Halal Training & Opportunity in Global Halal Market

MSD RETIRING STAFF TRAINING PROGRAMME, AEIC CONFERENCE ROOM, 2007
INTRODUCTION

“Eat and drink of that which God has provided and act not corruptly, making mischief in the world” (Al-Quran 2:60)

“O mankind! Eat of what is lawful and good on earth and follow not the footsteps of the devil” (Al-Quran 2:168)

“O you who believe! Forbid not the good things which God has made lawful for you and exceed not the limits. Surely God loves not those who exceed the limits. And eat of the lawful and good that has God given you, and keep your duty to God in whom you believe” (Al-Quran 5:87-88)
INTRODUCTION

- Those who consume Halal, follow the tradition of the prophet and do not harm others will go to paradise. (Tirmizi)

- Many people put a lot of effort in worship of Allah and then spread their hands saying, “O Allah, please accept our supplication.” But if their eating is Haram, their drinking is Haram, their clothing is Haram, how would then their supplication be accepted? (Muslim and Tirmizi)

- I swear by Allah in whose hands is my life. When a eats a tiny piece of an item which is Haram, none of his deeds are accepted by Allah for forty days. When the flesh of the body is built from Haram then his body Only deserves the Hell Fire. (Muslim)
TERMINOLOGIES

- Haram/Halal/Mashbooh (shubhah)

- HALAL in reference to food: the Islamic dietary standard, as prescribed in the Shariah Law
to Muslims, it is a prescription from God meant for their physical and spiritual well-being

for non-Muslims it means safe, wholesome products for the general well-being

for the industry, the production of Halal food is not only beneficial to Muslims, but also to non-Muslim food producers, by means of an increased market acceptance of their products
WHY HALAL FOOD?

- Muslim life guided by Shariah Law

- A particular food becomes *halal* or *non-halal* with reference to Shariah Law

- Muslims eat food that are:
  - *Halal* – Shariah (religious, faith, spiritual, personal choice)
  - *Toyyiban* – Wholesome (safety, cleanliness, nutritious, quality, authentic)
GLOBAL HALAL MARKET
The HALAL Market is fast becoming recognized as a vitally important emerging market sector.

It is a new market force that should not be overlooked.
What has halal to do with Malaysian economy?

In promoting the agriculture sector as the third engine of economic growth, measures will continue to be undertaken to increase investments in large-scale agriculture and commercial activities. Efforts to establish Malaysia as a regional centre for the production of food and halal products will also be intensified.....”

NEW STRATEGIES TOWARDS STIMULATING THE NATION’S ECONOMIC GROWTH (21st May 2003)

Economic Planning Unit
Prime Minister’s Department, Putrajaya, Malaysia
...” The global demand for halal food is projected to increase to RM2 trillion in 2005. This vast potential must be tapped to enable Malaysia to be one of the leading producers and exporters in the world”....

An excerpt from the 2005 BUDGET SPEECH
By THE PRIME MINISTER AND MINISTER OF FINANCE
September 10, 2004
WHAT IS MALAYSIA'S STRENGTH?
Islam is the official state religion
Active OIC country
Malaysia is regarded/known as a model progressive Islamic state
Political and economic stability?
Government Policies and Initiatives – conducive for halal hub development
Has expertise and experienced in the manufacture and trade of halal products
Reputable halal products and services in the world
Excellent and up to date infrastructure and infostructure
Malaysia’s halal certification is recognized in many countries
WHAT ARE THE OPPORTUNITIES?
1.6 billion Muslims-market for halal products
- Halal products and services-acceptable to non-Muslims
- Rapid development and interest in halal products and services-Malaysia and the world
- Products with halal logo=quality products
- Malaysia’s multi-ethnic and multi-religious society enable diversified products
- Cost effective production/manufacturing of halal products using available raw materials in the region/neighbouring countries
Malaysia has less than 1% share of the global halal market.

Malaysia targets 5% of global Halal Market.

(Datuk Ahmad Zahid Hamidi, former Deputy Minister of Tourism)

(Business Times 9/6/04)
Global Market size & Development of Halal Products and Services

2) Development of Malaysia’s Halal Products & Services Industry
   - investments
   - exports
   - imports
   - institutional support:
     * incentives
     * standards
     * certification
     * market development & promotion
CHALLENGES

- increasing regional competition
- supply of raw materials
- expanding product range to meet consumer demand
- development of halal compliant services
CHALLENGES...

- increasing regional competition
- supply of raw materials
- expanding product range to meet consumer demand
- development of halal compliant services
- leveraging Malaysian Halal standard to differentiate Malaysia’s halal products
- awareness of Malaysia as Centre for Halal products and services
- product quality assurance and food safety
- harmonization of halal certification process
- coordinating agencies involved in development & promotion of the halal industry
- institutional and human resource capacity
Strategies and Policies
- enhancing awareness of Malaysia as Centre for Halal products and services
- managing increasing regional competition
- leveraging upon outward investments to gain access of raw materials & enhance competitiveness
- enhancing R&D and leveraging upon technological developments
- developing halal-compliant services
- using and leveraging upon Malaysian Halal standard to differentiate Malaysia’s halal products
- product quality assurance and food safety
- undertaking systemic development of halal parks
- harmonizing the certification process
- enhancing coordinating among agencies
- strengthening institutional and human resource capacity
HALAL MARKET & ITS PROSPECTS
What Constitutes Halal Industry?

- Food Service Industry
- Consumer Goods
- Meat & Poultry
- Food & Product Retailing
- Research & Development
- Standards, Auditing & Retailing
- Pharmaceuticals, Health & Personal Care
- Islamic Finance
- Islamic Banking
- Takaful
- Logistics
- Transport
- Shipping
Dynamics Driving the Global Halal Food Market

- Muslim Population Growth
- Rising incomes in primary markets for Halal food
- Increasing demand for greater variety in primary markets
- Increasing demand for halal and wholesome food in primary markets
- Increasing demand for genuine halal products
Muslim Population: Potential Market

~ 1.6 billion
~ 2.2 billion by 2010

http://www.usislam.org/muslimstatistics.htm
## Muslim Population: Potential Market

### Key Potential Halal Markets in Some Non-Muslim Countries

- **India**: ~128 million
- **China**: ~26 million
- **Philippines**: ~10.5 million
- **Thailand**: ~8.3 million
- **Singapore**: ~0.75 million
- **France**: ~4.5 million
- **Germany**: ~3.1 million
- **Netherlands**: ~0.5 million
- **UK**: ~1.7 million

### Large Muslims in:

- **African countries** (Nigeria, Niger, Tanzania, Sudan, Kenya etc..)
- **Bosnia-Herzegovina & Albania**
- **Central Asian Countries** (Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, Turkmenistan)
- **Russia**
- **Australia**
- **Other ASEAN countries** (Myanmar, Cambodia, Vietnam)

[http://www.usislam.org/muslimstatistics.htm](http://www.usislam.org/muslimstatistics.htm)
<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Value (Int’l Dollar)</th>
<th>Estimates (for 2006) are based on data of:</th>
<th>Number of Muslims(^2) (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>United States</td>
<td>43,223</td>
<td>2006</td>
<td>8.79</td>
</tr>
<tr>
<td>7</td>
<td>Netherlands</td>
<td>36,937</td>
<td>2006</td>
<td>0.47</td>
</tr>
<tr>
<td>12</td>
<td>Canada</td>
<td>35,514</td>
<td>2006</td>
<td>0.48</td>
</tr>
<tr>
<td>13</td>
<td>United Kingdom</td>
<td>35,486</td>
<td>2006</td>
<td>1.63</td>
</tr>
<tr>
<td>17</td>
<td>Singapore</td>
<td>33,471</td>
<td>2006</td>
<td>0.74</td>
</tr>
<tr>
<td>18</td>
<td>Australia</td>
<td>33,037</td>
<td>2004</td>
<td>0.42</td>
</tr>
<tr>
<td>21</td>
<td>France</td>
<td>31,825</td>
<td>2006</td>
<td>4.53</td>
</tr>
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<td>23</td>
<td>Germany</td>
<td>31,390</td>
<td>2006</td>
<td>3.05</td>
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<tr>
<td>29</td>
<td>Brunei</td>
<td>25,772</td>
<td>2006</td>
<td>0.23</td>
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<td>46</td>
<td>Saudi Arabia</td>
<td>16,505</td>
<td>2005</td>
<td>25.8</td>
</tr>
<tr>
<td>56</td>
<td>South Africa</td>
<td>13,018</td>
<td>2005</td>
<td>0.85</td>
</tr>
<tr>
<td>61</td>
<td>Malaysia</td>
<td>11,957</td>
<td>2006</td>
<td>12.5</td>
</tr>
<tr>
<td>67</td>
<td>Kazakhstan</td>
<td>9,568</td>
<td>2004</td>
<td>7.27</td>
</tr>
<tr>
<td>70</td>
<td>Turkey</td>
<td>9,240</td>
<td>2006</td>
<td>68.8</td>
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<tr>
<td>72</td>
<td>Thailand</td>
<td>9,193</td>
<td>2006</td>
<td>8.24</td>
</tr>
<tr>
<td>86</td>
<td>China</td>
<td>7,722</td>
<td>2006</td>
<td>26.0</td>
</tr>
<tr>
<td>114</td>
<td>Indonesia</td>
<td>4,356</td>
<td>2006</td>
<td>210</td>
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<tr>
<td>118</td>
<td>India</td>
<td>3,802</td>
<td>2005</td>
<td>128</td>
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<td>132</td>
<td>Pakistan</td>
<td>2,744</td>
<td>2006</td>
<td>154</td>
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<td>144</td>
<td>Bangladesh</td>
<td>2,130</td>
<td>2005</td>
<td>117</td>
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<tr>
<td>165</td>
<td>Nigeria</td>
<td>1,227</td>
<td>2003</td>
<td>103</td>
</tr>
</tbody>
</table>

## Halal Food Market

<table>
<thead>
<tr>
<th>Country</th>
<th>Food</th>
</tr>
</thead>
<tbody>
<tr>
<td>India, Australia, New Zealand, Brazil, China, European countries</td>
<td>Meat</td>
</tr>
<tr>
<td>Thailand</td>
<td>Processed food</td>
</tr>
</tbody>
</table>
## Halal Food Market

### Malaysia Major Export Markets for Processed Food

<table>
<thead>
<tr>
<th>Export Destination</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value RM mil</td>
<td>Share %</td>
</tr>
<tr>
<td>Total Export</td>
<td>7,254.9</td>
<td>100</td>
</tr>
<tr>
<td>Singapore</td>
<td>1,157</td>
<td>16</td>
</tr>
<tr>
<td>USA</td>
<td>597</td>
<td>8</td>
</tr>
<tr>
<td>Indonesia</td>
<td>586</td>
<td>8</td>
</tr>
<tr>
<td>Japan</td>
<td>364</td>
<td>5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>339</td>
<td>4</td>
</tr>
<tr>
<td>Australia</td>
<td>332</td>
<td>4</td>
</tr>
<tr>
<td>Thailand</td>
<td>327</td>
<td>4</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>283</td>
<td>3</td>
</tr>
<tr>
<td>Philippines</td>
<td>223</td>
<td>3</td>
</tr>
<tr>
<td>China</td>
<td>208</td>
<td>2</td>
</tr>
</tbody>
</table>
## Halal Food Market

**Malaysia Top Export for Processed Food**

<table>
<thead>
<tr>
<th></th>
<th>2006 Value RM mil</th>
<th>2006 Share %</th>
<th>2006 Change %</th>
<th>2005 Value RM mil</th>
<th>2005 Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Export</strong></td>
<td>7,254</td>
<td>100</td>
<td>11</td>
<td>6,529</td>
<td>100</td>
</tr>
<tr>
<td><strong>Cocoa &amp; Cocoa Preparation</strong></td>
<td>2,004</td>
<td>27</td>
<td>7</td>
<td>1,873</td>
<td>28</td>
</tr>
<tr>
<td><strong>Prepared Cereal &amp; Flour Prep.</strong></td>
<td>936</td>
<td>12</td>
<td>3</td>
<td>902</td>
<td>13</td>
</tr>
<tr>
<td><strong>Margarine &amp; Shortening</strong></td>
<td>845</td>
<td>11</td>
<td>24</td>
<td>677</td>
<td>10</td>
</tr>
<tr>
<td><strong>Processed Seafood</strong></td>
<td>627</td>
<td>8</td>
<td>6</td>
<td>581</td>
<td>8</td>
</tr>
<tr>
<td><strong>Sugar &amp; Sugar Confectionary</strong></td>
<td>502</td>
<td>6</td>
<td>6</td>
<td>470</td>
<td>7</td>
</tr>
</tbody>
</table>
Malaysia Halal Hub Initiative

Marketing (Promotional Activities)

• MIHAS (Malaysia International Halal Showcase)
• Incoming Buying Missions
• Specialised Marketing Missions
• Trade Fairs
• International Promotion Booths
• Directory of Halal Product Exporters
Malaysia Halal Hub Initiative

Complementary
(Supporting Endeavours)

• World Halal Forum – Platform for Industry players to interact
• National Halal Industry Forum – Platform for local industry players to discuss issues of national interest
• Halal Journal – create, maintain and increase awareness of halal
• International Networks
ISLAM
The fastest growing religion in the world:
Annual Growth Rate–2.9% -
(Britanica)
ISLAM has the second largest number of followers in the world and 1 in 5 of the world’s population are Muslims.
ISLAM has the second largest number of followers in the world and 1 in 5 of the world’s population are Muslims.
Other Supporting Factor
MS 1500:2004

- Standard was developed by Technical Committee on Halal Food, consists of various designated organizations

- Draft standard was circulated throughout the world for comments and remarks, including United States and Europe

- The Prime Minister of Malaysia launched Malaysia Standard (MS 1500:2004) on 16 August 2004

- Responsibility to implement halal certification: JAKIM
MS 1500:2004

- Practical guidelines for the food industry on the preparation and handling of halal food, including nutrient supplements

- To serve as a basic requirement for food product and food trade or business in Malaysia

- The standard should be used together with:
  a) MS 1480:2007, Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System
  b) MS 1514:2001, General Principles of Food Hygiene
THANK YOU