

THE MAUI NEWS

MAUI'S NEWSPAPER SINCE 1900

News

> [Local News](#) > [News](#)

[Print this Page](#)

[←--back to story](#)

MAUI WIPEOUT: Drought of greater concern to HC&S

Economic meltdown did hurt, but dry conditions have shriveled sugar yields

By HARRY EAGAR, Staff Writer

POSTED: July 17, 2009

EDITOR'S NOTE: After riding a wave of prosperity, Maui County residents are struggling to cope with a recession that has swept through the islands. In The Maui News' series about the islands' financial crisis, today's report looks at how labor unions are working with private-sector employers to save jobs, how Hawaiian Commercial & Sugar Co. is being hurt more by the drought than by the recession and how a Minnesota investor is looking at business opportunities on Maui. On Saturday, the series reports how Maui nonprofits are working to do more with less while serving as a safety net for disadvantaged and elderly residents.

PUUNENE - Hawaiian Commercial & Sugar Co. is getting hammered, but in this case the widespread economic malaise isn't really to blame.

Chris Benjamin, general manager of Hawaii last sugar plantation, said: "The economic meltdown that started on Wall Street without a doubt impacted our business a lot. But not directly as much. HC&S has been affected much more by drought. It's two different stories."

Benjamin is chief financial officer and treasurer of parent Alexander & Baldwin, and since March also

Article Photos



The Maui News / MATTHEW THAYER photo

directly responsible for HC&S.

The drought has now lasted three years, and since sugar is a two-year crop, the deleterious effects will still be felt far into the future, even if the rains were to return this month.

"We haven't disclosed our projected production figures, but it is safe to say they will be down from last year, a strongly low number," Benjamin said. "Production has declined significantly over the past several years, and that decline accelerated last year and this year," he said.

Hawaiian Commercial & Sugar Co. driver Cris Dumlao climbs back aboard his Tourna-hauler after dropping off a load of harvested cane at Puunene Mill on Thursday morning. While HC&S has been affected by the island's economic downturn, the ongoing drought has been a bigger problem. Reduced sugar crop yields will likely affect the plantation for years to come.

In 2008, HC&S made 145,000 tons of sugar. In a normal rainfall year, it would make 200,000 tons, and some years considerably more.

A&B also has felt the impacts of the general slowdown, especially in the first quarter.

"Without a doubt Matson was affected, and real estate definitely is feeling the effect of the slowdown," Benjamin said. Resort products at Wailea, on Kauai and even on the Big Island are moving slowly.

"We got hit from multiple directions," he said.

But sugar was the big bad boy. "We lost \$13 million (in A&B's agricultural division) last year, entirely due to HC&S."

HC&S has not been able to respond to cuts in output by cutting employment. It already has shed many jobs over the years by automating operations.

The sugar plantation employs 739 people full time, not including 55 employees at Kahului Trucking & Storage and 17 at East Maui Irrigation Co., both subsidiaries of HC&S that support plantation operations.

"We are harvesting about the same number of acres, grinding almost as many days. The work hasn't declined that much," Benjamin said. Returning HC&S to financial health will mean improving revenues, not cutting costs.

"We are fighting the battle internally as hard as we can," he said.

A&B has had the resources to continue with some real estate developments even when other landowners have had to slow down or stop because of lack of financing. Its big Kukuiula project on Kauai is proceeding, and although its Kahului redevelopment project centered around Kahului Shopping Center was delayed about a year, the company attributed that to permitting issues, not money.

The company would still like to build a business hotel on property across from Costco, but that project has been held up for years because of construction expense. It is still part of A&B's long-range plans.

* Harry Eagar can be reached at heagar@mauinews.com.

[Subscribe to The Maui News](#)

Share:

 Facebook
  MySpace
  Digg
  Stumble
  Buzz up!
  Mixx
  Fark
  del.icio.us
  LiveSpaces

