India: POSCO mining project halted by people's opposition but forest clearance still stands

The Korean company POSCO arrived to India for business and entered into a Memorandum of Understanding with the Government of Orissa on 22 June 2005. Its projects include a steel plant and a port as well as mining prospection in the Eastern State of Orissa (see WRM Bulletins Nº 147 and 155).

The project has been largely opposed by local people who see that they not only won't reap any benefit from the project but will be severely impacted. Resistance started in 2005 in the area where the company intends to set up its steel plant, when a people's blockade was declared in three potentially impacted areas - continuing to date in one of the areas.

Of the 4,004 acres of land sought by POSCO-India Corporation for the proposed steel plant area, about 3,100 are forest land though largely under cultivation by people who have been there for several decades and even have lived in the area for over a century.
It is estimated that the steel plant in Jagatsinghpur, Orissa will displace some 4,000 families, many of whom lack land title; as a result, only 270 odd are officially entitled to compensation.

Leading forest rights movement groups such as the National Forum of Forest People and Forest Workers (NFFPFW) and the Campaign for Survival and Dignity (CSD) along with many other civil and democratic rights groups and individuals have denounced that POSCO is getting a huge amount of land, water and mineral. Massive land, water and iron ore will be grabbed. The scale of grabbing will be as follows:

- l and: 4,000 acres for the plant, 2,000 acres for a "township", 25 acres in Bhubaneshwar for their office, plus an unknown amount in the mining and port areas;
- water: an estimated 120 billion litres from the river Mahanadi, threatening the water supply of the Bhubaneshwar and Cuttack cities;
- iron ore: 600 million tonnes in the form of captive mines [meaning the iron ore will be "sold" to the same company for steel production], and a further 400 million tonnes will be 'allocated'.

All these resources are given to POSCO almost on a platter with no return to either the state or to the people who would face adverse implications if the project is implemented. The arrangements are as follows:

- pay essentially nothing for the water and the land;
- pay a pittance as royalty, allowing huge profits just by the difference between market prices and extraction costs;
- practically no income and other direct taxes, as it is seeking Special Economic Zone status;
- provide 13,000 jobs – by their own estimates, which in the case of all industrial projects have proven to be gross overestimates – while displacing around 40,000 people in the plant and port sites alone (not including the mines). More than 20,000 people will lose employment in the plant site alone.

“In sum, no tax revenue, net loss of employment, no royalties, loss of 15% of India's proven ore reserves, environmental devastation and the forced displacement of 40,000 people.”

No wonder the protest has continued even enduring harsh suppresion with violation of human rights leaving a toll of many dozens of injured people and destroyed houses and shops.

On December 29, 2009, the Environment Ministry has anyway gone ahead and granted forest clearance, i.e. the diversion of forest land for non forestry activities. The civil and democratic rights groups have challenged the forest clearance as illegal on the grounds that it violates the Forest Rights Act of 2006 as long as there are people who have not given their consent to the project.

Notwithstanding the illegality of the forest clearance was proven repeatedly by local actors, the lands of a number of people have already been taken over by the Orissa government and demarcation of the land has also begun.

The government claims that it has taken forest lands from "willing sellers" to whom it has payed "compensation cheques". However, takeover of the land has been illegal as long as at least one person returned the cheque and another attempted suicide after his crops were destroyed.

The bold defense of local people of their lands and livelihoods with peaceful demonstrations was confronted by a brutal attack by the Orissa police who opened fire leaving at least 50 people injured and burning markets and protest camps in May 2010.

However, resistance has not been in vain. On August 6, the Environment Ministry issued a "stop work" order to the Orissa government on the POSCO project, directing the Orissa government to stop the illegal process of forest land takeovers that is taking place.

Yet, people on the ground as well as several groups including NFFPFW and CSD have warned that though the order gives some immediate relief, it “is silent on the basic issue: the illegal forest clearance granted by the Ministry on December 29, 2009”.

That is why resistance continues and it is demanded the Central and Orissa governments to withdraw the illegal forest clearance, to cancel the POSCO project and to respect the individual and community rights of the forest dwellers of the POSCO area.

The struggle continues.

Article based on the letter sent to the Ministry of Environment and Forest by a range of people and groups and the “Environment Ministry's Order on POSCO”, press release by Campaign for Survival and Dignity, e-mail forestcampaignnews@gmail.com,www.forestrightsact.com

(1) http://www.forestrightsact.com/corporate-projects/item/12-the-posco-project