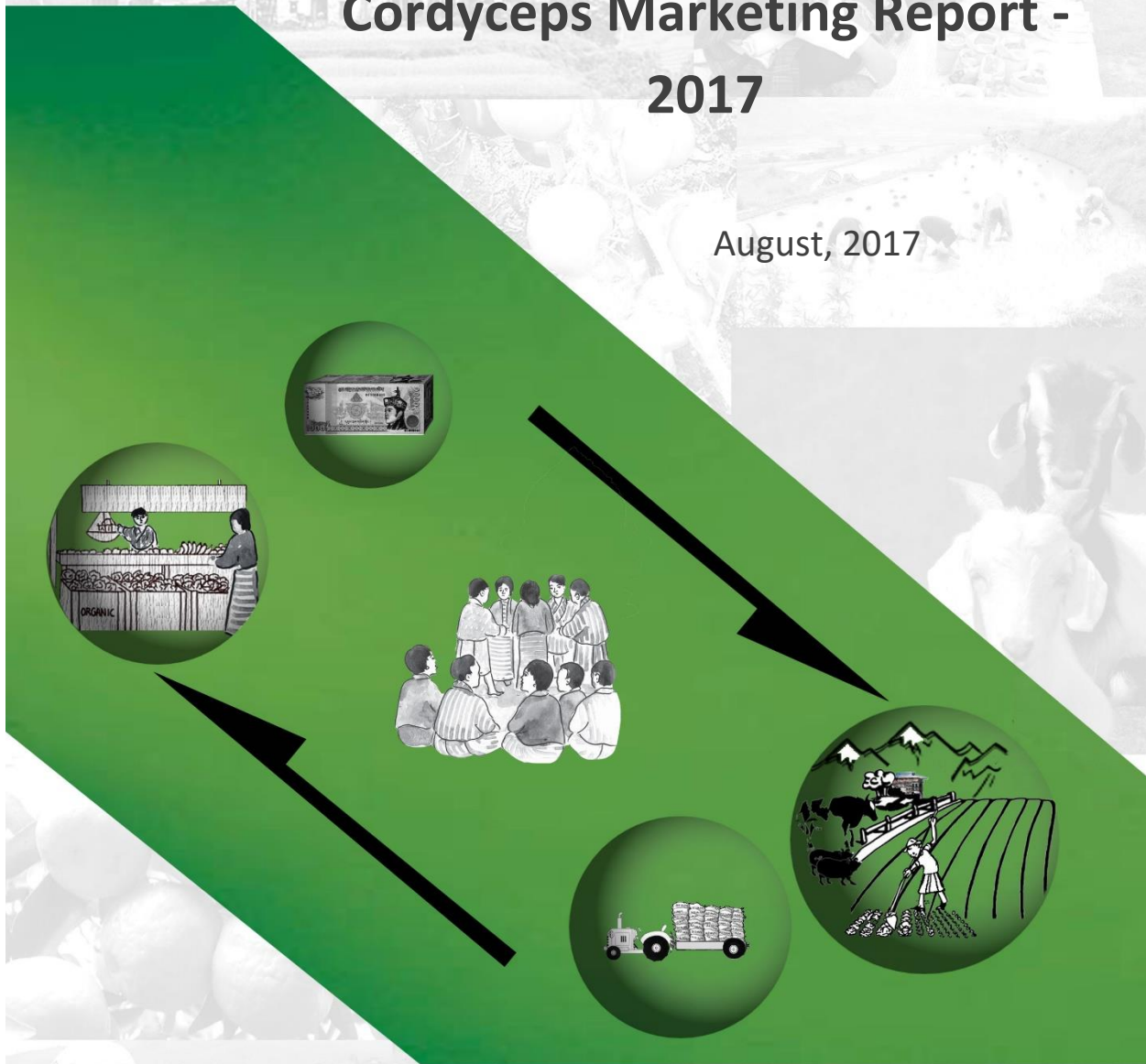




Cordyceps Marketing Report - 2017

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Cordyceps Marketing report for Year 2017

Introduction

Cordyceps (*Ophiocordyceps sinensis* – *Yartsa Guenbub*) is found growing naturally in the high lands of seven districts of Bhutan; Paro, Gasa, Thimphu, Wangduephodrang, Bumthang, Lhuentse and Tashi Yangtse. It is a top export item and a major revenue earner amongst non-wood forest products (NWFP) sold commercially in Bhutan.

Cordyceps is marketed through auctions facilitated by local government and various agencies of the Ministry of Agriculture and Forests, including DoFPS, BAFRA and DAMC. Each year before the auction season starts, all stakeholders including representatives of the aforementioned agencies, collectors (sellers) and exporters meet to discuss the details – dates, auction sites, documentation etc.

Overall auction figures

This year the auctions started on July 14 and went on till August 6, 2017. 35 exporters participated in one or many auctions over the season. According to the records maintained by the DoFPS, 3,198 Collection Permits were issued, but only 2,281 collectors (sellers) actually participated in the auctions. It is not clear if the 917 did or did not harvest the cordyceps this year or if they sold it directly to exporters.

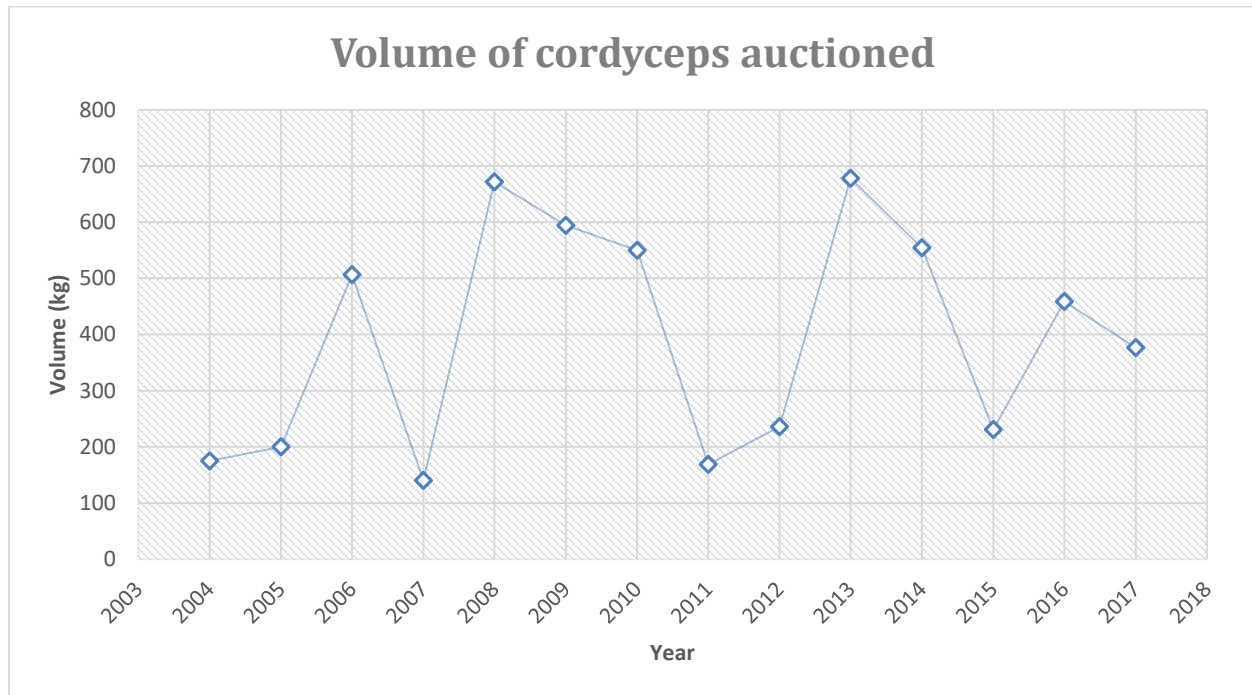
A total of more than 376 kilograms of cordyceps worth around Nu. 203m was transacted through auction. Further almost 95 kilograms of cordyceps was withdrawn after auction because of dissatisfaction with the final price while another 86.4 kilogram was directly exported. The value of cordyceps that was withdrawn after auction or sold directly cannot be ascertained since they are not obligated to disclose the price to the government representatives. Furthermore, harvest and sale data from of the 917 collectors, who did not participate in auctions could not be determined.

Wangdue Dzongkhag recorded the highest collection amounting to 255.36 kilograms, while Tashiyangtse and Lhuentse combined auctioned only 1.01 kilograms. In the history of cordyceps marketing in Bhutan, since the year 2004, the highest bid price of Nu. 2.71m per kilogram ever recorded was during the auction at Bumthang this year.

Table1: Cordyceps auction details

| Dzongkhag(s) | Gewog(s) | Volume auctioned (kg) | Value (m Nu.) | Volume Withdrawn(kg) | Direct Export (kg) | Royalty (m Nu.) |
|----------------------|-----------------|-----------------------|---------------|----------------------|--------------------|-----------------|
| Paro | Tsento | 6.72 | 2.59 | 1.25 | 0.00 | 0.07 |
| Gasa | Khatoe & Laya | 22.27 | 8.56 | 10.25 | 0.00 | 0.27 |
| | Khamey & Lunana | 38.72 | 29.61 | 2.04 | 0.00 | 0.34 |
| Thimphu | Lingzhi | 23.35 | 8.25 | 2.88 | 0.00 | 0.22 |
| | Naro | 38.23 | 43.87 | 4.97 | 0.00 | 0.36 |
| Wangdue | Kashi | 1.60 | 0.51 | 0.62 | 0.00 | 0.02 |
| | Dangchu | 52.53 | 22.05 | 9.08 | 21.64 | 0.69 |
| | Gangtey | 20.38 | 1.34 | 2.04 | 5.05 | 0.23 |
| | Sepu | 75.39 | 63.31 | 11.29 | 55.75 | 1.19 |
| Bumthang | Chokhor | 95.30 | 23.09 | 12.22 | 4.00 | 0.90 |
| T/yangtse & Lhuentse | Bumdelling | 1.01 | 0.32 | 0.23 | 0.00 | 0.01 |
| | | 376.76 | 203.50 | 94.89 | 86.44 | 4.30 |

Fig. I: Volume of cordyceps auctioned (2004 – 2017)



Data of the total value of cordyceps auctioned in the past years are not available. However, the maximum, the minimum and the average auction prices are available year to year (Fig. II). In general, the average auction price is increasing annually, with the highest ever recorded in 2017. The maximum price received for any given sample also shows an increasing trend. The most precipitous increase in the average and maximum auction prices occurred in the years 2014 and 2017.

Figure II: Maximum, minimum and average auction price (2004 2017)

| Year | Maximum price / kg (m Nu.) | Minimum price/ kg (m Nu.) | Average price/ kg (m Nu.) |
|------|----------------------------|---------------------------|---------------------------|
| 2004 | 0.08 | 0.04 | 0.06 |
| 2005 | 0.64 | 0.08 | 0.36 |
| 2006 | 0.13 | 0.02 | 0.075 |
| 2007 | 0.15 | 0.02 | 0.085 |
| 2008 | 0.25 | 0.02 | 0.14 |
| 2009 | 0.35 | 0.015 | 0.18 |
| 2010 | 0.49 | 0.01 | 0.16 |
| 2011 | 0.6 | 0.25 | 0.43 |
| 2012 | 1.22 | 0.051 | 0.64 |
| 2013 | 1.21 | 0.067 | 0.67 |
| 2014 | 1.326 | 0.072 | 0.7 |
| 2015 | 1.47 | 0.09 | 0.78 |
| 2016 | 1.556 | 0.08 | 0.818 |
| 2017 | 2.715 | 1.3 | 1.4225 |

Discussion and recommendations

While, as was done in the past, a stakeholders meeting was organized by the DAMC to discuss the imminent auction, some stakeholders apparently were not aware of the changes in the rules decided during the pre-auction meeting leading to minor misunderstanding and commotion during the auction at some sites. It is therefore important to disseminate the resolutions of the meeting as widely as possible in the future.

In the Certificate of Origin, the volume harvested is recorded in terms of numbers of cordyceps, which leads to inconsistencies while reporting. It is recommended that the volume be recorded in terms of weight, i.e. grams and kilograms.

Different government agencies use different kinds of reporting formats. For accuracy and consistency in data collection and reporting, it is essential that all formats be standardized as much as possible, in the future.

Despite trying to preclude unauthorized people entering the auction area, by allocating name cards with lanyards to authorized bidders and sellers, unauthorized people still gain entry due to lax control and crowd out the place. For efficient auctioning, this has to be controlled in the future.

Many a times the representatives of DAMC, DoFPS, LG and BAFRA do not have same views during the auction process and therefore, for smooth operation of the auction, it would be necessary to reach a common understanding before auction process starts.

During auctions the samples are placed on the floor and this not only impedes efficiency and causes inconvenience to bidders during inspection of samples, but can also result in contamination by dirt and dust raised from the floor. In the future, tables have to be used. Further, for display of sample, it is recommended to place cordyceps on small plastic trays to minimize physical damage, during inspection by buyers.