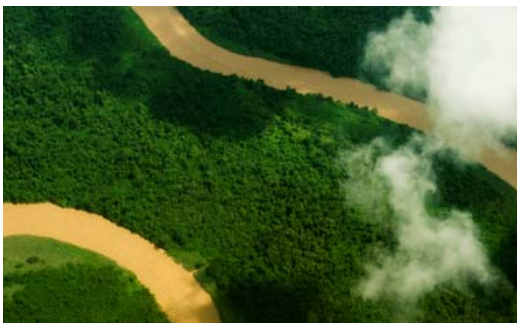




COMPLETING THE TRIANGLE: Piloting a new approach to dialogue among political and economic actors in the global supply chain

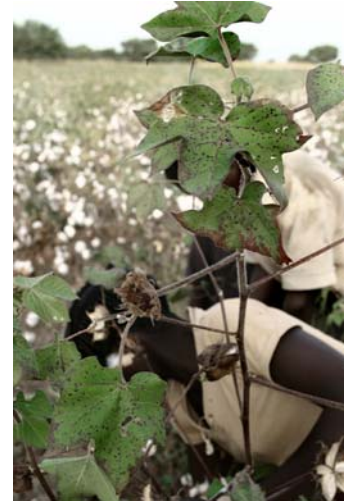
While resource providers, manufacturers and end consumers have become further removed from each other through increased distances and steps in the global supply chain, their fates are more entwined than ever. If their mutually dependent interests are to meet each other in a context of sustainability, there is an urgent need to explore how to link these three groups of actors in analysis and dialogue.



What is the issue?

The speed of economic globalization and integration has accelerated over the last two decades to an extent where the value chains of most products have been fragmented all over the world. However, the big picture remains that OECD countries are the main consumers of world produce, a range of low-income developing countries are the main providers of the majority of natural resources on which the production of goods is based, and China has become a main global manufacturing hub.

Massive per capita consumption levels in OECD countries, combined with the sustained economic growth of several relatively poor but populous countries, has led to a dramatic increase in demand for natural resources of any kind to fuel the world economy. **Resource providing countries** are keen to capitalize on opportunities to sell at increasing prices, while at the same time looking into strategies to avoid being locked further into the role of resource providers. Issues regarding access and control over these resources will also be important, not least because different access and control regimes will produce different outcomes for poverty reduction and natural resource management.



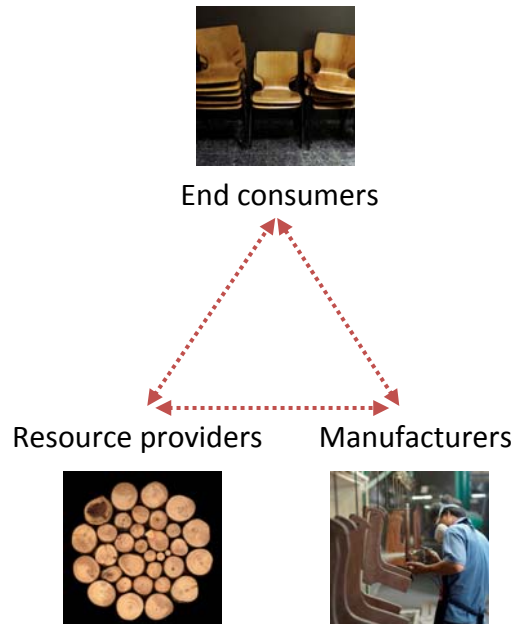
Over the past two decades, **China** – often described as the ‘manufacturing factory’ of the world – has become a crucial link in the global supply chain that connects resource providers and end consumers. Indeed, much of the production capacity in China exists to meet the demand for products primarily from OECD countries. Significant export interests, sustained economic growth and the relative scarcity of domestic natural resources have led to a rapid increase in Chinese foreign direct investment (FDI) to secure access to or control over natural resources.

The stakes are equally high for **OECD countries**. Many EU countries have experienced a remarkably long period with stable growth, low unemployment rates and low and stable inflation at the same time. One reason for that has been a surge in imports of cheaper Chinese manufactured goods. There is thus a substantial interest in maintaining availability of cheap imports, which in turn has put pressure through the value chain for low prices rather than concerns of sustainability.



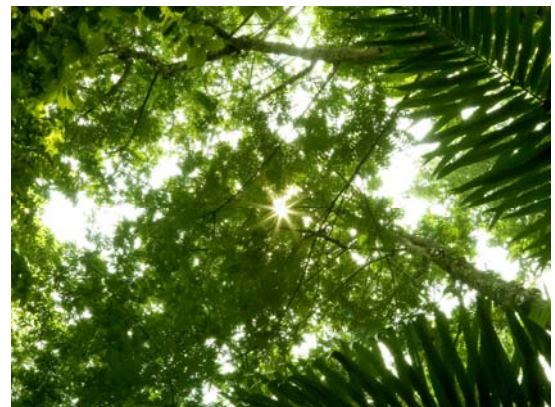
Introducing the ‘Triangular Approach’

The **Triangular Approach** – which aims to provide an alternative means of structuring dialogue and cooperation among resource providers, manufacturers and end consumers – is one possible conceptual framework to articulate and further explore these global dependencies.



This approach can be applied at many levels, be they local, national, regional or global. **This project will provide a pilot case for using the Triangular Approach to better understand and advance sustainability in a globalized world.** In this case study, OECD countries are the main consumption markets (they are also key investors both in China and resource rich countries and for some commodities taking resources directly e.g. fish, minerals, oil and gas), China is the well recognized “world factory”, and countries in Africa, Southeast Asia, South America and even Russia’s Far East are tapped for their rich reserves in natural resources.

The overall purpose of this project is to start learning how to work in a triangle that links resource providers, manufacturers and end consumers in a sustainability context. To build a case for and inform such interactions, the project aims to help better understand natural resource flows and wealth distribution throughout the triangle. This analysis will also provide strategic direction as to the best points of leverage for change and opportunities for cooperation within the triangle. **In the long run, the aim of this approach is to encourage political and economic actors within the triangle to work together to ensure the sustainable use of natural resource, equitably share the income generated from these resources and assume joint responsibility for the environmental and social consequences of resource extraction, manufacturing and consumption throughout the global supply chain.**



What will be done?

Throughout 2008, we will be producing a number of **scoping studies** to explore the economic relations between China and a range of places of key concern to WWF providing natural resources to the global market through China. A **synthesis report**, to be prepared during the second half of 2008, will draw together and link the different scoping studies to assess how the triangular relationships play out in practice and consider opportunities for future dialogue, collaboration and research which will be used as a basis for identifying follow-up activities.

Studies will be carried out in **China, the EU (Germany and the UK), Tanzania and the Mekong region (Laos, Cambodia and Vietnam)**. Beyond the main geographical focus, the China study will also start to link into other places from the Chinese perspective, such as Borneo and Far East Russia. Most of the studies will focus on timber as a special case, including in Tanzania, China and the EU, but all studies will also explore other sectors, such as agricultural commodities, hydropower and mining.

Many of the activities will be implemented in collaboration with local partners in the study countries, including the Chinese Academy of International Trade and Economic Cooperation, the Economic and Social Research Foundation in Tanzania, the Cambodia Development Resource Institute, the Central Institute for Economic Management in Vietnam and the National Economic Research Institute in Laos.



For more information

The project will pool together the capacities and resources of WWF offices from around the world as part of WWF's effort to scale up programmatic activities on these issues. If you would like to find out more about the overall project or the country-specific inputs and activities, please contact:

Overall coordination: John Kornerup Bang (WWF Denmark, j.bang@wwf.dk)

China study: Nan Li (WWF China, Nli@wwfchina.org)

EU study: Julie Thomas (WWF UK, Jthomas@wwf.org.uk),
Martina Fleckstain (WWF Germany, Fleckenstein@wwf.de)

Mekong study: John Kornerup Bang (WWF Denmark)

Tanzania study: George Jambiya (WWF Tanzania, Gjambiya@wwftz.org)

Congo: Leonard Usongo (WWF CARPO, Lusongo@wwfcarpo.org)

Far East Russia: Evgeny Shvarts (WWF Russia, EShvarts@wwf.ru)

Heart of Borneo: Nazir Foead (WWF Indonesia, NFoead@wwf.or.id)