

Indonesian Virgin Coconut Oil (VCO), the World's Drill

Written by Administrator

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Night was here but the lights of the warehouse on the bank of palm (*Zalacca edulis*) garden in Pakem, Yogyakarta, were still on. The increasing demand for virgin coconut oil are forcing the employees in PT Patria Wiyata Vico to work overtime. Abdullah Fatah, a Malaysian importer, routinely orders 10,000 bottles of 125ml VCO every month. The export also goes to Singapore and Rumania each 4,000 and 2,000 bottles per month. In fact, Singapore even increases its import volume as many as 10 tonnes a month.



Not only in oil form, VCO demand from Benin is also in form of capsules. That Java width country in West Africa asked for 3 million capsules supplies. Such endless demand makes the workers in a company in Bausasran, Yogyakarta, often work overtime. The production division in Galur, Kulonprogo, 57 km from the head office, are also adding extra working hours. To fulfil market demand, that company depends on 80 plasm supplies which are spread out in Kulonprogo.

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One of the suppliers is Endang Sumarsih. That woman processes coconut into VCO in her kitchen in a very simple way. The coconut graters are squeezed into coconut milk. Then she adds virgin coconut oil as a trigger. The ratio is 3:1. Within 10 hours, that mother of 3 children gets the result. Such VCO is sold to PT Patria Wiyata Vico. In one day on the average that ex-tailor distributes 10 liters.

Another exporter, PT Miracle Virgin Oil manufactures virgin coconut oil using high-tech machines. 'These machines are like fortune-teller (They know what is going to happen, ed),' remarked Jaka Dama Limbang, the owner of PT Miracle Virgin Oil.

Jaka bought 3 machines. In South East Asia region, those high-tech machines are the only one. All productions are exported to German through Singapore. The alumnus of Machine Engineering of Tarumanagara exports in form of bulk VCO. The average volume of 1 container equals 11.077 liters per month.

Trend

In Indonesia, after being introduced from the early 2004, the popularity of virgin coconut oil is increasing. The same trend of virgin oil is also penetrate to Philipine and India. Empirically, such coconut fickle cures many kinds of illness. Siti Zaitin Noor who had diabetes mellitus, gout, high blood pressure

, kidney disorder, and cholesterol has proven it. For 9 years long that lawyer had looked for cure to Australia, United States, and Singapore. But the cure she had expected so much seemed so far away. Virgin coconut oil is the one which cures those group of illness.

So did what Rudy T Bachrie experienced. His overweight body - 96 kg - had brought about diabetes mellitus and finally erection disfunction. When the medicine given by the doctor did not work for the illness, that 46 years old man turned to VCO. Routinely consuming virgin coconut oil, his weight was slowly decreased until 82 kg. Along with that his sugar blood level became normal and his erection disfunction stopped.

People like Siti Zaitin Noor and Rudy T Bachrie are thousands. Within the last six months, it was recorded that 1.112 people - with various kinds of illness - are cured. That was the data in Alfred

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Silangen clinic in Cilandak region, South Jakarta. The effectivity of virgin oil in curing various illness has triggered the virgin oil trend. Moreover, with a relatively reasonable price, the popularity of virgin oil is increasing.

The coconut oil bad image because of the US negative campaign is slowly diminished. As there are more researchers prove the speciality of VCO as health fortress. Dr Conrado Dayrit, a professor emiritus of College of Medicine Manila claimed, 'The heart attack and diabetes disease prevalency of people who consume virgin coconut oil are very low as it is found in Polinese.'

It is obvious if there are virgin oil manufacturers everywhere hoping for some profit. Alfred Silangen produces 300 liters per day in Manado, North Sulawesi. Most of the productions are penetrated in Jakarta and its surrounding regions from a clinic in Jakarta. The power of *Miracle Oil* - the brand he produced - are told from the patient mouth to mouth. According to Alfred, such productions have not fulfilled the consumers' demand. Moreover, Australia also demands 2-5 ton; German, 500 liters per month. 'In Australia, there are 10 doctors who asked for supply, but we have not fulfilled yet,' said Alfred. Local demand has not been fulfilled, moreover the export market.

Dr Joko Sulistyو in Bogor, West Java, also senses the VCO business opportunity. Along with his partners, that Master of Enzimology alumnus from University of Tsukuba established PT Bogor Agro Lestari early this year. Its production is only 30 liters per day, far from local demands which double 3-4 times. Not to mention Europe demand reaches 400 ton per month.

Visio - the brand they manufactured - is produced using enzymatic technology. According to Joko, the specialty of enzymatic technology is able to outcast unuseful soluble compound. For example, aflatoxin as a result of fungus *Aspergillus flavus*.

In addition, the virgin oil produced also rich of anti-oxidant. Dr Pingkan Adityawati who is a lecturer in Bandung Institute of Technology (*Institut Teknologi Bandung, ITB*) also produces virgin coconut oil. In cooperation with PT Anugerah Tiara Sejahtera, she launched *Peddler Virgin Coconut Oil*.

Obstacle

Not only in Java, in Pontianak PT Dewi Sri Madrim is also seduced to manufacture coconut flesh. Initially the company manufactured coconut fiber to become cocodust and cocofibre to supply China market. When virgin coconut oil rose up, the company was interested in manufacturing it. According to *Trubus* track-notes, similar manufacturing companies also grew in other cities such as Banjarmasin, Gorontalo, Jambi, Lampung, and Ternate.

The manufacturers' dream to obtain profits from the VCO selling is not merely granted. Obstacles keep coming through from the manufacturing process to the marketing. Take a look at Jaka Dama Limbang when he bought VCO manufacturing machines. Even though his money was more than enough to pay 3 machines with total amount more than 66 billions Rupiah, German refused. That country did not want to sell its machines if the consumer comes from Indonesia. According to Jaka, Indonesia's name is often underestimated in the world of trade. However, that 42-year-old man has a sharp mind. He asked his partner who is Japanese to buy those highly sophisticated machines.

Manufacturing obstacle was felt by PT Selaras Agro Lestari. In the first early three months, the VCO manufacturer in Pengadegan, South Jakarta, got failure. 'The oil produced was not clear and smelled bad,' said the head of Business Development Division, Asep Syaefuddin. Leaving out the coconut grater causes the oil taste sour. It often happened to Endang Sumarsih in her early days manufactured VCO. She did not succeed to obtain any oil due to the fact that the elicited ratio to the coconut milk was too little.

Despite the success in handling production obstacle, it does not mean the next step will be simple. A lot of manufacturer had to give away virgin coconut oil for free to their families and relatives. Dody Baswardojo, the owner of PT Indo Coco in Surabaya, stood by at the sport centres. 'I offered VCO to the people who are exhausted,' he said. Another obstacle is the bad infrastructure. When that retired lecturer of Brawijaya University shipped out VCO to Pekanbaru by land, 120 bottles were broken.

To market VCO abroad is not completely without difficulty. PT Patria Wiyata Vico was once stuck by the organic certification issue. Generally, Indonesian coconuts have not yet been organically cultivated. The problem is in Indonesia there is still no institution which issues organic label and the product has not received world acknowledgment yet. The export quality standard

is also strict. Generally, the international market only accepts VCO which has lauric acid level 43-53 %, caproic (0,4 - 0,6%), capric (4,5 – 8, 0%), peroxide (3 meq/kg), arsenic (0,1 mg/kg), copper (0,4 mg/kg).

Wide cleft

When a series of obstacle has been overcome, manufacturers will surely gain bigger profit. Zainal Gani is one of the examples. This Doctor graduated from Brawijaya University manufactures 30 liters per day. When he made VCO 8 months ago, he produced 20 liters per day. Now, 'The order is up to 100 liters per day,' stated this man who was born in Banyuwangi on November 10, 1946.

The oil is packed in bottles volumize 350ml and sold at Rp35.000-Rp50.000. One liter of VCO is obtained from 10-15 coconuts depending on size. In 1 day, this herbalist in Malang receives Rp2.975.000-Rp4.250.000 income. After it is subtracted with the production cost of Rp1.080.000, he receives minimum profit Rp1million per day. The biggest production cost is to buy the material Rp1.000 for each coconut which are brought from Bali.

The manufacturers indeed feel the uncreasing demand due to VCO trend. The three ton production of PT Kokonat Produsen Prima in Kebayoran Baru, South Jakarta, are usually sold out within 1 month. However, such production volume, lately, out of stock within 2 weeks. 'Monthly demand increases by 25%,' said Toto Soedarto, the head of Marketing Division of PT Kokonat Produsen Prima. Such increase is only for local market.

Foreign market demand was also high. In the early 2005, German expected 130.000 liters supplies per year. Up to now, that demand has not been fulfilled yet. Toto is focused more on the local market which is growing bigger. The large number of other manufacturers is not the main concern for virgin oil players. 'If we talk about market, it is only loaded for 0,0001%, and thus the market is still big enough,' said Patrio Ragiatno.

Some other manufacturers which *Trubus* contacted separately expressed the same. According

to Asia Pacific Coconut Community data, in general the United States needs reaches 1.000 tons per year. From that amount, only 600 tons are fulfilled by importing from the Philipines. British and Denmark each needs 500 tonnes and 250 tonnes per year. A naturally healthy life style trend is booming in developed contries causing VCO demand rising.

Hereditary

To enlarge the market, some of the manufacturers such as PT Miracle Virgin Oil and PT Patria Wiyata Vico capsulize virgin coconut oil because some people are not comfortable consuming oil. Beside, capsule is more practical to be carried. It will not pour out and easy to be carried everywhere. Other companies implemented product diversification such as soap, shampoo, and *telon* oil VCO based.

The products are targeted for local market. 'The pharmacy and cosmetics industry (in Indonesia) import VCO because it is signalled that the quite high VCO demand is to be processed into lauric acid extract,' said Andy Nur Syah Alam STP, MT, a researcher in Indonesian Center for Agricultural Postharvest Research and Development (*Balai Besar Penelitian dan Pengembangan Pascapanen Pertanian*).

It means, the one who gets the extra benefit in VCO trade is the foreign party due to the fact that VCO selling price in international market is only US\$3 – US\$5 per liter, while the hereditary product of virgin oil is more expensive. It is the reason why this ITB graduate student advises, 'We must have the technology to manufacture VCO.' It requires around Rp500-million investment budget.

Amrizal Idroes from the Market Development Division of Asia Pasific Coconut Community stated the same. 'VCO future is very much depending on the hereditary industry because the number of direct consumers are not big enough,' he said. On the other hand, the local pharmacy, food, cosmetics, and toileteries industries so far have depended on import to get lauric acid extract.

The existence of VCO extraction industry is expected will not be bored because of the high needs of the hereditary product of virgin oil. The manufacturers which *Trubus* contacted stated

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that the virgin oil trend will last long. Djoko Sulistyono predicted the popularity of VCO will last for minimum 10 years onward. 'It is the future field for tropical countries. Indonesian people will be healthy and prosperous because of VCO,' he said. The largest Cocos nucifera field in Asia - 3,8 million acres - is the capital to make that dream come true. (

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