

Briefing Note: Impacts of POSCO-India's Project on the Lives of Local People in Jagatsingphur, Odisha, India.

Background

The POSCO-India project in Odisha was originally conceived as a 12 million tonnes per year steel plant, with a captive port and iron ore mine by a Memorandum of Understanding (MoU) between the POSCO Corporation and the Government of Odisha. Four thousand acres of land have been earmarked for the project. Appropriation of this land would involve the eviction, according to the 2001 census, of 22,000 people and indirectly disrupt the livelihoods of a further 30,000 people, just in Jagatsingphur District alone.¹

Crackdown on people resisting forcible eviction

On March 2nd, 2013, at 6.30pm, a bomb killed 3 local community members, Manas Jena, Nabanu Mandal and Narahari Sahoo, and seriously wounded another, Laxman Paramanik.² This is part of a long-running pattern of violence used to threaten and harm local people. For example, in 2008 Dula Mandal, brother of Nabanu Mandal, was also killed.³ In 2010 police opened fire on locals resisting the project, causing a widespread public outcry.⁴ These people have been violently targeted because they are part of the community of local people resisting the progress of the POSCO-India project in defence of their livelihoods and access to land and natural resources.

The March 2nd bombing is part of broader recent spike in violence wrought on local people. In January 2013 eighteen police platoons surrounded the area where communities are resisting the project and threatened to forcibly enter the village and evict them.⁵ On this occasion the authorities did force themselves into the village and destroyed the locals primary means of livelihood, their betel vines that they rely on for the bulk of their income. Furthermore, the intimidation methods extend also to legal persecution. Many arrest warrants, local groups estimate up to 230, stand against people protesting the project, leaving the constant threat of arrest hanging over local people – preventing them from leaving the village to seek any services, access markets, attend educational facilities, etc.⁶ Community leaders have been repeatedly jailed as a result of defending their human rights.⁷

Domestic legal issues with the POSCO-India project

According to the *Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights Act) 2006* the consent of local people – as expressed during official community meetings, or Gram Sabhas – is required for this project to proceed.⁸ In this case, during three Gram Sabhas the local communities have officially voiced and recorded their rejection of the project, which by law prevents the project from proceeding in this area.

¹ Lok Shakti Abhiyan, Korean Trans National Corporations Watch, Fair Green and Global Alliance & Forum for Environment and Development (2012) 'Specific Instance: OECD Guidelines for Multinational Enterprises – POSCO: Concerning POSCO's human rights and environmental breaches in relation to the proposed development of an iron ore reserves, an integrated steelworks plant and associated infrastructure in the State of Odisha, India'. Available [here](#).

² Hindustan Times, March 10, 2013 'Posco blast: fact finding team demands probe into death of anti-Posco activists'. Available [here](#).

³ Amnesty International (2008) 'India: Police Try to Forcibly Evict Farmers and Their Families: Case Summary'. Available [here](#).

⁴ The Indian Express, May 15, 2010 'Police crack down on anti-POSCO agitators, 20 injured'. Available [here](#).

⁵ The Hindu, February 3, 2013 'Posco land acquisition: police arrest agitating villagers'. Available [here](#).

⁶ Mining Zone Peoples' Solidarity Group, October 20, 2010 'Iron and Steal: the POSCO-India Story'. Available [here](#).

⁷ NDTV, October 13, 2008 'Orissa Police arrest top anti-Posco leader'. Available [here](#). The Hindustan Times, November 25, 2011 'Top anti-Posco leader arrested'. Available [here](#).

⁸ Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights Act) 2006 (Forest Rights Act).

Voices from the villages



Residents of Dhinkia Panchayat make clear that they will resist attempts by the government to forcibly remove them from their fertile land, which residents depend on for their livelihoods [Click on picture].



Children protesting against the illegal land acquisitions [Click on picture].

The original 2005 MoU for the project has expired, and on March 30, 2012, India's National Green Tribunal (NGT) ordered a review of the 2011 final environmental clearance for the project following which the Ministry of Environment and Forests has withdrawn this approval and set up a review committee.

Furthermore, the captive port construction as planned would violate Indian coastal development regulations.⁹ Many of these violations and irregularities were pointed out in the Majority Committee Report, of a review committee that was set up by the Ministry of Environment and Forests in 2010.¹⁰ There have been lacunae in the manner in which the forest diversion for the project was approved only on the basis of an aerial inspection and telephonic verification. The first set of environment clearances granted in 2007 have also expired in May and July 2012. Despite all this, POSCO-India continues to initiate entry into the project area and carry out felling of trees as part of continuing the project construction in the absence of requisite legal approvals, which are mandatory prior to initiating any construction activity.

Degradation of the Standard of Living for Local People, and Impacts on the Environment

In 2010, independent research examined the anticipated economic impact of the project on local people's livelihoods,¹¹ and also critically appraising research findings from a study commissioned earlier by POSCO that reviewed the project in biased, glowing terms.¹² Findings showed that the small-holding betel vine cultivation provides a steady, sustainable income for people living in the affected area, amounting in some cases to over three times the average Indian income while cultivating land plots less than a tenth the size of an acre. An additional 30,000 small scale fisherman also stand to lose their source of livelihood. It is this way of life that people resisting the project are defending and they assert that POSCO-India can never adequately compensate them for it. While the project would destroy whole communities and local economies, should this forced eviction proceed it will amount to grave violations of several fundamental human rights, including those related to housing, food, water, health and work.

⁹ The Coastal Regulation Zone Notification of 1991, which protects fish breeding grounds, has been violated since the area designated for POSCO's captive port is classified as an "ecologically sensitive area." See Mining Zone Peoples' Solidarity Group, October 20, 2010 'Iron and Steel: the POSCO-India Story'.

¹⁰ 'Majority Report of the Committee Constituted to Investigate into the proposal submitted by POSCO India Pvt. Limited for establishment of an Integrated Steel Plant and Captive Port in Jagatsinghpur District, Orissa'. October 18, 2010. Available [here](#).

¹¹ Mining Zone Peoples' Solidarity Group, October 20, 2010 'Iron and Steel: the POSCO-India Story'.

¹² The Hindu, October 21, 2010. 'Posco paid for study on benefit claims'. Available [here](#).

Findings of a forthcoming research publication examine how those who have already moved to POSCO-India's transit camp demonstrate other negative impacts this project is having on the lives and livelihoods of local people.¹³ Moving from economic prosperity into poverty, removal from their arable land has cut them off from their previous means of economic independence, leaving them dependent on a cash payment of 20 rupees (or 4 cents in USD) per day.¹⁴

Furthermore, the project is projected to also have additional impacts on the environment and local biodiversity. Construction of the port is predicted to destroy the breeding ground of the endangered Olive Ridley turtle, and remove sand dunes that are a natural barrier against regular cyclones¹⁵ – like the one in 1999 that caused the death of 15,000 people.¹⁶ Local people protected by this natural barrier were spared the worst of the category 5 storm that destroyed other communities. POSCO-India plans to remove these dunes to build their port.

Corporate Responsibility to Respect Human Rights

Augmenting your internal corporate codes of conduct is a series of international business and human rights standards. Each of them has important provisions to consider in light of the situation caused by the POSCO-India project.

UN Guiding Principles on Business and Human Rights

The United Nations Guiding Principles on Business and Human Rights (the 'Guiding Principles'), unanimously endorsed by the United Nations General Assembly in June 2011, requires that *all business enterprises respect human rights*. Specifically, this means that businesses are required to 'avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved'.¹⁷ The responsibility of business enterprises to 'respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure'.¹⁸

The Guiding Principles require that all businesses 'identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities *or as a result of their business relationships*'. In order to execute this duty, the investor relationship that your company has with the POSCO Corporation requires that you apply whatever leverage you have to

Growing media attention

Attacks against protesters have become increasingly more violent, drawing international media attention. Most recently, a [bomb explosion](#) killed four active members of the *POSCO Pratirodh Sangram Samiti* (PPSS), which is spearheading the movement against land acquisition for the project. The dire economic effects and loss of livelihood caused by the project has also attracted international concern, as is clearly described in a [BBC](#) interview of a local villager in 2011.

[Reuters](#) and [The Hindu](#) reported in February this year that police platoons attacked women who were peacefully protesting the POSCO project. Police entered the village in order to dismantle betel vines, a source of livelihood for villagers, and forcibly acquire land for the POSCO project.

The violence exhibited by policemen can be clearly seen in a [youtube video](#) and prompted a coalition of over 250 international human rights organizations to strongly criticize the Odisha government. [The Times of India](#) reported that the international coalition sent a letter urging the Indian government to cease all measures aimed at the forcible displacement of residents, and to carry out an independent investigation into the illegal use of force by the police and government officials.

¹³ ESCR-Net & New York University, 2013 [*Forthcoming*] 'An assessment of the human rights impacts of POSCO-India's Project in Odisha, India'.

¹⁴ ESCR-Net & New York University, 2013 [*Forthcoming*] 'An assessment of the human rights impacts of POSCO-India's Project in Odisha, India'.

¹⁵ Mining Zone Peoples' Solidarity Group, October 20, 2010 'Iron and Steel: the POSCO-India Story'.

¹⁶ New York Times, "Troops Find Little Is Left In Indian Area Hit by Cyclone," 14 Nov 1999. Available [here](#).

¹⁷ Guiding Principle 11

¹⁸ Guiding Principle 14

ensure POSCO management respects the human rights of the people affected by their project in Odisha.¹⁹

OECD Guidelines for Multinational Enterprises

All companies based in states that are members of the Organisation for Economic Cooperation and Development (OECD), are obliged to uphold the 'Guidelines for Multi-National Enterprises' (the 'OECD Guidelines'). Chapter IV of the OECD Guidelines requires companies to "respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved". Specifically regarding the responsibility of shareholders in the POSCO Corporation, even minor ones, the National Contact Points – the government agencies in each country that is party to the Guidelines responsible for ensuring the Guidelines are upheld – recently noted that minor shareholders have a responsibility to seek to prevent and mitigate adverse impacts caused by the entity they hold shares in.²⁰

Another provision of the OECD Guidelines requires that companies engage with relevant stakeholders in order to provide meaningful opportunities for their views to be taken into account in relation to planning and decision making for projects, or other activities that may significantly impact local communities. In this case, the POSCO Corporation should heed the voice of local communities as expressed in accordance with the Forest Rights Act during Gram Sabhas, which have three times (March, 2008; February, 2010 & October 2012) reiterated the local communities' demand that the project not proceed.

UN Global Compact

The United Nations Global Compact also calls on companies to respect international human rights standards and avoid complicity in human rights abuses. In May 2012, POSCO CEO, Mr. Joon-Yang Chung, wrote a letter to UN Secretary-General, Mr. Ban Ki-moon. He stated that 'POSCO supports the ten principles of the Global Compact with respect to human rights' and 'with this communication, we express our intent to advance those principles within our sphere of influence'. Evidence from the area impacted by POSCO's project in Odisha makes a mockery of this promise. POSCO should honor this commitment and uphold human rights, in particular, refrain from continuing their Odisha project while it undermines the human rights of local people.

¹⁹ UN Guiding Principle 18.

²⁰ Preliminary report of the Netherlands National Contact Point for the OECD Guidelines for Multinational Enterprises (NCP), March 13th, 2013: "The NCP would like to emphasize that the Guidelines are applicable to financial institutions and to investors, including minority shareholders. The NCP finds that the term 'business relationship', as referred to by the Guidelines, is applicable to financial relationships. The examples that are mentioned in the Guidelines are not limitative. The fact that the term "business relationship" is not specifically defined for various types of financial relations does not mean that the Guidelines do not apply to them, all the more since financial relations were covered by the former 'investment nexus' of the 2000 Guidelines. Consequently the NCP does not see why they should be excluded in the new broader terms of the updated 2011 Guidelines".