

## **I. CASE BACKGROUND**

Ecuador's attempts to develop its potentially large oil reserves in the last couple of decades have been mired with conflict. Many indigenous people have fought to keep oil companies out, most recently the Sarayacu. In 1996, the Ecuadorian government signed a contract for petrol exploration in "Block 23", comprising 200 000 hectares, most of which is Sarayacu territory. This was the start of an ongoing conflict between the Sarayacu people, the government and the international oil companies.

The Sarayacu strongly oppose oil development in their territory because of its potentially grave environmental and social impacts.

Since 1996 this conflict has occasionally erupted into violence. The Ecuadorian army has been employed at times to quell Indian protests and protect oil workers. The oil companies, Argentine-owned CGC Inc (Compania General de Combustibles) and Burlington Resources of Texas, have suffered kidnappings and constant vandalism. According to the Sarayacu people, natives have suffered physical attacks and other means of intimidation at the hands of the oil companies and their supporters.

The Sarayacu people are working with environmentalists around the world to lobby against oil development in that region. The problem is that there is a lot going against this indigenous group: high oil prices present Ecuador with more incentive to push exploration in this region. At the same time, the US is trying to diversify its oil sources beyond the Middle East and so looking more toward Latin American reserves.

The Sarayacu conflict is over *access* to a natural resource. Large oil reserves happen to be situated in the Sarayacu territory and Ecuadorian government has sold the right to exploit these resources to an international oil extraction company. Oil is very valuable resource and so, although the government granted people of Sarayacu legal title to their territory in 1992, it reserved the right to subsoil resources. The problem comes in the determination that the Sarayacu own just the surface of the land. The government can't access subsoil resources for extraction without encroaching on the Sarayacu's (surface) territory and in some way impacting it.

This case can be classified both as a land dispute and a dispute over resources. The Sarayacu people don't want the oil for themselves; they just don't want to give companies access to their land for the purpose of oil extraction because of all the negative environmental impact that may accompany oil extraction.

This case may be considered both a problem of scarcity and surplus. On one hand surplus is the problem. Sarayacu territory is so well endowed with petroleum resources that the Ecuadorian government and private interests are encroaching upon their territory. Clearly, if they had no oil reserves on their territory there would be no problem. On the other hand, if you look at the bigger picture it is clearly a problem of scarcity. Oil is scarce in the world today and it is very much in high demand, therefore the government of Ecuador has real incentives to infringe upon the land rights of this indigenous group in order to extract this scarce and valuable resource.

Sarayacu territory is mostly pristine Amazon forest, covered with trees that may be hundreds of years old. Oil extraction would most certainly involve some deforestation, although oil companies can limit this by doing less invasive (but more expensive) drilling techniques. Oil operations also implies noise and air pollution, and perhaps even water pollution as various chemicals may runoff and contaminate surface water or groundwater.

Furthermore, the Sarayacu resist the building of roads to their territory. Currently the only means of transportation from Sarayacu to towns in the region is by plane or riverboat. Roads would change the environment by increasing access to previously hard-to-reach swathes of the forest and so allowing for more pollution, hunting, logging, other resource exploitation and settlement that encroaches on various natural habitats. The Sarayacu people would also be affected: the inaccessibility of their environment has been a major insulator of their lifestyle and culture – closer contact to the towns and outside world would impact the people, not just the environment.

This is an intra-state conflict between the Quechua indigenous group of Sarayacu who adamantly oppose oil development in their region, and on the other side the oil company, national government and military that are together facilitating oil drilling in Sarayacu territory.

For its part, the Argentine oil company, CGC, says it has suffered kidnappings, fires and robberies. In one case four oil workers were taken hostage and lectured before being returned to their camp. There have also been many cases of sabotage, with machines and buildings being damaged or burnt out of protest. So, seven years and \$10 million into the project, CGC hasn't yet been able to start drilling.

In response to pleas from the oil company for security guarantees, the Ecuadorian government on one occasion sent the military into area to protect oil company workers and allow them to proceed with their work. This provoked even more resistance from the Sarayacu people, who pledge to impede, at all costs the exploitation of its ancestral lands for oil.

There has not been any extensive environmental damage in the Sarayacu region as of yet. (In a just a few areas trees have been felled to allow for the oil company's initial assessments.) The Sarayacu people are resisting the oil companies because, based on the experiences of other groups in Northern Ecuador, they anticipate that oil drilling will bring problems of deforestation (SOURCE) and pollution (SINK). Oil operations in the region may also threaten its biodiversity. One endangered animal species of note lives in the region – the tapir.

Source: <http://www.american.edu/TED/ice/iceall.htm>

### CRISIS

*Recently, the Sarayacu representative in Quito has successfully contacted Al Gore, apprised him of the situation, and invited him to come to visit the site and see for himself. Gore came with a small film crew, and even before the footage shot is viewed by any audience, the rumor says the movie is a vocal advocacy of the indigenous people rights, and an indictment of the oil companies. All over the planet, from Nigeria to Venezuela, the news of this vindication of indigenous people rights to the wealth of their own land spread like wildfire, and while the oil companies are sharpening their arguments, the movement to recognize the right of "ownership" of indigenous people on their land and on its wealth was growing and gathering support. The clash of interests became more and more acute, between the Sarayacu and other such indigenous people wishing to protect their environment and its fauna and flora, and the oil companies and the national governments, who argued that it was ridiculous and even preposterous, to establish a balance between the need for oil and the well-being of the tapir.*

*Seeing this conflict as an opportunity to establish the UN in a key role in this issue, the Secretary General of the UN convenes its Environment Commission, to request a "ruling" clearly stating the UN position on this matter.*