MARINE ENGINEERS' BENEFICIAL ASSOCIATION (AFL-CIO)

"On Watch in Peace and War since 1875"

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In this issue – Foreign Yards Could Build Navy Warships under New Plan//IRS Says Foreign Ships Using Waiver Must Pay//Officer Shortage Could Deepen//AFL-CIO Report on CEO & Worker Divide//IMO Condemns Attacks on Commercial Shipping//Football, Baseball Jerseys//

PLAN FOR NAVY SHIPBUILDING OVERHAUL OPENS DOOR TO FOREIGN-BUILT WARSHIPS

President Donald Trump has ordered a sweeping overhaul of Navy shipbuilding that could allow foreign shipyards to build vessels for selected U.S. programs before shifting production to American yards. Trump's August 13 National Security Presidential Memorandum, "Rebuilding the United States Navy and America's Shipbuilding Industrial Base," directs the Pentagon to address what it calls systemic failures in Navy shipbuilding, including excessive design complexity, repeated design changes, inadequate capacity and weak competition. The memo calls for greater use of proven designs and foreign suppliers in the near term while requiring investments in U.S. shipyards, workforce training and domestic supply chains. It also sets deadlines for developing plans for the new shipyard, additional sealift vessels and reforms to Navy acquisition and ship-repair programs.

The new policy, part of a broader effort to address chronic delays, cost overruns and limited shipyard capacity, would apply to as many as three ship classes: a new surface combatant, replenishment tankers and roll-on/roll-off military sealift vessels. Dubbed the "Finland Model," the approach requires participating foreign companies to invest in U.S. shipyards, train American workers, transfer technology and establish domestic supply chains. The administration says the strategy would use foreign expertise and capacity as a bridge while expanding the U.S. industrial base.

The plan is drawing sharp opposition from U.S. shipbuilders. Shipbuilders Council of America President Matthew Paxton said building warships overseas would divert jobs and industrial capacity from American yards at a time when the administration looks to revitalize U.S. yards. He said, "directing the Department of War to build overseas only undercuts the federal Maritime Action Plan and generational investment into commercial and government shipbuilding. Every hull built abroad is demand, jobs, and industrial capability diverted from American shipyards this Administration pledged to rebuild. We urge the Department to reverse course and redirect this funding to qualified U.S. shipyards and we remain committed to working with the Department of War, MarAd, and Congress to keep federal shipbuilding dollars strengthening – not bypassing – the domestic maritime industrial base."

The foreign-construction provision could face resistance from Congress. House lawmakers have already approved language restricting the use of defense funds for battle-force ships built in foreign yards, setting up a potential confrontation with the White House. The policy reflects a central tension in Trump's maritime strategy: using foreign capacity and investment to quickly expand U.S. shipbuilding while insisting that the long-term goal remains a stronger domestic industrial base. Critics argue that sending even the first hulls overseas could weaken the demand needed to rebuild American shipyards.

IRS SAYS FOREIGN SHIPS OPERATING UNDER JONES ACT WAIVER MUST REPORT U.S. INCOME

Foreign shipping companies operating between U.S. ports under the Trump administration's Jones Act waiver cannot treat that business as international shipping for U.S. tax purposes and must report the resulting income to the Internal Revenue Service, according to new IRS guidance. The IRS says income earned by foreign corporations from transporting cargo between U.S. ports under the waiver is U.S.-source income. Because those voyages are domestic rather than international operations, the companies cannot claim the gross-income exclusion normally available to qualifying foreign shipping companies under Section 883 of the tax code. They also cannot claim treaty benefits associated with the international operation of ships. The guidance puts an important tax consequence on the administration's decision to allow foreign-flagged ships to participate in what is otherwise protected U.S. domestic commerce.

The Department of Homeland Security issued a waiver on March 17th allowing foreign-flagged vessels to transport cargo between U.S. ports. The initial 60-day waiver expired May 17. It was then extended for 90 days through Aug. 16, followed by another 90-day extension beginning Aug. 17. U.S.-flag shipping interests oppose allowing foreign vessels into the domestic trades, arguing that foreign companies should not be permitted to compete in U.S. waters while avoiding the laws and requirements imposed on the American maritime industry. The American Maritime Partnership, a strong critic of the administration's decision to extend the waiver, welcomed the IRS guidance as an indication that foreign operators will at least be subject to U.S. tax reporting requirements when they conduct domestic business.

Under normal circumstances, a foreign shipping company may qualify for an exclusion of certain income derived from the international operation of ships. The IRS's guidance makes clear that simply operating a foreign-flagged vessel does not make a domestic voyage an international operation for purposes of that tax provision.

Foreign companies benefiting from the Jones Act waiver are being allowed to enter a U.S.-reserved domestic market — but the income they earn there remains subject to U.S. reporting rules. The tax guidance does not change the waiver itself. But it does establish that foreign operators benefiting from the waiver cannot simultaneously argue that the domestic income they earn should receive the tax treatment afforded to international shipping.

OFFICER SHORTAGE THREATENS TO DEEPEN AS GLOBAL MERCHANT FLEET EXPANDS

The global shipping industry is facing a widening shortage of qualified officers even as the number of seafarers continues to grow, according to the BIMCO/ICS Seafarer Workforce Report 2026.

Demand for STCW-certified seafarers has risen 35% over the past five years as the merchant fleet expanded and recovered from the pandemic. The global fleet now depends on an estimated 2.57 million seafarers aboard 85,148 vessels. The industry currently has a surplus of about 56,890 qualified ratings but is short roughly 39,100 officers. The report says that without sustained investment in recruitment and training, the officer deficit could grow to 113,735 by 2030. Shipping companies are increasingly looking beyond traditional cadet recruitment to address the gap, developing experienced ratings into officers through structured career programs, mentoring, simulator training and digital assessments.

But industry officials caution that ratings cannot simply be converted into officers. Candidates must still complete approved education, qualifying sea service, certification and competency assessments. Companies are also looking for leadership, sound safety judgment, reliability and the ability to assume greater responsibility. Digital tools are helping to identify promising candidates by combining information on certification, sea service, training, performance and experience. The challenge is becoming more urgent as ships themselves grow increasingly complex. LNG, methanol, ammonia, dual-fuel propulsion, automation and integrated digital systems are creating new training requirements that go beyond basic STCW certification.

The report makes clear that addressing the looming shortage will require sustained cooperation among shipowners, managers, training institutions, governments and maritime organizations. Simply having enough people at sea will not be sufficient; the industry must ensure it has enough properly trained and experienced officers to safely operate the next generation of ships.

AFL-CIO REPORT DETAILS GROWING DIVIDE BETWEEN COMPANY CEOs & WORKERS

S&P 500 CEOs took home an average pay of $22.8 million in 2025 and made 312 times the wage of the median U.S. worker, up from 285 times in 2024, the AFL-CIO's 2026 Executive Paywatch report showed. While working Americans are struggling over every bill, every purchase and every paycheck, corporate CEOs are doing better than ever. The AFL-CIO's annual report analyzes new data on growing pay disparity between S&P 500 CEOs and the workers who make their companies profitable. Thanks to a 21% increase over the previous year, this year's report shows the highest-ever level of executive compensation in three decades of tracking — not including Elon Musk's $158.3 billion pay package, who became a trillionaire this year — a figure so high it would have skewed the data on its own.

Workers' share of U.S. national income fell to its lowest level since World War II. While their bosses rake in millions, workers at Amazon, Dollar Tree, FedEx, McDonald's and Walmart are among the highest users of public assistance, relying on programs like Medicaid and SNAP to make ends meet. As CEOs gave themselves a 21% raise, 16% of adults cannot pay all their bills in full, 26% skipped medical care due to cost, 37% do not have enough cash to cover a $400 emergency expense and 23% of renters fell behind on their rent in the past year.

The full report and findings can be viewed at paywatch.org. The Executive Paywatch database includes CEO compensation data filed with the U.S. Securities and Exchange Commission and collected by CSuiteComp.com for more than 3,800 corporations.

IMO CONDEMNS MERCHANT SHIP ATTACKS

IMO Secretary-General Arsenio Dominguez condemned the latest attacks on commercial shipping in the Red Sea, following the deadly projectile strike on the cargo ship TIHAMAH off Al Mokha, Yemen.

In addition, projectile attacks on two bulk carriers transiting the Strait of Hormuz this week left several seafarers injured, including one fatality aboard the Liberia-flagged MINOAN DIGNITY.

With several seafarers confirmed dead, Dominguez called the attacks "indefensible," urged shipowners and operators to carefully assess the risks of transiting the regions, and stressed that seafarers have a fundamental right to work in safety and security. He also called for the immediate and unconditional release of seafarers still being held captive following piracy attacks in the Red Sea and Gulf of Aden.

LAST CHANCE FOR CUSTOMIZED M.E.B.A. FOOTBALL & BASEBALL JERSEYS
Not much time left, but customizable M.E.B.A. football jerseys are still available for order. ***The Union will accept orders for the football jersey until August 28, 2026 and we are giving members another chance to order the M.E.B.A. baseball jerseys during this time.***

The jerseys can be customized on the back with a stitched name (of reasonable length) and number. Net proceeds generated go to the Good & Welfare Fund. All orders must be submitted (and paid for) by Friday, August 28, 2026. The information and order form are available at each of the Union halls and a pdf copy is also available from the M.E.B.A. website on the homepage.

NEXT MONTHLY MEMBERSHIP MEETINGS *(All times are local)*
Monday, September 7 – ***Labor Day – Halls Closed***
Tuesday, September 8 – **Boston**@1200; **CMES**@1430; **Charleston**@1400; **Houston**@1315; **Oakland**@1230; **Portland, Maine**@1200; **Seattle (Fife)**@1300.
Wednesday, September 9 – **Jacksonville**@1300; **New Orleans**@1315; **Online HQ "Town Hall" Meeting@**1300 **(No Voting) – Register by emailing** mebahq@mebaunion.org
Thursday, September 10 – **L.A. (San Pedro)@**1230; **NY/NJ@**1300; **Norfolk@**1300; **Tampa@**1300.
Friday, September 11 – **Honolulu**@1100

------FINISHED WITH ENGINES------

M.E.B.A. does not tolerate assault, or harassment of any kind.
If you see something, say something – The M.E.B.A. Emergency Hotline can be reached at 1-888-519-0018.

The M.E.B.A. is the nation's oldest maritime labor union, established in 1875. M.E.B.A.'s expertise and demonstrated track record of readiness, safety, and loyalty in answering America's call to action in times of both peace and war is unrivaled in the world. M.E.B.A. HQ – Phone: (202) 638-5355; mebahq@mebaunion.org. Website: www.mebaunion.org For publication and related inquiries (and to send photos & hot news tips) contact Marco Cannistraro, M.E.B.A. Special Projects & Communications – marco@mebaunion.org Visit us on Facebook, follow us on Twitter and check us out on Instagram. The Calhoon M.E.B.A. Engineering School can be contacted at (410) 822-9600 or www.mebaschool.org. M.E.B.A. Plans is at (410) 547-9111 or www.mebaplans.org