

**HEART OF THE MATTER: AGARWOOD USE AND TRADE  
AND CITES IMPLEMENTATION FOR *AQUILARIA MALACCENSIS***

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## SINGAPORE

Singapore is a range State for *Aquilaria malaccensis* (L. Fook, Singapore CITES Management Authority *in litt.* to CITES Secretariat, 20 October 1999; Oldfield *et al.*, 1998). As noted above, Singapore plays a commanding role as an international agarwood trading centre, with over 1113 t of *A. malaccensis* chips, powder and timber recorded in CITES annual report data as exported to Singapore from 1995 to 1997.

Virtually all of this agarwood was reported as exported by Indonesia and Peninsular Malaysia. In contrast, Singapore reported the import of only 584 t of *A. malaccensis* from 1995 to 1997. Singapore reported the re-export of almost 800 t of *A. malaccensis* from 1995 to 1997, approximately 70% of the amount of agarwood reported as exported to Singapore during this same period, and approximately 200 t more than reported imports. Some of these re-exports were declared as pre-Convention stock. According to Heuveling van Beek and Phillips (1999), agarwood flakes and chips form the bulk of agarwood products traded in Singapore. These are generally sold by the [shipping] container load.

### Markets and prices

The following information is based on interviews with six traders in Singapore by Heuveling van Beek and Phillips (1999). The traders were mostly located at a modern heavily-stocked warehouse complex near to the airport and container port. The close proximity to each other of most traders ensures competitive pricing; traders generally indicated that competition has increased during the last five years. Several companies have World Wide Web sites advertising the sale of agarwood products via the Internet. Most traders were supplied from throughout south-east Asia, with the larger traders appearing to have a series of loyal agents based in all the main procurement areas. Some traders reported that they had their own export-handling companies in Malaysia or Indonesia. One mentioned that he owned a plantation, while another mentioned that he distilled his own agarwood oil in Malaysia. Other companies had set up offices in the Middle East, but many had closed down because of problems in obtaining payment and the general slowing of Gulf economies, whose 'petro-dollars' had previously widened the agarwood market. As previously noted (see **Grading**), various agarwood grading systems are in use. Interviews conducted with traders in Singapore revealed that knowledge of valuation and grading is extremely complex, and a good buyer is said to be able simply to smell the wood and determine its country and province of origin and grade. Others need to burn portions of the product before making such an assessment. Traders separate out highly resinous products or products with particularly special fragrances to offer to buyers willing to pay high prices (Heuveling van Beek and Phillips, 1999).

Many traders use the practice of placing the wood in water to separate 'sunken wood' from floating woods or flakes, to meet the requirements of their customers from Taiwan. Prices for sunken wood in Singapore are approximately USD400-500/kg. Sumatran sunken wood sells for USD420/kg in Singapore, with sunken wood from Sabah being slightly more expensive at USD480-500/kg. Traders generally felt that agarwood from Cambodia and Lao PDR was best, selling at USD2000-3000/kg for wood segments. Some Middle Eastern clients preferred wood from Myanmar, however, which has a distinct odour profile. Samples of agarwood oil distilled in Malaysia can be bought for USD8450/kg, and superior oil from Cambodia was valued at USD14 485/kg (Heuveling van Beek and Phillips, 1999).

## International trade controls

There are no tax restrictions associated with trading *Aquilaria malaccensis*. CITES is implemented through the *Endangered Species (Import and Export) Act (Chapter 92A) Revised Edition, 1990*. The Primary Production Department (PPD) is the CITES Management Authority and Scientific Authority for Singapore. All traders wishing to import or re-export *A. malaccensis* must be licensed by the Singapore Trade Development Board.

CITES import and re-export permits are issued by the Phytosanitary and Plant Quarantine Section (PPQS) of the PPD. To obtain a CITES import permit for *Aquilaria malaccensis*, importers must first present a CITES export or re-export permit issued by the country of export or re-export. Most traders interviewed said that they could obtain export permits without too much difficulty. Re-exports from Singapore require a CITES re-export permit, with a phytosanitary certificate being issued only if required by the importing country (L.F. Keng, Singapore CITES Management Authority, *in litt.* to TRAFFIC Southeast Asia, 16 April 1999). Imports of all other *Aquilaria* spp. also require a plant import permit issued by the PPQS in addition to a phytosanitary certificate issued by the exporting country. Without a valid CITES permit, *Aquilaria malaccensis* consignments are refused entry and are either confiscated or returned to the exporting country. The penalty for violating the *Endangered Species Act* is a fine of up to USD5000 and/or imprisonment of up to 12 months.

CITES import permits are examined by the PPD prior to the release of agarwood consignments and then scrutinized again when goods are being re-exported. Traders must show that quantities re-exported are less than or equal to quantities imported. Once CITES permits have been issued, the actual agarwood consignments are rarely inspected (Singapore CITES Management Authority, pers. comm. to TRAFFIC Southeast Asia, 21 April 1999). An interview with the Management Authority indicated that few, if any, Customs officials can identify *Aquilaria malaccensis*, particularly when in flake, dust or powdered form. There are significant opportunities for under-invoicing and misrepresentation since only an expert can gauge a fair price and distinguish whether powdered and chipped packages of coloured wood are actually agarwood as opposed to other woods, such as sandalwood for example. The expertise required to accomplish this is typically greater than enforcement officers possess. A meeting with the head of the CITES Department in the PPD indicated that authorities had considerable difficulties adapting procedures developed for monitoring animal parts to the monitoring of botanical products (Heuveling van Beek and Phillips, 1999).