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How to Grow a Magic Tree and Prosper from it (Part 4)

[Livingmsia](#) August 31, 2017 186 Views



AGARWOOD IS SUCH A SPECIAL

TREE and mysterious altogether. This magic tree has been in a hot seat for over 2000 years, from appearing in old texts and transcripts, continuing to be widely used in almost all cultures in the Asian region, to being one of the most important base notes in modern perfumery. Indeed it has remained the mainstay product allowing anyone to transform into a million-dollar corporate entity.

Without a doubt, agarwood chips and oil still serves as the main market for the Middle East. The month of August would be the beginning of the *oud* season, where agarwood perfumery shops in Bukit Bintang, Kuala Lumpur would be overflowing with Arab tourists invading these exotic perfumes derived from the magical tree. Most importantly, on August 31st 2017 or 9th Zulhijjah 1438H, it would be one of the 10 sacred days for Hajj pilgrims to increase their reflections while sincerely seeking for Allah's forgiveness in the sacred place of Mecca. The Kaaba will be replaced with a new *Kiswa* (covering) and perfumed with agarwood oil and many other scents. The walls will be perfumed with large quantities of agarwood essential oil and rose perfume. Ultimately, the Kaaba will be then be incensed with scents which include agarwood.

Watch: Bakhoor in Mecca

This shows how important agarwood truly is in the Arab world. But the wonder of the scented wood is not just confined to the Middle East.

Spiritual Relationship With Asian Culture

For centuries, agarwood has also been in a close and spiritual relationship with the Asian culture, where the smoke is said to aid contemplation. It is without doubt that China and Taiwan have emerged to be the biggest Far East market for agarwood, and still growing! China has begun to demand more than other countries for agarwood since the 2000s due to their progressing economy. It has in fact become fashionable for rich businessmen to own the highest quality of agarwood in a form of sculptures, blocks or chips to be placed in their houses or organizations, for

Feng Shui, to impress their guests, for traditional medicine and also in a form of investment, similar to people who invest highly in art and paintings.



Agarwood hand crafted wood sculpture [Source: [aliexpress.com](https://www.aliexpress.com)]



Left: Flying

Eagle carving to be put in the office to promote fortune and wealth for the businessman. [Source: grandawood.com] Right: Agarwood carved into a scholar stone design. This piece of agarwood originated from Malaysia. [Source: pinterest.com]

With all this demand from the market, extinction issues and limited sources of good quality wild supply have elevated the price of agarwood over the past years. Stories of agarwood illegal smuggling have come unabated from almost all producing countries. Again and again, reports flood the mass media. In fact, very recently, news of this brisk business in the [black market was reported in The Staronline.](#)

Despite its extensive media coverage and stricter regulations on the illegal felling of *Aquilaria* trees, one question still remains, why hasn't illegal logging reduced?

Hot Commodity



Here is Arab Street in Bangkok [Source: bkk-lifetsyle.com]

Agarwood shops in Bukit Bintang, Kuala Lumpur and in Arab Street, Bangkok for instance, are among the many hot places selling this very hot commodity. It's so intriguing though that most of the agarwood products are from Cambodia, Sri Lanka, and Myanmar, just to name a few places where wild harvesting is banned. It's amusing even when many of them claim that the agarwood chips they sell are "legal". Some say there wouldn't be agarwood business if it weren't for bribery and corruption being in place.

See The Forest For The Trees

What makes it worse? The prohibition of [Orang Asli from harvesting agarwood](#). (Read the linked article).

The forest is the Orang Asli's sustenance. However, the law does not allow them to legally collect and trade forest produce. Thus it denies them the chance of making a living out of the agarwood they may find growing wild in the forest. In trying to protect the forest, governing bodies of countries that control the quota of agarwood have been accused of actually triggering the growth of the black market because the legal way to trading forest produce is stopped.



In the face of constant depletion, the only recourse is to grow more. Here are agarwood saplings. The sun shines bright on their future.

A bright future *does* await the Malaysian agarwood industry, but only if poachers stop ravaging Malaysian forests. When they come in, they indiscriminately chop all the agarwood trees down and turn them into woodchips regardless of whether the tree is young or has even begun to form any resin. The thinking is this: If availability of wild agarwood is reduced, the price for what's left — ie farmed Agarwood — will surely rise. The high demand for the commodity is not helping either. The pressure of customers in the Middle East, perfumers from the West, the Chinese buyers and the black market has given agarwood survival very little chance.

The only hope is by planting the tree.

The Rise Of Money Tree Plantations



Left: Plantation in Assam, India. Right: Plantation in Malaysia

[Source: [agarwoodasia](http://agarwoodasia.com)]



A notched tree. This means the tree is not felled but left to continue growing.

Plantation trees can be harvested once the production of the resinous material (the agarwood) in the trunk and other parts of the tree is complete, and that is the time when the trees start drying up. However, for commercialization purposes, harvesting is carried out at specific time

frames, which adds consistency while making the plantation industry sustainable.

The process is straightforward. If there is a high coverage of resin, the tree will be cut down. However, if the tree has produced less resin, it will only be notched on its affected part, as shown in the picture above. That would be the most efficient way to preserve the tree instead of recklessly chopping it down.

What Price The Liquidation Of Gold?



Workers cleaning the wood to become agarwood wood chips to be sold as incense. No part of the tree is ever

wasted. **S**trangely, for all its commercialisation, there is no uniform standard in grading the wood into, say — high grade, commercial grade or even low grade and this also applies to wild agarwood. Wild doesn't necessarily mean better. Ultimately, its price is very much dependent on demand for the chips and essential oils.

Price manipulation is another issue. Like any other industry, manipulation occurs when irresponsible traders raise the price of agarwood chips or essential oil that are actually lower in quality. In the face of demand, customers relent. So who gets the big bucks? You guess!

However, planting money trees doesn't come without its challenges. One of these challenges is the inoculation. The *Aquilaria* tree has to be inoculated with a fungal infection to induce production of agarwood (the resin), otherwise the tree would be quite worthless. Not all *Aquilaria* trees produce agarwood, they *have* to be infected by a certain kind of fungi before they

start “fighting back” with resin production to counter the infection. And even so, there is no set volume in the resin production (meaning each tree will produce its own amount).

Newbies blinded by the agarwood get-rich-quick scheme are often scammed through these so-called high quality inoculum which “guarantees” high rates of return. Till today, techniques are still being improved to artificially induce optimum agarwood production. There are “many roads that lead to Rome” as they say, with trial and error being part of the journey but there are no guarantees.

Sustainable Production



Innoculation takes place [Source: Pengharum]. An inoculated tree. There are many methods to inoculation.

Even though Malaysia is quite behind Thailand, Vietnam, Cambodia and Indonesia in terms of plantation and production, numerous initiatives have been carried out to enrich the industry by reducing the high dependency on wild agarwood harvesting. According to research (*Nget al., 1997*), only 7%

to 10% of wild Aquilaria trees are infected by the fungus presumably brought about by insects.

Thus universities and the Malaysian Timber Industry Board (MTIB) have been working hard, spearheading efforts in the development of agarwood plantation, the human capital, downstream products, research and marketing, since 2011 until now.

Almost anyone who has land can venture into this business. It is very much encouraged by MTIB as a great alternative to overcome the scarcity of this valuable bioresource. PENGHARUM (Association of Bumiputra Gaharu Entrepreneurs) is also one of the many associations that encourages and assists Bumiputera agarwood entrepreneurs in sharing knowledge and upgrading their technical, management and marketing skills in agarwood plantation.



The inoculation process [source: freedom.com]

A number of huge companies have managed to drive the industry by controlling the process of nurturing the seeds to extracting the dark resinous oud oil in their distillation facilities. Therefore, this industry has such great potential to catalyst the increasing application of biotechnology in the Malaysian wood industry.

And don't turn your nose up at the small players either! Many Malaysian agarwood entrepreneurs have left their conservative mindset of merely manufacturing and selling agarwood chips and essential oil to Middle East buyers. Some entrepreneurs have progressed to the point of providing evidence of their agarwood authenticity through test reports by universities.

BARCE or Bio Aromatic Research Centre of Excellence

BARCE or Bio Aromatic Research Centre of Excellence, University Malaysia Pahang offers a scientific approach at evaluating the quality of agarwood essential oil. They can produce a certificate of analysis that shows the number of compounds present in the agarwood, hence, showing evidence of details contributing to the unique fragrance of agarwood. This gives much importance to the buyers from the Middle East. More importantly, BARCE is able to generate the characteristics and smell print of the resin by using sensor technology called agarwood grading device.

More journal articles on this can be found on the links below:

BARCE or Bioaromatic have been researching various angles on oud oil, such as;

- [Gaharu Sensor: Classification Using Case Based Reasoning \(CBR\)](#)
- [Differentiating Agarwood Oil Quality Using Artificial Neural Network](#)

People in this industry have become more adventurous in discovering new frontiers to other downstream products or other agarwood-based by-products. There is now less obsession for one-off sales to Middle East buyers and more interest for incense, medicines, cosmetics, personal grooming, beverages and craftwork.

Check out these entrepreneurs. They might be near your block:

[Oud Al-Malizi](#)

[Lestary](#), member of Pengharum

[RAL Plantation](#), member of Pengharum

[Biobenua Teknologi Sdn Bhd](#), member of Pengharum

As can be seen, agarwood is quite the Money Tree!

Create Wealth Through The Money Tree

If you are serious about creating wealth in this industry, being hands-on is vital. You will need to take on a top down approach to focus on what to sell, how to get it, and how to market it.

So it is not entirely true that money grows ON trees. Actually, they grow IN trees...or more specifically, in agarwood trees!



Money grows IN and FROM the agarwood tree!

*Do read the rest of this Four Parter Magic Tree Series on [Oud](#)
[oil](#), [Perfumery](#) and [Health](#).*

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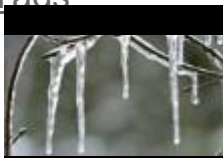
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