

9 April 2013

**POSCO' Reply to Brief Note on
'Impacts of POSCO-India's Project on the Lives of Local People in Jagatsinghpur, Odisha, India'**

1. Background

POSCO needs 4,004 Ac of land to set up a 12-MTPA integrated steel plant in Jagatsinghpur district of Odisha. First of all, technically speaking, 4,004 Ac of land is very compact for a 12-MTPA steel plant given the fact that more than 25% will be used for mandatory development of green belt. Secondly, the 4,004 Ac consists of 3,566 Ac (89%) of Odisha Govt's land and only 438 Ac (11%) of private land. The govt land has very sparse and encroached habitation and the private land has certain villages. Most of the inhabitants on the govt land are landless labourers who work in the betel vineyards. POSCO has requested Odisha govt to transfer only the govt land in the first phase because Odisha High Court has imposed status quo order. According to POSCO's socio-economic study, if the entire 4,004 Ac of land is taken, about 450 families will be displaced for whom there is the best R&R package from POSCO. It is totally fictitious to say that the project will evict 22,000 people and disrupt the livelihood of another 33,000 people. It is time the people of vested interest stop spreading lies about POSCO and join in the enhancement of living standard of the people in the project site.

2. Crackdown on People Resisting Forcible Eviction

First of all, it should be noted that the crude bomb which took three lives on 02nd March 2013 exploded when it was being made by the deceased with the murderous intention to attack district officials. The Police did investigation and confirmed it. It was widely reported in the local and national media. Further, it was the same group which had hurled a bomb and claimed one contractor worker life in 2011 also. POSCO strongly condemns such violence by the people of vested interest. Odisha Govt's administration is carrying out the land clearance in the govt land. As per POSCO's understanding, authorities are not using any force to evict any people. The police force is only to provide safety to the govt officials and to contain any anti-social elements. The Dinkia village school headmaster wrote letter to the parents to restrain their children from being used in the anti-project violence (Annexure-1). The Gobindpur villagers have written letter to the district officer to provide police protection and to resume land

clearance activities (Annexure-2). It proves that the Odisha Govt is not doing any forcible eviction of people from their land.

3. Domestic Legal Issues with the POSCO-India Project

First of all, we answer the issue of *Forest Rights Act, 2006*. Saying that the three *gram sabhas* (local assemblies) have rejected the project in the wake of Forest Rights Act, 2006 is totally incorrect and misleading. It should be noted that the *gram sabhas* are held under the notification issued by the Govt of Odisha under the *Odisha Gram Panchayat Act, 1964*. On 17th Sept. 2012, the *Panchayati Raj Department* of the GoO issued *Notification No. 17-PADM-19-1033-16190* to hold *gram sabha* in all revenue villages across Odisha under the *Gram Sabha Sashaktikaran Karjyakrama (GSSK)* between 02nd Oct and 12th Oct. 2012 and the *Block Development Officer (BDO)* to be the nodal officer. As per the *Notification*, only the following were the set agendas of the *gram sabha* across Odisha:

- Indira Awas Yojna & Mu-Kudia (Indira Housing Plan & My House)
- Preparation of five-year plan for National Rural Employment Guarantee Scheme
- Gopabandhu Gram Yojna (Gopabandhu Village Plan)
- Cement concrete road
- Selection of village panel to execute work

In the light of the *Notification*, any *gram sabha* resolutions not covered under the said Notification are invalid because of these reasons. Firstly, neither the diversion of the forest land nor the determination of the Scheduled Tribes or Other Traditional Forest Dwellers was the official agenda of the *gram sabha*. Secondly, anti-project activists particularly, *Mr. Sisir Mohapatra* and *Mr. Abhay Sahoo* did not allow Dhinkia village's authorized executive officer, *Mr. Sridhar Swain* to conduct the *gram sabha*. Thirdly, only around 200 people, mostly belonging to anti-project outfit, attended it whereas as per the record of the Govt of Odisha the total voting population of Dhinkia Panchayat, including Gobindpur, is more than 5,300. Fourthly, the villagers of Trilochanpur and Gobindpur, who also belonged to the same Dhinkia Panchayat and opposed to inclusion of rejection of POSCO's forest diversion in the agenda of *gram sabha*, did not attend it to register their opposition.

The final Forest Clearance was granted by the MoEF on 04th May 2011 after considering and reconsidering anything and everything that was deemed necessary under the provisions of the applicable laws. Subsequent resolutions hold no relevance and value at all because the final Forest Clearance cannot remain endlessly open for challenge. If so happens, the Forest Clearances of all the projects in India could be challenged by such subsequent resolutions on one ground or another, leading to total industrial mess in India.

As far as the issue of MOU is concerned, the MOU was signed between POSCO and Odisha Govt in 2005 and the MOU was valid for a period of five years. The MOU expired in 2010 and since then both the parties have discussed it many times and the final draft of the MOU is almost ready in the light of new policies of the Odisha Govt. Anyway, expiration of MOU does not affect the project movement.

As far as the issue of National Green Tribunal's (NGT) order to review the Environment Clearance (ECs) is concerned, the NGT has asked to review only the additional conditions attached to the ECs in 2011. It has kept the original EC granted in 2007 intact. The renewal of ECs of steel plant and port is in the advanced stage in the Central Govt. Since the ECs are under renewal process now, POSCO is not doing any kind of activity in the site area except the Odisha Govt is securing the land, which is explicitly under the Environment Impact Assessment Notification, 2006. POSCO is not violating any provisions of the environment laws.

4. Degradation of the Standard of Living for Local People and impact on the Environment

National Institute of Applied Economic Research (NCAER) is govt-funded impartial research institute of high repute in India. The NCAER carried out socio-economic cost benefit analysis for POSCO's Odisha project in 2006. The research report is available on the homepage of the NCAER. The study highlighted how POSCO would contribute to the economy of India and Odisha. It also highlighted the huge number of employments POSCO project will generate for the local people. Casting aspersions on the NCAER study is grossly unfair.

As far as the issue of transit camp is concerned, it should be first noted why people are living in the transit camp. The fact is that the people are living in the transit camp because the anti-project people, who call themselves the champions of the human rights and well wishers of the local people, have

ousted them from their villages. POSCO adopted them have been providing basic amenities to the people living the transit camp.

As far as the myth that the construction of port will disturb the ecological life is totally incorrect. As per our Marine EIA Report, the construction and the operation of port will not disturb ecological life. If detailed information on this subject is required, POSCO will submit it.

5. Corporate Responsibility to Respect Human Rights

POSCO does not believe in violation of human rights. It knows its responsibility as corporate global citizen. Human rights are intrinsic feature of its business planning.

6. UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multi-national Enterprises, UN Global Compact

POSCO being a signatory to the various principles and guidelines, including the *OECD Guidelines* and *UN Global Compact*, POSCO is mindful of its obligations under these principles and guidelines towards the local community and is working within the framework of those principles and guidelines. POSCO is open to new suggestion in the area of community consultation in Odisha. POSCO has already been carrying out various CSR activities for the local communities. POSCO's commitment to respecting the rights of the local community is uncompromising and unfaltering.