



INTERNATIONAL LONGSHOREMEN'S ASSOCIATION • AFL-CIO

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Harold J. Daggett
Executive Vice President

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August 14, 2009

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Dear Brother and Sisters,

I feel it is my duty to inform you of developing events with our master contract negotiations and to let you know that I strongly oppose an early settlement without properly preparing to bargain.

The ILA President and a few, select, Executive members have had talks with the USMX in spite of a pledge to bargain with the wage scale delegates and to cancel early negotiations. While I was present at some of these meetings, I was not present at all of them; at the meetings I attended I voiced strong opposition to the "cap rush" discussions.

These secret negotiations are being conducted without even knowing the amount of money contributed to our Royalty funds or the container volume in our ports. In this regard, I have taken the first steps by demanding information from the employer that they are required, by law, to provide. It is my belief that we must bargain as equals with management. We must gather information, negotiate, and be prepared to stand up if we hope to protect our union. I have attached a letter I forwarded to James Capo, USMX requesting the information necessary to effect successful negotiations; this is the most basic starting point in the negotiation process and one that is followed by all major industrial unions.

The USMX has made proposals that would save the employers a great deal of money while putting the future of our union at risk. The employers' current proposal would give up our 2009 wage increase that we already have in our contract and back load future wage increases. It would not deal with technology and jurisdiction that threaten our jobs. It would freeze or eliminate contributions to our benefits and funds. In exchange, the employer

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would eliminate the Royalty Cap/ Lifting the Royalty Cap with the decrease in tonnage (currently there is a 20.7% decrease in the first six months alone) is no quick fix for our union, and the USMX proposal would cost our members over \$40,000,000 in wages (the '09 wage increase) and our Local's over \$2,000,000. in dues revenue.

As many of our wage scale delegates warned, these are treacherous times to bargain for a contract. We cannot stick our head in the sand and hope that everything turns out all right.

It angers me that there is such haste to settle this contract. I believe we have a special responsibility to our members to be as informed as possible at the bargaining table and to double our efforts to make sure the members of our union make the ultimate decision on this contract, as it will forever shape the future of our industry.

May God bless you and the ILA!

Fraternally yours,

Harold J. Daggett

Executive Vice President,
International Longshoremen's Association
cc: I.L.A. Executive Council

Attached: August 3, 2009 letter to James Capo, Chairman/CEO, USMX, Ltd.
