

# **Fact Finding Report on Human Rights and Environmental Violations of the POSCO Project in Orissa, India (Brief report)**

Time: August 28 - September 5, 2010

Place visited: Delhi and Orissa, India

Fact Finding Team Members:

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## **I. Background**

- On June 22, 2005, the Pohang Iron and Steel Company (POSCO), having taken interest in the abundant minerals of Orissa, India, launched a MOU (Memorandum of Understanding) with the Orissa government in regards to the 12 million ton capacity steel plant construction, related mining project and related construction of other social overhead capital based-facilities.
- As 3,500 out of the total 4,000 acres required for the steel plant belonged to public land, POSCO and the Orissa government had assumed that the project could be launched without any difficulty or opposition.
- Among the three Gram Pachayats (representative bodies elected by the villagers) of Dhinkia, Nuagaon and Gadakujang, some of the land was expected to be contributed for the POSCO project. Of these, the villagers of Dhinkia started opposing the POSCO steel plant project. In November 2007, violence broke out between villagers for the POSCO project and those who were against the project. Since then, Korean civil society has been paying attention to the issues caused by the POSCO project and responding to them.
- On February 19, 2008, Korean civil society composing of 18 civil groups had a press conference in front of the POSCO headquarters building, pointing out that POSCO project was moving ahead without the villagers' participation and agreement, and sent their inquiry to POSCO. On the same day, the POSCO countered with their own press release.
- To verify the counter-arguments released by POSCO, Korean civil society conducted the first field visit from April 26 to May 6, 2008. In conclusion, it was clarified that the villages opposing to the POSCO project did not demand compensation but wished to maintain the land on which the villagers have been depending and living, preserving their traditional way of living. In addition, it was discovered that Khandadhar, the area targeted for the mining project of POSCO, has been confronting serious environmental destruction.

- Even after the first field research, violence took place between two sides: some villagers caused the death of another villager who had fought against the POSCO project on June 21, 2008. The police have since then continuously blocked the anti-POSCO project villages. No one including the State government officials nor POSCO officials, have been allowed to enter the villages.
- In January 2010, anti-POSCO project villagers began raising their voices concerning the visit to the POSCO steel plant project area by the Korean president, Mr. Lee, and started protesting from January 26. Korean civil society also released a statement demanding that the Korean enterprises including POSCO should respect human rights while establishing their investment in India, giving particular attention to President Lee's visit to India. At the same time, at the meeting of the POSCO response committee of civil society groups on January 5, 2010, it was decided to conduct a second field research on the POSCO project.
- On May 15, 2010, the villagers continuing their protest for four months had to face the violent subjugation by the police force who had been sent by the State government. More than 100 villagers were reportedly injured.
- Korean civil society immediately released a statement denouncing the police violence against the villagers. On May 25, Korean civil society held a press conference in front of the POSCO headquarters and delivered their inquiry to POSCO, which POSCO did not respond to.

## **II. Purpose of the second field research**

There were two significant decisions that came out before the second field research planned in late August.

- In July 2010, the Orissa high court rejected the State government's decision to allot an iron ore license in Khandadhar hills in Sundergarh district to the POSCO. The Orissa government filed an appeal to the Supreme Court. Apart from the judgment of the Supreme Court, it clearly proves that POSCO, which has been mainly targeting the abundant minerals of Orissa for the project, has failed to even obtain the license for mining.
- The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, to protect the forest as well as the villagers living in the forest, mainly the tribes of India, was passed in December 2006 and notified into force in December 2007. According to the Forest Rights Act, the Saxena Committee, which had conducted a survey in July 2010 on the areas to be allotted for the POSCO project, reported that the State government as well as POSCO had infringed the Act. Accordingly, on August 6, 2010, the Ministry of Environment and Forests gave an advice on the cancellation of the forest clearance given to the POSCO project. The Saxena Committee report pointed out that the tribes and the forest dwellers who have been living in the areas for more than

three generations, or 75 years, were to be protected by the Forest Rights Act; and that it was necessary in accordance with the Forest Rights Act for POSCO to get their agreement and participation in order to launch its project, which POSCO did not. The Orissa government strongly denied what the Saxena Committee report said. (Later, the Meena Gupta Committee conducted a research on the areas for two days from 27 to 28 August, and this committee report released on October 18, 2010 raised similar issues to the Saxena Committee report.)

- In conclusion, Korean civil society realized the need to conduct a field visit to verify the Saxena Committee report, the ongoing process of the POSCO project and the villagers' level of agreement on the POSCO project.

### **III. Result of the Fact-Finding Research**

#### **1. The villagers' viewpoints regarding the POSCO project**

- It was observed that the number of anti-POSCO project villagers is much greater than the number of those who are in favour of the POSCO project. According to the leader of the anti-POSCO movement, Mr. Abya Sahoo, not only the villagers of Dhinkia but the villagers of Nuagaon also mostly oppose the project, and furthermore express the determined attitude that they will not leave their land irrespective of compensation – even though POSCO had suggested 1.7 million rupees (46 million Korean won, or approximately USD 41,343) as compensation for one acre of private land.
- Pro-POSCO project villagers were also not satisfied with the compensation level proposed by the POSCO. POSCO India had acknowledged that pro-POSCO project villagers raised some issues about the amount and the manner of compensation that had been proposed. On the other hand, the representative of pro-POSCO project villagers, Anandi Rout, said that pro-POSCO villagers welcome the POSCO project and wish to obtain economic benefits from the project as soon as possible.

#### **2. POSCO's contravention to the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act 2006**

- Priyabrata Patnaik, a chairperson of the Orissa Industrial Infrastructure Development Corporation, insisted during the interview with the fact-finding mission that the villagers who were living in the areas which would be allocated to the POSCO steel plant construction, have been residing there less than 75 years and accordingly are not entitled to be protected by the Forest Rights Act 2006. To the contrary, Mr. Prashant Paitaray, the spokesperson of the Posco Pratirodh Sangram Samiti (PPSS), provided documents that had also been submitted to the Saxena Committee as well as the Meena Gupta Committee, proving that the villagers are indeed beneficiaries protected by the Forest Rights Act 2006. In addition, it was observed that the Orissa government had been ignoring and concealing the opposing views raised by the anti-POSCO project villagers

so far. In conclusion, it was clarified that the POSCO project was flawed legally as well as morally.

- Not only the issue of allocation of land for the POSCO project, but the issues of environment and the villagers' rights were not properly discussed and sorted out either. The Khandadhar hills in the Sundergarh district where POSCO had applied for a mining license also face the issue of the forest and its residents. Although POSCO was able to get the license for mining in Khandadhar, it is highly possible that the issue of contravention of the Forest Rights Act will be raised. As identified through our first fact-finding research, Khandadhar is predominantly occupied by the local tribes and has been confronting serious environmental destruction, which implies that the Forest Rights Act will be strictly applicable. Given the fact that POSCO India ascertained that the main purpose of the steel plant construction was to acquire the iron ore by mining, even though the steel plant construction could be initiated, it is expected that POSCO will face more difficulty ahead in the mining project.

### 3. Recommendation to the POSCO and Orissa government

- The Orissa government, promoting a development project without precise field research and discouraging the affected villagers' participation, should provide compensation and apology to the villagers who have been facing human rights violations and exclusion so far.
- As apparent from the fact that the fact-finding team was taken to the police station and investigated immediately after visiting the anti-POSCO project villages on August 30, 2010, the police should stop the suppression and surveillance of the anti-POSCO project villagers, which violates their human rights.
- The Orissa government should acknowledge that the POSCO project cannot succeed in its launch without the villagers' participation and agreement, and it is highly recommended to thoroughly reconsider the POSCO project.
- Starting with the POSCO project, the Orissa government should respect and observe the principles that any development project should be initiated only with a transparent and democratic process that includes the villagers' participation.
- The Ministry of Environment and Forests of India should immediately respect and fulfill the recommendations proposed by the Saxena Committee, the Meena Gupta Committee and the Forest Advisory Committee (FAC), a key committee of the Ministry of Environment and Forests.
- The central government of India also should immediately conduct a thorough re-survey and re-examination of the whole POSCO project.

## IV. Subsequent Activities

1. Based on the fact finding research, on September 17, 2010, the open letter signed by 15 Korean civil groups calling for the just report was sent to the Meena Gupta Committee. Please see the open letter; [\*\*INDIA/SOUTH KOREA: Korean civil society expects the Committee to make a fair and prompt decision on POSCO project in Orissa\*\*](#)

## 2. Korean media release regarding POSCO India project

- On September 17, 2010, "15 Korean civil groups, send an open letter regarding POSCO to India"  
[http://www.ohmynews.com/NWS\\_Web/view/at\\_pg.aspx?CNTN\\_CD=A0001448152](http://www.ohmynews.com/NWS_Web/view/at_pg.aspx?CNTN_CD=A0001448152)
- On September 17, 2010, " POSCO India project, a dilemma and a thorny path"  
[http://www.ohmynews.com/NWS\\_Web/view/at\\_pg.aspx?CNTN\\_CD=A0001447422&PAGE\\_CD=13](http://www.ohmynews.com/NWS_Web/view/at_pg.aspx?CNTN_CD=A0001447422&PAGE_CD=13)
- On November 5, 2010, "Orissa government fabricating the official documents, will POSCO India steel plant project be a mirage?"  
[http://www.ohmynews.com/NWS\\_Web/view/at\\_pg.aspx?CNTN\\_CD=A0001473216](http://www.ohmynews.com/NWS_Web/view/at_pg.aspx?CNTN_CD=A0001473216)

## V. Fact-Finding Research Schedule

Itinerary		Activity	Reference
August 29, 2010	Lohia Academy	Meeting with the spoke person of PPSS	
August 30, 07:00	Dhinkia	Meeting with the leader of PPSS	
17:00	Dhinkia - Paradeep Police station	The local police took the team members to the police station	
20:00	Police station - Bhubaneswar	Released from the police station after inspection	The team missed the train to mining area
August 31	Bhubaneswar	Meeting with the local activist and try to contact the State government officials	
September 1	Kujang	Meeting with Mr. Oh, Dong ho, POSCO officer	
September 2	Bhubaneswar	Meeting with Mr. Priyabrata Patnaik, a chairperson of Development Company of Orissa	
		Meeting with POSCO high profile officers	
		Verifying the documents regarding the villagers submitted by the PPSS	
September 3	Council for Social Development	Meeting with Prof. Manoranjan Mohanty	
		Visiting media office	
September 4	Habitat Centre	Participation on International Conference about Refugee	