



CORDYCEPS AUCTION REPORT 2022

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Department of Agricultural Marketing and Cooperatives
Ministry of Agriculture & Forests
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Introduction

Cordyceps (*Ophiocordyceps sinensis* – Yartsa Guenbub) is a high value non-wood forest product (NWFP) growing naturally in the highlands of seven districts of Bhutan: Paro, Gasa, Thimphu, Wangduephodrang, Bumthang, Lhuentse and Tashi Yangtse. It is one of the major revenue earners amongst the NWFP traded commercially both in domestic and international markets. As such it is considered as the main sources of cash income for highlanders where farming is not feasible.

In Bhutan, Cordyceps is marketed through open auction facilitated by Gewog Administrations and various agencies of the Ministry of Agriculture and Forests, including DoFPS, BAFRA and DAMC. Each year prior to the commencement of cordyceps auction, stakeholders consisting of representatives from aforementioned agencies, collectors (sellers) and exporters (buyers) meet to discuss on existing issues and auction plans involving finalization of auction dates and sites, documentation, etc.

Based on the resolution of cordyceps stakeholders meeting held on , the Cordyceps auction 2022 started from 11th July and continued till 5th August 2022. The auction was conducted in nine different locations and they were carried out in line with the Cordyceps Auction Guidelines 2019 and Common Standard of Quality for Cordyceps, 2019.

Overall auction figures

There were forty-nine bidders registered with DAMC and most of them have participated in one or many auction sites. As per the record maintained by the DoFPS, 2943 collection permits were issued to eligible cordyceps collectors, however only 1317 collectors have actually brought their cordyceps for auction. It is unclear whether remaining 1626 number of collectors did or did not collect the cordyceps or if they sold it directly to exporters. However, some of the collectors have sent their cordyceps for auction through their friends or relatives who came to participate the auction and this could be one of the reasons for less numbers of collectors turning up in auction sites.

Sl. No	Auction Venue	No. of permits issued	No. of collectors
1	Kazhi Gewog Center	58	32
2	Dangchu Gewog Center	190	134
3	Sepchu Gewog Center (Gangtey, Sepchu)	671	425
4	Goen Shari Gewog Center (Lunana)	549	24
5	Khatoed Gewog Center (Laya)	299	18
6	Tshento Gewog Center (Tshento, Doteng, Soe)	222	194
7	Kawang Gewog Center (Naro, Lingzhi)	410	260
8	Chokhor Gewog Center, Bumthang	489	194
9	Bumdeling Gewog Center, T/Yangtse	55	36
Total		2943	1317

Table 1: No. of collection permits issued and no. of collectors

Cordyceps auction could not be conducted for the past two years because of the risk of COVID-19 pandemic and restriction imposed for mass gathering. Since this auction was conducted after a gap of two years and also due to bumper harvest this season, the auction witnessed a huge transaction of cordyceps.

A total of more than 659 kilograms of cordyceps worth around Nu. 414.74 million was sold through open auction whereas more than 301 kilograms of cordyceps were withdrawn after the collectors could not get their expected price.

Amongst cordyceps growing gewogs, Sephu along with Gangtey gewog, Wangduephodrang, recorded the highest collection with over 354 kilograms of cordyceps, followed by 219.3 and 200.8 kilograms at Laya and Dangchu gewogs respectively. Whereas Bumdeling gewog, Tashiyangtse had the lowest collection with 4.4 kilograms of cordyceps.

The highest bid recorded was Nu. 2.851 million per kilogram of cordyceps from Lunana gewog and it is the record price fetched so far. Whereas the lowest price was Nu. 0.281 million per kilogram at Bumdeling auction site. Overall, the revenue generated through sales of cordyceps through auction was about Nu. 414.7 million and the royalty collected was about Nu.8.1 million.

Sl. No.	Auction Venue	Highest Bid	Lowest Bid	Auction (gm)	Withdrawal (gm)	Total (gm)	Royalty collected (Nu.)	Total transacted value (Nu.)	Actual auctioned value- Excluding withdrawal (Nu.)
1	Kazhi Geog Center	1,118,000.00	425,000.00	6382	925	7307	61378.8	6,068,178.00	5,254,535.00
2	Dangchu Geog Center	1,918,000.00	290,000.00	110400	90492	200892	1687492.8	105,035,692.00	62,782,886.00
3	Sephu Geog Center (Gangtey, Sephu)	2,800,000.00	360,000.00	293215	60844	354059	2974095.6	269,279,989.00	220,266,840.00
4	Goen Shari Geog Center (Lunana)	2,851,000.00	360,000.00	21754.6	21155	42909.6	360440.64	30,309,641.00	21,027,650.00
5	Khatoed Geog Center (Laya)	2,810,000.00	300,000.00	120771	98547	219318	1842271.2	81,715,706.00	42,140,374.00
6	Tshento Geog Center (Tshento, Doteng, Soe)	1,220,000.00	365,000.00	6283	2005	8288	69619.2	4,980,245.00	3,533,435.00
7	Kawang Geog Center (Naro, Lingzhi)	1,851,000.00	366,000.00	28434	7162	35596	295352.4	28,168,209.00	22,151,542.00
8	Chokhor Geog Center (Chokhor/Chumey)	2,265,000.00	300,000.00	70541	17756	88297	741694.8	48,783,794.00	37,159,004.00
9	Bumdeling Geog Center	600,000.00	281,000.00	1298	3086	4384	36825.6	1,494,031.00	422,070.00
Total				659079	301972	961050.6	8069171.04	575,835,485.00	414,738,336.00

Table 2: Details of cordyceps auction 2022

Cordyceps auction trend

Figure 1 below represents the auction trend of cordyceps in terms of quantity auctioned and its value for the past five years (2018 to 2022).

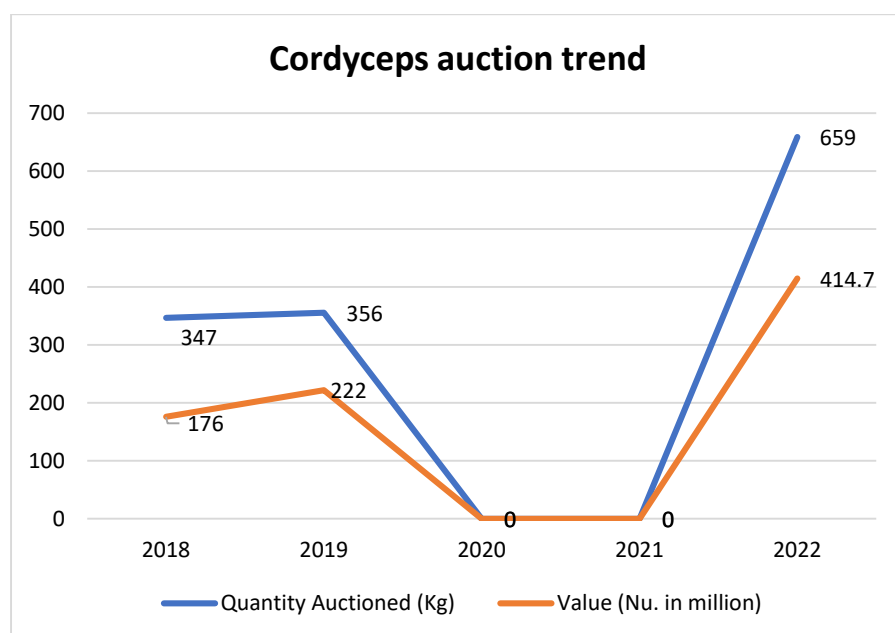


Figure 1: Cordyceps auction trend.

Note: Auction figure for 2020-21 is not reflected in this graph to maintain consistency since auction was not conducted in all cordyceps producing Dzongkhags

There is increasing trend of cordyceps transaction over the years. Comparing with the records of 2018 auction report, 2019 saw slight increase both in terms of quantity (2.59 %) auctioned and value (26.13%).

As it can be seen in figure 1, cordyceps auction in 2022 saw a drastic increase in cordyceps transaction. The quantity of cordyceps auctioned has increased by 85% and its value by 86.8% compared to the record of 2019. This could be attributed to the conduct of auction after a gap of two years and also could be due to bumper harvest this season specially in Sephu Gewog as opined by officials of DoFPS.

Auction figure for 2020 and 2021

As mentioned earlier cordyceps auction was not conducted for the year 2020 and 2021 due to the COVID-19 pandemic. In 2020, conduct of cordyceps auction was disrupted by the 1st lockdown and DAMC could carry out the auction only for Wangduephodrang Dzongkhag. As per the record, a total of 151.16 kgs of Cordyceps worth more than Nu. 59 million was auctioned at various auction sites of Kazhi, Dangchu, Gangteg and Sephu.

Similarly, DAMC could not coordinate Cordyceps auction for 2021 due to COVID-19 pandemic and restriction for mass gathering. In place of open auction, DAMC facilitated direct buying and selling of cordyceps for which the transaction data could not be ascertained.

However, in order to help cordyceps collectors get better prices and upon the request of collectors of Bumthang, DAMC facilitated cordyceps auction for Bumthang after seeking approval from the Royal Government. Out of 25.97 kilograms of cordyceps declared at the auction site, more than 17 kilograms of cordyceps was sold through auction while about 9 kilograms of cordyceps was withdrawn by the collectors.

General observations and recommendations

1. Grading is one of the most difficult tasks at hand during the auction as the bidding price greatly depends on the grade of the cordyceps. At present grading is mostly carried out via visual inspection and no equipment are used for the purpose. This often causes grading inconsistencies and leads to disagreement between the bidders and the collectors. Therefore, for the benefit of both the parties, it is important to use grading equipment and provide training to the responsible officials on how to grade the cordyceps.
2. Most of the cordyceps collectors lack knowledge on grading and sorting of cordyceps. They tend to bring their cordyceps for auction without sorting and this affects in getting good price. Therefore, it is important to advocate/ train the collectors on the importance of grading and sorting of cordyceps before taking them for auctioning.
3. It has been observed that most of the collectors pack their cordyceps in a colorful cloth piece (mostly yellow clothes) or opaque container making it difficult for color grading. The concerned agencies could make it mandatory for the collectors to pack their products in a transparent container for the auction to make it easier for color grading during visual inspection.
4. More incidence of withdrawal was observed during the auction for Dangchu and Laya. It seems collectors themselves were bidders/exporters. They tend to participate in the auction only to process transaction documents. This greatly affects the bidding price, disrupts the auctioning flow and makes the auctioning very chaotic. Cordyceps collectors genuinely participating in the auction are greatly affected. To resolve such issues, the concerned agencies need to come up with proper procedures where the transaction document can be processed for those collectors cum exporters without disturbing the flow of the auction.
5. Sometimes officials involved in the auction process had differing views leading to awkward situation. Therefore, officials involved need to have common consensus on issues that arise in the mid of auction. This can be addressed by having meeting amongst officials prior to the start of auction.
6. Some Gewog officials seemed unprepared for the auction and they were also unaware of the auction guidelines. In this regard, Gewog officials should be briefed on the auction guidelines and they in turn should inform the public.

At some auction sites, adhoc preparation had to be done in the morning of the auction day. Such unpreparedness hampers the smooth conduct of auction whereby collectors and bidders had to wait for hours until the preparation is done. Auction would have been more systematic and smoother if there was more support from gewogs hosting the auction. As such, gewogs hosting auction needs to render more support though they may belong to different Dzongkhag or gewog.

7. It seems some middlemen are auctioning their cordyceps in one auction site after buying from another auction site. The same issue has been shared by some bidders. This hampers the bidding price if the bidders come to know that the middleman has his products in the auction.

Should the auction be continued?

As the auction commenced, it was a general debate by the bidders, collectors and few officials on duty about the need of auction for cordyceps. Through the discussion it was usually mentioned that the auction was time consuming and in interest of time the auction should be skipped and direct export should be allowed (where all the taxes, service charges and royalties will be paid). Though time is important, we should also consider following advantages of the auction:

1. The auction creates an equal playfield for both the collectors and bidders to get better price, quality product and transparent transaction without having to undergo any hustle over the price and quality of the product.
2. The chances of illegal transaction are greatly reduced where even the middleman after buying the cordyceps from collection sites came to participate in auction for the legal transaction of the cordyceps.
3. In some gewogs like Sephu and Dangchu, auctioning is celebrated in a grand way. This provides opportunity for local/ small scale businesses to operate their business in the auction site to make some profits off the auction.
4. Auction is also a lucrative way for the gewogs to generate revenue through service charges and the revenue generated can be diverted for other developmental activities in the gewog.
5. As the auction is well monitored by relevant authorities/officials, most of the malpractices can be monitored (specially the glued and pinned cordyceps) at the site and this reduces the risk of sending those adulterated products into the international market.