

Bhutan-Thailand tie-up to enhance high-value agarwood industry

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In a landmark move aimed at transforming Bhutan's agarwood farming sector, the country has entered into a strategic partnership with Thailand. This collaboration, designed to improve farming techniques and uplift rural communities, was formalized through a Memorandum of Understanding (MoU) signed on April 28. The agreement brings Maehongson Organic Social Enterprise Limited (MOSEL), a leading Thai company, into the fold, focusing on technology transfer, capacity building, and market access for Bhutanese agarwood products.

The partnership is a joint effort between Bhutan's Department of Forests and Park Services (DoFPS), under the Ministry of Energy and Natural Resources, and MOSEL. The goal is to leverage Thailand's expertise in organic agriculture and forestry to develop Bhutan's agarwood industry, improve agricultural resilience, and create sustainable livelihoods for rural communities.

A Vision for Sustainable Agarwood Farming

The Ugyen Wangchuck Institute for Conservation and Environmental Research (UWICER) will lead the initiative, facilitating technology transfer and fostering collaborative research. By drawing on MOSEL's established community networks and years of experience in agarwood cultivation, Bhutan hopes to strengthen its own production methods and improve the quality of its agarwood products.

Dendup Tshering, Principal Forestry Officer at UWICER, emphasized the significance of the partnership, stating, “This collaboration will help us transfer critical agarwood inoculation technology from Thailand to Bhutan, strengthening both our agricultural practices and bilateral ties.”

MOSEL’s involvement will go beyond knowledge-sharing; it will play a key role in training Bhutanese staff on agarwood inoculum development, delivery methods, and product processing. Bhutanese experts will be trained at established agarwood centers in Thailand, learning techniques that will accelerate the country’s entry into the global agarwood market.

Opening New Markets for Bhutanese Agarwood

A major outcome of the partnership will be the creation of market linkages for Bhutanese agarwood products. Until now, Bhutan has struggled to establish a reliable export market for its agarwood, despite attempts by a few farmers to enter the trade independently. This collaboration aims to break those barriers by connecting Bhutanese farmers with agarwood companies and communities in Thailand, thus gaining access to both domestic and international markets, with a focus on regions like the Middle East.

MOSEL will also assist with research and development on agarwood oil distillation and processing equipment, providing Bhutanese farmers with the tools they need to scale production and meet international standards. The collaboration will also help Bhutan establish its own infrastructure for distilling and quality testing, essential for expanding exports.

“Once our people are trained, they will be able to use this expertise to advance the development of the agarwood industry here in Bhutan,” said Tshering.

Overcoming Challenges to Growth

Despite the promising outlook, Bhutan faces several challenges. The three-to-four-year growth cycle required for agarwood formation makes it difficult to achieve quick results. Additionally, the country lacks the necessary oil distillation facilities and quality testing infrastructure needed to meet the demands of the international market.

Nevertheless, the partnership with MOSEL is expected to overcome these hurdles by transferring critical technology and expertise to Bhutan. “Through this partnership, we hope to enhance the livelihoods of farmers by creating more opportunities for income generation,” Tshering added.

One of the key goals of the partnership is the creation of a national agarwood growers’ network, designed to foster community-based processing and marketing. This network will ensure that all participants benefit equitably from the industry and reduce the risk of exploitation by intermediaries.

Looking Ahead: Scaling and Expanding

While the immediate focus is on developing inoculum technology and refining delivery methods, UWICER is also actively pursuing financial support from both donors and the Bhutanese government to further develop agarwood farming techniques.

Additionally, Bhutan is working to sign a separate MoU with Kasetsart University in Thailand to enhance scientific research and technical collaboration, further strengthening its agarwood sector.

In the long run, UWICER envisions establishing a dedicated agarwood center, expanding the grower network, and improving branding and certification processes to ensure Bhutanese agarwood products are recognized on the international stage. With this strategic partnership, Bhutan is positioning itself to become a leading producer of sustainable agarwood, fostering long-term environmental and economic growth.