

From Empire to Extraction: The Historical Trajectory of Palm Oil Trade and Deforestation in Europe and Indonesia (1800–1945)

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ABSTRACT

Palm oil, a native crop of West Africa, emerged as a key industrial commodity in the 19th century, fundamentally shaping economic and environmental landscapes in both Europe and Southeast Asia. While its importance in European industrialization has been widely acknowledged, the early colonial expansion of oil palm cultivation in Indonesia and its impact on deforestation remains less discussed. This paper explores the intertwined economic, political, and environmental dimensions of palm oil trade in Europe post-1800 and the early plantation-based land conversion in Indonesia before 1945. Drawing on archival sources, historical records, and academic studies, it highlights the dual role of palm oil as both an enabler of industrial progress and a driver of ecological transformation.

Keywords: Colonial Indonesia, deforestation, Europe, industrial revolution, palm oil trade

INTRODUCTION

In recent decades, the European Union has increasingly criticized oil palm cultivation for its role in tropical deforestation, citing environmental concerns in regulations such as the Renewable Energy Directive (RED) and the EU Deforestation Regulation (EUDR). Ironically, it was European industrial and colonial interests that first globalized palm oil and promoted its cultivation on a large scale.

The transformation of palm oil from a regional West African product into a globally traded commodity began in the 19th century, driven by European demand for industrial lubricants, soap, and candles (Lynn 1997; Martin 1988). In Southeast Asia, particularly in colonial Indonesia, systematic plantation development was

initiated by Dutch and Belgian entrepreneurs in the early 20th century. This dual trajectory—industrial consumption in Europe and plantation expansion in Indonesia—underscores the historical roots of palm oil's economic significance and ecological consequences.

The objectives of this study are to examine the role of palm oil in the European industrial economy during the 19th century; analyze the historical processes that led to the establishment of oil palm plantations in colonial Indonesia before 1945; assess the early environmental implications, particularly deforestation, linked to plantation expansion in Indonesia; and provide a comparative perspective on how European demand and colonial land-use policies intertwined to

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shape the global palm oil industry.

MATERIALS AND METHODS

This study employs a qualitative historical research approach. Data were obtained from archival sources, such as colonial records, company documents, and trade statistics; secondary literature, including academic monographs (Hobsbawm 1968, Stoler 1985, Cramb & McCarthy 2016), journal articles, and economic histories; and comparative analysis of European industrial trajectories and colonial land-use transformations. The research method integrates historiography and comparative economic analysis to reconstruct the dual narratives of palm oil development in Europe and Indonesia.

RESULTS AND DISCUSSION

Palm Oil in the European Industrial Economy (1800–1900)

The Industrial Revolution in Britain created unprecedented demand for industrial lubricants, soap, and candles, where palm oil found strategic use (Hobsbawm 1968, Lynn 1997). By 1830, Liverpool had become the hub of palm oil imports. Following the abolition of the slave trade in 1807, palm oil exports became central to “legitimate commerce” in West Africa (Martin 1988, Falola & Genova 2005).

European trading companies, such as the Royal Niger Company, expanded their commercial networks, embedding palm oil into imperial commerce (Akindele 2017). By the late 19th century, imports of palm oil into Europe had increased tenfold, supplying industries in Britain, France, the Netherlands, and Germany (Kiple & Ornelas 2000).

Palm Oil and Deforestation in Colonial Indonesia (1848–1945)

Oil palm was first introduced to Indonesia in 1848 through the Bogor Botanical Gardens (Boomgaard 1996, Drayton 2000). Initial cultivation remained limited until 1911, when Belgian entre-

preneurs Adrien Hallet and Henri Fauconnier established the first commercial estates near Medan (Stoler 1985). Between 1911 and the 1940s, plantations expanded across eastern Sumatra under companies such as Socfin, leading to the conversion of tropical forests into monoculture estates (Potts 1990, Cramb & McCarthy 2016). Dutch colonial policies classified forests as “idle land,” legitimizing deforestation for plantation agriculture (Boomgaard 1996). Indigenous communities were either displaced or integrated as contract laborers under exploitative systems (Stoler 1985).

Table 1 shows comparative historical trajectories of palm oil between Europe (post-1800) and colonial Indonesia (pre-1945), highlighting differences in industrial drivers, key actors, land-use impacts, labor dynamics, and socio-political legacies. While Europe integrated palm oil into industrial supply chains without direct land-use change, Indonesia experienced large-scale deforestation and the establishment of plantation systems that laid the foundation for post-1970s expansion. Table 2 shows quantitative indicators of palm oil development in Europe and colonial Indonesia, in 1800–1945. The data illustrate the asymmetry between Europe’s industrial consumption (driven by imports) and Indonesia’s plantation-based production (driven by deforestation and labor exploitation).

The results highlight a dual but interconnected trajectory. In Europe, palm oil enabled industrialization, replacing whale oil, and serving as a substitute after the abolition of slavery. Its industrial uses embedded palm oil into consumer culture, from soap and candles to margarine, making it a vital commodity in European markets (Richardson 1992). In Indonesia, colonial authorities and European companies transformed landscapes through plantation agriculture. Although the pre-1945 expansion was less extensive than the massive growth post-1970s, it established crucial ecological precedents: monoculture cultivation, large-scale land

Table 1 Comparative historical trajectories of palm oil in Europe (post-1800) and Indonesia (pre-1945)

Aspect	Europe (Post-1800)	Indonesia (Pre-1945)
Timeline	1800s: Palm oil replaces whale oil; 1830s: Liverpool becomes import hub; 1869: Margarine invented; 1900s: Europe fully industrialized with palm oil inputs	1848: First oil palm introduced to Bogor; 1911: Hallet & Fauconnier establish first estates near Medan; 1910s–1940s: Expansion across Sumatra under Socfin and Dutch concessions
Primary Driver	Industrial revolution (lubricants, soap, candles, margarine); abolition of slave trade	Colonial plantation economy, export orientation, integration into global markets
Key Actors	British trading firms (Royal Niger Company, UAC); soap and candle industries (Lever Brothers/ Unilever); European merchants	Dutch colonial government; Belgian entrepreneurs (Hallet & Fauconnier); plantation companies (Socfin)
Land Use Impact	No direct land-use change in Europe; indirect stimulation of African smallholder production	Large-scale conversion of tropical rainforests in Sumatra into monoculture plantations
Economic Logic	Shift from slave trade to “legitimate commerce”; integration into industrial supply chains	Framing forests as “idle land”; transformation into cash-crop estates for export revenue
Labor Dynamics	Reliance on African smallholder producers and coastal intermediaries	Displacement of indigenous populations; recruitment of Javanese contract laborers and local workers
Scale/Extent	Palm oil imports to Europe increased tenfold by late 19 th century (Lynn 1997)	By 1940, >250,000 ha of plantations established in Sumatra (Stoler 1985, Cramb & McCarthy 2016)
Environmental Consequences	Minimal direct impact in Europe; indirect pressure on West African ecosystems	Early deforestation, biodiversity loss, soil degradation; ecological precedent for post-1970s expansion
Socio-political Dimension	Driven by European industrial policies and mercantile capitalism	Institutionalized by Dutch agrarian laws and concession system; consolidation of plantation belt
Legacy	Embedded in European consumer products and global trade networks	Established plantation model in Indonesia; foundation for Indonesia’s dominance in global palm oil

conversion, and displacement of indigenous land-use systems. A comparative perspective reveals asymmetry: Europe consumed palm oil without bearing direct land-use costs, while colonial Indonesia bore the ecological and social burden of deforestation. This reflects the colonial logic of “productive land”, where forests were redefined as idle resources awaiting transformation into economic assets (Bisschop 2012). By 1940, Indonesia had become a significant exporter of palm oil, supplying global markets that had once relied almost exclusively on West Africa

(Corley & Tinker, 2016). This historical shift set the stage for Indonesia’s dominance in the industry, but also embedded structural challenges—monoculture risks, ecological vulnerability, and labor exploitation—that continue to shape sustainability debates today. These intertwined histories complicate current European critiques of palm oil. Understanding that Europe once depended heavily on palm oil, and actively promoted its colonial expansion, provides historical balance to contemporary sustainability debates under frameworks like RED and EUDR.

Table 2 Quantitative indicators of palm oil development in Europe and colonial Indonesia (1800–1945)

Indicator	Europe (Post-1800)	Indonesia (Pre-1945)	Sources
Palm oil imports / exports	By 1850, ~30,000 tons annually imported into Britain; by 1900, >250,000 tons into Europe (tenfold increase)	By 1940, Indonesia exported ~250,000–300,000 tons of crude palm oil annually (mainly from Sumatra estates)	Lynn 1997; Stoler 1985
Cultivated area	Not applicable (Europe had no plantations; relied on imports from Africa and colonies)	1911: first estates established near Medan; by 1939, ~250,000 hectares of plantations in Sumatra	Boomgaard 1996; Cramb & McCarthy 2016
Labor force	Trade intermediaries and African smallholders dominated supply chains	Tens of thousands of Javanese and local workers recruited under colonial “contract coolie” system	Stoler 1985; Cramb & McCarthy 2016
Industrial use	Soap, candles, margarine, lubricants; integral to industrial and consumer economies	Primarily crude oil exports for European processing; limited local downstream industries	Hobsbawm 1968; Richardson 1992
Environmental impact	Indirect: pressure on West African ecosystems but no direct European deforestation	Direct: widespread rainforest clearance in Sumatra; biodiversity loss and soil degradation	Boomgaard 1996; Potts 1990

CONCLUSION

Palm oil's trajectory from 1800 to 1945 reflects both industrial progress in Europe and ecological transformation in Indonesia. In Europe, it was central to the Industrial Revolution and consumer goods, while in Indonesia, it catalyzed deforestation and plantation-based economies under colonial rule. Recognizing this shared history offers important lessons for present-day debates on sustainability, deforestation, and the future of the palm oil industry.

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