breakbulk vessels operate in a manner similar to that of general cargo vessels.

Additionally, the new structure modifies the tolls charged to LNG and LPG vessels.

The current Panama Canal toll structure, which has been in place since April 1, 2016, calls for each vessel segment to be priced based upon different units of measurement. For example, dry bulk vessel tolls are be based on deadweight tonnage capacity and metric tons of cargo; LNG and LPG vessels are based on cubic meters; tankers are measured and priced on Panama Canal Universal measurement system (PC/UMS) tons and metric tons of cargo; container ships are measured and priced on TEU; and passenger vessels are based on berths or PC/UMS. The current structure also includes, for the first time, a customer-loyalty program for the container segment, where frequent container customers will receive premium prices once a particular TEU volume is reached.

San Diego to expand breakbulk storage

San Diego's Tenth Avenue Marine Terminal is making room for more and larger cargo.

The Port of San Diego is about to start a two-year project to demolish obsolete transit sheds at its Tenth Avenue Marine Terminal in order to clear more open space for oversize breakbulk cargoes such as windmill components. A shortage of usable open storage has forced the port to reject some shipments of windmill blades, which can be as long as 200 feet.

The $24 million demolition project is being partly funded by a $10 million federal Transportation Investment Generating Economic Recovery grant the port received in 2015. The port recently completed an environmental review of the project and expects to begin demolition during the next two months.

More than 350,000 square feet of sheds will be cleared. More important will be the additional 30 acres or so of contiguous open space the port will have when the work is complete.

The Tenth Avenue terminal is hemmed in by downtown San Diego to the north and by historic areas to the east and south, leaving no room to expand its 96-acre footprint. However, the usable capacity gained by removing the transit sheds should provide adequate capacity through at least 2035.

The terminal handles a variety of cargo, including refrigerated containers of bananas and other fruit imports for Dole Fresh Fruit, construction materials and other bulk cargoes, and steel and project cargo shipments.

Total annual volume during the last several years has averaged two million tons per year. Annual breakbulk volume has been flat at about 100,000 tons during the last three years, compared with about 200,000 tons a few years ago. However, there has been a recent uptick in steel destined for factories across the Mexican border in Tijuana, just 15 miles south of the port.

Merger deal consolidates all Dalian container terminals

Cosco Shipping Ports announced that the restructuring of Dalian Port is practically completed with the merger of all related parties previously operating 14 container berths now coming under one entity, Dalian Container Terminal (DCT). DCT originally operated seven berths at the Port of Dalian, with Dalian Port Container Terminal (DPCT) operating five and Dalian International Container Terminal operating the remaining two. All the three entities have various international investors, including Singapore Dalian Port Investment and PSA China, which held 49 percent of DCT and 25 percent of DPCT respectively prior to the merger. Japanese logistics giant Nippon Yusen also held a 20 percent stake in DICT.

Cosco Shipping Ports said in a stock market announcement that these three entities have been consolidated under DCT, with the resulting stakes of previous entities being diluted accordingly based on the respective valuations.

The corporate action essentially sees Dalian Port Container Development (DPCD) strengthening its majority stake in the merged entity with a 48.15 percent stake and much reduced stakes for other players.

Singapore Dalian Port Investment, the joint venture between PSA and the then Port of Dalian Authority to set up DCT and its first foreign foray back in 1996, will see its overall stake fall to 20.75 percent, while PSA China will see its 25 percent stake in DPCT previously, reduced to 5.25 percent of the bigger entity.

Cosco Shipping Ports said that the company believes the merger will allow each party to exert its strength, further optimize the allocation of resources, and facilitate integrated management of the relevant terminals, thereby lowering operational costs, increasing overall competitiveness of DCT and enhancing its efficiency.

Dalian is a major seaport in the south of Liaoning Province, China. The Shandong Peninsula lies southwest across the Bohai Strait. North Korea lies across the Yellow Sea to the east.

Gulf of Mexico "dead zone" is the largest ever measured

Scientists have determined this year's Gulf of Mexico "dead zone," an area of low oxygen that can kill fish and marine life, is 8,776 square miles, an area about the size of New Jersey. It is the largest measured since dead zone mapping began there in 1985. The measured size is close to the 8,185 square miles forecast by NOAA in June.

The annual forecast, generated from a suite of NOAA-sponsored models, is based on nutrient runoff data from the U.S. Geological Survey. Both NOAA's June forecast and the actual size show the role of Mississippi River nutrient runoff in determining the size of the dead zone. This large dead zone size shows that nutrient pollution, primarily from agriculture and developed land runoff in the Mississippi River watershed is continuing to affect the nation's coastal resources and habitats in the Gulf.

These nutrients stimulate massive algal growth that eventually decomposes, which uses up the oxygen needed to support life in the Gulf. This loss of oxygen can cause the loss of fish habitat or force them to move to other areas to survive, decreased reproductive capabilities in fish species and a reduction in the average size of shrimp caught.

The Gulf dead zone may slow shrimp growth, leading to fewer large shrimp, according to a NOAA-funded study led by Duke University. The study also found the price of small shrimp went down and the price of large shrimp increased, which led to short-term economic ripples in the Gulf brown shrimp fishery.

A team of scientists led by Louisiana State University and the Louisiana Universities Marine Consortium collected data to determine the size of the dead zone during a survey mission from July 24-31 aboard the *RV Pelican*.

Previously the largest Gulf of Mexico dead zone was measured in 2002, encompassing 8,497 square miles. The average size of the dead zone over the past five years has been about 5,806 square miles, three times larger than the Gulf Hypoxia Task Force target of 1,900 square miles.

NOAA funds monitoring and research efforts to understand the dead zone in the Gulf of Mexico through its Northern Gulf of Mexico Ecosystems & Hypoxia Assessment program, known as NGOMEX. The annual dead zone measurement is used by the Gulf of Mexico-Mississippi River Watershed Nutrient Task Force to determine whether efforts to reduce nutrient pollution in the Mississippi River basin are working. New initiatives such as the Runoff Risk Advisory Forecast are designed to help farmers apply fertilizer at optimum times to limit nutrient runoff to the Gulf.

MFOW President's Report

By Anthony Poplawski

MATSON NAVIGATION COMPANY

New Agreement — Much of the past month was dedicated to performing the post-negotiation duties required to complete the collective bargaining agreement process: drafting memorandums of understanding, ratification, final documents and preparing new agreement books. The Headquarters staff is planning to get the agreement books proofed, printed and distributed by September. The new Matson wage rates were published in the July issue of *The Marine Fireman* and are posted on the Union website.

CV700 Vessel — Back in April, Matson notified the Union that the company was considering the acquisition of a small container vessel to operate under U.S.-flag in the Western Pacific. The vessel would be approximately 6,400 gross tons with a capacity to haul about 350 forty-foot equivalent units (FEU).

In May, informal discussions took place regarding manning, wage scales and other contractual matters to determine if the acquisition would be feasible. Matson proposed a manning scale, wage and wage-related items, and contract terms similar to the old special bulk agreement covering the *Moku Pahu*. Because the new vessel would be a containership with reefer capability, the Union countered with modified *Moku Pahu*-style unlicensed engine manning consisting of one Electrician/Reefer/Oiler and one Oiler/Utility. On the afternoon of July 5, the SIU Pacific District Unions and Matson reached agreement, subject to membership approvals, on the terms and conditions.

On July 26, Matson announced that it will introduce the new direct U.S.-flag service between Honolulu and the Republic of the Marshall Islands (RMI). The service will shorten cargo transit times to the RMI from the U.S. mainland by as many as eight days. The new biweekly service will call at three ports in the RMI — Kwajalein, Ebeye and Majuro — starting in the first quarter of 2018.

Matson has entered into an agreement to purchase a 707-TEU, U.S.-flag containership from Sealift, Inc. The vessel was built in Germany in 2000 and brought under U.S.-flag in 2013. The vessel will be well suited to the island trade with its small stature, two 45-ton cranes, hydraulic folding hatch covers, and extreme maneuverability produced by a bow thruster and flap rudder, which allows docking without tugs.

The ship will be renamed *Kamokuiki*. The terms and conditions of the *Kamokuiki* agreement are as follows:

- The term of agreement is six years: July 5, 2017, through June 30, 2023.
- Wages and wage-related items are as follows:

Rating	Base Wage Monthly	Base Wage Daily	Suppl. Wage Daily	OT Rate Hourly	PT Rate Hourly
Electrician/Reefer/Oiler	$5,040.00	$168.00	$56.00	$42.00	$28.00
Oiler/Utility	$3,600.00	$120.00	$40.00	$25.50	$17.00

- Supplemental Wages are 10 days for each 30 days worked.
- Money Purchase Pension Plan contribution is $27 per day.
- Effective July 1, 2018, there shall be a three percent increase in wages and wage-related items.
- Effective July 1, 2019, there shall be a three percent increase in wages and wage-related items.
- Effective July 1, 2020, there shall be a three percent increase in wages and wage-related items.
- Effective July 1, 2021, there shall be a three percent increase in wages and wage-related items.
- Effective July 1, 2022, there shall be a three percent increase in wages and wage-related items.
- There will be ten (10) paid holidays: New Year's Day, Martin Luther King's Birthday, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day and Christmas Day.
- In the event the ship becomes a participant in the Maritime Security Program, all wages, wage related items, and benefits shall revert to standard APL Marine Services MSP rates.
- Both MFOW ratings will be required to possess the Ordinary Seaman endorsement and 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.
- The Electrician/Reefer/Oiler shall work as directed to perform electrical and mechanical maintenance and repairs to engine department systems and auxiliaries, as described in the Matson-MFOW Offshore Work Rules covering Electricians, Refrigerating Engineers and Oilers. If refrigerated containers are carried aboard the vessel, the Electrician/Reefer/Oiler shall be assigned to plug and unplug, monitor and repair the refrigerated containers in addition to his regular duties. The Electrician/Reefer/Oiler shall not be assigned general cleaning, polishing and painting duties (Wiper's work) without the payment of penalty time.
- The Oiler/Utility shall work as directed to assist the licensed engineers in maintenance and repair work in the engine department, as described in the Matson-MFOW Offshore Work Rules covering Oilers, and shall perform Wiper's work as part of his regular duties, as described in the Matson-MFOW Offshore Work Rules covering Wipers.
- The Dirty Work provisions of the Matson-MFOW Offshore Work Rules shall not apply to this Agreement.

I recommend membership ratification of the Agreement with Matson covering the *Kamokuiki*.

PATRIOT CONTRACT SERVICES

On July 17, the Union was notified by Patriot Contract Services (PCS) that the Kwajalein crewing services bid had suddenly come back alive, and we would need to prepare updated rates. PCS is participating in a potential prime contractor bid to perform crew augmentation work as in the past. The documents from this year's bid only refer to the *Worthy* and not the smaller vessels (*Mystic*, *Condor*, *Great Bridge* and *Double Eagle*).

The contract start date has been moved to January 16, 2018. It will be a four-year contract with six years of possible options (three two-year option periods). The unlicensed engine billets are QMED-Electrician and QMED-Oiler.

PCS proposed a 2.75 percent increase in total labor cost over current rates to take effect in January 2018, and a 2.75 percent increase in total labor cost each anniversary date thereafter.

Rating	Wage Daily	Supplemental Wage Daily	Overtime Hourly	MPPP Daily
Electrician	$141.60	$47.20	$28.01	$13.00
Oiler	$113.28	$37.76	$22.42	$13.00

Since 2007, the Kwajalein crewing services contract has resulted in over 3,000 mandays of employment for MFOW members and has provided an opportunity for these members to quickly advance in seniority.

I recommend approval of the new crewing services bid, which includes a 2.75 increase in total labor cost effective January 2018 and each anniversary date thereafter (possibly through January 2028).

APL RESTRUCTURING

According to a letter dated August 2, 2017, from APL Director Labor Relations (Maritime) John Dragone, APL has gone through a corporate restructuring. On July 17, 2017, American President Lines, Ltd. was converted from a Delaware corporation to a Delaware limited liability corporation. The new name of the company is American President Lines, LLC.

The conversion is part of a broader corporate reorganization related to the pending sale of Eagle Marine Services, Ltd. (EMS). EMS is a terminal operating subsidy of APL, which operates Global Gateway South in Los Angeles.

The current 100 percent owner of American President Lines, LLC is APL Limited, a wholly-owned indirect subsidy of Neptune Orient Lines, Limited. Once the sale of EMS is concluded in the fourth quarter of 2017, ownership of American President Lines, LLC will be transferred to a new company called APL Investments America, LLC. APL Investments America, LLC, is likewise a wholly-owned indirect subsidiary of Neptune Orient Lines Limited, which in turn is a part of the CMA CGM S.A. group.

Ultimate ownership and control of American President Lines, LLC, will remain unchanged. The APL fleet, operating capabilities and contractual commitments will likewise remain unchanged.

Record cargo volume predicted at Port of Oakland

The Port of Oakland, California predicts that ships will be 35 percent larger within 15 years and carry up to 18,000 containers. 2.6 million twenty-foot equivalent containers (TEU) are expected to be handled by the port by 2022. Record cargo volumes have been predicted at the port over the next five years from 2018 with eight percent more volume than the port has ever processed in a single year by 2022.

The figures appear in a *Strategic Maritime Roadmap* recently released by the port. The blueprint for the future foresees increased cargo volume arriving at Oakland on larger ships, driven by Northern California's expanding freight market. New logistics capabilities, such as distribution centers and freight transfer facilities, should provide a further boost, according to the document. The roadmap forecasts record volume of more than 2.4 million cargo containers in 2018. The current record is 2.39 million, set three years ago.

Larger ships would reduce the number of vessels needed in Oakland and should help mitigate the impact of cargo growth. Fewer ships would mean fewer diesel exhaust emissions.

Emissions would also be reduced as a result of logistics developments near railway lines lessening the reliance on trucks.

Oakland's roadmap incorporates a commercial strategy that calls for an increase of 15 percent in the amount of import cargo that arrives in Oakland and is loaded to the rails for inland distribution, and in an effort to attract containerized cargo to a new refrigerated distribution center and the 440,000-square-foot first phase of its Seaport Logistics Complex. The strategy also includes attracting more automotive imports and making Oakland the first U.S. port of call for at least one vessel service originating in Asia.

Vice President's Report

In July Headquarters had job order requests for 15 rotary assignments. Of those 15, seven jobs went "open." Headquarters and Wilmington claimed two each, Seattle filled one, one man reshipped, and the first ever Matson onetrip relief (Watch Jr. on the *Kauai*) stayed open! **These are not good numbers for job retention in San Francisco!**

A total of 21 standbys were requested, with members filling 18 and new applicants filling three.

Vessel rundown, with all vessels utilizing Standby Wipers, bunker/rovers and/or Standby Electrician/Reefers:

Matson: The company policy on standby workers is currently under review.

The *Mahimahi* and the *Maui* are currently on the northern triangle run. The RE on the *Maui* voluntarily quit and the open job went to the Wilmington hall; shipped two Watch Jr. reliefs.

The *Manoa* is on the southern triangle run.

The *Kauai*, which is on the OAK-HNL run, requested a Wiper relief for a NFFD. She will revert to the northern triangle run in August.

The *Matsonia* called back the crew to activate from DDX in Nantong, China. Crew members were required to have Chinese visas and were flown to Shanghai on July 30. Headquarters dispatched the returning R/E and Watch Jr. We shipped a Wiper, the open C/E job and one open Watch Jr. job. A second Watch Jr. job was filled by Seattle. The *Matsonia* will return to her normal run on August 20, following a brief call @ LAX.

The *Lihue*, which has been laid up since May 2016, is projected to activate later this month for the LAX-HON-LAX run to supplement the *Mokihana*.

We reshipped the Oakland shoreside mechanic for one year.

APLMS: Kudos to Wilmington Port Agent Sonny Gage for his due diligence in addressing any beefs. For the month of July, these vessels were in and out clean:

APL Thailand — behind schedule one day; *APL China; APL Belgium; APL Philippines* — shipped a DJU/O relief; *APL Korea* — SF's ERJ/O job was filled by Wilmington due to an expired two-year MLC! (Expired documents at sea require that a mariner be discharged at first U.S. port of call!)

Respectfully,
"Cajun" Callais

Business Agent's Report

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

USNS Pomeroy — one Oiler is awaiting fly-out to Diego Garcia. *MT SLNC Pax* — one Oiler is awaiting fly-out to Japan or Korea. *USNS Dahl* — one Electrician is awaiting fly-out to Jacksonville, Florida.

Thanks to everyone involved in the 2017 MARAD/MSC breakout exercise.

Fraternally,
Bobby Baca

Huntington Ingalls sells Louisiana shipyard site

Huntington Ingalls Industries (HII) announced that the shipbuilder has found a buyer for its idle Avondale yard near New Orleans. HII has signed a purchase and sale agreement, but the deal will not close until the buyer's due diligence is complete. The prospective purchaser of the 265-acre site or the terms of the agreement have not been disclosed. Avondale has been on the market since 2015, and HII had dropped the asking price from $125 million to $95 million prior to the sale.

Previous interested parties had included Kinder Morgan, which operates a tanker fleet, and the Port of New Orleans, which had studied whether it might be possible to convert a portion of the site into a breakbulk terminal and logistics park. A port spokesperson previously said that the port was in the process of assessing or trying to find potential partners to make that happen.

Avondale was once owned by Northrop Grumman, but the defense contractor decided to close it as part of a consolidation process in 2010. Shortly thereafter, Northrop spun off its shipbuilding holdings as Huntington Ingalls Industries. Avondale completed its final vessel in 2014, the *San Antonio*-class amphibious transport dock *USS Somerset*, and it closed its doors. HII consolidated its Gulf shipbuilding operations at its Pascagoula, Mississippi complex.

Over its 77-year history, Avondale completed over 2,400 vessels and offshore modules of various types, from warships to icebreakers to container ships. Among other noteworthy projects, it built several of the well-known LASH barge carriers, a prison barge for New York City, the Coast Guard medium icebreaker *Healy*, and a wide variety of warships and naval auxiliaries. In its heyday, it was the largest employer in Louisiana, with a total of 26,000 workers.

Moved recently?

Please send change of address information to:

MFOW WELFARE FUND
Attention: Esther Hernandez
240 Second Street, San Francisco, CA 94105
(415) 986-1028/(415) 986-5720
Email: EHernandez@mfoww.org

TRANSCOM awards $853 million in maritime shipping contracts

On July 25, the Department of Defense reported that the U.S. Transportation Command has issued 12 contracts worth $853 million to finance the flow of supplies by sea to U.S. military installations around the world over the next year.

The U.S. Transportation Command, Directorate of Acquisition, Scott Air Force Base, Illinois, is the contracting activity.

Each contract is an indefinite-delivery/indefinite-quantity, fixed-price option year modification for international ocean and intermodal distribution services.

Work will be performed worldwide as specified on each individual order and is expected to be completed August 31, 2018.

The type of appropriation is fiscal 2017 and 2018 transportation working capital funds to be obligated on individual task orders.

The breakdown of contracts is as follows:

Company	Headquarters	Amount
American President Lines LTD	Scottsdale, Arizona	$230,749,372
Maersk Line LTD	Norfolk, Virginia	$204,458,639
Matson Navigation Co. Inc.	Oakland, California	$85,515,856
Hapag-Lloyd USA LLC	Piscataway, New Jersey	$82,626,528
American Roll-On Roll-Off Carrier LLC	Woodcliff Lake, New Jersey	$60,071,134
Farrell Lines Inc.	Norfolk, Virginia	$57,755,370
Liberty Global Logistics LLC	Lake Success, New York	$50,062,446
TOTE Maritime Alaska Inc.	Federal Way, Washington	$27,313,474
Central Gulf Lines Inc.	Mobile, Alabama	$21,979,331
TransAtlantic Lines	Greenwich, Connecticut	$18,480,592
TOTE Maritime Puerto Rico LLC	Jacksonville, Florida	$18,079,097
Young Brothers LTD	Honolulu, Hawaii	$16,595,001

Robot speeds sampling of ocean's biogeochemistry and health

The world's first underwater vehicle designed specifically to collect both biological and chemical samples from the ocean water column successfully completed sea trials off the coast of New England last month. The new autonomous underwater vehicle (AUV), named *Clio*, will help scientists better understand the inner workings of the ocean.

Developed in an engineering collaboration between Woods Hole Oceanographic Institution (WHOI) and the University of Texas Rio Grande Valley (UTRGV) and in scientific collaboration with the University of Michigan at Ann Arbor, *Clio* will improve sampling efficiency and also reduce the time and cost of broad biogeochemical surveys, which are necessary to understand patterns and cycles of the marine food web and the role that the ocean plays in shaping Earth's climate.

Currently, researchers gather these types of samples by using battery-operated pumps, lowered down to various ocean depths on a wire. The pumps suck seawater through a filter that also captures particles. When the pumps are back on deck, the heads containing the filters are removed and brought to a lab for analysis.

Once lowered off a ship, the vertical-diving *Clio* propels itself to the bottom of the seafloor using a pair of thrusters and then stops at a series of pre-programmed depths during its ascent to filter water and collect samples. Roughly the size of a large refrigerator, *Clio* can dive to a maximum depth of 6,000 meters and operate underwater for 12 to 14 hours at a time. *Clio* then returns to the surface with stacks of filters representing hundreds of liters of seawater that oceanographers can use to measure the genetic and functional diversity of marine microorganisms, as well as nutrients that control their diversity.

The AUV was designed to be as compressible as it is practical, so that, as the water density around it increases with depth, its buoyancy changes relatively little. That saves battery energy that would otherwise be expended fighting buoyancy and avoids the need for complex active variable ballast systems.

On major expeditions that survey across entire ocean basins, *Clio* can be in the water performing a survey, while other researchers can concurrently take separate sets of samples using the wire system. To demonstrate this capability during sea trials earlier this month aboard the *RV Neil Armstrong*, the cruise science party deployed a standard wire-mounted oceanographic instrument known as a CTD rosette, which measures conductivity, temperature, and depth, while *Clio* simultaneously filtered samples at depth a few 100 meters away.

During the expedition, *Clio* completed five dives, including two dives to 2,000 meters, and filtered more than 1,000 liters of seawater from nine different depths for microbiological and biochemical analysis.

Buzby confirmed as MARAD administrator

The U.S. Senate has confirmed Mark H. Buzby as the new administrator of the Maritime Administration (MARAD). MARAD executive director Joel Szabat had been serving in lieu of the administrator following the departure of outgoing administrator Paul "Chip" Jaenichen.

Buzby, who was nominated by President Donald Trump in June, is a U.S. Merchant Marine Academy alumnus and retired U.S. Navy admiral with a military career spanning over three decades at sea and ashore. He was most recently president and CEO of National Defense Transportation Association.

"I have no doubt that Administrator Buzby's distinguished military career and experience as president and CEO of the National Defense Transportation Association will serve him well as he works to support and strengthen America's maritime transportation system," said Larry I. Willis, president of the Transportation Trades Department, AFL-CIO.

$130 million of Nazi gold may be in a sunken cargo ship

A sunken German cargo ship — located in the waters near Iceland — could hold up to $130 million worth of Nazi gold. The treasure trove is believed to be hidden in a chest inside the merchant vessel, known as the *SS Minden*.

A British salvage company discovered the ship scuttled about 120 nautical miles south of Iceland. Crew members were said to have found the chest in the ship's post room. It is believed to contain four tons of gold, all of which came from South American banks. The loot was being shipped to Germany by the Nazis in the attempt to get it back before the start of World War II.

The *SS Minden* reportedly set sail from Brazil on September 6, 1939, just days after the war began. Under orders from Adolf Hitler, the crew was said to have scuttled the ship in a bid to protect its valuable cargo from falling into the hands of the Royal Navy. It remained hidden in the waters off Iceland for years — along with its suspected treasure chest — until the U.K.-based company called Advanced Marine Services (AMS) stumbled upon it during a salvage operation earlier this year.

The firm has reportedly requested permission from Icelandic authorities to enter the *SS Minden* and retrieve the gold. A spokesman for the Icelandic Environmental Agency said that an application had been received, though it could take weeks before a decision is made. The AMS team wants to ultimately take the chest back to Britain, under the claim that its contents belong to the people who found it.

While the *Minden* is not technically in Iceland's territorial waters, it does sit in the country's exclusive economic zone — meaning authorities can enforce pollution controls and environmental impact measures so no one interferes with the wreck. They cannot, however, make claim to any salvage. Icelandic officials are expected to make a decision about the chest's ownership soon.

Loss of Arctic sea ice impacting Atlantic Ocean water circulation system

Scientists at Yale University and the University of Southampton say the ongoing Arctic ice loss can play an active role in altering one of the planet's largest water circulation systems: the Atlantic Meridional Overturning Circulation (AMOC). AMOC has a lower limb of dense, cold water that flows south from the north Atlantic, and an upper limb of warm, salty water that flows north from the south Atlantic as part of the Gulf Stream. AMOC plays a major role in regional and global climate, affecting the Atlantic rim countries — particularly those in Europe — and far beyond.

Earlier this year, a different Yale-led study cautioned that the AMOC system was not as stable as previously thought. That study said the possibility of a collapsed AMOC under global warming conditions is being significantly underestimated. The researchers based their findings on a combination of comprehensive climate model simulations and novel computations of the sensitivity of ocean circulation to fluctuations in temperature and salinity at the ocean's surface over time.

Experiments showed a potential loss of 30 to 50 percent of AMOC's strength due to Arctic sea ice loss. That is a significant amount, and it would accelerate the collapse of AMOC if it were to occur.

In the short-term, changes in the subpolar North Atlantic have the greatest impact on AMOC, the researchers found; but over the course of multiple decades, it was changes in the Arctic that became most important to AMOC, they said.

Grants from the U.S. Department of Energy Office of Science, the National Oceanic and Atmospheric Administration, and the Natural and Environmental Research Council U.K. supported the research.

MARINE FIREMEN'S UNION TRAINING PROGRAM 2017

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.

ENDORSEMENT UPGRADING

QMED-Fireman/Watertender & Oiler

Members who successfully complete the 159-hour Qualified Member of the Engine Department (QMED) course will satisfy the requirements needed for the QMED Oiler and Fireman/Watertender endorsements, provided all other requirements, including sea service, are met. ***Prerequisites: Coast Guard approval letter for endorsement upgrading, which certifies sea time of six months (180 days) as a Wiper; RFPEW endorsement or application to USCG for RFPEW.***

September 25-October 20 October 30-November 17

December 4-22

Rating Forming Part of an Engineering Watch (RFPEW)

Members who successfully complete the 40-hour RFPEW course will satisfy the requirements needed for the STCW endorsement of Rating Forming Part of an Engineering Watch (RFPEW). ***Prerequisites: See QMED Fireman-Watertender/Oiler course. It is recommended that eligible candidates schedule the QMED Fireman-Watertender/Oiler and RFPEW courses back-to-back for a five-week combined training session (unless the candidate already has the RFPEW endorsement).***

September 18-22 October 23-27

November 27-December 1

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 endorsements as Oiler, Junior Engineer and RFPEW.***

August 28-October 6 October 9-November 17

Able Seafarer-Engine

The Able Seafarer-Engine Course provides training required for candidates desiring to obtain a U.S. Coast Guard endorsement as Able Seafarer-Engine (AS-E). Any person completing the Able Seafarer-Engine course will satisfy the approved training requirements of 46 CFR 12.607(a)(3)(ii); AND the competency requirements of 46 CFR 12.607(a)(4) AND be credited for all assessments of the Able Seafarer-Engine in NVIC 18-14, as long as the individual has completed the assessments as a RFPEW. ***Prerequisites: Endorsements as Electrician-Refrigerating Engineer and Oiler/RFPEW or Junior Engineer and Oiler/RFPEW; have a minimum of 360 days' seagoing service in the engine department while qualified as RFPEW; have a minimum of 360 days' sea time with the MFOW.***

September 18-22 October 16-20

November 13-17

MILITARY SEALIFT COMMAND TRAINING

This 4-1/2 day course includes the following segments: Shipboard Damage Control; Environmental Programs; Chemical, Biological and Radiological Defense orientation; Helo Firefighting; Anti-Terrorism (one-year validation); Survival, Evasion, Resistance and Escape (three-year periodicity). These segments are required for employment aboard various MSC contract-operated ships.

September 11-15, 2017

STCW BASIC TRAINING

Basic Training Revalidation

This two-day course (13 hours) is designed for personnel who have previously completed a 40-hour Basic Training course and have at least one year of approved Sea Service within the last five years.

Training Resources, Ltd., San Diego, CA (one day): September 7; September 28; October 19

MITAGS-PMA, Seattle, WA: September 9-10; September 23-24; October 7-8; October 21-22

Maritime License Center, Honolulu, HI: September 14-15; November 2-3

Basic Training Refresher

This three-day course (24 hours) is designed for personnel who have previously completed a 40-hour Basic Training course and have *NOT* completed one year of approved Sea Service within the last five years.

El Camino College, Hawthorne, CA: August 24-26; September 28-30; October 26-28

Training Resources, Ltd., San Diego, CA: August 29-31; September 19-21; October 10-12

MITAGS-PMI, Seattle, WA: September 9-11; September 23-25; October 7-9; October 21-23

Maritime License Center, Honolulu, HI: September 13-15; November 1-3

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.

Developments in Somali and South East Asian piracy

The eradication of Somali piracy in 2012 was heralded as a key success story for international intervention, and the operational structure advertised as a panacea for counter-piracy initiatives globally. Warnings that Somali piracy was merely experiencing a lull and would inevitably return were largely ignored. A spate of successful hijackings, the first since 2012, appears to have proven such warnings correct.

South East Asian piracy, predominantly involving product theft rather than kidnap-for-ransom, has traditionally failed to catch headlines to an extent comparable with its more violent Somali cousin. Although hijackings for product theft hit a five-year low in 2016, an upsurge in kidnap-for-ransom incidents have catalyzed promises of heightened regional cooperation between littoral states.

International presence in the Gulf of Aden has, surreptitiously, decreased since 2012 as the risk perception has lowered and international appetite for continuing to invest resources has diminished in a time of fiscal crisis. Most recently, and perhaps ironically, a NATO force was disbanded in December 2016 due to a lack of pirate attacks, although an EU naval force remains. The 2017 spate of hijackings represent the first successful hijackings since 2012, however attempted hijackings have continued from 2012 to the present day, though at markedly lower rates than at the peak of Somali piracy. This supports the belief that Somali pirates merely experienced a temporary setback and that, with none of the root causes of piracy addressed, the conditions remained ripe for resurgence.

The first hijacking of a Comoros-flagged oil tanker resulted in the release of both ship and crew without a ransom payment following lengthy negotiations between pirates, clan elders, and marine forces. Allegedly the release was prompted by the fact that the tanker had been hired by Somali businessmen, whose interests pirates have traditionally been loath to counter. Furthermore, Abdiweli Mohamed Ali, the current president of Puntland who came to power in 2014, has been less consistent in payment to the Darawisha, Puntland's paramilitary forces of Puntland, than his predecessor. This is an uncomfortable echo of the 2007 failure to pay Puntland's police force, which was a significant trigger in the rise of piracy and is likely to increase collusion between Darawisha and pirate actors.

The key danger posed by this first successful hijacking — that it may incite copycat crimes by advertising gaps in protection of the waters – appears to have materialized. Although the targets themselves may be of lesser significance than those selected during the heyday, they show that the piracy business model remains intact and that the actors that support it are quick to take advantage of government weakness on land, such as the recent post-election disarray. The myriad attempts since 2012 can accurately be viewed as 'probing' missions, testing the level of defenses in the water. Arguably it is only a matter of time before larger vessels of similar importance to those considered prime prey in 2012 are targeted. As the Somali government struggles to cope with the worst drought since 1945, and the ensuing famine, the pirates appear to be returning.

The first Somali pirates to garner attention by conducting significant hijackings portrayed themselves as vigilante forces protecting the Somali waters from illegal fishing, which had destroyed the livelihood of many of the poor coastal communities, leaving them with few alternatives. Illegal fishing returned once the activities were temporarily halted by foreign intervention. Foreign naval forces are empowered by a UN mandate to stop hijackings, but lack any formal authority to inspect or apprehend illegal fishing vessels, despite ongoing calls for a UN resolution to permit this. A number of Puntland fishermen have reported that approaching Iranian dhows fishing illegally results in fire from armed guards, who are ex-Somali pirates. In addition, a number of illegal fishing vessels have been 'fined' by Somali 'coast guards' in areas where official coast guards do not exist, making such payments look suspiciously like ransoms, possibly to pirates policing the waters. Although early justifications that the *Aries 12* bunker hijacking in April was because of a growth in illegal fishing seem unfounded, permitting illegal fishing to go unchecked, as it has done in the last few years, provides a justification for many Somalis to return to, or at the very least, justify piracy.

South East Asian piracy predates Somali piracy, with the first documented hijacking for product theft in the 1980s, while piracy as a way of life has its roots in the region's pre-colonial history. However, an increase in kidnap-for-ransom hijackings in the last 12 months, helping drive a 44 percent upsurge in 2016 global maritime kidnap figures, suggest that kidnap-for-ransom has superseded product theft as the most successful model of piracy.

These hijackings can be attributed to militants, largely based in the Tawi Tawi archipelago and off southern Mindanao in the Philippines, whose operations principally hinge on smuggling contraband, supplementing their revenue stream with kidnap-for-ransom snatch and grabs. These militants hand over hostages in return for payment to Islamic terrorist Abu Sayaf splinter groups, who are held responsible in the media for directly hijacking a number of vessels. Abu Sayaf appear to have shifted from on-shore to off-shore kidnappings — in 2015 the group is known to have kidnapped five foreigners, all on-shore; in the last nine months of 2016 the group is believed to have kidnapped over 50 foreigners in circa 20 offshore attacks.

Although the militants are known to have sympathies with Abu Sayaf, the link can more accurately be classed as a business relationship. An increase in the rate of hijackings has worried authorities, however perhaps of greater concern is the growing trend by Abu Sayaf militants of beheading hostages, both foreign and local, where ransom demands are not paid. The militants conducting the initial kidnapping are still paid, suggesting that these Abu Sayaf splinters have become more extreme and have successfully secured other revenue streams. They can therefore afford a degree of financial collateral damage in failing to recoup a ransom where this makes a strong political statement.

These Abu Sayaf splinter groups are based on Jolo and Basilan Islands, where it is believed most hostages are held. The Philippine government has maintained a policy of refusing to pay ransom demands by Abu Sayaf, and is currently engaged in continuous armed conflicts with the insurgency group. The focus of responses should be on eradicating, or at least limiting, the group's land bases, which prevents the group being able to move hostages to secure locations throughout the negotiation phase of the kidnappings. This is far from achieved in the Southern Philippines.

In February 2017, an uptick in hijackings in the Sulu Sea, and more specifically the Sibutu Passage, a deep water channel between Malaysia's Sabah state and the southern Philippines, triggered renewed calls from the Philippines for international, specifically U.S. and China, support in safeguarding the passage.

The Sibutu passage, used by over 13,000 vessels per year, provides the fastest route between manufacturing giants China, Japan and South Korea, and Australia. The targets of recent hijackings are of larger tonnage to the smaller fishing vessels or tug boats previously chosen. This has prompted Philippine coast guard officials to compare the developing situation in the Sibutu passage with that in the Gulf of Aden in its heyday, and call for similar international support. RECAAP, the regional cooperation body tasked with addressing piracy, has advised ships to re-route to avoid the passage, however longer journey times may discourage vessels from adhering to this.

Some lessons learnt from the Somali counter-piracy campaign may be effectively applied to the Sibutu passage, and do not require military intervention, or the vast expenditure it implies. While some ships have started to implement basic security measures, such as placing barbed wire on vulnerable embarkation points, universal adherence to best practice guidelines published by RECAAP, and the layered approach they advocate towards protection, should be encouraged. However, given the willingness of militants to kill in boarding vessels, best practice adherence must be partnered with other initiatives to have a significant impact. These include implementing a high security corridor through the Sulu Sea, mimicking the Internationally Recommended Transit Corridor (IRTC) in the Gulf of Aden, an initiative currently under consideration by the littoral states. The use of armed guards in the overlapping territorial waters, despite rumors of unofficial operations, remains illegal.

The launch of a new joint force to combat a spike in hijackings by the Philippine, Malaysian and Indonesian Governments was painted by officials as the dawn of a new era of unprecedented cooperation which would seek to ensure safe passage for commercial ships through the Sibutu passage, either by increasing monitoring or by providing an escort. It is less clear where the resources to implement these aims are to be sourced. This exposes the gap between the aspirational aims of trilateral patrols, and the likely limited operational impact, stymied by a lack of capacity and uneasy cooperation on the ground. This is not the first time trilateral patrols have been mooted as the solution – they proved largely unsuccessful in reducing piracy in the Malacca Strait post-2005, instead increased Malaysian and Indonesian enforcement patrols were required.

Diplomatic relations between the trio have been strained by Philippine inaction, where corruption forms a significant barrier to progression. Philippine domestic forces would need to operate together to provide the support pledged in the new patrol agreements. Antagonism between the Philippine military and police, and endemic corruption across these and the coast guard, makes domestic cooperation difficult, and consequently significant cooperation with international partners seem unlikely. Indeed, the military and police are believed to pocket a portion of ransoms paid for the release of hostages in recent cases.

The legal framework regulating the actions of navy forces in neighbors' waters presents a further barrier to successful cooperation — the three nations lack expedited consent agreements allowing for hot pursuit, and Malaysia adheres to a 1984 law which prohibits hot pursuit into another nation's Exclusive Economic Zones. Without overcoming this hurdle, the operational functioning of trilateral patrols is significantly limited and will face a similar fate to those of the Malacca Strait.

Anti-piracy operations in Somalia predominantly target piracy as a sea-based crime, ignoring its land roots and the need to address these in order to provide a long-term solution. The poor coastal communities which engendered piracy remain without a viable alternative income stream, and the surge in illegal fishing has given select Somalis further incentive to return to piracy. Similarly, although greater regional cooperation among littoral states should be encouraged, without successfully targeting the land roots of Abu Sayaf, increased naval presence is unlikely to be sustainable or successful.

Source: The Global Initiative Against Transnational Organized Crime

Honor Roll

Voluntary donations to General Treasury — July 2017:

Michael Carr, P-2718	$300.00
Anthony De La Rosa, P-2753	$25.00
Richard Domanski, #3793	$100.00
Mark Geiler, #3727	$50.00
Steve Ondreako, #3815	$50.00

HOWZ SHIPPING

July 2017

San Francisco

Electrician	2
Reefer/Electrician	1
Junior Engineer (Watch)	4
Junior Engineer (Day)	1
Oiler	2
Wiper	2
Shore Mechanic	1
Standby Electrician/Reefer	7
Standby Wiper	14
TOTAL	**34**

Wilmington

Electrician	4
Electrician/Reefer/Jr. Engineer	4
Reefer/Electrician/Jr. Engineer	1
Reefer/Electrician	1
Junior Engineer (Day)	3
Oiler	4
Wiper	2
Shore Mechanic	1
Standby Electrician/Reefer	17
Standby Wiper	28
TOTAL	**65**

Seattle

Junior Engineer (Watch)	1
Standby Electrician/Reefer	4
TOTAL	**5**

Honolulu

Junior Engineer (Day)	3
Wiper	2
Standby Electrician/Reefer	15
Standby Wiper	13
TOTAL	**33**

Wilmington Notes

A total of 65 billets were dispatched from Wilmington in July, details are posted in *Howz Shipping?* in this issue and here at the hall. Break down is five APL, nine PCS, and five Matson shipboard billets, and one APL Shore Mechanic. Wilmington members took 61 jobs this month, while one applicant made a ship and three made standby jobs. We have 14 A-, 13 B-, and 27 C-seniority members presently registered here.

On September 4 at 10:00 a.m., union members, their families, and marching units from high schools from the Los Angeles/Long Beach Area and beyond will gather and march up Avalon Blvd. in the heart of the harbor to Banning Park where we will spend the day in part, roasting hot dogs, listening to music and various speakers in the spirit of Labor Day and its roots. All are invited at this free annual event. Please come down and enjoy the day. Details can also be found on facebook *(https://www.facebook.com/Harbor.union/?ref=py_c).*

Fleetweek 2017 sponsored in part by the Port of Los Angeles and the City of Los Angeles will be held from September 1- 4 on the San Pedro waterfront. This local event will be keeping everyone busy over the Labor Day weekend. Check it out the schedule on the web at http://www.lafleetweek.com.

Over at Global Gateway South, reefers and motor-generator sets have been the routine; most company-owned chassis work has been minimized. Carrier Transicold had some reefer and motor-generator set classes scheduled locally this month, and a few members were here to attend, the MFOW Training Plan will pay for qualified members to attend these classes provided they apply for prior approval. I encourage all members to take advantage of what is offered by Carrier and the MFOW Training Plan.

I also made the monthly MTD meeting at the SIU hall and the LA/LB Labor Coalition meetings here at our hall, while the LA Fed is still in summer recess.

Over on the *SS Lane Victory*, the ships' personnel are in negotiations with a company to finish both boilers and I am hoping that it goes smoothly. Volunteers are still very much appreciated. See Chief Jim Gillen or Assistant Engineer Steve Silkotch when reporting to help in the engine room. Turn-to time is Wednesday and Saturday at 0800.

That's all from Wilmington for now. I hope that all of you are working safely whether you are on shore or at sea.

Aloha!
Sonny Gage, Port Agent

Honolulu Notes

In the month of July, Honolulu hall dispatched a total of 33 jobs. We had five steady jobs called in July, which included a Wiper for the *Mahimahi* and the *Gordon* and Jr. Engineers for the *Mokihana*, *Pfeiffer* and *Saipan*.

We also dispatched 13 Standby Wiper jobs and 15 Standby Electrician/Reefer jobs in the month of July. There are 15 "A" seniority members, 3 "B" seniority members and 9 "C" seniority members on the Honolulu registration list.

July was all about the new Matson contract — what did we get and how does that work. But let's all thank those involved who helped to make this contract happen, from our own Convention delegates and negotiating team to our union brothers and sisters in our affiliated unions who backed us up. When all of labor sticks together, we can stand strong. A big *Mahalo* for sticking with us, and we want you to know that we'll be there for you, too.

Aloha,
Mario Higa
Port Agent

Seattle Notes

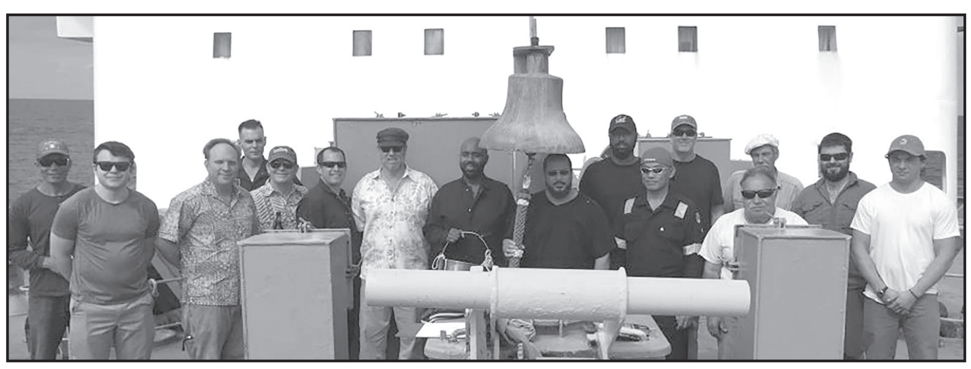
Last month we shipped one Junior Engineer (Watch) to the *Matsonia* and four Standby Electrician/Reefers. Four A-, two B-, and six C-seniority members registered for work leaving a total of eight A-, seven B-, and 17 C-seniority registrants in Seattle.

We represented the MFOW and SUP at the following meetings: King County Central Labor Council executive board and delegates meetings, Ballard Locks Economic Impact Study meeting, and Marine Exchange of Puget Sound membership meeting.

Members, when you make the hall bring all your documents with you. Let's go through them to be sure you are current. Other than your drug-free certificate, you cannot go to work on documents that will expire during your dispatch.

Respectfully,
Brendan Bohannon
Representative

MFOW members aboard the *SS Kauai* attended a sea service for Louis Little, P-2374 (left to right): Junior Engineer Emilio Siguenza, JM-5212; Chief Electrician "Red" Domanski, #3793; Junior Engineer Vince Marshall, JM-5126; Junior Engineer Mario Bolanos, #3893; Reefer/Electrician Mark Hinds, JM-5312; and Wiper Harrison Quinanola, JM-5265.



Officers and crew aboard the *SS Kauai*.

New-builds could push idle containership fleet to one million TEU by 2018

Although the idle containership fleet has dropped below 500,000 twenty foot-equivalent units (TEU), it could pass the one million TEU level by the turn of the year as an onslaught of newly-built ships hits the market, warns analyst Alphaliner. The idle containership fleet stood at 472,995 TEU as of July 24, the first time it had dropped below the 500,000 TEU capacity level in two years. This good news was tempered though by the fact new-builds in the 14,000 – 21,000 TEU range would continue to be delivered at one a week over the summer period.

During the first six months of 2017, 26 ships of over 14,000 TEU have been delivered, and a further dozen new-builds of this size are expected to join before the annual low season begins in October.

In total, over 700,000 TEU in capacity is expected to be delivered over the next five months while just 150,000 TEU is likely to be headed to the breakers yard. The net result could be the idle fleet rising to over 950,000 TEU by the end of the year.

Benefits paid during July

Death Benefits
None

Burial Benefits

Alphonso Loayza, P-2676	$1,000.00
Excess Medical	$690.81
Glasses and Examinations	$1,000.00

FINISHED WITH ENGINES

Lawrence S. Kamaka, #3573. Born March 10, 1927, Honolulu, HI. Joined MFOW June 29, 1964. Pensioned January 1, 1995. Died July 11, 2017.

Herbert E. Callies, #1383. Born November 18, 1927, Titonka, IA. Joined MFOW in Baltimore, October 7, 1944. Pensioned November 1, 1981. Died July 16, 2017.

William A. Avery, #2137. Born July 7, 1928, Astoria, OR. Joined MFOW July 10, 1948. Pensioned June 1, 1968. Died July 16, 2017.

Glen E. Chestnut, #3035. Born March 4, 1930, Amarillo, TX. Joined MFOW April 10, 1957. Pensioned July 1, 1981. Died July 6, 2017.

Martin J. Serda, #3718. Born August 6, 1966, Albuquerque, NM. Joined MFOW May 10, 1991. Pensioned July 1, 2013. Died July 27, 2017.

Regular membership meeting dates 2017

(Wednesday meetings)

Sept.	6	S.F. Headquarters
	13	Branches
October	4	S.F. Headquarters
	11	Branches
Nov.	1	S.F. Headquarters
	8	Branches
Dec.	6	S.F. Headquarters
	13	Branches

Political Action Fund

Voluntary donations for July 2017:

Ira Bing, JM-5146	$65.00
Keith Bitran, JM-5092	$5.00
Anthony De La Rosa, P-2753	$25.00
Henry Disley, P-2716	$50.00
Richard Domanski, #3793	$100.00
Joel E. McCrum, P-2536	$50.00
Steve Ondreako, #3815	$50.00
Jermaine Sheppard, JM-5143	$20.00

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