

Second South American conference on the environment

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Second South American Conference on the Environment*

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Role Information for All Parties (No Confidential Information)

At the 1st South American Conference on the Environment, the 14 member nations reached an agreement on the need for action, especially related to water quality in rural communities, agricultural districts and urban areas. Three years later, these 14 nations convened the 2nd South American Conference on the Environment. Brazil was strongest in advocating for a second conference that would move beyond a declaration of political will and toward establishing an action program focused on water quality. Brazil is convening this 2nd conference in Brasilia, and its Foreign Minister is the Conference Presiding Officer.

The Committee on the Amazon River is the most important committees at the Conference, with a large mandate, seven Working Groups and Brazil serving as Committee Chair.

You are a member of the Working Group on the Amazon Upper–Tributary River System. This Working Group includes representatives of three countries – Colombia, Venezuela and Peru – and is also chaired by a representative of Brazil.

Leather factories in each of these three countries are dumping chemical waste into rivers that feed into the Negro River, which eventually flows into the Amazon River. Most of the Negro and Amazon flow through Brazil, while the point at which the Negro meets the Amazon is at Manaus in Brazil. After many long and heated meetings, the Brazilian Chair of this Working Group walked out in disgust, but departed with a threat: Colombia, Venezuela and Peru must find a solution to the Negro River’s pollution problems. Brazil is the most powerful country in South America, and could cause difficulties for these nations in security, trade and international cooperation. It is obvious that a response is required. Your Foreign Minister (your supervisor) is adamant that a solution must be found. You are representing:

Colombia _____

Venezuela _____

Peru _____

* This negotiation exercise was written by Larry Crump (Department of International Business, Griffith University, Brisbane Australia: L.Crump@griffith.edu.au) based on a concept developed by Howard Raiffa (see *The Art and Science of Negotiation*, Harvard University Press, 1982).

Economic studies point out that one large water treatment plant on the Upper Negro River would be less expensive than each of the three countries building a separate water treatment plant on its respective tributary. In addition, it is also possible that any two of the three countries could build a water treatment plant that would provide a solution for these two countries, while the third country would be forced to build its own water treatment plant. Technical studies indicate that the cost of building a separate water treatment plant in each country will be:

\$5,000,000	Colombia
\$3,000,000	Venezuela
\$2,000,000	Peru

These differences are due to the amount of pollution discharged by companies in each country.

At the 1st South American Conference on the Environment, the Formal Declaration indicated that legal obstacles to international cooperation should be minimized. The Committee on Law and the Environment at the 2nd Conference has completed its work and the Conference Plenary has adopted its recommendations. As a result, there are no legal reasons why two or three countries cannot work together, although there is also no legal requirement that forces countries to cooperate.

The Working Group on the Amazon Upper-Tributary River System has conducted an engineering study that indicates that substantial savings in construction costs will be realized through cooperation (constructing one water treatment plant rather than two or three plants). The estimated saving for a two-country project or three-country project is as follows:

<i>Cost Saving</i>	<i>Coalition</i>
\$ 1,180,000	Colombia and Venezuela
\$ 840,000	Colombia and Peru
\$ 500,000	Venezuela and Peru
\$ 1,210,000	Colombia, Venezuela and Peru
\$ 0	Colombia alone
\$ 0	Venezuela alone
\$ 0	Peru alone

The cost per litre of operating any of the water treatment plant(s) remains the same, compared with operating an individual plant. Operating cost is not an issue in this negotiation.

The three countries have no competitive, non-monetary or political reason to avoid cooperation if it will save them money, nor do they have any reason except

for cost savings to work together on this project. The representative of each country has been instructed to maximize savings, as the leather industry in each country is politically powerful; it is therefore not expected that a special tax will be levied on this industrial sector.

This negotiation is about saving money, and how much money your country can save compared with your fixed costs. Your task is to meet with the representatives of the other two countries, separately or together, to work out the best deal for your own country (the Foreign Minister of your country is aware of the possible cost savings based on the engineering study). You must agree on a specific cost-saving coalition AND on how the actual saving will be divided among the members of the coalition.

For example, if a coalition of Colombia and Venezuela were to form, it would gain joint savings of \$1,180,000. These two countries could agree to give \$800,000 to Colombia and \$380,000 to Venezuela. However, Venezuela might want more from that coalition, and to achieve greater savings might also seek to cooperate with Peru. Since Peru will save nothing unless it joins with Colombia or Venezuela or both, Peru should be very willing to consider various proposals to become involved in a two-way or three-way coalition. Each country should be prepared to make proposals to any other country or both countries.

This negotiation will proceed for exactly 40 minutes. At the start of the negotiation, all three representatives will be at the same table, but then any representative can propose to meet privately with another representative (such proposals can be accepted or rejected). If two representatives agree to meet privately, they must (1) advise the excluded representative of this meeting, (2) advise the excluded representative where they will be meeting, and (3) note the exact time. The excluded representative is forbidden to interrupt this two-way meeting for exactly four minutes (an excluded representative is the timekeeper). If a two-way agreement is reached, it must be clearly communicated immediately to the excluded representative, and from that moment the agreement must endure for four minutes before all three representatives can conclude that negotiations are finished and that the mandate of the Working Group on the Amazon Upper-Tributary River System has been achieved. Good luck!

Working Group Final Report: List the cost savings per country if agreement was reached:

Colombia	\$ _____
Venezuela	\$ _____
Peru	\$ _____
Total	\$ _____

