

Project case-study: Greening traditional Chinese medicine industry supply chains in China

China, the origin of and biggest centre of production for many medicinal and aromatic plant materials used in traditional Chinese medicine (TCM), produces a wide variety of plant-based herbal medicines and ingredients that are consumed both within China and worldwide. However, wild TCM plant resources in China, as in other parts of the world, are under threat, with populations declining across the country, in large part owing to overharvesting to meet high demand from the TCM and herbal products industry.



In response to this global problem, TRAFFIC, WWF, IUCN, the German Federal Agency for Nature Conservation (BfN) and others developed the FairWild Standard, which provides guidance on sustainable and equitable sourcing of wild plant products. The Standard and guidance tools are now being used by industry to improve product sourcing guidelines, by governments to design harvest and trade controls, by communities in their management systems, and by intergovernmental agreements (e.g. the Convention on Biological Diversity). This article introduces a project in which the TCM industry is being encouraged to take responsibility for the sustainable use of wild plant resources by following the principles of the FairWild Standard, and aims to further the availability of market-based mechanisms such as FairWild certification, which is not currently available in China.

Environmental governance through the TCM industry leadership in sustainability of supply chains

The project *Engaging the private sector in sustainable management of medicinal plants—the multiplier effect* is being implemented over 24



TCM trader with the fruit of *Magnolia officinalis* in Jinyun County of Zhejiang province © TRAFFIC/Timoshyna

months in China's Zhejiang and Hunan provinces. It brings together four partners: TRAFFIC, the World Federation of Chinese Medicine Societies (WFCMS), Wecome Pharmaceutical Ltd and the WWF China Programme Office, to create a mix of conservation expertise and TCM industry practices linked to Chinese medicine societies. Supported through the European Union (EU)-China Environmental Governance Programme (EGP), the overall goal of the project (abbreviated to EGP MAPs) is to establish green supply chains among TCM stakeholders, including private sector manufacturers and traders in the two provinces to producers, in order to achieve sustainable management of medicinal plants, livelihood benefits and to contribute to environmental governance.

In China, sustainability principles embodied in the FairWild Standard were applied in the Upper Yangtze area through an EU-China Biodiversity Programme (ECBP) project, implemented from 2007–2011 by WWF, IUCN and TRAFFIC, in collaboration with government and research institutions.

This project succeeded in improving the management and harvest of the berries of Southern Schisandra *Schisandra sphenanthera*. The berries are widely used in traditional medicine, and also locally in non-medicinal food and beverage products. Additional project benefits included improved protection of Giant Panda *Ailuropoda melanoleuca* habitat and the establishment of lasting trade relations between local harvesting communities and Chinese and US herbal product manufacturers to support sustainable harvesting and fair trade. The project achieved both an “Outstanding Contribution Award” from the Chinese State Ministry of Environmental Protection; EU-China Biodiversity Programme and, in recognition of that project and other TCM work, the Equator Prize 2012. The International Trade Union of Genuine Regional Materia Medica (TUGRMM)—a trade alliance supporting the sustainable production of wild medicinal plant species—was established as another project development, providing a basis for dialogue between producer associations, the private sector, and non-governmental organizations (NGOs).



EGP MAPs was publicly launched in November 2013, and already five TCM companies have signed a sustainability commitment declaration, demonstrating their interest in moving towards greening their supply chains. These companies, which include both traders and manufacturers from Zhejiang and Hunan provinces, are Zhejiang Wecome Pharmaceutical Ltd, Zhejiang Shenghua Medicine Co., Hunan Songlintang TCM Co.,

Yunhe Zizhutang TCM Development Co., and Zhejiang Wangjing She Ethnic Medicine Co. EGP MAPs is focusing on activities including the analysis of relevant Corporate Social Responsibility (CSR) approaches, applicable standards and certification schemes to the TCM industry, supporting manufacturers and traders in developing roadmaps for implementing sustainability measures and turning those into practice, and trainings on best practices. The project further supports the overall transparency and sustainability of TCM supply chains and activities towards the implementation of specific best practice standards (principles of the FairWild Standard) and cultivation. The project partners engage with relevant industry associations and government agencies to explore the possibility for the FairWild Standard and certification scheme's recognition in China.

The project partners and target TCM companies prioritized several medicinal plant species sourced for TCM products by target companies. These include Magnolia *Magnolia officinalis* bark, Honeysuckle *Lonicera japonica* flower buds and Wormwood *Artemisia argyi*. The best practices for sustainable harvesting, farming and trade in TCM ingredients will be applied to the selected supply chains in Zhejiang and Hunan provinces to demonstrate their applicability and the benefits of switching towards green supply chains.



Honeysuckle (*Lonicera* spp) important TCM ingredient and target species of project © TRAFFIC/Timoshyna

Several sessions of community and companies trainings on sustainable collection and cultivation have been already carried out in the counties of target provinces. One of the project areas, a sourcing location for several important TCM species, is the She Ethnic Community Township, where wild collection is carried out by local inhabitants of the She Ethnic Community.

TCM sustainability Forum in China

The experiences of separate TCM companies will be extended to the TCM industry sector in the target provinces, and more widely in China and beyond, in particular through the constituency of WFCMS. In September 2013, the EGP MAPs project was presented at the workshop of the World Congress of Chinese Medicine (WCCM) in the USA with plans to carry out a dedicated event during the WCCM 2014 (in October 2014). A number of TCM companies from China



Official launch of the project and all project partners © Wecome

will attend the Congress, as well as dedicated experience-exchange events within China and abroad.

Project partners facilitated the TCM sustainability CSR Forum, first carried out in February 2014 to initiate an exchange of knowledge and experience within the TCM sector and beyond on sustainability. Innovative by its topic and character, the CSR Forum brought together over 30 TCM companies, as well as government agencies, research institutes, NGOs and CSR consultancies. The wide-ranging CSR topics relevant to the TCM industry sector were narrowed down to the following: ensuring sustainable harvesting practices of wild medicinal plants; and good manufacturing practices that focus on quality control and traceability.

The second meeting of the CSR Forum is planned for the end of 2014, while the “green award” to TCM companies that demonstrate strong progress in terms of supply chain sustainability is due to be announced in early 2015. Finally, the project supports the creation of an enabling environment for a sustainable TCM industry through the dialogue between industry and government. Existing national, provincial and local policies will be analysed to identify the gaps for strengthening sustainable resources management provisions. These efforts, together with establishment of pilot models, are aimed to support broader shifts to sustainability in the sector.

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