

Cargill beats a hasty retreat in India

by Ramtanu Maitra

Confronted with a determined and a disciplined lot of protestors, Cargill, Inc. has withdrawn its request for setting up a salt-manufacturing unit at Kandla, Gujarat, by the Arabian Sea. The project, which came under severe criticism from India's entire political spectrum, was designed to set up a fully mechanized refined salt plant, producing 1 million tons annually, exclusively for export, in the state where Mahatma Gandhi was born and which produces over 60% of India's domestically consumed salt.

The surprise announcement by Cargill, Inc. on Sept. 27 was made before the small court in Kandla, where Cargill was contesting a suit filed by the Kutch Small Scale Salt Manufacturing Association (Kssma) against the Kandla Port Trust and Cargill, demanding the project not be implemented. Cargill spokesmen, however, made it a point to note that the project has been abandoned, not because of the political opposition, but for business reasons. Cargill explained that the project has become non-viable in light of the world recession, especially in Japan.

A poor disclaimer

However, Cargill's disclaimer was quickly brushed aside by the protestors, and one of the major protest groups at the site, Samajbadi Abhiyan, led by the high-profile Member of Parliament George Fernandes, has already claimed "victory." Fernandes, a fiery former trade union leader, has since told newsmen that the opposition against Cargill's project was not only because "salt was a symbol of the freedom movement and therefore no foreign company should be allowed to produce salt in India," but also it was feared by the protestors that 225,000 people engaged in producing salt in the small-scale manufacturing sector would lose their employment due to this project. During the British rule, Mahatma Gandhi had undertaken the historic "Dandi March" to the shores of Gujarat to make salt and defy the British colonialists' diktat that all raw materials found on or under the soil of India belonged to the Crown, and Indians would have to pay for it.

The reason why Cargill, the largest privately owned food conglomerate in the world, had to back out, is because of the government's increasing reticence to allow the project through. There was pressure from the local salt manufacturers, and almost 100 applications had been made over the

years for setting up salt plants on Satsaida Island, the very place Cargill was eyeing for its project. All these earlier applications were rejected on a number of grounds. Besides the proximity of the India-Pakistan border, which raises security questions, it had been pointed out to those who had applied earlier that a salt unit would add to the siltation in the Kandla channel, hampering the activities of the Kandla port, and more than doubling the present annual desiltation cost.

In addition, among the earlier applicants was one of the largest fertilizer corporations, which wanted to set up a captive jetty on the Kandla Port Trust land. The KPT port trustees had shot down the project saying that such a captive jetty should belong to the KPT and nobody else. However, Cargill's application, which was reportedly pushed by the Ministry of Surface Transport in New Delhi, had no answer to the concerns that the KPT had expressed to the earlier applicants. While the ministry has repeatedly denied exerting pressure on the KPT to approve the project, the KPT trustees had indicated to the media that Delhi is interested to see the project through.

The project got into trouble with the Defense Ministry also. The KPT chairman had pointed out that the defense representative on the board of KPT, Cmdr. S.G. Patankar, had said that "the proposal could not be cleared from the defense point of view." Indeed, so conscious of security of this sensitive area is KPT, that when a private firm had taken photographs of the port's cargo-handling operations, the KPT official who had allowed it was put on the hot seat. One trustee noted that Cargill had already procured satellite photographs of the port area without asking for permission.

Mounting pressure

While KPT trustees were bucking the alleged pressure from Delhi, politicians of all hues began to assemble people from all over India evoking Gandhi's spectacular salt march.

As the trustees from the KPT began to express their disgruntlement at Delhi's "interest" in the project, and the politicians began to assemble more and more people for silent sit-ins, the Ministry of Surface Transport, saying that "not an inch of land has been given to Cargill," made it public that the project will not be approved unless all clearances from defense, environment, navigation, hydrological, and Kandla Port Trust's expansion angles are cleared. Meanwhile, the Kssma filed writs before the small court in Kandla and Ahmedabad High Court against both the KPT and Cargill. At that point, it became obvious that even friends of Cargill in Delhi would find it difficult to push the project through.

By withdrawing its application for the project, Cargill will be trying to cool tempers. It had already come under attack in the state of Karnataka for establishing the Cargill Seeds India Pvt. Ltd. in Bangalore, where a strong farm lobby is portraying Cargill as trying to gain control of seeds. Cargill's establishments have been physically attacked twice in the state.