

SEZ NEWS

WHAT YOU NEED TO
KNOW. AND THEN SOME.

Volume 1, Issue 2

April - May 2008

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GREETINGS

The protests against Special Economic Zones continue to rage around the country. From Una in Himachal to Mangalore and Nandagudi in Karnataka, not to forget the success met with by the citizens of Goa and, to a lesser degree, the villagers of Jagatsinghpur, Orissa (fighting the POSCO project), large numbers of affected rural communities continue to raise their voices against land acquisition and endanger their lives in order to obtain a hearing and a measure of justice from governments at the Centre and the states, committed as they are to a seriously short-sighted economic policy.

As the spectre of historically unprecedented price rise grows in India, reflecting a global trend, policies promoting corporate globalization are going to come into question, especially in this crucial election year. We are wrongly taught to analyze socio-economic and political problems in isolation from each other. However, the real is always a whole. Put differently, reality can only be understood holistically. Applied to the context of SEZs in India, it is worth bearing in mind constantly their place in the scheme of things that governments hell-bent on investor-friendly reforms have created over the past few decades.

More urgently, in the present conjuncture, with a serious crisis of food security for the poor looming close, it is worth reflecting

on the extent to which SEZs are and will be contributing to loss of fertile land, food insecurity and loss of food sovereignty. It is misleading to say, as some powerful advocates of the policy have argued, that SEZs are only taking up 0.01% of the country's arable land. The way to analyze a new policy is not by taking a static, short-sighted view of it. The correct way is to project the alternative scenarios under which the policy and its consequences will play out in years to come. If SEZs are seen to be "successful" (in terms of the narrow criteria on growth in money terms) a few years down the road, there will surely be a demand for many more SEZs.

Moreover, given their severe infrastructure demands they are going to continue to steal fertile land and infrastructure from agriculture in the future as well.

In a time of growing food insecurity, this should surely concern our rulers. The public needs to make such connections between different legs of the government's economic policy.

Finally, as one of the articles in this issue demonstrates, SEZs continue to find favour in many Third World countries (why not First World? A very good question) apart from India. There are lessons there for everyone.

Our task of research and action for this year is cut out.

- Aseem Shrivastava

**Have something important to say?
Think it needs to be published?
Wondering how to go about it?**

The last page of this issue just might have the answers you are looking for !!

A BRIEF REPORT FROM UNA, HIMACHAL PRADESH (MARCH 18, 2008)

Survey Work for SKIL's Airport Based Multi Product SEZ begin

Local farmers refuse to part with even an inch of land for the project

Local Mobilisation and agitation gains momentum

For the past 2 to 3 weeks, an agitation has been brewing amongst the farmers of Gagret block, Amb tehsil of Una District. The trigger behind the local agitation came in February when the Chief Minister of the State announced that the possibility of setting up an airport based Special Economic Zone, proposed by SKIL Infrastructure Limited, was being explored by the government. The proposal for this and two other SEZ projects in the state were shelved by the Congress Government, who was in power last year, considering the stormy protests around SEZs in other parts of the country, especially Nandigram, West Bengal. However, the new BJP government is now considering reviving the SEZ projects along the 'Gujarat SEZ Model' as stated by the Chief Minister.

On 27th February 2008, the Deputy Commissioner of UNA had a meeting with company (SKIL) officials as well as the revenue officers/ patwaris of the Gagret Block, Amb tehsil. The Patwaris were ordered to conduct a survey in the Chalet, Daulatpur, Gagret, Gondpur, Banheda, Amb circles of the block consisting of about 13 to 15 revenue villages. The survey, apart from assessing the land details, was to have a counting of trees and number of affected families in an area of 8000 acres in the above mentioned area. No public announcement was made for this survey and no information was given to the people of the area about this. Naturally, as the survey work began, so did speculations

about the project and its probable impacts on the farmers who are likely to lose their land. The Ministry of Commerce in 2006 had given an in-principle approval to SKIL for developing the Airport based Multi product SEZ over an area of 3230 hectares in Gagret Block. Much of this area is agriculture land. The patwaris and local officials have attempted to mislead the local residents by saying that only government land is going to be acquired for the area. Furthermore, most residents know only about the airport, while officials are refraining from calling it an SEZ.

In response to the survey and the possibility of an approval for the project, the local residents of 13 villages have formed a Matri Bhoomi Rakhsa Sangarsh Samiti (MBRSS) with Murtan Singh (Pradhan of Gondpur Banheda) as the leader. Narinder Singh Parmar of Kuneran is the legal advisor for the Samiti. At present the Samiti is organising public meetings for local mobilisation and awareness in all the villages that may be directly or indirectly affected. Yesterday, i.e. on the 18th of March a public meeting was held at Bhanjaal talab and the response from the people was overwhelming. Women, men and children, amounting to hundreds, attended and sloganeered against the project. "90% of the farmers are unwilling to part with their land, which is the main source of sustenance" said Narinder Parmar of Kuneran. "The 10% who may be interested in selling have no stakes in the local area and we will ensure that they don't pressurize us in any way" he added.

There is also some talk of channelisation of the Soan river for the project,

which again is not going down well with the local population. While the river is mostly seasonal, flowing in the monsoon, it plays its role of recharging the ground water. Currently the area is facing a severe scarcity of drinking water and any project that is likely to consume water at a large scale is bound to affect the supply for local residents. As the residents have articulated well "The Pong and Bhakra dam oustees are yet to be rehabilitated. We don't trust that the government is capable of resettling project affected people". Meanwhile, Balbir Singh, the MLA of the area, has been missing in action due to fear of facing local wrath. "He did meet the members of the Samiti once, but did not take any clear position on the matter" said Kamal Kumar, Pradhan of Ambota Panchayat.

On 16th March 2008, the MBRSS submitted a memorandum to the DC to explain the purpose of the survey as well as withdraw the project or make a statement on the same. If not, they have warned the revenue officials that a state level agitation will be initiated.

Manshi Asher and NK Singh representing the Him Niti Abhiyan, visited the area for two days (17th and 18th March) and interacted with the local people and members of the Sangarsh Samiti. Apart from distributing copies of a documentary film on SEZs (which was screened in the village meeting) they also shared experiences of SEZs from other parts of the country.

- Manshi Asher
(manshi.asher@gmail.com)

POSCO SEZ IN ORISSA: AN ECONOMIC SCAM BREWING?

While the government of Orissa (India) ostensibly fights opposition to the POSCO project from human rights activists and environmentalists, is there a gargantuan economic scam playing out?

The second statement in the Memorandum of Understanding (MoU) signed between POSCO and Orissa state government states:

"The government of Orissa, desirous of utilizing its natural resources and rapidly industrializing the State, so as to bring prosperity and wellbeing to its people, has been making determined efforts to establish new industries in different locations. In this context, the government of Orissa have been seeking to identify suitable promoters to establish new Integrated Steel Plants in view of the rich iron ore and coal deposits in the State."

We must look at the impact of this economic venture on Orissa from a social and environmental perspective but most importantly from an economic perspective.

In the (MoU), POSCO plans investment of approximately USD 12 Billion or Rs 48,000 crores. The numbers are awesome. Rs 48,000 crores could do much for a state that is faced with one of the poorest social and economic indices in the nation – in terms of literacy, health care, nutrition and mortality, earning power, etc. As part of Phase I, POSCO plans on setting up projects worth Rs 21,900 crores by 2012 and projects worth 21,500 crores as part of Phase II by 2016.

POSCO will set up an Indian subsidi-

ary headquartered in Bhubaneswar for this effort based on 20-25 acres of land. In addition, POSCO will require 6000 acres of land for the steel project and associated facilities as well as for township development. In addition, other land may be acquired for infrastructure to transport goods between plants and to the port, for water treatment, etc. The government

Processes are encumbered with corruption – every truck load mined needs to pay the local MLA Rs 500 and a similar amount goes to the party coffers.

of Orissa has undertaken to provide this land to the company.

In a show of good intentions, the MoU also notes that:

"The government of Orissa appreciates that the Company will be a responsible corporate house with a high involvement in employees' welfare and social development."

The Oriya community is thus thrilled at the prospect of a major multinational investing in setting up the biggest iron and steel project in Orissa which will not only bring in an unheard amount of investment into the state but also provide for jobs and townships to help develop the people of the state. The government of Orissa must be proud for having pulled this off.

And yet, there has been significant hue and cry on this deal. Environmentalist crying about a waterfall that could die – who cares about it when people are dying from starvation! Hills and scenic beauty will disappear – who cares if it provides stable livelihoods to a significant fraction of Orissa's people. Even the discussion

on the Ridley turtles seems ridiculous from this perspective. The people of Orissa seem justified in arguing that similar penalties were paid in the development of Maharashtra, Karnataka or other more developed parts of India or the world – so why complain now that we are doing the same. And that is a fair argument.

It is also fair to truly understand the details of this economic benefit that government of Orissa believes will come to Orissa.

The Direct Economic Component

As part of the initial deal, POSCO has promised a flat rate of royalty at Rs 27/ton of iron ore to the government of Orissa (for ore with at least 62% iron content). This results in less than Rs 1620 crores to government of Orissa over time of the contract of 600 Million tons.

The current global market rate of iron ore is over USD100/ton. In December 2007, the market was at USD 120/ton. By this rate, 600 million tons of iron ore (that POSCO would mine) at greater than 62% iron content would result in Rs 240,000 crores. Wow! We suddenly realize that POSCO has effectively been given this ore free. Accounting for mining costs and the total investment package (less than 10% of the costs) the people and the state of Orissa are getting less than 1% of open market price of iron ore.

This is not a special deal for POSCO – similar (though smaller) deals are in the works with Tatas, Vedanta, Jindal, etc. Why is the government of Orissa (and the Central Government) pursuing such deals? People in the business point to the strength of special

POSCO SEZ IN ORISSA: AN ECONOMIC SCAM BREWING?

interest groups and the mining lobby and that all political parties have received their dues from the lobby. Processes are encumbered with corruption – every truck load mined needs to pay the local MLA Rs 500 and a similar amount goes to the party coffers.

For all the excitement among the Oriya community, there have been few demanding accountability from government of Orissa - why is the government of Orissa selling the ores at less than 1% of the global price. Surely, more money coming into the state coffer will be more helpful for the people, and will lead to more development?

After detailed analysis, some groups have demanded that the government of Orissa set the royalty at 50% of the market price, and that if the iron ore were to be converted to steel outside the state, the royalty be 80%. Such a coalition including the 5 states of Chattisgarh, Jharkhand, Orissa, Karnataka and Rajasthan is underway. Chief Ministers from these states met with the Prime Minister of India, on the 19th of December and demanded a 20% royalty, which is lower than the public demand of 50%. The Central Government of India haggled and is considering a royalty of 7.5-10%. However, the government of Orissa seems too readily satisfied with this suggestion. Such pressure does make the state respond. Now the state of Orissa will receive Rs 18,000 to 24,000 crore in royalty (if this is made binding) as opposed to 1620 crores as per the earlier plan. What reasons force these governments to undersell minerals at 90% below the market prices?

The state government has been very unwilling to provide details of the transactions, with the government of Orissa initially claiming that disclosing such details of public funds went against confidentiality agreements (unless there are security threats, democratic governments globally have provided details of deals with private agencies). This begs the question... **Why should the Government of Orissa, with an annual budget of 4500 crores, let go of 108,000 crores or 3600 crores per year for the next 30 years and be satisfied with 600 crores/ year?** (50% of 216,000 crores, the price of 600 MT of Iron Ore at last year's prices)

- Sandip Dasverma and Sanat Mohanty

CALL FOR RELIEF: AN APPEAL

Relief materials for Nandigram victims (specifically old clothes, children's clothes and rice) can be sent to Mahasweta Devi's address, given below:

c/o Mahasweta Devi

W 2C 12/3 Phase 2, Golf Green, Kolkata 95. Ph: 24143033

<http://development-dialogues.blogspot.com/>

LETTER FROM KSEZ OCCUPIED AREA

(Excerpted from the original letter dated 18-03-08)

Dear Sirs...

Greetings from

KSEZ Vyathireka Porata Committee!

KSEZ Vyathireka Porata Mahila Sangham!

KSEZ Vyathireka Yuvasena!

Kadali Samajika Udyama Sangham !!!

Let me apologize at the onset. As you are aware, due to the repression in the field, we are unable to send the messages daily. After our release from jail, the anti KSEZ struggle has taken a historical shape with the involvement of the community, struggle groups, eminent persons and few All Party Member delegations.

We, the members of the struggle committee (under the coordination of KADALI with Kakinada SEZ Vyathireka Porataka Committee) sat with the community and made a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the movement. When we realized that the people had gained trust and strength, we decided to proceed further with the struggle.

Accordingly, we planned a "Black Day" on 27th January, 2008 and hoisted flags stating "KSEZ Maa-koddu", which means "We do not want SEZ". Representatives from women groups joined Ms. Medha Patkar and extended their solidarity towards the anti SEZ yatra from Nandigoa to Grorai. (Mumbai).

Ms. Medha Patkar, Ms Hema Venkatrao and Nagendra Babu,

along with other advocates, argued before the Human Rights commission for the KSEZ Vyathireka Porataka Committee and the judgment which followed, announced a stay on further activities with relation to land acquisition, until further orders were issued, i.e. on the 4th of April, 2008. All respondents were called for an explanation.

Event of March 07th (Women's Day)

On 07th March, 2008 thousands of women along with men and children gathered and conducted a meeting under the chairmanship of Ms. Hema Venkatrao. Many prominent leaders and intellectuals like Dr. P. Chiranjeevin Kumari, Aloori Vijaya Lakshmi, Ratna kumari, Garimella Narayana and others, expressed their support for the movement. All party delegates and women leaders like K. Maha Lakshmi and J.Appala Raju from the KSEZ Mahila Sangham shared the message of assertive involvement within the community and stressed on the importance of raising ones voice, towards the goal of liberalisation from the KSEZ.

Legal battle:

The legal committee consists of Mr. P. Bala Ramudu, K. Udaya Kumar, Mr. Sayyad Salar, Srinivas and B. Ramdas. Advocates have filed cases against the KSEZ Authorities and against DSP Sri Surya Rao of East Godavari for his immoral and unethical code of conduct with Ms. Hema Venkatrao. A petition was also filed in the Andhra Pradesh State Human Rights Commission against the denial

of human rights of the community, as their initial case is still pending in the Honorable Court at Hyderabad. Another petition is being filed on behalf of Smt Hema Venkatrao against the denial of legal professional right afforded to her and harassment in the face of her support for the movement.

Present Situation:

The repression from the KSEZ authorities, revenue and police, continues and is being intensified daily. So much so, that even though section 144 has not been imposed, the atmosphere of it prevails. Political parties must declare their stance on the SEZ policy at a state level.

Anticipating your support

(B. Narayana Swami & Ch. S.N. Murthy) KSEZ Vyathireka Porata Committee

(K. Mahalakshmi J. Appala Raju) KSEZ Vyathireka Porata Mahila Sangham

(P. V. Babji K. Babu Rao) KSEZ Vyathireka Yuva Sena

(N. Hema Venkatrao) KSEZ Vyathireka Porata Mahila Sangham rep & Counsel

(K. Rajendra & team) KADALI Samajika Udyama Coordination Sangham

-
- K. Rajendra - 0 9848557107
 - Hema Venkatrao - 9912195330

CURRENT EVENTS

SC notice to Tatas on Nano car project land**Tuesday**

May 13, 2008: The Supreme Court on Tuesday decided to examine the validity of the acquisition of land in Singur, West Bengal, by the state government for the Tata Nano car plant.

Govt to take up 13 SEZ proposals on May 16**Monday**

New Delhi, 11 May, 2008: The government will this week take up 13 fresh proposals for special economic zones, including nine in Andhra Pradesh.

No dilution of labour laws in SEZs: Centre**Friday**

Mumbai, May 23, 2008: The United Progressive Alliance government has made it clear to states that it will not permit them any relaxation in labour laws in special economic zones, petrochemical hubs and industrial parks such as easing norms for hiring and firing and employment of women and restricting union activity, among others.

Villagers boycott SEZ hearing**Friday**

May 23, 2008: Office bearers of all 12 gram panchayat in Pen taluka on Wednesday snubbed Raigad collector Nipun Vinayak by boycotting a public hearing organised to discuss a proposed special economic zone by Mukesh Ambani-led Reliance group.

Mizoram gears up for SEZ**Wednesday**

Silchar, May 20, 2008: The Mizo National Front government is gearing up to estab-

lish the Northeast's first special economic zone.

FM may exempt SEZs from steel export duty**Wednesday**

New Delhi, May 20, 2008: Finance Ministry is considering to exempt special economic zones from payment of export duty on steel after the issue has been raised by the Commerce Ministry and developers, including Reliance and Essar.

MSEZ officials perform puja at Permude**Tuesday**

Mangalore, 13, May, 2008: The promoters of the Mangalore Special Economic Zone performed a puja on Monday and earth breaking ceremony on 15-acre plot in Permude village under the protection of a large police force.

Open-house to sort out SEZ problems**Tuesday**

New Delhi, May 26, 2008: The commerce ministry will hold an open house meeting in Mumbai next month to sort out issues regarding Special Economic Zones (SEZs), including ineffective functioning of the single window clearance mechanism of SEZs in several states.

Repro unit in Surat SEZ**Tuesday**

Coimbatore, May 26, 2008: Repro India Ltd has said it setting up a printing unit in a Special Economic Zone at Surat. The company is in the process of acquisition of the property and necessary procedural formalities for the commencement of production are in progress.

No question of returning land: CPM**Monday**

KOLKATA, May 25, 2008: Mr Jyoti Basu, veteran CPI-M leader today made it clear the state government is in no mood to return 400 acres of the land for the Tata small car unit to farmers as demanded by Trinamul chief Miss Mamata Banerjee. He said this after attending the party's state committee meeting on the recent poll debacle. He reiterated what Mr Nirupam Sen, state industry minister said, "there is no roll back in the state's industrialisation policy".

Steel SEZ in Salem by 2010, says SAIL**Sunday**

New Delhi, May 24, 2008: The special economic zone (SEZ) of Steel Authority of India Limited (SAIL) at Salem in Tamil Nadu will be ready by 2010, Chairman S K Roongta, said on Friday.

Second BARC unit to come along coast in Andhra SEZ region**Saturday**

NEW DELHI, MAY 23: A 138-km coastal corridor in Andhra Pradesh between Vishakhapatnam and Kakinada meant to attract petro-chemical industry investment, will have on its fringes the second Bhabha Atomic Research Centre (BARC) complex.

Kerala likely to get eight new SEZs**Thursday**

Kerala, May 28, 2008: The Kerala government is planning to forward eight applications for the establishment of Special Economic Zones (SEZ) to the centre, an official said here Tuesday.

CURRENT EVENTS

Polepally SEZ victims in fray**Thursday**

Hyderabad, May 28, 2008: Thirteen independent candidates from Jadcherla Assembly seat, who entered the fray to register their protest against Polepally Special Economic Zone (SEZ) in Mahaboobnagar district, said they would contest in the next general elections too if the State Government failed to address their problem.

Uttarakhand to set up IT SEZ in Dehra Dun**Thursday**

New Delhi, May 29, 2008: The Uttarakhand government has decided to set up an IT (Information Technology) Special Economic Zone (SEZ) in Dehra Dun. The SEZ would be set up on Sahasradhara road here, where the State Industrial Development Corporation of Uttarakhand Ltd (SIDCUL) — a state government enterprise for the development of industries — is already setting up an IT Park, official sources said here today.

Mukesh Ambani SEZ offers land or money for affected persons**Tuesday**

Mumbai, May 25, 2008: Mumbai Special Economic Zone Company (MSEZ), promoted by Mukesh Ambani and associated entities and persons, said it would allot 12.5 per cent of the developed land in proportion to the original land owned by project affected persons (PAPs).

Over 300 ha acquired for SEZ, says Lt. Governor**Wednesday**

Pondicherry, March 26, 2008: A Special Economic Zone (SEZ) is being set up at an

estimated cost of Rs. 283.17 crore under public-private partnership mode, Lieutenant Governor Bhopinder Singh said in his address to the Assembly on Tuesday.

Govt planning to amend land acquisition law: Shivraj Patil**Wednesday**

New Delhi, March 24, 2008: The Centre is contemplating amending the land acquisition law to ensure adequate compensation, both monetary and psychological, to people whose lands are acquired.

CPI demands SEZ Act amendment**Wednesday**

Hyderabad, March 25, 2008: The CPI today demanded that the Centre amend the SEZ Act to prevent governments from acquiring lands and also to enforce trade union laws in those zones.

Kalinga Nagar tribals threaten mass stir**Wednesday**

Jaipur, March 25, 2008: Tribals of Kalinga Nagar have threatened mass agitation against the indifferent attitude of the state government towards fulfilling their seven-point charter of demands.

Fortunes divided by highway**Wednesday**

Jaipur, March 26, 2008: For the largely agrarian villagers of Chota Bagru, a nondescript dusty hamlet 35km from the Pink City, the grass is definitely greener on the other side of the six-lane Jaipur-Ajmer Expressway. Forced to give up land for a SEZ coming up on their fields, the farmers rue their fate ever since the Vasundhara Raje government began acquiring land through the Jaipur Development Authority

Karegaon farmers protest against SEZ**Wednesday**

PUNE: Hundreds of farmers, led by former state minister Bhai Vaidya, on Tuesday protested at Karegaon, in Shirur taluka, about 50 km from here, opposing the special economic zone (SEZ) schemes of the government.

'Only useful SEZs should be given sanction'**Tuesday**

New Delhi, March 24, 2008: To check undue proliferation of Special Economic Zones, approval given to such enclaves should be cancelled if they do not start functioning within a timeframe, a key finance ministry official said.

'SEZs need to work within timeline'**Tuesday**

New Delhi March 24, 2008 (PTI): To check undue proliferation of special economic zones (SEZs), approval given to such enclaves should be cancelled if they do not start functioning within a timeframe, a key finance ministry official said.

No agricultural lands for SEZs: Govt**Tuesday**

New Delhi, March 24, 2008: The Centre is contemplating amending the land acquisition law to ensure adequate compensation, both monetary and psychological, to people whose lands are acquired.

SPECIAL PLACE OR SPECIAL ZONE — THE FUTURE OF AQABA

Excerpted from World Watch Magazine, Vol. 21, No. 2, March/April 2008, "Special Place or Special Zone? The Future of Aqaba"

Aqaba, a small city at the southern tip of the Hashemite Kingdom of Jordan, perches at the margin of the desert and the waters of the Gulf of Aqaba, and would seem to be an out-of-the-way place to be attracting global economic attention. Yet Aqaba entered the twenty-first century on an entirely different note. In 2000 the Jordanian government declared the city a Special Economic Zone—a preferred tax- and duty-free site designed explicitly to attract investment and international businesses. Billions of dollars of development projects are now in motion, radically—and perhaps irrevocably—altering the city's character, structure, appearance, and prospects. And the town's inhabitants and environmental activists are starting to wonder how to reconcile this upheaval with Aqaba's local community, heritage, and natural amenities.

The Zone

Eilat's (neighboring Israeli town) coast is hogged by hotels and mall complexes that could just as well be anywhere, and its downtown is largely separated from the life of the town's residents. Aqaba, on the other hand, still felt like a living Middle Eastern city. However, to make a viable place in the new century would take jobs, education, and incomes. The vehicle for Aqaba's transformation was the establishment of 375 square kilometers of southern Jordan around Aqaba as a Special Economic Zone (SEZ) run by the Aqaba Special Economic Zone Authority (ASEZA). While these zones come under different names and forms—Free Trade Zones, Export Proc-

essing Zones, and so on—their basis is a largely autonomous area of liberalized economic conditions designed

to attract foreign investment. In Aqaba's case the key incentives include a 5-percent flat tax on income for most economic activities, no tariffs or import taxes on imported goods, no land and property taxes for company property, no foreign currency restrictions, full repatriation of profits and capital, 100-percent foreign ownership, and permission to fill up to 70 percent of jobs with overseas workers. These inducements were backed up by ASEZA's supportive infrastructure and simplified procedures for establishing a business. ASEZA's vision and goals are clearly spelled out in its official materials: "ASEZA enjoys a vast and unprecedented set of authorities...turning it into a truly enabled one-stop shop for all investors' needs. ASEZA strives to create, regulate, and sustain a globally competitive investor friendly environment." Or, in the more succinct phrasing of ASEZA's marketing slogan: "375 km2 of opportunities!" Replacing the Aqaba municipality, ASEZA took over jurisdiction from all other central government ministries (except the intelligence services and health and education ministries), with its own chief commissioner and five other commissioners, all with ministerial-level ranks. The Authority collects its own tax revenues and retains 75 percent of them. Late in 2003, on the recommendation of an analysis commissioned from Bechtel International Corporation, ASEZA's conflicting roles as both a regulatory and development agency were addressed by delegating the latter to the Aqaba Development Corporation (ADC), a privately man-

aged development company jointly owned by ASEZA and the Jordanian government. ADC, which acquired ownership of the port, airport, and strategic parcels of land as well as development and management rights for basic sectors in the Aqaba SEZ, is charged with implementing Aqaba's Master Plan by encouraging the private sector to invest in a series of ambitious development projects and to enter joint ventures for operating Aqaba's existing facilities and building new ones. In countries with some experience in SEZs and a vigorous civil society (India, with over 200 SEZs, is the best example), the zones have often come under vigorous criticism for land grabs, labor exploitation, and severe urban social problems. Protests have tried to cancel planned SEZs or reform existing ones. In Jordan, however, the SEZ phenomenon is newer. More importantly, Jordan is a highly centralized constitutional monarchy, in which critique of government plans—and the Aqaba SEZ is clearly the King's pet project—is less of a habit. With the first real local government elections taking place only in 2007, there is also a considerable local governance gap. But enough time has elapsed now to ask: is the Aqaba SEZ achieving its goals of not only of making Aqaba a friendly place for international capital, but doing so in a way that respects its declared commitment to do so through "best practices in governance and sustainable development"? Have bold economic aspirations been matched by environmental and social ones?

Cui Bono?

The first phase of site clearance has

SPECIAL PLACE OR SPECIAL ZONE – THE FUTURE OF AQABA

begun for the \$700-million Ayla project on Aqaba's north beach, which will be spread along 250 meters of sea front and will include five hotels, almost 3,000 housing units, a marina village, an artificial lagoon, and an 18-hole golf course. The Tala Bay project is planned as a "comprehensive tourist city," also with an additional 1,000 rooms in five hotels, its own marina, a golf course, an entertainment center, and so forth, placing about two kilometers of coastline in private hands. Rounding out the picture is the third project, the billion-dollar Aqaba Saraya, with half a dozen hotels, a convention center, and a water park, all within the context of a new "authentically styled ancient city." Downtown Aqaba still thrives, though new centers of activity are starting to erode its economic centrality. A major change on the horizon for the town's center will occur with the ADC's recently announced \$3 billion development program to relocate the port 20 kilometers to the south and redevelop the vacated prime seafront real estate. One development that speaks most to the question of whether Aqaba's transformation is of and for its residents is the relocation of the Shelala neighbourhood residents. The impulse to renew Shelala is certainly understandable. But the "how" is worrying. Rather than upgrading the neighborhood *in situ*, or involving residents in the process, the plans are to relocate them to a newly built neighborhood on the outskirts of Aqaba, where they will have difficulty traveling to their workplaces and the town center. The timing, compensation, and eligibility for the move have remained murky for years, leading to

suspicion and resentment. Feelings were also inflamed when ASEZA passed a report to journalists suggesting that the traditional neighborhood was an island of drugs, theft, prostitution, and other forms of immorality. That affront became a ques-

"The community is not represented in ASEZA, nor are there regular meetings... or other avenues for open discussion..."

tion of honor (and, by extension, the neighborhood girls' marriage and work prospects), and hundreds of residents signed on to a class action suit seeking an apology.

Benefits and Costs

How are we to evaluate this massive reworking of Aqaba into a Special Economic Zone? In economic terms, ASEZA is proud of exceeding its investment targets, and many luxury homes have been sold more or less off the drawing boards. It is still unclear, however, whether the sweeping visions of ASEZA will be fulfilled in their full scope and can be sustained over time. Aqaba comes fairly late to the SEZ game, both as a tourist location and as an industrial zone economic engine. At this point, however, Aqaba does seem like a promising project with considerable investor confidence in its tourist and luxury real estate developments. The number of new businesses and factories is less than hoped for, however, perhaps because Aqaba's office rentals, real estate prices, labor, electricity, transport, and other costs of doing business are high compared with other SEZs. A development strategy centered on luring outside companies through subsidies, with little real

thought to cultivating the capital and capacities of local inhabitants, is especially vulnerable to nonlocal trends, and to corporate decisions to disinvest when conditions change. What about the environmental dimension of sustainability? The establishment of a powerful, resourceful agency such as ASEZA, with its Environmental Commission and a committed commissioner with veto power, has certainly made a difference. Finally, we get to what may be the most worrying dimension of the new Aqaba: its social fabric, and especially its implications for those who already call Aqaba home. Development seems to revolve around high-end tourism and elite holiday homes, or businesses in search of tax breaks and cheap labor. The benefits of this will hopefully accrue to Jordan as a whole, and the expectation is that existing residents will be able to better their lives by catering to these new arrivals. Jordan's similar Qualifying Industrial Zones (QIZs), also intended to jump start the economy, had mixed results. They did provide needed foreign income and some jobs, but the larger expected benefits of technology transfer, industrial upgrading, and incorporation of local inputs to production did not materialize. It is important, therefore, to scrutinize the quality and extent of the claimed or implied local benefits of SEZ's. The community is not represented in ASEZA, nor are there regular meetings, a local newspaper, or other avenues for open discussion. ASEZA and ADC staff are largely from Amman or abroad, with few roots in the area, and they seem more connected to the Aqaba that might be than to the Aqaba that was or is. ASEZA transfers the public as-

SPECIAL PLACE OR SPECIAL ZONE – THE FUTURE OF AQABA

-sets to ADC, which will then transfer them to developers. Even if these arrangements are called “public-private partnerships,” a 30-year lease with generous terms is virtually ownership.

Universal Lessons?

Here we get to the central and still unresolved tension between Aqaba as place and community, and as a Special Economic Zone—between community development and economic development. As noted, ASEZA replaced Aqaba’s municipality and assumed all its powers (and more). Yet ASEZA’s *raison d’être* is raising massive outside investment and promoting upscale tourism and new luxury second homes, rather than representing the town and its existing inhabitants. A raft of good professional reports has examined this gap, supported by the U.S. Agency for International Development and written by socially sensitive international development consultancies. However, one can’t avoid the impression that the local community remains marginal to the real economic equations at work here. It is hard to imagine how a disenfranchised local community could resist these big plans sweeping over them (especially when they feel that any development is better than no development). Perhaps it and the international institutions facilitating the ASEZ’s development can work to make those “others” somehow become more like insiders—living in and caring about the setting as more than a fleeting business opportunity or background scenery for an escapist holiday. But to make “community development” into more than a slogan will take the same kinds of concerted efforts, goal setting, and insti-

tutional realignments that have been directed at raising international investments. Aqaba’s story is not just about Aqaba, but about other places in Jordan that might be modeled on it, and hundreds of places worldwide that are or are becoming special economic zones. In the eyes of the Authority entrusted to establish and implement the SEZ, and in the eyes of business communities in Jordan and the Arab world, the Aqaba zone is a success, indeed a model for Jordan and beyond. The hope is that it will be a showcase for Jordan’s turnaround and that competition with Aqaba will trigger national reforms. Already in 2004, Imad Fakhoury, ASEZA’s commissioner for investment and economic development, declared that “with its success readily apparent, it seems to be a good time [to] start talking about where next for the ASEZ and in particular, how it might provide the model for turning the whole country into a special economic zone.” And some months ago, plans were floated to considerably extend ASEZA’s authority northward, into the Arava valley. But before doing so, it would be well to consider if the SEZ model is serving the countries and communities where it is implemented, and not just serving them up for exploitation by outside forces that show little allegiance to any particular place.

- Dr Yaakov Garb
(www.ygarb.com)

Related pictures on page 16. Sourced from the original publication.

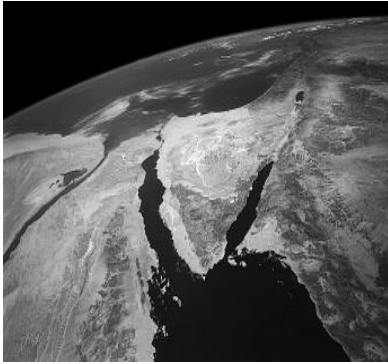
WHYSEZ – THE WHY AND HOW

Among various “Whysez” associated projects, we are looking at offering a multilingual interface as well. However, since translating the entire website into the various spoken languages is not a time friendly undertaking, we are working on creating cd’s that will serve as the monthly compilations of the website content. These cd’s will be made available in various regional languages. This is keeping in mind that a large part of the target audience is not English speaking. Add to this monthly newsletters (such as this one), regular dispatches, and what we hope to have in place, sometime in the near future, is a self sustainable system which works towards the larger goal of networking and ultimately, some form of closure on the SEZ issue.

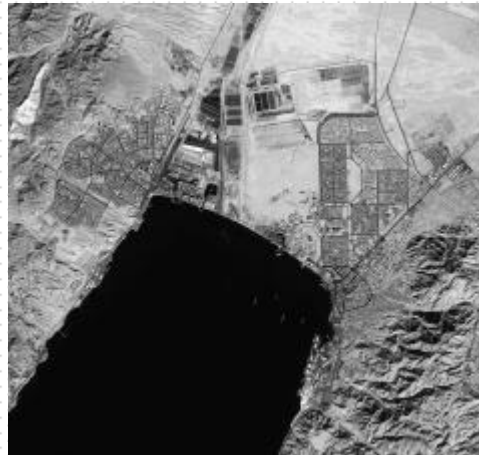
We want your sense of things, as we believe that it will better assist us in creating a comprehensive and relevant website. There is a lot that can be contributed to the overall effectiveness of this project, from the lessons learnt and shared by you.

E-mail addresses for queries related to the website have been provided on the last page of the newsletter.

SNAP SHOTS OF AQABA



1



2



3



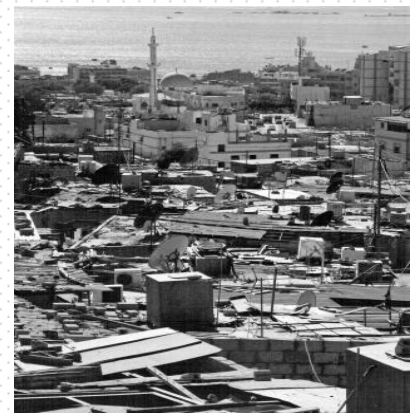
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5



6



7

1. Aqaba's place on the planet. The eastern Mediterranean on the horizon, the Gulf of Suez and the Nile to the west.
2. Satellite image with Aqaba on the right and Eilat on the left.
3. Redevelopment processes downtown.
4. Aqaba slum removal by the ASEZA
5. Dream homes in the sand
6. Contemporary housing blocks
7. A view to the harbor over looking the Shelala neighbourhood.

GOA : HOW THE BATTLE WAS WON

(Excerpted from the original article that appeared on the SEZ Watch, Goa blog. <http://www.amkanakasez.blogspot.com/>)

Recently, Goa became the only state in India to openly declare that no more Special Economic Zones (SEZs) would be set up on its territory. This was a result of relentless pressure from almost the entire state – villagers, educated middle class, professionals, activists, the church and media

The struggle against SEZs in Goa has been led primarily by the educated middle class and professionals from all walks of life. Begun in early-December 2007, mid-January 2008 saw the anti-SEZ campaign reach fever pitch. Almost the entire state, including members of the political establishment, villagers, the church and the media stood united in their demand for the scrapping of SEZs. Goa had approved seven SEZs, of which three were notified.

Developments like these are unheard of in the rest of the country. Struggles against SEZs have very often been labeled “anti-development”, and the middle class has opted to stay silent on the issue. Yet in Goa it was the middle class that spontaneously came forward to initiate and lead the anti-SEZ drive.

The GBA was formed as a people’s movement in 2003 by middle class intellectuals and professionals against the Goa Regional Plan 2012. Set up in mid-2007, immediately following the success of the GBA, the SVM is a non-partisan umbrella grouping of various village-level people’s resistance movements against

SEZs across the state.

Fighting the SEZ battle through RTI

The Verna Industrial Area (VIA) is the site of four SEZs including the notified 105.91-hectare K Raheja Corporation Pvt Ltd IT/ITES SEZ. All are in Phase IV, for which land acquisition has

“...We, the original inhabitants of the village, would suddenly become foreigners on our own land!”

already taken place. The anti-SEZ movement has been very intense here, primarily led by villagers from Lutolim, Nagoa and Verna, in the Verna constituency.

The key initiators of the movement – Frankie Monteiro, Charles Fernandes from Verna village, Allen Fallerio from Lutolim village – are all professional engineers; Peter Gama, also from Verna, is a contractor. Presently grouped under the SVM banner, they have been waging a year-long battle against SEZs to protect their village and culture from corporate greed and corrupt politicians. Interestingly, the fight against SEZs started when Monteiro tried to unearth the details of a seemingly fraudulent 20-point programme in his village. Monteiro, who has filed the most RTI applications, has spent over Rs 18,000 only on applications and appeals. “Reading the SEZ Act, we realised that SEZs are fully autonomous foreign territories, like a state within the state, and the government and local bodies have no control over them. The concept itself shocked us. We, the original inhabitants of the village, would suddenly become foreigners on our own land!

And those exemptions, breaks and special concessions... it was just unacceptable!” fumes Monteiro.

Moreover, the documents revealed startling legal violations and irregularities within the SEZ projects. For instance, the Raheja SEZ documents showed that the company had not even bothered to submit a detailed project plan; the project application was incomplete and mandatory formalities like the inward slip and company seal were absent.

Before allotment within an industrial estate it is mandatory for the state’s Industrial Development Corporation (in this case, the Goa Industrial Development Corporation, the GIDC) to conduct a study or assessment of the project. This was not done. The company was allotted land merely on the basis of a letter from the then chief minister asking the GIDC to “help them”

As more and more people got to know about the SEZ provisions and “frauds”, the number of supporters swelled. “Villagers not affected by SEZs also turned up in large numbers to show their support. The media supported us unstintingly. We only had to call for a press conference and provide our data,” says Monteiro.

SEZs stormed in Verna

On November 3, 2007 a crowd of 200 local SVM members from around Verna swarmed onto the Raheja SEZ premises to inspect it. They entered with banners and shouting slogans, before the security men could stop

GOA : HOW THE BATTLE WAS WON

them and stayed inside for over two hours. "It is our land, and being the original inhabitants we have every right to know what is going on in our own village. So we just walked in to see," say members of the SVM.

The movement started receiving support from every corner of the state. While pressure at the political level was intensified by Mahatany Saldana, ex-MLA and GMAS leader who is opposed to SEZs, members of the GBA and Council for Social Justice and Peace – the social arm of the church – also gave their backing. With the strong anti-SEZ mood in the state, Goa's Chief Minister Digamber Kamat was forced to declare a halt to all SEZ activities in the state.

Kerim – Why industries?

The protest against the Meditab SEZ reached its peak on the night of December 7, 2007, during a jatra (religious procession) in Kerim. A trolley carrying heavy construction machinery to the SEZ site accidentally hit a tree and also caused the electricity to trip. It was then that the residents realised that construction work had already begun at the site. They immediately contacted activists from the GBA and SVM. Furious, the procession changed course and proceeded towards the Meditab site to check the area. Workers

were told to stop work and move out. The villagers decided to stay there until the next morning, when media persons and activists from Verna and Panjim joined in the protest. By morning the villagers had decided they would not vacate the site until every bit of machinery was removed. The presence of almost 600 people at the gates of the Meditab SEZ site, on the morning of the 8th, forced the state government to remove all policemen from the site.

Don't the middle class care about industry and jobs?

The Verna Industrial Area was built in 1989 with promises of area development and jobs to locals. Instead, people lost their forests, pasturelands and the majestic hills that were blasted to accommodate factories. A large perennial stream is almost dry due to activities inside the SEZ.

As Anna, owner of the Tropical Spice Plantation Resort says, "The current model of development means more destruction. If we start looking at everything from a commercial point of view we will ruin our life and nature. If we desire to turn everything into gold like the proverbial Midas, what will we leave behind for the next generation? Ultimately, humans cannot survive without food and nature."

- Rifat Mumtaz and Madhumanti Sardar (they work with NCAS and are involved in campaigns against SEZs)

SEMINAR ON SPECIAL ECONOMIC ZONES IN HYDERABAD ON 9 MARCH, 2008

This is a brief report on a seminar in Hyderabad on the SEZ Act. It was organized by the AP Human Rights Forum, with Aseem Shrivastava of Citizens Research Collective, Delhi and Pravin Sabnis of Save Goa Abhiyan, being the invited speakers. Several local activists from different districts in AP presented field reports. Aseem's presentation was an overview and Pravin's a power point presentation on the mobilizational strategies

that worked in Goa. Aseem's talk drew on examples from places like Singur, Posco, Nandigram and Mundra. Pravin's talk was mainly on the lessons of Goa campaign.

Both Aseem and Pravin thought that in the run up to the elections next year the campaign should be for repealing the SEZ Act.

- Anant Maringanti
(anantumn@gmail.com)

CALL FOR REGIONAL MEETS

The importance of organizing and hosting meetings/seminars at a regional level, has become glaringly apparent.

The potential, which is harnessed when individuals and organizations come together to communicate on issues that concern them, needs to be channeled effectively, if it is to be used as a tool for bringing about social change.

To that end, we would like individuals and organizations to take the initiative and bring to the table ideas and possibilities of conducting regional meets across states.

If you have a strategy plan and need to put it across, we offer you space in this

newsletter for doing exactly that. If you want to build links with other organizations and individuals, let us know, and we will start an open page in the newsletter where people can throw around ideas and have a tangible plan of action emerge.

Write to us and let us know how you can contribute towards organizing, implementing, or planning regional meets, and we promise to make an honest and conscientious effort towards bridging the information gap.

Time is not our friend in this matter, so, let's get started . . .

A HIMALAYAN BLUNDER?

ALMOST TWO years ago, Alfred Ford, American business tycoon and great-grandson of Henry Ford, announced his plans to set up the “world-class” Rs 1500 crore Himalayan Ski Village (HSV) in Kullu District of Himachal Pradesh. The project quickly ran into opposition from an unlikely quarter – the village deities of Kullu valley. In a dev sansad, or ‘conference of the gods’ called by community elders, 164 local deities assembled, who, speaking through their oracles, rejected the project outright. This ‘divine intervention’ eventually led to a full-fledged campaign against the project, briefly making it the centre of controversy in Himachal Pradesh.

The Ski Village is now once again back in the news, after a Public Interest Litigation filed by local organisation Jan Jagran Vikas Samiti (JJVS) demanding the scrapping of the project on environmental and other grounds, was dismissed by the High Court of Himachal this April. The court instead supported the state government’s proposal to setup a six-member committee under the chairmanship of the state tourism secretary, to look into the issues surrounding the project. JJVS has now made a submission to the committee detailing why the project should not be sanctioned, but has received no response, except that the committee is planning a site visit soon.

It’s the sheer magnitude of the project that has convinced local residents that it deserves to be scrapped altogether. Their concerns have been articulated in a memorandum submitted to the Ministry of Environment and Forests (MoEF) under the banner of the Jan Hit Sangarsh Samiti, a

network of 24 organisations in the valley. “From the information available about the project, our estimate is that a total of 12 Panchayats with a population of 40,000 will be directly and indirectly affected by the project” states the letter to the Ministry.

The foremost concern seems to be of construction activity in the alpine areas and high forested slopes leading to destruction of temperate forests of cedar and alpine grassland meadows in these areas. “The alpine meadows are home to many medicinal plants and rare wild life like the monal pheasant, goral, musk deer and even leopards,” says Lal Chand Thakur, leader of Jan Hit Sangarsh Samiti. “Soil erosion is the first fallout of any construction on a mountain side. This leads to problems like slope destabilisation, flooding and landslides. In the long run, the topography disturbance will result in change of glacial flows,” adds Pushpal Thakur, resident of Hallan Panchayat and one of the petitioners in the PIL.

Himalayan Ski Village managing director Ajay Dabra, who is also a shareholder in the project, is not too perturbed by these concerns. “We have a whole team of environmental experts at work and we will follow the due process to obtain all the clearances. Even the arguments raised in the petitions filed against us are too weak and they do not stand much chance,” he says. With reputed institutions like The Energy Research Institute (TERI) and Indian Institute of Forest Management (IIFM) Bhopal hired as environment consultants, Dabra’s confidence does not seem misplaced.

There is little information about the project in the public domain barring

the MoU that was signed between the government of Himachal and the company in December 2005. But the terms of the MoU itself have been enough to irk the local population. Some of the obligations of the government include – granting irrevocable license to the company for use of ski trails, allowing the company and its invitees full access to public and private roads, permission to build roads, ropeways or gondolas wherever required and full water rights in the project area, including tapping of unused nallas and ground water. Residents of the region are enraged by these terms. ‘How can the government grant rights over common properties to a private company whose sole aim is to earn profit?’.

The most critical livelihood concern is of access to the forests surrounding the Ski Village, on which the locals depend for firewood and fodder. The users of the forests are not only the residents of the valley. Gujjars and Gaddis, livestock rearers from 6 districts in the state migrate to this area to graze their animals, rights for which have been recognised traditionally, in return for royalties paid to local panchayats. “The streams here are the main source of drinking and irrigation water in the villages downstream. If it’s diverted, the local economy would be hit” states Irawati Devi, a vocal elderly woman from the area.

The threat to the local environment and livelihoods in the Kullu valley is more over arching today and comes from the developments that have been taking place in the region for almost three decades now. Apart from the ceaseless tourist traffic, hotels and other concrete structures,

A HIMALAYAN BLUNDER?

hydropower projects like the Parbati and Allian Duhangan have altered the landscape significantly. As the memorandum to the MoEF rightly states “There is a need to assess the Ski Village project in terms of the cumulative impact it will result in considering that the area is already facing severe environmental pressures”.

Interestingly, the MoU gives permission to the company to sell or sub-lease to any person the commercial residential buildings or sites within the project area, under a special exemption from the HP Land Reforms Act (HPLRA). “This is not tourism — it is real estate business” retorts Lal Chand Katoch of the Jan Jagran Evam Vikas Sansthan.” While the HPLRA has been known to be flouted openly, especially for VIPs and influential persons, most Himachalis admit that it still has restricted the large-scale takeover of land by land sharks from the plains. But it looks like that is about to change with the government subtly changing the land policy to boost private investments in tourism and other projects.

While the locals have dismissed the claim that the project can be ecologically friendly, it may be harder to overlook the fact that the company is promising direct and indirect employment for about 4000 persons and that 70 percent of these would be for Himachalis. But local skepticism extends to this offer as well. “These are empty promises. Most of the existing tourism is controlled by outsiders. Besides, our perception is that the number of livelihoods lost will be more than those created,” states Mahinder, a young lawyer in Kullu. The crux of the issue was lucidly

summed up by a young woman of the Katrain Mahila Mandal “We are the owners of the land we tend, we do not want to be turned into servants.”

- Manshi Asher
(manshi.asher@gmail.com)

THE ONGOING SEZ SAGA

Approvals leading up to an area equal to eight new Chandigarhs are throwing up a bunch of intended and unintended consequences. If the NDA government is remembered for the National Highway Development Program, the UPA government will most certainly be remembered for SEZs.

What is really happening on the ground?

Let us start with statistics. As of March 13, 2008, the status of approvals to SEZ developers is as shown here. About 91,225 hectares of SEZs are at various stages of development. The Union Territory of Chandigarh measures 11,400 hectares. So, we are talking about a bundle of approvals totaling eight new Chandigarhs. In a review of developments with my colleagues Mukesh Khandelwal and Manish Jain, eight broad trends are clearly visible:

1. IT and BPOs at the forefront: Sector-wise analysis of the notified SEZs indicates that the IT and BPO sectors account for a lion's share — 66 per cent by number, and about 15 per cent by area — of notified SEZs. [This excludes the share of IT / BPO in multi-product and multi-services SEZs.

Developers of multi-product and multi-service SEZs also have significant acreage planned for the IT and BPO sectors.] The volume of IT / BPO space planned inside these “notified” IT SEZs is sufficient to meet industry demand for more than 15 years at the present levels of industry growth. And we are only talking about “notified SEZs” not “formal approval” and “in-principle” categories. Whether this will mean large-scale relocation of STPI units into SEZs — despite government policy barring such relocation — remains to be seen. What is abundantly clear, however, is that the IT / BPO sector, which accounts for nearly 70 per cent of demand for high-end office space in tier I metros, will, in the coming years, set up operations almost exclusively in SEZs. This will have huge implications on occupancy levels and rentals in the non-SEZ commercial office sector.

2. Manufacturing sector yet to perk-up: For the manufacturing sector, SEZs are yet to demonstrate the kind of hyper-activity that has been seen in China. Partly, this is linked to the land intensity of manufacturing SEZs. Delays associated with the land acquisition process have slowed down the pace at which large manufacturing-focused SEZs have progressed. The small size of SEZs, [the largest notified zone is only about 2,650 hectares while the average zone is sized at 129.6 hectares], and the consequent inability of these zones to provide scale and cost-competitive infrastructure as in China is also inhibiting manufacturing investment.

3. Distribution skewed to five coastal states: Not surprisingly, there is a concentration of SEZ activity near the

the coastline, as in China . What is surprising is the intensity of this concentration. As much as 90 per cent of the total area under SEZ notification is accounted for by five states – Gujarat, Andhra Pradesh, Maharashtra , Karnataka, and Tamil Nadu, in that order. In fact, Gujarat and Andhra Pradesh, two states with the largest concentration of private ports, account for over 60 per cent of the total area under notified SEZs. Left to market forces, this development imbalance is likely to intensify.

4. Job creation is in non-manufacturing: Unlike China, the manufacturing sector will not contribute to a very significant proportion of the employment to be created in SEZs. Nearly 70 per cent of the direct employment created by exporting industry will be in 'white-collar' services sectors. Specifically, the IT sector will account for nearly 5.5 million of the total employment across all notified SEZs; nearly four million of this will be accounted for by five cities – Hyderabad , Chennai, Pune, Delhi / NCR, and Bangalore . In fact, SEZ activity levels suggest that both Hyderabad and Chennai will upstage Bangalore as the country's leading IT destinations in the years to come.

5. Supporting infrastructure awaited: The projected SEZ activity would lead to significant demand for infrastructure facilities. Currently notified SEZs would call for more than 15,000 mw of power generation capacity, 2,500 million litres per day of water supplies, and logistical capacity to handle nearly 1 million TEUs of export

traffic annually. Few real-time plans are in place.

SEZ STATS		
Nature of Approval	No's	Hectares
Notified under SEZ Act, 2005*	207	26,825
Accorded formal approval*	246	30,900
In-principle approvals	136	33,500
Total	589	91,225
<i>(* Land already in place and therefore higher likelihood of implementation)</i>		

6. Labour question still indeterminate: Promoters and investors in SEZs were fervently hoping that the "labour laws of the land" would not apply to SEZs, and flexibility and international style 'hiring-firing' practices would be allowed. Such, apparently, is not to be. And therefore the persistent questioning – that other than fiscal sops, what's 'special' about Special Economic Zones.

7. Land acquisition process has received much-needed attention: The SEZs initiative has willy-nilly ended up giving a massive boost to a new age Rehabilitation and Resettlement Policy and a nation-wide concern and appreciation of this soft underbelly of infrastructure development.

The Draft National Rehabilitation Policy 2006 is a favourable fallout of the SEZ land-grabbing spree. It has also led to the formulation of clear-cut guidelines on the role that state governments should play in procuring land that is to be used by private-sector.

8. Cost-benefit still being debated: Notified SEZs have a pre-tax profitability potential of nearly Rs 2 lakh crore annually. Under the SEZ regime, the Centre would potentially have to forego nearly Rs 66,000 crore of direct tax collections annually (or Rs

44,000 crore if MAT is made applicable on SEZ units). SEZ developers would also receive direct and indirect tax benefits totalling to Rs 35,000 crore for development of these zones. The jury is still out on whether enhanced economic activity driven by the SEZ policy justifies this largesse.

Keen observers of the SEZ scene have argued that the commerce ministry could have taken upon itself to develop only five to six world-class SEZs and make a significant national impact. This would have been akin to the ministry of power's move to lead-develop the high-impact ultra-mega power plants, and then bid them out to the private sector.

In India , SEZ development has been pushed only by an enabling policy framework, and left to market forces. This might see the county dotted by more than 1000 or more relatively small zones. Economic historians will then be well within their right to question the iniquitous nature of SEZs and why SEZ-like facilities could not have been extended to the entire domestic tariff area.

- Vinayak Chatterjee

Chairman of Feedback Ventures. He is also the chairman of CII's National Council on Infrastructure. The views expressed here are personal

**C O N T A C T
D E T A I L S****Newsletter**

All suggestions, criticisms, feedbacks etc addressed to:

suggestions.seznews@gmail.com

All submissions addressed to:

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Website

Submissions for the “Whysez” website, addressed to:

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For all mails, kindly mention the relevant subject in the Subject field

S U B M I S S I O N I N V I T A T I O N

- >> Policy analysis
- >> Analysis of impact
- >> Environmental consequences
- >> Impact on labour
- >> Legal issues
- >> Political economy issues
- >> Trade issues
- >> Employment issues
- >> SEZs and development

Just some of the topics on which we are inviting our readers to submit short articles, which needn't necessarily be academic in nature.

Restricted to 800 words, we are looking for articles which, broadly speaking, address the pre and post acquisition issues related to SEZs.

Kindly mail your articles to the following email id, with “Short Feature Article”, in the subject field.

submissions.seznews@gmail.com

Please mention if you would like your contact information (email id) to be published along with your article.

Due to restrictions of space, the publication and choice of paper published, remains the sole discretion of SEZ News.

Things to watch out for . . .

- >> Upcoming SEZ News edition, which will be a single issue for the months of June and July.
- >> Kerala likely to get eight SEZs
- >> Protests against the Polepally SEZ in Andhra Pradesh
- >> Finance Ministry's consideration to exempt SEZs from paying export duty on steel.

Whysez

The question that needs to be answered . . .

Please use, reproduce and translate any information or analysis in the newsletter wherever you believe it will be useful. There is no copyright associated with the newsletter.

Editor

Kashif Ali

Acknowledgments

Dr. Yaakov Garb

Manshi Asher

CRC Blog

Sandip Dasverma & Sanat Mohanty

Vinayak Chatterjee

Ed. Speak

To those who were expecting our April issue, apologies. Due to certain unavoidable circumstances, we were unable to bring out the issue on time. However, to make amends and take the newsletter a step further, we bring you the April-May issue as a single publication. Certain aspects of the newsletter outlay have been changed, and this has been done keeping in mind that we plan to redesign the newsletter for the upcoming June-July issue. As always, we look forward to your comments, suggestions and criticisms, as we believe it will make this venture more consequential and at some point, indispensable.

- Ed.