

# Research on the Barriers and Legal Countermeasures of Exporting Traditional Chinese Medicine to ASEAN Countries under the Background of the Belt and Road Initiative

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**Abstract:** The total amount of China's exports of Chinese medicinal materials to the world and the trade competitiveness index gradually declined, but the exports of Chinese medicinal materials along the "the Belt and Road" increased significantly. The main problems faced by China's export trade of traditional Chinese medicine include the lack of quality standard system, the establishment of technical barriers to trade in importing countries, and the insufficient development of the export market of traditional Chinese medicine. The "the Belt and Road" initiative has brought opportunities to the international development of Chinese medicine, and has provided a broad market space for the development of Chinese medicine industry. The "the Belt and Road" strategy and the expansion of demand for traditional Chinese medicine in the international market have brought good development opportunities for the export trade of traditional Chinese medicine. However, cultural differences at home and abroad, international trade barriers and competition in the same industry have also brought threats and challenges to the export trade of traditional Chinese medicine in Gansu.

**Keywords:** Barriers; Legal Countermeasures; Traditional Chinese Medicine; ASEAN Countries; Belt and Road Initiative

## 1. INTRODUCTION

Since the implementation of the "the Belt and Road" national development strategy, China has continuously strengthened trade exchanges and deepened investment cooperation with countries along the "the Belt and Road". In 2016, the total import and export volume between China and countries along the "the Belt and Road" was 6.3 trillion yuan, up 0.6%, and 56 economic and trade cooperation zones were built in more than 20 countries along the line. Since 2017, China's foreign trade has enjoyed a good momentum and rapid growth. As of March 2017, China's import and export to Russia increased by 37%

Green trade barriers are a series of import restriction measures formulated by importing countries for the purpose of protecting natural resources, ecological environment and human health, mainly including international and regional environmental protection conventions, national environmental protection regulations and standards, ISO14000 environmental management system and environmental signs and other voluntary measures Production and processing methods and environmental cost internalization requirements. As one of the major commodities with the most independent intellectual property rights in China, the traditional Chinese medicine industry, driven by major strategic plans and legal documents such as the Outline of the "Healthy China 2030" Plan, the Law of Traditional Chinese Medicine, and the Chinese medicine "the Belt and Road" Development Plan (2016-2020), takes advantage of the opportunity of demand recovery in the international market. The overall import and export showed a trend of simultaneous increase.

According to the 2017 Analysis Report on the Circulation Market of Chinese Medicinal Materials issued by the Ministry of Commerce, the export volume of Chinese medicinal

materials in 2017 was 223500 tons, an increase of 9.51% year on year. In the cultivation of Chinese medicinal materials, Gansu Province has few planting bases that meet the GAP standard, the use of pesticides and fertilizers is not standardized, and pesticide residues and heavy metals exceed the standard from time to time.

In addition, the mechanization and intensification of the primary processing in the producing areas of Chinese medicinal materials are relatively low, which makes the cost of the production of Chinese medicinal materials on the high side. In the production of traditional Chinese medicine slices, there is a lack of specialized processing equipment, the production process follows the traditional method, and the international standard system of traditional Chinese medicine that conforms to the international market has not yet been established. The "International Coordinating Committee on Technical Requirements for Registration of Human Drugs" launched by the United States, the European Union and Japan aims to solve the national differences in drug registration, approval documents and formats, and has developed common technical documents.

## 2. THE PROPOSED METHODOLOGY

### 2.1 The export of Chinese medicinal materials in ASEAN and the "the Belt and Road" region increased significantly

At present, CTD has become the internationally recognized document preparation format for drug registration. According to the analysis of the data collected by the Customs, the Chinese Medical Insurance Chamber of Commerce concluded that the nature of Chinese herbal medicine export enterprises is mainly divided into three categories: state-owned enterprises, foreign-funded enterprises (including Sino-

foreign cooperative enterprises, Sino-foreign cooperative enterprises and wholly foreign-owned enterprises) and private enterprises (including private enterprises, collective enterprises and individual businesses).

According to customs statistics, a total of 1209 enterprises carried out the export business of traditional Chinese medicine in 2017, including 1014 private enterprises, accounting for 84% of the total number of traditional Chinese medicine export enterprises.

From the perspective of total exports of traditional Chinese medicine, the export volume of traditional Chinese medicine created by private enterprises is 2.4 times of the sum of foreign-funded enterprises and state-owned enterprises, with a contribution rate of 70.76%. When the green logistics mode is adopted, the total cost of products will increase to a certain extent, which will lead manufacturers to make two choices: first, increase the export price of products; The second is to ensure that the market share price remains unchanged. Among them, we have discussed the situation of unchanged price. Therefore, this paper focuses on the strategy of importing country C when the price changes. Break through the legal, policy and technical barriers that restrict the development of foreign trade of traditional Chinese medicine overseas, strengthen the international protection of intellectual property rights of traditional Chinese medicine, and expand the international market access of traditional Chinese medicine service trade.

## 2.2 The "the Belt and Road" initiative has brought opportunities for the international development of traditional Chinese medicine

The Plan for the Development of Traditional Chinese Medicine Health Services (2015-2020) proposes to build ethnic medicine industrial zones in border areas and improve the R&D and manufacturing capacity of ethnic medicine and related products based on the Silk Road Economic Belt, China-ASEAN (10+1), Lancang-Mekong River Dialogue and Cooperation Mechanism, Greater Mekong Subregion and other regional and sub-regional cooperation mechanisms. If the TC index is greater than zero, it indicates that the goods have strong international competitiveness. The closer to 1, the stronger the competitiveness; If the TC index is less than zero, it indicates that the goods are not internationally competitive. The closer they are to - 1, the weaker their competitiveness is; The index is zero, indicating that such goods are intra-industry trade, and their competitiveness is comparable to the international level.

With regard to the TC index of Chinese herbal medicine exports, the author obtained Table 2 according to the data statistics and calculations of China Business Database. According to the "Engel's Law", when the income level of consumers increases, they will prefer the goods with higher prices and better quality, and they are willing to pay higher prices for the goods with the same quality. At this time, the relationship between price and revenue is shown in Figure 1 (I), that is, revenue and price are positively correlated. In Europe, botanical drugs have been used for more than 700 years, and have a legal status in European countries. The EU Traditional Herbal Medicine Decree, which was officially issued and implemented on April 30, 2004, is the first regulation formulated by the EU for traditional herbal medicine, providing a good opportunity for China's traditional Chinese medicine products to export to the EU; At the same

time, the European Union recognizes traditional Chinese medicine as medicine, which has a very positive significance in promoting the recognition of traditional Chinese medicine in the United States and other countries. China's current quality standard system for traditional Chinese medicine has not been established and improved.

First of all, in the quality of raw materials, the planting mode of "company+base+standardization" is not implemented, but the raw materials of traditional Chinese medicine are mainly collected by means of acquisition. Many farmers blindly introduce traditional Chinese medicine or select seeds with poor quality and seed quality, and the source supervision is difficult, resulting in the decline of the internal quality of traditional Chinese medicine, low efficacy and even unbearable for use.

## 3. CONCLUSION

We will explore the training mode of specialized talents in international trade of traditional Chinese medicine, cultivate a large number of talents who are in urgent need of traditional Chinese medicine, and carry out the cross-combination research of international trade and anti-technical barriers. According to the quality of Chinese medicinal materials exported at home, we will actively negotiate with foreign countries for unscientific and unreasonable technical restrictions, break the technical barriers set by foreign countries for the export of Chinese medicinal materials of plants, and actively explore the international market.

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