

The Marketing of Agarwood (*Aquilaria* spp.) Oil in Thailand

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ABSTRACT

Objectives of the study were to determine the present situation of agaroil industry in Thailand, production process, cost-benefit analysis, production, market structure, market conduct, market performance, and marketing channel of agaroil. The 24 sampled agaroil factories were purposive random sampling from the total 49 agaroil factories of the country or the percentage of cruise was 48.98. The data using for the study was gathered by employing the designed questionnaire interviewed the entrepreneurs of the sampled agaroil factories.

Results of the study indicated that in 2006 the agarwood shortage was the severe problem of Thai agaroil industry, their demand for agarwood at full capacity was much higher than the available quantity, it was 357,777.42 kg or the total quantity of the available agarwood was only 52.34 percent of the total demand at the full capacity. This mainly due to the difficulty of agarwood importation and the

existing *Aquilaria crassna* plantation was still too young to harvest. In addition, the price of agarwood with a high price and a low price showing an upward tendency, increasing from 311.46 and 166.25 Baht/kg in 2002 to 341.25 and 175.63 Baht/kg in 2006 respectively. The high agarwood price provided an average profit per lot of agaroil production (using 15 kg of dried agarwood) was higher than the low agarwood price, they were 2,512.35 and 662.35 Baht per lot respectively. Furthermore, the market structure of agaroil was oligopoly. The marketing margin, producer's share and pricing efficiency were 246.67 Baht/Tora (1 Tora = 12 gm), 93.97 and 1,659.10 percent respectively. Moreover, the profit cost ratios at average price were 52.67 and 28.28 percent, these belong to the high and low agarwood price respectively. This indicated that the performance of agaroil was good enough. The total agaroil production in 2006 was 45,318.47 Tora and the average price of agaroil was 3,845.83 Baht/Tora, the most of this in amount of 35,261.61 Tora or

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77.81% was distributed to the retailer at Soi Nana Market, Klongtoey Nua sub-district, Wattana district, Bangkok by the entrepreneurs of 27,037.78 Tora (59.66%) and local middlemen of 8,223.83 Tora (18.15%), and then selling out to the foreign consumers in Bangkok. The rest of 10,056.86 Tora (22.19%) sold to the foreign middlemen at factories and then was exported to Dubai, Saudi Arabia and others in proportion of 11.40, 8.16 and 2.63 percent respectively.

In order to strengthen the agaroil industry for playing an important role in the Thai economy, the extension program for *Aquilaria crassna* plantation should be implemented for mitigating the raw material shortage. Moreover the standardization agaroil product is also needed for creating the reliability.