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*Traceable
Sustainable
Botanicals*

100% Pure Australian Sandalwood

Australia supplies
over 85% of the
world's demands for
this precious wood
and its byproducts.

The History of Sandalwood in Australia

Australia's first encounter with the Sandalwood trade dates back to the beginning of the nineteenth century. Ex-convict Simon Lord (1771 to 1840) brought the first cargo load of Pacific Island Sandalwood into Sydney Harbour in 1805. Lord, recognizing that China would offer a rewarding long term trading relationship for Australian Sandalwood, focused his efforts on that country.

Today, Australia has evolved beyond China and is now the largest provider of Sandalwood on the international market. Australia supplies over 85% of the world's demands for this precious wood and its byproducts. This paper provides a brief account of key historical events which transpired over time, leading to Australian Sandalwood's ascendance in the global market.

1800

By the beginning of the nineteenth century, The British East India Trading Company had gained a government sanctioned monopoly on all trade in the Pacific. In 1811, the total of goods exported from China to England through the East Indian Company was approximately the value of 226.2 tonnes of silver, annually. Tea accounted for the majority of this trade.

1803

An astute Australian businessman, Simon Lord devised a plan which allowed him to circumvent these trade restrictions. He established an agreement with an American whaler from Nantucket, Massachusetts, Isaac Pendleton, who would be responsible for transporting the wood to Canton (modern day Guangzhou) for a portion of the financial proceeds (Hainsworth, 1967). By 1808, the financial proceeds received from Pendleton's Nantucket operations totalled £30,000 (N.S.W. Archive 1822-26; Statham 1990).

During this time, the Sandalwood industry remained relatively small due to risks involved in sourcing the wood from the Pacific Islands. The colonial vessels endured a high level of danger as they faced treacherous seas, hostile native inhabitants and rough geographical terrain (Statham, 1987). Although Sandalwood grew in outback territory throughout Australia, it was impossible to reach these remote destinations due to lack of transportation infrastructure.

1842-1843

At the end of the Opium War, the collapse of the British East Indian Trading Company led to the commencement of open trade between Australia and China (Statham 1987). At this point, Sydney-based Sandalwood merchants began to face additional competition from new British and American entrants. By 1844, the news had spread to the Western Australian Colony that the Sydney merchants were receiving lucrative prices for the sale of their Sandalwood (Statham, 1990).

1845

In the mid-1840s, the colonial government of Western Australia began to view Sandalwood as a potential export earner that could improve their acute trade deficit situation while simultaneously encouraging a steady flow of immigrants to help harvest the Sandalwood and prepare it for export (Statham, 1990). As documented by Ensign Dale in 1832, native sandalwood stands were abundant in the Swan River Colony region (Statham 1990). In an effort to better understand the potential market for Australian Sandalwood, the Western Australian government sent a trial shipment to Bombay in 1844, consisting of 4 tonnes of Sandalwood logs on the colonial schooner *Champion* (Statham, 1987).

The Bombay buyers initially viewed the Australian Sandalwood with a high level of skepticism. They concluded that although the wood was considered inferior to the Indian Sandalwood, its aromatic quality was of an exceptionally high level (Statham 1990). This shipment was eventually sold for £10 per tonne, a significant accomplishment. To put this into context, other trading commodities such as heavy timber and whale oil were returning an average of £4 per tonne (Statham, 1987).

The Sandalwood from Western Australia was commonly referred to as "Sydney Sandalwood" as the market had not heard of Perth or Fremantle. It was later referred to as "New Mountain Sandalwood" rivalling the Indian Sandalwood, known as "Mysore Sandalwood" or "Old Mountain Sandalwood".

1880

With the news of gold being discovered in Western Australia in the 1880's, the focus on Sandalwood withered considerably but did not fade away. As large gold deposits were found in the Kimberly region, many men relocated to this region, resulting in sandalwood acquiring the reputation as "the Gold-diggers bestfriend" (Statham, 1990). The discovery of gold in the Kimberley region marked a significant period in Western Australian history, resulting in a population increase of 46% over the following five years (Statham, 1987).

1890

The colony of Queensland entered the Sandalwood market in the mid-1890's, and began exporting small amounts of *Santalum lanceolatum* from the Cape York Peninsula by the 1890s (Statham, 1990).

1895

The peak of the Western Australian Gold rush between 1892 and 1895 resulted in a dramatic decline in Sandalwood exports. As surface gold became scarce and eager prospects moved easterly into new and unexplored territory, new stands of unexploited sandalwood were identified. This area is now referred to as the Eastern Goldfields region (Statham, 1987). This exploration resulted in a third major Western Australian Gold Rush boom from 1896 to 1911.

1913

Numerous Sandalwood ventures in Western Australia were established in the beginning of the Twentieth Century. Most notably, Braddock established a Sandalwood oil distillation plant in Belmont, Western Australia (Statham, 1990), initiating the local production of Australian Sandalwood essential oil.

Further advances included The British Medical Association discovering that Sandalwood Oil digested in capsule form would help cure venereal disease (Underwood, 1954, pp 22. In Statham, 1990). The medical finding gave rise to a new export market where 3000 lbs of oil was exported to England (Donovan, 1976; Underwood, 1954; Statham, 1990).

1920

Many servicemen returned home after World War I looking for employment to support their families. As overseas prices for sandalwood began to rise alongside a significant increase in labour supply, the industry began to overheat (Statham, 1987).

The Western Australia government believed that in order to stabilise the Sandalwood industry and to ensure its long term sustainability, statutory government intervention was needed. The Government's Conservator of Forests, Lane Poole, attempted to regulate the industry by giving the state authority to issue licenses each year to those seeking to cut Sandalwood. These regulations failed to pass the Western Australian Parliament as strong opposition presented from both the Goldfield populations and the Returned Servicemen's Organisation (Statham, 1987). As an alternative to regulation, Cabinet approved an increase in royalty payable to £2 per ton (Statham, 1987). Unfortunately, the royalty increase did little to prevent the over accumulation of cut Sandalwood.

1923

A government investigation led by Mr G. Drake-Brockman was opened to determine potential avenues to prevent overproduction and potential collapse of the industry. The investigation concluded that government regulation was needed, as such, the 1923 regulations were introduced. These regulations called for:

- A royalty of £25 per ton (cleaned) for all sandalwood obtained under the license (gazette), to be paid to the Western Australian Government
- A rebate of £16 per ton of cleaned sandalwood (gazette)
- Introduction of export licenses to be held by those accepting the wood (gazette)
- These license holders were obligated to adhere to an overall quota on a yearly production

The Western Australia Government Regulations contained a loophole that allowed for Sandalwood to be cut from private property. This loophole led to a significant increase in the growth of illegal trade as workers were able to bypass these regulations by cutting wood from "Crown (government) Land" whilst masquerading it as wood from private property.

1925

Further legislation came into effect at this time. An individual sandalwood "Puller" would need to obtain a company order from a state-licensed private company to cut their private sandalwood (Statham, 1987). A storm of complaints arose due to the fairness of the allocation system and thus the power to allocate licenses was transferred to the State Forests Department (Statham, 1987).

1925

Around this time, native Sandalwood stocks were discovered in South Australia. Despite the limited supplies, the South Australian colony benefited significantly from the royalties they received. On average, they received up to £33,000 per annum from approximately 2,500 tons of sandalwood during the late 1920's and early 30's (Jeffrey, 2010).

1927

With South Australia and Queensland supplies entering the Sandalwood market, the price of Australian Sandalwood reduced significantly. The entry of other states into the market further expanded supply, thus placing considerable strain on the Sandalwood Industry. Simultaneously, demand for Australian Sandalwood collapsed due to the outbreak of civil war in China and the virtual cessation of shipments to that country.

In January 1927, officials from each state government agreed to a measure of joint control on sandalwood pulling. A quota system was introduced to limit the total amount of sandalwood that was pulled from each state. The quota for South Australia and Western Australia was 2600 and 5400 tons, respectively (Statham, 1987; Jeffrey, 2010).

1929

The Western Australian Government introduced the 1929 Sandalwood Act to ensure complete control over the industry. It closed any previously loopholes by calling for complete 'state control over the quantity of sandalwood that was to be pulled or remove from Crown and other land' (Sandalwood Act 1929, N.T).

1990

The Australian Sandalwood Company was responsible for the Western Australian Sandalwood up until 1994 when Conservation and Land Management (CALM) called for expressions of interest to process and market Western Australian Sandalwood on behalf of the State.

Wescorp Sandalwood was successful in this tender and has been responsible for managing harvesting and production ever since.

2000

In 2000 CALM split and the Western Australian Forest Products Commission (FPC) was formed to manage the harvesting of the State resources which included Sandalwood.

Sandalwood seed oil contains a rare triple bond fatty acid, Ximenynic Acid, with viable antiinflammatory capabilities, which may have an impact on: the aging process, varicose veins and cellulitis, hair loss, and skin oiliness.

FUTURE OUTLOOK

The key driver behind the growth of demand for Australian Sandalwood (*Santalum spicatum*) has been the overexploitation, illegal trade and current near extinction of Indian Sandalwood (*Santalum album*). It has only been in recent years that conservative efforts have been made to replant the decimated Indian Sandalwood (*Santalum album*) trees. Nevertheless, it will take up to thirty years for "album" trees to produce the high quality heartwood from which the essential oil is found, and for which "album" is globally renowned.

Although Western Australian Sandalwood is currently traded at a slight price discount to the Indian Sandalwood, end users and manufacturers are becoming convinced of its many benefits over *Santalum album*, especially since Australian Sandalwood is being sustainably managed to ensure the longevity of this important resource (Clarke, 2006).

The Australian Governments' Rural Industries Research and Development Corporation (RIRDC, now known as AgriFutures Australia), in conjunction with the Western Australian Government, and Wescorp have invested significant funding to research *Santalum spicatum*. Much time has been dedicated to researching the chemical properties and commercial applications including the essential oil, the heartwood, and a new potential opportunity with the seedcrop of *Santalum spicatum*.

Benefits of the seedcrop of *Santalum spicatum* have been reported in extensive studies. These studies have shown that sandalwood seed oil contains a rare triple bond fatty acid, Ximenynic Acid, with viable antiinflammatory capabilities, which may have an impact on: the aging process, varicose veins and cellulitis, hair loss, and skin oiliness. The physiological benefit of this triple bond sets this oil apart from standard carrier oils used in personal care. Other characteristics of Sandalwood Seed Oil support its application in the personal care industry - it is non-toxic, non-irritating, and exhibits excellent oil stability.

While historically the seed was considered a by-product by growers, this advancement in commercial applications perhaps opens an entirely new and exciting phase of the Australian Sandalwood story. Importantly from a conservation and ecology perspective, commercialization of Sandalwood Seed establishes an incentive for farmers to keep trees in the ground for a longer period of time, ultimately leading to a greater percentage of heartwood in these older trees and better quality essential oils.

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About Us

For over 17 years, Down Under Enterprises, with operations across North and South America, Australia, Asia, and Europe, provides pure Australian essential oils to customers around the world. Our roots are in Tea Tree Oil (*Melaleuca alternifolia*), but we also offer a full range of 100% pure Australian Essential Oils and Carrier Oils, many of which are US Department of Agriculture (USDA) Certified Organic.

We only deal with Australian essential oils and carrier oils directly from the source - our family and friends - who own and operate plantations across Australia. When you work with Down Under, you're working with the direct link to the farmer, with access to our full distribution facilities in Australia and in North America.

Down Under Enterprises has always focused on providing clients with superior quality - always 100% - pure Australian ingredients, and we back it up with the best Customer Support in the industry.

Down Under Enterprises is accredited by the Australian Tea Tree Industry Association (ATTIA) Code of Practice (CoP), offering exclusively Pure Australian Tea Tree Oil®. This distinctive logo is the assurance you are getting the very best quality Tea Tree Oil - pure, true and unadulterated Australian Tea Tree Oil.

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