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Staggering towards death

KAMAL IYER (Saturday, October 04, 2008)

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[Electronic text has been reformatted to include original illustrations]

On May 14, 1879, the first batch of Girmityas or Indentured labourers arrived from India onboard the ship Leonidas.

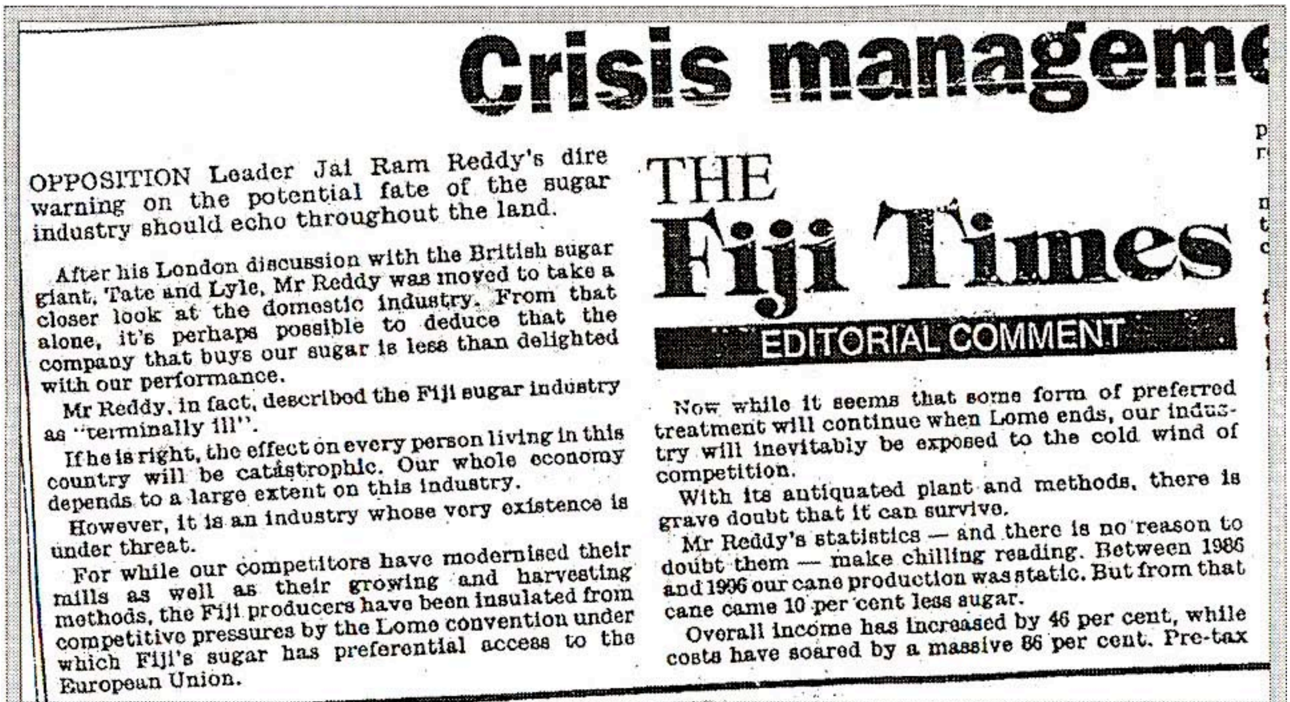
They were the first of a total of 60,553 Indians brought from the sub-continent between 1879 and 1916 when the Indenture period ended. They were brought to Fiji by the British Colonial government to turn the sugar industry into the backbone of Fiji's economy.

Most of the labourers did not take the option of returning to India upon completion of their indenture period and decided to make Fiji their home, to start their livelihood and primarily to continue strengthening the industry into Fiji's largest foreign exchange earner.

This was the case until more than 10 years ago when tourism and later Fiji Water and the bottled water industry overtook sugar as the premier sources of foreign exchange for our country.

For more than 100 years the sugar industry has weathered many storms and re-defined the national landscape. It has survived cyclones, floods, droughts, two World Wars, industrial and political strikes, and political upheavals. But that survival instinct is fast waning. An industry which has directly or indirectly supported a quarter of Fiji's population throughout history is now bleeding to death.

All stakeholders in the industry have simply run out of answers on how to succeed in resuscitating a terminally ill industry now virtually surviving on life-support. Any hope of recovery has been seemingly dashed by the interim regime's about-turn on its commitment to the European Union to hold elections by March 2009.



Crisis manageme

THE Fiji Times

EDITORIAL COMMENT

OPPOSITION Leader Jai Ram Reddy's dire warning on the potential fate of the sugar industry should echo throughout the land.

After his London discussion with the British sugar giant, Tate and Lyle, Mr Reddy was moved to take a closer look at the domestic industry. From that alone, it's perhaps possible to deduce that the company that buys our sugar is less than delighted with our performance.

Mr Reddy, in fact, described the Fiji sugar industry as "terminally ill".

If he is right, the effect on every person living in this country will be catastrophic. Our whole economy depends to a large extent on this industry.

However, it is an industry whose very existence is under threat.

For while our competitors have modernised their mills as well as their growing and harvesting methods, the Fiji producers have been insulated from competitive pressures by the Lome convention under which Fiji's sugar has preferential access to the European Union.

Now while it seems that some form of preferred treatment will continue when Lome ends, our industry will inevitably be exposed to the cold wind of competition.

With its antiquated plant and methods, there is grave doubt that it can survive.

Mr Reddy's statistics — and there is no reason to doubt them — make chilling reading. Between 1986 and 1996 our cane production was static. But from that cane came 10 per cent less sugar.

Overall income has increased by 46 per cent, while costs have soared by a massive 86 per cent. Pre-tax

Jai Ram Reddy warned of a terminally ill industry in November 1997 - *The Fiji Times* Editorial of November 28, 1997

Therefore, the offer of $350 million assistance to the industry, especially to the cane growers, is all but completely lost.

In all likelihood, the regime and all supporters of the coup who were chanting warrior like cries of "No elections in March 2009" including the farmers' so-called champions the Fiji Labour Party have for all intents and purposes pulled the plug on the much needed EU financial assistance.

If 2007 harvesting and crushing season was the worst ever since independence, 2008 season is a nightmare for farmers, especially in terms of countless stoppages and breakdowns at all four of Fiji Sugar Corporation's mills.

Last year the four mills crushed a meagre 2.478 million tonnes of cane producing 237,418 tonnes of sugar.

Due to frequent mill breakdowns about 91,000 tonnes of cane were left standing in the fields when the season ended.

Only Northern Division farmers (not all of them) supplying cane to Labasa mill were compensated at $6 per tonne for the stand-over crop.

Statistics don't lie, especially when it is FSC's own facts and figures.

For the week ending Monday September 29, 2008, the four mills had crushed 1,537,828 tonnes of cane producing 148,065 tonnes of sugar.

The tonnes of cane required to manufacture one tonne of sugar (TCTS) ratio was 10.4:1. The stoppage hours for the four mills were alarming. For the week ending Monday, September 29, Lautoka mill recorded 33.9 hours of stoppages, Rarawai mill 63.8 hours, Labasa mill 67.4 hours and Penang mill 74.6 hours.

In total, the four mills did not operate for 239.7 hours. Therefore, the mills collectively lost almost 10 days of valuable crushing time.

The Rarawai mill, which broke down on Sunday, September 28, resumed crushing on Thursday afternoon - almost four days later.

Almost 7000 tonnes of cane including burnt cane were drying for the four days on lorries and rail carts.

This is a direct loss to cane farmers, not only in terms of loss of weight of harvested sugarcane but also incurring financial losses in ensuring the welfare of cane cutters, farm hands and labourers who were idle but needed to be fed.

Add to this the misery and suffering of lorry operators and drivers who had queued outside the mill and also the damage caused to the suspension of the stranded lorries with their cane loads for four days, the losses are enormous.

According to credible information that I received, the record of mill break downs is abysmal this season.

The Penang mill, which started crushing on June 16, 2008, did not operate for 120.6 hours until Monday, September 29 due to mill breakdowns and 228.5 hours due to other factors like low cane supply due to bad weather.

This is not extremely critical for the smallest mill in the country having operated for 16 weeks until now. The Labasa mill was shut down for 175.8 hours or for more than seven days during its 14 week of crushing due to mill breakdown.

The country's largest sugar mill at Lautoka suffered 279.6 hours of breakdowns during its last 16 weeks of crushing. This equates to almost 12 days of lost time due to mechanical breakdowns.

The Rarawai mill is by far the winner in terms of interruptions to crushing. In the last 16 weeks, the mill stopped for 578.7 hours or over 24 days due to mill breakdowns. This is simply unacceptable.

The questions that all those who understand the workings of the sugar industry should ask are these: How successful has been the $86 million mill upgrading program? What percentage of the program has so far been completed by the technical experts and workers from India?

Has the ill-treatment of the Indian workers in terms of deprivation of fair wages, decent living standards, lack of hygiene and sub-standard meals been a contributing factor to the lack of efficiency in the mill upgrade work?

Common sense dictates that an unhappy worker who is not given fair wages for a fair day's work will treat the discharge of the duties as only a task that has to be completed - with no consideration whatsoever for its efficiency.

A similar feeling of disenchantment is undoubtedly being felt by the cane farmers, their families, the cane cutters, lorry operators, lorry drivers, labourers and farm hands.

The frequent mill breakdowns is the biggest disincentive for a segment of Fiji's population who have sacrificed their livelihood and triumphant days to ensure the sugar industry remains the lifeblood of Fiji's economy for over a 100 years.

And for the past ten years or so, they have continued to faithfully perform their duties to the industry and the nation despite the tumultuous times that the country has undergone and despite having the full knowledge that the price of sugar would go down by a massive 36 per cent by 2009.

When they are in desperate need of financial and technical assistance, the nation's self-imposed rulers have turned their backs on them for the past 22 months.

On November 26, 1997, the then Opposition Leader Jai Ram Reddy sounded the first warning bells signaling that the industry was in danger of staggering from crisis to crisis.

He described it as a "bread and butter" industry saying it was too important for it to be allowed to die.

Sadly, his warning was and is being ignored by past governments and the current regime because his words back then ring true in the present climate when he said, "What we have and what we have had is a totally politicized board of the Fiji Sugar Corporation labelled with political cronies, political hangers-on, many of whom will not know the front of a sugarcane from its end".

The only difference between then and now is that the politicisation and cronyism has now extended to the Sugar Commission of Fiji and the Sugar Cane Growers Council in the aftermath of the 4th military coup.

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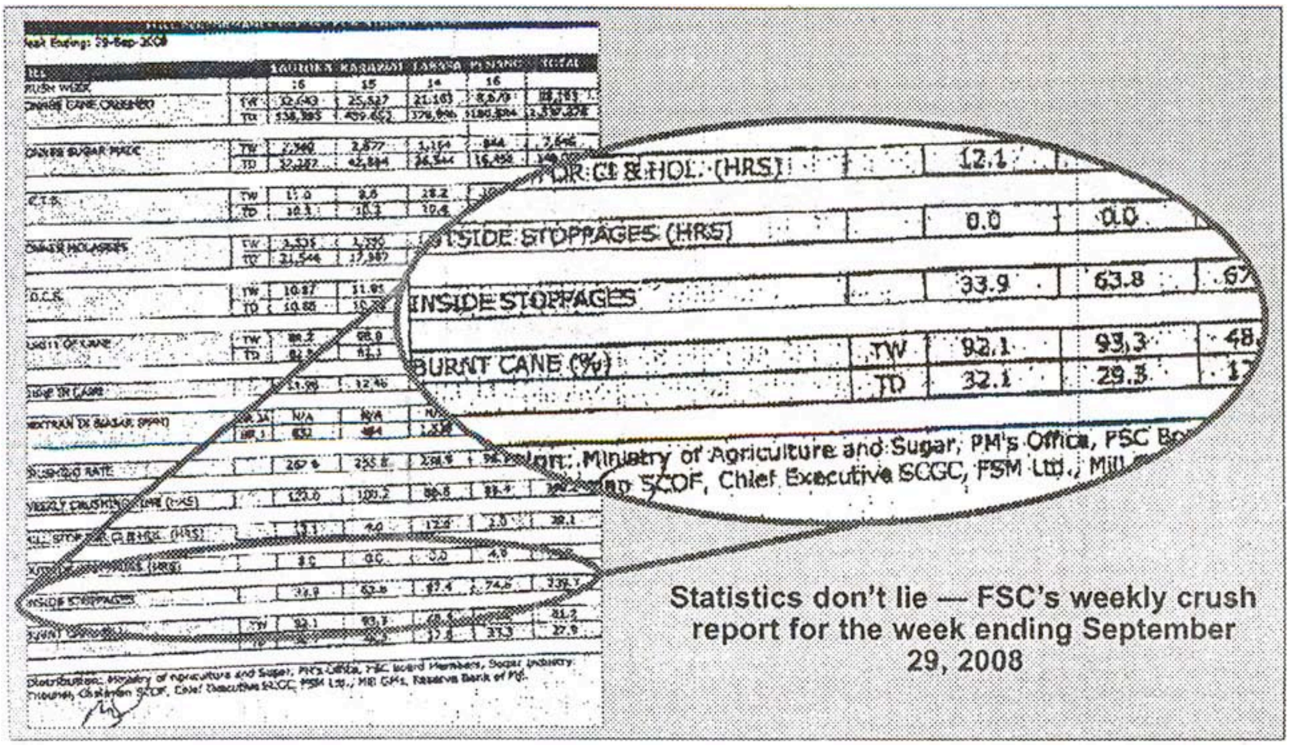

Statistics don't lie — FSC's weekly crush report for the week ending September 29, 2008