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# The globalizing of copra and coconut oil industry of Makassar before the second world war

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**Abstract.** This article is aimed at clarifying the long term historical relationship of production, banking, and industry in economic growth that led Makassar (Indonesia) as the biggest copra exporter of the world. The historical fact showed that the policies in copra production, banking, and industry were the determinant factors that made Makassar either as a center of economic growth in eastern Indonesia and being a part of copra trading and coconut oil network of the world. The economic condition of Makassar as a growth center in the eastern Indonesia region, banking expectation, the coconut oil industry in local as well as global trading are also discussed. The role of the local trading system that had been established is also elaborated concerning the industrial copra process while the global trading system is viewed according to the banking role. The data in this article were taken from archives and historical records in Indonesia and in the Netherlands as well.

## 1. Introduction

As long as about eight decades, "Makassar economy was mostly depended upon copra or known as "emas hijau (green gold)" [1]. Copra for eastern Indonesian people had become the main trading commodity since 1880-ies when the European nations processed copra as a good quality of vegetable oil to produce soap and margarine [2]. There was about 60% copra exported by eastern Indonesia [3], 70% of them were processed and exported via Makassar port. It was the reason why Makassar became the center of economic growth in great eastern Indonesia and performed itself as trading power in the Asia-Pacific region. Even in that period, Makassar gave contributed about 40% on the national economic income of The Netherlands Indies [1].

In 1890-ies, the European countries started to process copra into coconut oil and used it as the main raw materials for margarine and soap industries. The shift of animal fat into vegetable fat for soap and margarine industries resulted in copra being more popular in the world market. In 1920, there was about 200 millions pound of coconut oil used for margarine and soap industries in European industrial countries. Compared to the previous five years, there were only 50 million tons used for such industries. The industrial countries that used much coconut oil were France, The Netherlands, Denmark, Scandinavia, and England, which these countries formerly associated with Germany and Australia coconut oil companies (Deutsch Auastralische Dampfschiffs Gessellschaft), who dominated the oil selling in North Europe since 1900).

An increase in copra usage in the world market resulted in the tropical regions made as a "master plan" to establish a symbiosis between commodity production and industrial countries. France needed 100 thousand tons of copra every year, which were processed mainly in Marseille. The coconut oil



manufacturer in Marseille had 51 pressing machines, which could produce about 80 thousand tons of coconut oil. Of those amounts, 75% used to produce margarine and 25% for soap. The growth of the coconut oil industry urged the Netherland Indies' government to make the strategic policy in coconut plantation based on people's economy, a trading system that was integrated with the coconut oil industry in Makassar, banking and international marketing.

## 2. Research Method

This research used archive documents for the primary and secondary data collected in Nationaal Archief Den Haag, Gemeente Archief di Amsterdam, National Archief Den-Haag (NAD) sources in Den Haag consists of Buitenlandse Zaken Archief, Nederlands Handel Maatschappij (NHM), Koninklijke Paketvaart Maatschappij (KPM), Ministerie van Kolonien 1914-1952, Ministerie van Economische Zaken van Landbouw 1918-1945, Ministerie van Handel, Nijverheid 1906-1922, Collectie FWT Hunger 1874-1952, Nederlands Commissariaat te Makassar 1950-1957, Memorie van Overgave van de Resident Celebes en Onderhoorigheden 1905- 1940.

The above records contained reports about copra trading, transportation and Makassar trade. The archives which had a specific report about copra are Gemeente Archief Amsterdam and Buitenlandse Zaken in Den Haag.(the Hagues). Gemeente Archief Amsterdam contains archives about Oliefabrieken Insulinde Makassar includes copra trading transaction documents in The Netherlands Indies, crediting business and the banks .who invested their capitals in Makassar. Arsip Buitenlandse Zaken Den Haag. The National Archives in Jakarta includes Gouvernement Secretarie and Inventaris van het Archief van de Algemene Secretarie en Het Kabinet van de Gouverneur General in 1944-1950. These two sources contain the decree on trade policy in Makassar port, coconut plantation as well economic and political matters. Another source is Memorie van Overgave van de Resident van Celebes en Onderhoorigheden 1905-1940 which contains the brief report on economic, political and navigation trade condition.

## 3. The Research Problems

When Makassar became the center of economic growth in eastern Indonesia, it emerged as a part of the world economic system. The relation of Makassar with world copra trade developed. The European and Chinese exporters came to Makassar and built coconut oil manufactures. The islands in great eastern Indonesia were integrated with world trade that made Makassar as the first industrial city in Southeast Asia.

The high demand for vegetable fat in the world market while the need for it was limited raised an important question. How could Makassar be able to satisfy the copra and coconut oil demand in the world trade and become the center for copra and coconut oil trade in the Netherlands Indies? Are the prominent existence of banking institutions that made Makassar as copra and coconut oil producer of the world or because of the exporters who came to Makassar provided credit facilities? These questions became the main problems to be solved or answered in this research.

This research is aimed at studying the banking policy which supported Makassar as a copra and coconut oil exporter, especially in building the synergic relationship between banking institutions and industries so that Makassar was integrated with copra trade and coconut oil of the world. This research is supposed to be the model of regional economic development policy based on the agricultural industry as well as its marketing.

## 4. Results

### 4.1. Makassar as the center of great eastern trade

The policy, which made Makassar as the center of trade in the Great Eastern Region (East Indonesia), indicated that it was not enough to manage the political system without economic activity. One of the policies was the decision to make Makassar one of the exporting and importing harbors in the Great Eastern Region. This policy was also implemented to build Makassar port infrastructures since

Makassar was regarded as the front gate for exporting port; besides, its role was to integrate the interisland trade in the Great Eastern Region.

Such the policy stimulated the exports from areas outside Java was highly increased. In 1905, the export rates of the areas outside Java were f.165,000,000. This export rate was increased to f.280,000,000 in 1925, and f.495,000,000 in 1940. This highly increase indicated that the areas outside Java had contributed to a great amount of the Netherlands Indies export rate, namely 29% in 1905 to 54% in 1925, and went up to 60% in 1940.

An increase in export made Makassar port to be more crowded. There were 519 steamships anchored at Makassar port with the loading capacity 1,460,693 m<sup>3</sup>. Each steamship loaded 2814 on average. This amount exceeded the former ships. The loading capacity of the ship in 1883, for example, was only 2814 m<sup>3</sup> on average for each ship. In 1913, the amount of steamship raised to 559 units with the amount of the loading capacity was 2,874,442 M<sup>3</sup> or 5,142 m<sup>3</sup> on average for each ship. In 1939, the amount of was increased to 606 units with the loading capacity was 3,928,861 M<sup>3</sup> or 6,484 M<sup>3</sup> on average of each ship.

An increase of ships coming to Makassar also affected the growth of exporting and importing activities in Makassar. The export-import activities via Makassar port valued about f,347.236. in 1910. Fifteen years later, this export was f.1.090.211,44 while import raised to. f.3.223.035.78.

**Table 1.** The growth value of export and import at Makassar during the years of 1867-1948 [4].

Years	Export rate (f = gulden Netherlands Indies)	Import rate (f = gulden Netherlands Indies)
1867	293,525	44,698
1905	162,490	975,245.17
1910	347,236	1,231,986
1915	421,479	1,956,664
1920	467,122	2,372,322
1925	1,090,211.44	3,223,035.78
1930	437,714,88	2,351,238.83
1937	1,068,491.59	2,288,780.59
1940	2,514,550	3,235,745
1947	2,132,574	4,132,574
1948	5,807,007	7,856,875

Of the amount above, 80% of export-import that were shipped via Makassar port came from the great eastern region. This big amount was caused by the role of Makassar port as the center for interisland trade. This increase in export-import was also much related to the diversification of export and the population growth, which stimulated the interisland navigation. This was the reason why Makassar became important as the center of interisland trade in the great eastern region.

#### 4.2. Coconut plantation

In the book of "Een Pracische Handleiding Over de Cocos Cultuur" by E Bolen 1908 says that coconut plant had been planted for a long time ago in Indonesia. Eight years later, on, i.e., 1916, F.W.T. Hunger wrote about the coconut in the Netherlands Indies entitling "Cocos Nucifera: Handboek Voor de Kennis van den Cocos Palm in Nederlandsch Indie, Zijn Geshiedenis Beschrijving, Cultuur en Producten." According to Hunger that the pioneer on a coconut plantation in Indonesia, especially in eastern Indonesia, was Moluksche Handels Maatschappij (MHM). This trade company who interroduced sistematically how to plant coconut. Van Martius in his book "Historia Naturalis Palmarum" wrote that the coconut plant was firstly found in the west seashore of America namely in Panama and the islands around Pacific ocean.

In Indonesia, the story about coconut has long been known. This fact is indicated by the figure of coconut tree relief on the Borobudur temple. The coconut tree relief symbolized prosperity. The

coconut in business, as well as Makassarese language, means 'kaluku' is also found in the area of the four ethnicities in South Sulawesi. In the South Sulawesi community, the coconut tree symbolizes prosperity, peace, and wealth. According to the South Sulawesi tradition, the abdomen of the newborn baby is buried together with the coconut seed in the hope that the baby would be grown powerfully and gives a lot of benefits as a coconut tree.

There was no definite data when the coconut plant emerged in South Sulawesi. In fact, the coconut had been the popular plant just by the time the rice emerged as the main trading commodity of Makassar. A Dutchman who visited Makassar in the early 17th century spoke about the beauty of Makassar and its hinterland with coconut trees row.

The amount of coconut trees in South Sulawesi was 407,279 in 1860. The areas included Makassar had a total of 18,952 trees, the North part of Mandar 16,502 trees, the southeast Mandar 9,394 trees, Bantaeng, and Bulukumba 14,111 trees, Sinjai 57,170 trees, and Selayar 291,190 trees.

The coconut fruit consists of skin or coconut fiber, shell, meat, and juice. The coconut fiber and its shell must be firstly peeled out to make copra. The coconut fruit, which is newly picked out, must be stored for 1-3 weeks before peeling. This is meant to make the coconut is easily peeled the fiber out of its shell. The storage is also meant to make it easy for lifting its meat out of its shell.

The importance of coconut plant as a trade commodity in South Sulawesi caused this plant to grow in some areas such as in Selayar, Mandar, and Bulu-Bulo Sinjai, as may be seen in the following figure 1.



**Figure 1.** Coconut plantation at Bulu-Bulo, Sinjai in 1920 [5].

Makassar in the Netherland Indies period had become the part of the world economy as copra, and coconut oil producer which led the Netherland Indies to the biggest copra producer in the world. The Netherland Indies exported copra 2.38 million tons during 1909-1913, followed by the Philippines 1.30 million tons, British Malaysia 0.72 million tons, and Ceylon 0.42 million tons. In the period of 1924-1928, when copra in world marketing was high, the Netherland Indies still occupied the high position in exporting copra i.e. 3.64 million tons, followed by the Philippines 1.82 million tons, British Malay 1.67 million tons, and Ceylon 1,06 million tons.

#### *4.3. The exporter and the copra marketing expansion of Makassar*

Since 1880-ies, the demand for vegetable oil in West Europe grew up as a result of margarine and soap industries development. This high demand happened since coconut oil was not just for cooking. The stock of copra with high-fat vegetables caused the margarine and soap to be more easily produced and became popular as a basic need for the industry in Europe. In addition, the use of soap was also increased since the standard of health service needed to be enhanced. One of the indicators for health quality enhancement was the use of laundry soap and bathing soap in the toilet. An increase in the use

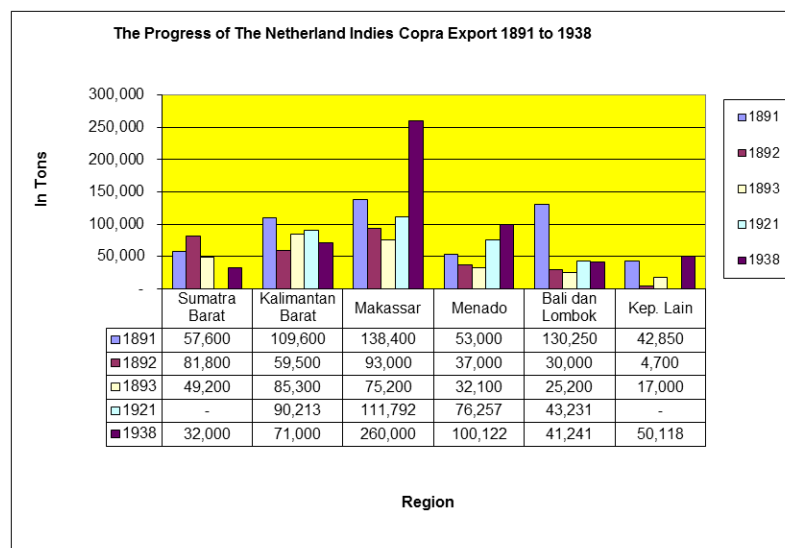
of soap because it was used as raw material for making a bomb. This stimulated the establishment of armament competition in using the bomb and explosive material, especially around the First World War. The oil of copra contains a high glycerine and condensed liquid, which are good for making bombs and explosive material.

An increase of copra demand in the world market affected a few European trading companies expanded their businesses in Makassar. Almost all European trading companies focused their activities on export-import of copra, for example, Firma Veth Bersaudara, OFI Makassar, and Macassar Produce & Co, WB Ledebor & CO. There were sometimes those companies ran the businesses on coffee, rattan, resin, rubber. Manders, Seeman & Co, for example, did the business on rattan and copra while Oei, Seeuwen & Co, not only did the business on copra but also more on sea products.

The report of Makassar trading company 1910 noted that there were eight exporting companies, namely WB Ledebor & Co, Michael Stephens & Co, Trading Company Veth Bersaudara (then J Mohrmann & Co), Trading Company Reiss & Co, A Schmidt, Moreaux & Co, and HJ Valk. The first five underwent export-import activities, while the last three underwent only export. In 1917, various new companies enrolled, such as Manders Seemann & Co, Stephens Gregory, Carl Schlieper & Co, Stephens P Stephens & Co, dan Geo Wehry & Co [5].

In the beginning, the trade-in Makassar was monopolized by China then it was followed by European companies i.e: Manders Seeman & Co, Oei Seeuwen & Co, Riiss & Co, W. B. Ledebor & Co, Michael Stephens & Co, Trading Company Veth brothers, A. Sch, Moreaux & Co, H.J. Valk Carl Schlieper & Co, Macasar Produce Co [6].

The oil company Insulinde Makassar, Dutch Indian Food Facilities Coprafonds [7] South Sulawesi, was one of the main copra exporters in Indonesia. The export volume of South Sulawesi occupied the first rank because not only many coconut trees grew in these areas, but also it became a transitory harbor for various copra producers such as Manado, West Kalimantan, West Sumatra and other islands (figures 2).



**Figure 2.** The progress of the Netherland Indies Copra Export 1891 to 1938 [8].

The above graphic shows that an increase of copra export in Makassar was stimulated by the more integrating of copra producer areas with Makassar port. This export growth in Makassar happened quickly after 1937 when the Netherland Indies government decided Makassar as the center of the colonial government for the Great Eastern region.

If it is seen according to periodic details, it shows that The Netherland Indies had exported copra since 1920 with a significant increase. This increase happened during 1905-1814, i.e., 20% of the total

export of the Indies. The main destination of copra exporting from Makassar in the early 20th century until 1915 was France who imported almost half of the amount of world copra. A great part of copra in France was used for home industries.

Just like in France, Germany used copra to produce margarine. The industry in Germany was based in Hamburg and Bremen. These two places produced margarine about 60 thousand tons to 200 thousand tons daily. It was needed 100 thousands of copra to produce about 200 tons daily. By this amount, Germany became the main producer of margarine in the world.

Denmark was the only one of the countries that consistently became the main importer of copra from the Netherland Indies other than France and Germany. Until 1935, this country still had enough foreign exchange to import fat material so that exporting copra to Denmark continued without hindrance. Half of the coconut oil product of Denmark was sent overseas, and the rest was used to make margarine. That was the reason why Denmark, as a margarine exporter, was not affected by the margarine market overseas. The high consumption of margarine in Denmark was assumed as a great amount of margarine sold overseas, mainly to England. During 1920, There were about 60% on average of copra exported to European markets such as France, Germany, The Netherland, and Denmark.

The decrease of world copra marketing from 1930 to 1932 was mostly caused by the disperse of whale oil products, cottonseed oil, as well as oil made of beans. Since 1929 or toward the beginning of the economic crisis, the stock of these kinds of oil was abundant. There were about a hundred thousand of these kinds of oil stored at the European market, and in the United States of America. These kinds of oil had just decreased in early 1933. At the same time, the demand for copra was good. This indication was shown with an increasing amount of copra exported from Makassar to The United States, i.e., 8,79 tons in 1930 to 38.000 tons in 1933.

The fat oil stock in Germany could only supply 41% of domestic need, and the remain 59% should be imported from other countries, included the copra from the Netherland Indies. The German government had made some efforts to increase fat oil production in his country by increasing animal husbandry and the plants that contain fat, but these efforts were not yet adequate. However, exporting copra to Germany continuously went down since 1930. For example, the copra exported from Makassar to Germany was 26.847 tons decreased to 4.035 tons in 1938.

When the copra exporting was dominated by the European merchants, the Chinese merchants were sometimes appointed as exporters. The Chinese agents (in Makassarese: *toke*) were in charge not only to buy copra but also to collect rattan, coffee, sea cucumber, turtle for their additional business. The Chinese merchants were divided into groups according to their business specifications. The agents of European companies (Chinese) had the stratified business structure down to the lower level, who had direct contact with the producer. One of the Chinese merchant groups in Makassar who acted as the agent of the European company was Siang Hwee. Siang Hwee had 300 members of the business network in the middle of 1920-ies. They had some branches in the areas such as in Manado, Ternate, Ambon, and Timor.

#### *4.4. The intervention of credit aid*

People's credit of the Netherland Indies that was established in 1904 seemed to be more dominant in Java than outside Java. This credit was popular for people outside Java only when Tonsea bank was founded in 1914. In Makassar, this credit aid grew quickly only in 1924 when the people banking institutions were given priority to be credit institutions. In 1934, this institution was changed to people crediting banks for the public. This bank was a new legal institution and free from government intervention. One of its main tasks was to control and to allow credit to rural banks.

The rural bank was more easily accessed by the farmers than the district bank. Normally, the rural bank was under the control of civil authorities. This bank allowed a small amount of credit with lower interest compared to the district bank. In addition, the process of getting credit was very easy, even without any security. This kind of bank was rarely found outside Java since more than 90% of rural banks were in Java. In 1930, there were about 6000 rural banks in Java, while only 624 rural banks

outside Java. The total amount of rural bank capitals in 1929 was f.90 million, f.19 million of them circulated outside Java. If it is viewed in detail, there were f.14 million held by the farmers, and f. 86 millions were as a deposit of indigenous citizens. In addition to rural banks, there were also district banks. There were 71 district banks in 1930, 35 of them were in Java, and the other 35 were outside Java, such as 18 in Sumatra, 2 in Kalimantan, and 4 in Sulawesi.

Although the government had allowed credit facility legally for the indigenous citizens, not all citizens used this facility well. The lower stratified farmers did not have access to the banking institution. People's bank still did not give The service to the rural community. The farmers who had a lack of money preferred to contact the agent. They seemed to be reluctant to contact the banking institution. The farmer liked it if the agent came to meet him rather than went to the bank, which sometimes asked securities. This situation resulted in the explosion of monetary necessity. Regardless of getting money by cash (for instance: in exporting agriculture or in government project for road construction), there were some ways to get money, mutual lending, borrowing money from creditor or agent, or used credit facility given by the government, especially De Javasche Bank.

De Javasche Bank started to operate in Makassar in 1914. The existence of this bank was much related to Makassar as a commercial city being more developed. Various colonial companies in Makassar made a relationship with De Javashe Bank. One of them was Oliefabrieken Insulide Makassar. In addition, many irrigations were developed by the colonial government-funded by De Javashe Bank.

De Javashe Bank, which was founded by the Dutch government in 1927 for the first time only in charge of calculating exchange rates of the contracts for exporters and importers in purchasing goods. However, in 1850 this bank extended its business to giving credit to the merchants related to the compulsory planting system. De Javashe Bank in Makassar just began to allow credit at the end of the 19th century when the transportation network in the great eastern region was at full speed developed with the existence of KPM. The European merchants who domiciled in Makassar began to take credit, although it still concentrated in Batavia.

Javasche Bank provided an interest rate lower than Escompto bank. However, Escompto Bank gave a greater amount of credit that was normally f.500 thousand and above. The main competitor of Escompto Bank was Manders Seemann & Co, who gave a lot of credit to oil manufacturers in Makassar. There existed the banks that monopolized in giving credit, such as Bank Escomto and Manders Seemann & Co. These banks dominated in purchasing copra. Likewise, Javasche Bank, which provided a lot of credit to copra merchants in order their copra were given to OFI Makassar.

There were some copra merhcants who got credit aid Javasche Bank in 1938 namely H. Esenring f 87,35, J. Jonquiere f 90, Dordtsche Petroleum Maatschappij f. 84,37, Lindeteves Stokvis f. 326,07, who were all from Makassar. The merchants from Surabaya were Becker & Co f. 38.658,38, J.M. Chs. Nyland f. 511,50, van Viet & Zonen f. 52,55. G.C.T. van Dorp & Co f. 145,76, Eles & Co f. 315, H. Oving-Yzer & Staathandel, 65,78 and Int Cred. & Hs, Ver: Rotterdam f 22. 125. The merchants from Ternate such as RV. Duivenbode f. 2767.12, from Bandung West java HI. My. f 3 ,30; from Gorontalo Gebr Mahieu f 35.094.90, from Manado Tjia kae Tae 69.968,40; and from Ambon Moluksche handelvennootschap f. 40.004.04. In general, those who received credit bought copra and delivered themto OFI. Makassar. The branch of Javasche Bank in Makassar paid credit at least f. 1.500.000, monthly. The Javasche Bank provided special service to send money by money order.

In addition to Javasche Bank in Makassar, there was also credit incentive from the government given by Bank Perkreditan Rakyat Makassar that was founded in 1925. This bank was specially provided commercial credit for only one year. In 1928, this bank had served credit to Chinese merchants and the rich indigenous citizen with very low interest, namely 12% a year.

Besides government banks, there were also private banks such as Escomto and Hongkong Bank. Hongkong Bank gave many service facilities to the clients because it acted as a money changer. In 1918, this bank gained profit in money changing business as much as f 174.000. This amount increased if it was compared in 1917, which was only f 100.000 [5]. One way to attract clients was by giving credit to agricultural products commerce in the form of exporting finance.



#### 4.5. *The globalization of olie fabrieken insulindo Makassar*

Olie Fabrieken Insulindo (OFI) Makassar was a Netherland Indies oil company based in Makassar. OFI Makassar was founded in 1913 and as a part of some oil companies founded by The Netherlands Indies government. Oliefabrieken Insulinde was an industrial business that was very important in the Netherland Indies before the First World War.

When OFI Makassar began to operate, it directly gave an impact on the decrease amount of copra exported from Makassar. Before operating, OFI Makassar exported copra at the amount of 657.653 pikul ( equals to 90.098.461 lbs) in 1911. Anyhow, after operating, the amount of export decreased to 575.775 pikul (equals to 78.881.175 lbs), even in 1915, there was only around 466.800 pikul (equals to 63.051.600 lbs). Of this amount, it was estimated that OFI Makassar processed copra into coconut oil about 20. 000 pikul (equals to 2.740.000) a month, excluding the copra that was sent to Java and directly exported. Overall, Oliefabrieken Insulinde that had been founded in the Netherland Indies, namely Oliefabrieken Insulinde Kediri, Sontono, Blitar, Tulung Agung, Banyuangi, Kebumen, Rangkas Bitung, Bandung, Padang and Makassar [9].

Besides processing copra into oil, OFI Makassar also bought and sold copra. Therefore in 1917, the copra storehouse was extended to the outside of the harbor, namely to Maroangin near Paotere about two kilometers from Makassar port. The expansion of the copra storehouse indicated that OFI Makassar continuously developed. Not only was this development caused by an increase in oil production yearly, but also it expanded its business as a copra exporter.

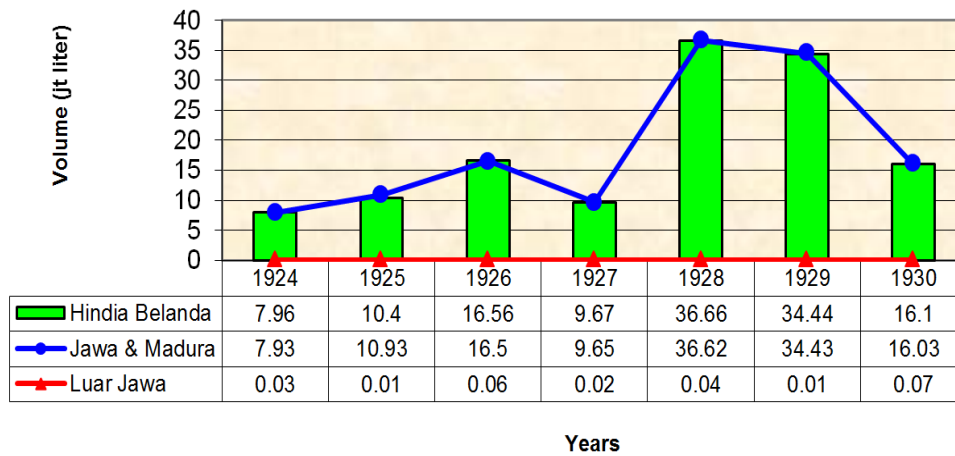
Besides the coconut oil, which was produced by OFI Makassar, there was also coconut oil circulated in South Sulawesi, which was produced by the local citizen. The people in the hinterland of South Sulawesi preferred using coconut oil made traditionally for its pleasant odor rather than the coconut oil produced by the manufacturer. Nevertheless, in its annual report, OFI Makassar often overcame the shortage of local oil need to around 3000 to 7000 tins a month.

The growth in coconut oil production and the lack of shipping facilities resulted in the acquisition of a big tank. It was the reason why in 1918, four tanks were sent from Amsterdam to facilitate the oil tank of OFI. The existence of these four tanks increased the loading capacity for OFI Makassar from 20 thousand tons at the end of 1917 to 26 thousand tons at the end of 1918. OFI Tanjung Periok, OFI Banyuwangi, OFI Padang also added their tanks.

An increase of OFI oil tanks happened not only in its various storage places in the Netherlands Indies but also in its marketing branches. For example, on July 22, 1938, it was opened a branch of OFI Makassar company in The United States. This branch was in charge of oil tanks acquisition in two places, namely in San Francisco and New York. The opening cost was f.2 millions (equals to 200 shares with valued f.10.000 each). There were 125 shares owned by OFI and 18 shares by Clements in America. Clements was appointed as an OFI agent for the United States region.

Processing coconut oil with high technology in Makassar began just in 1914. At that time, a hydraulic pump equipped with a machine was sent from Amsterdam. This modern machine processor was used for cleaning, milling, wetting, heating, pressing, and refining the oil. For the first time, the copra was washed in some water in the box equipped with a refining tool to separate sand other, which attached to copra. The copra then was milled with soft trellis, moistured, and heated in a hot valve. The next process was pressing the copra powder with flank and continued to press with a hydraulic presser. The oil resulted in this process was stored in an oil tank.

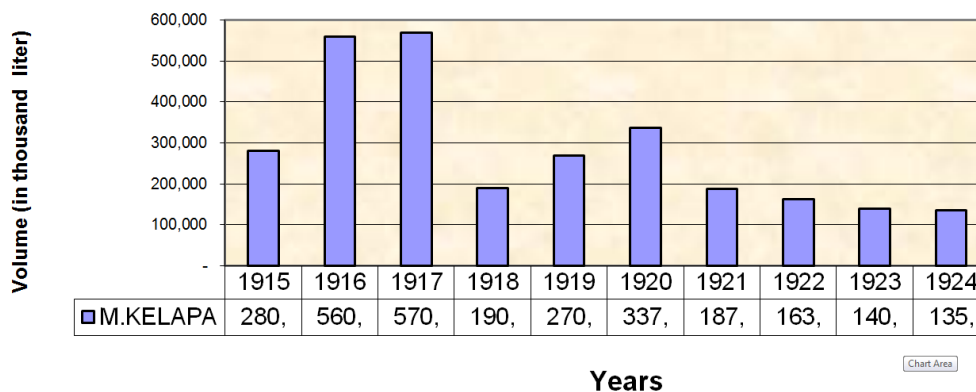
Every year Oliefabrieken Insulinde regularly exported coconut oil overseas. For example, in 1924, there were 7.96 million liters exported to Europe. In 1925 this amount increased to 10,93 million liters, while in 1928 grew to 36.66 million liters, but this amount decreased to 16.01 million liters in 1930. (see graphic).



**Figure 3.** The Growth of Coconut Oil Export in the period of 1924 -1930 [9].

The graphics above showed that the coconut oil export of the Netherland Indies mostly came from Java since Java was made as to the priority to export coconut oil. The areas outside Java were more to export copra. Exporting coconut oil did not continually increase. The export began to decrease from 1927 to 1929, even until 1930. The decrease of oil-exporting in 1927 was caused by lacking demand in the European market as the reserve of oil stock was still available. The margarine manufacturers as the importers of coconut oil also decreased since the production stock of the previous years were still adequate. It was another matter with the decrease that happened in 1929 1930, which was more caused by the economic depression that had an impact on lacking coconut oil demand.

Although the coconut oil of the Netherlands Indies derived mostly from Java, it does not mean that areas outside Java did not produce coconut oil OFI Makassar had explored 280 thousand liters of coconut oil to America in 1915. The exporting of coconut oil from Makassar to America may be seen in the following graphics.



**Figure 4.** Makassar export of coconut oil to America in years 1915-1924 [5].

The above graph shows that coconut oil export from Makassar to America for three years (1915-1917) continuously increased except in 1918. The decrease in export from Makassar in 1918 was more caused by the war, so that it was difficult to ship oil. This decrease continually happened in 1921 until 1924 as the impact of OFI Makassar machines was not productive anymore; these machines had already been old, and at the same time, the local consumption increased so that export concentration decreased.

The existence of OFI Makassar became strategic in the political aspect because it was a business institution and, at the same time, was expected to run the mission to counter the economic growth of Singapore. In that way, the Makassar Chinese merchants severed their relationship with their creditors in Singapore. Thus, they could be controlled and created the trading network with OFI Makassar. It was the reason why OFI Makassar not only became a coconut oil producer but also functioned as the center of copra warehouse in the Great Eastern Region. It became the center for the various exporting companies that existed in Makassar. The merchants who were in the subordinate of OFI Makassar allowed exporting copra as long as they used the band "Kopra OFI Makassar." To catch some tons of copra, OFI Makassar facilitated an adequate warehouse. OFI Makassar was supported by financial capital by Javasche Bank. This was the excellence of OFI Makassar compared to other exporters in Makassar. In addition, the copra that would be exported should be under the recommendation of OFI Makassar.

Besides its mission to balance the economic growth of Singapore, OFI Makassar was expected to overcome the shortage of oil selling in America and North Europe markets which was for a long time dominated by the fused German and Australian companies (Deutsch Auastralische Dampfschiffs Gessellschaft), These companies had dominated oil selling in northern Europe since 1900.

#### *4.6. Oil company of aarhus denmark Makassar*

Macassar Produce Company (Macassar Produce Co) was a branch of Aarhus in Denmark who produced coconut oil. Aarhus company was one of the biggest oil manufacturers in the world and had copra buyers organization in the tropical countries, included the Netherlands Indies. Its branch in South Sulawesi was called Macassar Produce Co. Since 1918, this country had been operating and buying around 30 thousand to 50 thousand tons copra every year.

The Danish company hired a Norway company ship called Noorsche. Noorsche ships visited Makassar five to six times a year to load copra. The contract of Noorsche ships at first was protested by Chinese merchants because Macassar Produce Co dared to buy copra with a high price so that the middleman merchants were unable to compete because of low profit.

The Noorsche ships in the earlier time had representatives (agents) in various ports such as in Taruna, Amurang, Gorontalo, Donggala, Makassar, and Manado. Because there was a protest from the Chinese merchants and the government considered it could cut the KPM rights so that the ports of Taruna, Amurang, Gorontalo, and Donggala was closed as exporting ports. The only Makassar and Manado ports were still opened for public trading to export copra. The closing of Taruna, Amurang, Donggala, and Gorontalo ports resulted in anxiety for Dennish company agents as being threatened. This government policy was not popular since it could limit their activities and closed their agents in those ports. The government suggested if they could export directly from Makassar using KPM services who collected copra from various regions.

The existence of Macasar Produce Co gave an important contribution to copra marketing in Europe. Macasar Produce Co had strong financial assets in Kopenhagen which it could provide advance money for middleman trader to buy copra in the Netherlands Indies. This caused the copra exporting to Kopenhagen to continually increased and stimulated the establishment of new margarine manufacture in Europe.

The closing of some ports had an impact on the conflict between KPM and Noorsche ships. This conflict affected not only the trading system but also the protest of the Denmark government, who had kept a long trading relationship with Makassar. KPM even was accused of a provocation for the closing of those ports. Batavia Vracht Conferentie (BVC) was given authority to control the shipping system and expected to overcome the conflict. Macassar Produce Company, however, was objected against BVC because the contract on Norwegian ships had long existed before BVC. BVC even considered Noorsche broke the transportation tariff regulation, so many KPM suffered from loss.

According to Noorsche, the transportation tariff which had been standardized was correct because long before 1918, Noorsche ships had executed this tariff standard, so it was not necessary to revise according to the standard needed by KPM. Noorsche insisted on having the rights reserved as it had

been in operating for some years. Some discussions held in Makassar and Manado indicated that the conflict could be overcome since its goal was to give a chance for the ships from Amurang, Taruna, and Gorontalo to be able to load copra to Makassar or Manado.

The Chinese merchants in North Sulawesi were also regretful for the special position given to Macassar Produce Co, who was free to stop by some ports. The Chinese ships, on the other hand, were restricted. It was the reason why Firma Lie Boen Yat & Co requested BVC in Makassar in the order it could get the same service as Macassar Produce Co did who for a long time occupied an extraordinary position in copra trading.

## 5. Conclusion

Everyone has an ecological footprint that represents the effects of human activity on the planet. The more our activities damage the environment, the greater the ecological footprint created and left behind by future generations to overcome. Human impacts on the environment are felt in two ways, as a threat to the biodiversity of the earth and the dangers of climate change [7]. The effort of the Netherlands Indies government to make Makassar as a center of copra trading was globally determined by the strategic policy in increasing production in order to create a copra commodity export boom. That policy stimulated the establishment of a relationship frame in production, exporter, capital, and commodity industry. It was the reason why Makassar being a part of world copra exporters and led to the beginning of the commodity industrial era in Southeast Asia.

In the establishment of the Makassar economy to integrate with the European market, it seemed just an expansion of the Makassar economy to balance Singapore. For The Dutch, copra commodity should be monopolized. In other words, at least a copra trading network between Makassar and Singapore was shipped directly to Europe. In such a way, the Chinese merchants were easy to be integrated into the global economic system. When Makassar made copra as the main commodity trade, Makassar used to make dynamic change. The establishment of a copra economy with the indigenous and Chinese merchants brought about a great change in forming the archipelago economy. Copra had begun the important commodity trade. The Chinese merchants, who at the beginning just made a trading relationship with indigenous citizens, slowly invested their capitals in developing copra business. Coconut was first cultivated only for local needs. However, nowadays, coconut has become a necessity for trade in the world market.

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