

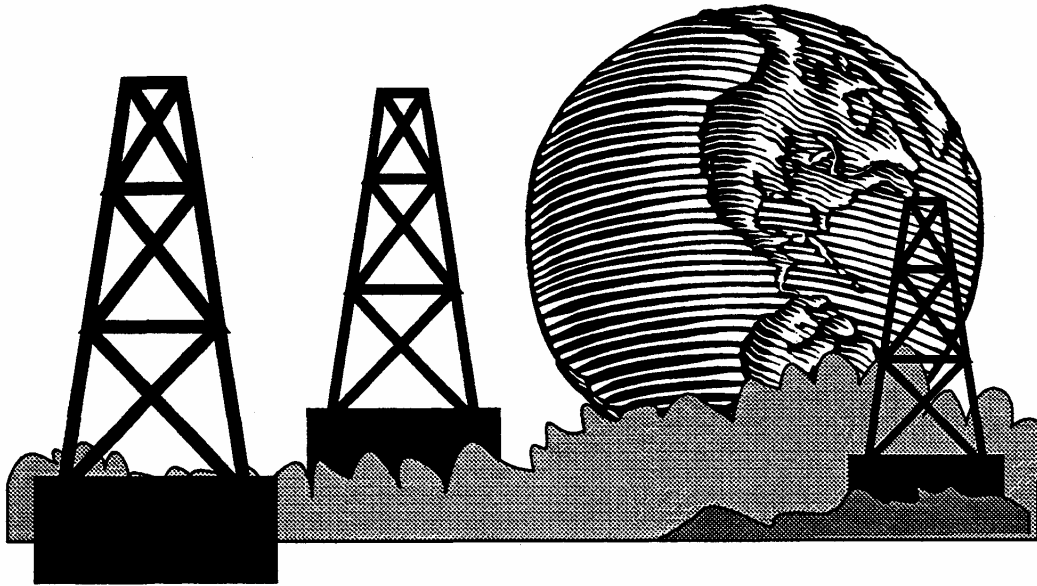
RAINFOREST NEGOTIATION EXERCISE (RNE) (*ABSTRACT*)

Rainforest Negotiation Exercise is an exercise prepared by Christopher A. Cummings and Barbara L. Marcus, the Sustainable Enterprise Program (SEP), and R. Edward Freeman and Jason Lunday, the Darden School, University of Virginia. It is intended for educational purposes only. Copyright © 1994 by the Sustainable Enterprise Program and Darden.

This exercise is a chapter in the book *Stakeholder Negotiations: Exercises in Sustainable Development* (1995) edited by Alan R. Beckenstein, Frederick J. Long, Matthew B. Arnold and Thomas N. Gladwin. The book contains six exercises that illustrate how different institutions place competing demands on the natural environment, how they attempt to incorporate these demands on the natural environment, and how they attempt to incorporate these demands into a sustainable development strategy.

For more than a decade, WRI's Sustainable Enterprise Program (SEP) has harnessed the power of business to create profitable solutions to environment and development challenges. BELL, a project of SEP, is focused on working with managers and academics to make companies more competitive by approaching social and environmental challenges as unmet market needs that provide business growth opportunities through entrepreneurship, innovation, and organizational change.

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Exercise 6

RAINFOREST NEGOTIATION EXERCISE (RNE)

Ecuador's Amazon region is considered to be one of the greatest areas of biodiversity in the world, serving as a home to over 22,000 plant and animal species. This biodiversity has great practical value (for example, raw materials for new drug development) as well as aesthetic value. This region is also the home of numerous indigenous peoples who depend on plant and animal abundance for their survival. This region, like many other tropical rainforest regions, is considered threatened. Economic and social pressures have led to the deforestation of 200 million hectares of the world's tropical rainforest for the past two decades.

In 1991, a consortium of foreign oil companies led by Conoco, Inc. has proposed to develop several oil fields in Ecuador's Amazon region. Conoco has already spent 90 million to explore the potential of the area, known as Block 16. It has identified over 200 million barrels of oil reserves, a huge figure that would amount to 20% of Ecuador's total reserves. The debate over the future of Ecuador's rainforest pits two compelling perspectives against one another. Conoco and the Ecuadorean government believe that the fields can be developed in an environmentally sensitive way, while environmental organizations, indigenous peoples' representatives, and multilateral lending institutions are all questioning the company's intent and the appropriate development strategy for the region.

Conoco recognizing the complexity of its plan to move forward with oil exploration, has presented a draft environmental protection proposal and has asked major stakeholders to meet and discuss the proposal. You will represent one of seven stakeholder groups meeting to review the proposals for Block 16. You may also be asked to conduct a financial analysis of the Block 16 site.

Exercise 6: Rainforest Negotiation Exercise (RNE)