

Traditional Herbal Medicine Sector, China

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Traditional Herbal Medicine Sector, China: Applying Value Chain Analysis

There are **three types of chains** in this sector:

- **International market chains:** international retailer - series of middlemen - large factories – contractors – subcontractors - local factories - cultivators
- **Domestic market chains:** retailers – middlemen - wholesale market – contractors – subcontractors - factories- informal workshops - cultivators
- **Local market chains:** retailers (local hospital pharmacies and chemist shops) - wholesale market – contractors – subcontractors - factories- informal workshops - cultivators

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Main findings:

- **Traditional herbal medicine sector:**
 - **Level of earnings:** differs for different informal workers in different positions along the same chain
 - **Impact of sector:** main source of income for many households (especially in poor counties in western China) + reduces medical costs for whole communities
- **Community-based organizations:** important role in collecting market information + providing protection against natural disasters (e.g. against hail storms and drought)
- **Government standards and regulations:** helping informal workers improve their capacity to compete in the market
- **New rural Cooperative Medical Care System (CMS):** using traditional herbal medicines
- **Value chain analysis:** will contribute to building and improving the use of traditional medicines under the CMS

Note: CMS is the main health system for universalizing medical-care in rural China today

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Future research:

- 1. Comparing the difference of the value chains of herbal medicine industry among more counties and different ethnical regions.
- 2. Analyzing the database and testing the findings in case studies.
- 3. Along the value chains to summarize what we can learn from the good experiences of informal employment in this industry.
- 4. Studying the connection between informal economy of herbal medicine industry and local medical-care market. (What could the informal economy of herbal industry do in controlling the medicine cost in poor regions.)