INTERNATIONAL HALAL CONFERENCE PAKISTAN 2011
22 – 23 March 2011, Sheraton Hotel, Karachi, Pakistan

AWARENESS ON THE HALAL INDUSTRY

By : Hj Saifol Hj Bahli
Head, Training & Consultancy
• Introduction: HDC
• The Halal Industry
• The Global Halal Market
• The Halal Initiatives (Asia/Asean)
• Malaysia’s Halal Industry & Initiatives
• Summary
HALAL INDUSTRY DEVELOPMENT CORP. (HDC)
The Halal Industry Development Corporation (HDC) was established on September 18, 2006 as a private company wholly owned by the Government of Malaysia and reports to the Ministry of International Trade & Industry (MITI). It is the first development corporation for the Halal industry in the world.

Who we are: We are a Malaysian Government-linked Company which provides support to local and international businesses wishing to participate in the global Halal market, to grow the industry and to benefit these businesses and in the process, benefits Muslims and the global Halal industry.

Our Vision is to elevate halal as the standard of choice.
MALAYSIA - GLOBAL HALAL HUB
In May 2008 the Cabinet approved the Halal Master Plan, addressing issues of certification, sectored development, Halal integrity, implementation, timeframes and responsibilities. The Master Plan envisages three phases of the roll-out from 2008 to 2020.

**PHASE 1: 2008 - 2010**
Develop Malaysia as a global centre for Halal integrity and prepare the industry for growth

**PHASE 2: 2011 - 2015**
Establish Malaysia as one of the preferred locations for halal-related business

**PHASE 3: 2016 - 2020**
Broaden geographic footprint of home-grown companies

We are here....
Malaysia cannot be involved in everything – focus areas were identified based on demand potential, local capabilities and potential to create economic impact.

New Source of Export Led Growth

Global Reference Centre for Halal Integrity (Standards, Certifications, Training, Consultancy etc)

- Specialty Processed Foods
- Cosmetic & Personal Care Products
- Pharmaceutical
- Halal Ingredients
- Livestock

Identified Industry

- Legal
- Human Capital
- Infrastructure Development

- Finance & Incentives
- Standards & Certification
- Public sector delivery system

Enablers
HDC STRATEGIC THRUSTS

Halal Integrity

Through halal standard development, research & development, as well as consultancy, increase awareness and skills development programmes

Industry Development

Through provision of support services for potential SMEs, investment opportunity and hosting of Halal Parks, and public equity financing for FDIs

Brand Development

Through creating and strengthening halal awareness & promotion in manufacturers, producers and consumers alike
THROUGH HALAL INTEGRITY

Strategic Thrust

Halal Integrity

Initiatives

Training
- Employment opportunities for Muslims with skills in Syariah & Halal food technology
- Placement of Halal compliance officers at every Halal producers’ premise.
- Create Halal training providers and Halal trainers

R&D
- Using R&D findings & market information to create new businesses, e.g. palm oil as an alternative to gelatine, Halal gelatine and consumer products
- Increasing the number of halal certified ready industry players

Consultancy & Standards
- Initiate Halal standards being developed & implementation
THROUGH INDUSTRY DEVELOPMENT

- Create Malaysian Champions programme from a selected group of local producers with the potential to become global Halal players
- To target at least 10 companies/products a year using SME Corp. SCORE system
- Opportunities for Halal producers to increase their production and efficiency by providing the necessary infrastructure & amenities within the Halal Parks
- Create trade networking among Halal producers within the value chain
- Assist and develop Halal compliant service providers in logistics, cold chain and warehousing and packaging materials etc
- Networking through HDC’s trading platform, affiliated partners, certified & accredited companies under the HDC- promoted standards to gain market access, seek joint venture partners, technology transfer, contract products & outward investments
- Integrating Malaysian companies into regional and global network
- Create a HELP DESK to nurture and provide assistance to all SME’s in the country for Halal products
- 1-800 880 555
• Nationwide Halal Road Shows throughout the country with the participation of SEDCs, UPEN, MNCs, local producers and industry players to identify potential halal producers

• Increase awareness among people of all faiths and culture on Halal, HDC, and Halal Malaysia for Malaysian halal products to gain distinct competitive advantage

• Identify potential Halal brand names and provide the necessary assistance in terms of branding

• Provide the most up-to-date market intelligence on the worldwide Halal markets

• Publication on HDC Halal Directory 2010 with the listings of Halal producers in operation in Malaysia

• Conduct Market Intelligence Study and Publish ‘Halal Profile : Malaysia 2009’
THE HALAL INDUSTRY
THE HALAL INDUSTRY

- GREAT POTENTIAL FOR INDUSTRIES IN DEVELOPING AND PROMOTING THE HALAL PRODUCTS AND SERVICES FOR GLOBAL MARKET.

- HALAL PRODUCTS AND SERVICES ARE ALSO GAINING INCREASING ACCEPTABILITY AMONG NON-MUSLIMS

- CREATED INTEREST AMONG FOOD PRODUCING COUNTRIES, MUSLIM AND NON-MUSLIM

- THE GLOBAL VALUE FOR TRADE OF HALAL FOODS AND NON-FOOD PRODUCTS IS ESTIMATED AT USD2.1 TRILLION ANNUALLY.
DRIVING FACTORS FOR GLOBAL HALAL INDUSTRY

• GROWTH IN MUSLIM POPULATION – CREATE MORE DEMAND

• RISING INCOMES AMONG MUSLIM CONSUMERS CREATED MORE PURCHASE

• A CHOICE FOR MUSLIMS TO CONSUME HALAL PRODUCTS

• INCREASING DEMAND FOR HALAL PRODUCTS SPUR MORE R&D

• MOST PHARMACEUTICALS MARKETED ARE NOT HALAL AND HAS SPURRED DEMAND FOR GENUINE HALAL PRODUCTS, HENCE NEED HALAL CERTIFICATION FROM COMPETENT AUTHORITY
THE GLOBAL HALAL MARKET
>25% of world’s population are Muslims
Total Muslim population in 2009: 1.8 billion

*Source: Muslim Population Worldwide*
GLOBAL & MUSLIM POPULATION : 2005 - 2010

Source: Calculated based on data from World Bank ICR; UN Population Database, other Muslim Population database, and internal research
THE ESTIMATED GLOBAL HALAL FOOD MARKET SIZE: 2004 - 2010

2004: USD 587,2
2005: USD 596,1
2009: USD 634,4
2010: USD 641,5
Global market for Halal-potential products, 2005**

- The Halal market has been quantified as the target market that can potentially be captured.
- Approximately 67% of these Halal-potential products are categorized as fast moving consumer goods (FMCG).
- FMCGs in the primary meat and food sectors account for 62% of the market.

Note: * Does not include services, e.g., logistics and banking
** Based on sales revenue
*** Halal processed food is taken as 66% of the total based on world Halal meat consumption
**** Only non-alcoholic beverages

Source: Euromonitor reports; FAOSTAT
GLOBAL MARKET FOR INGREDIENTS BY COUNTRY

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>29%</td>
</tr>
<tr>
<td>China</td>
<td>10%</td>
</tr>
<tr>
<td>Germany</td>
<td>7%</td>
</tr>
<tr>
<td>Japan</td>
<td>7%</td>
</tr>
<tr>
<td>France</td>
<td>4%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>43%</td>
</tr>
</tbody>
</table>

Total Market Value US$ 30.4 billion

Source: Euro Monitor and RTS Resources, 2005

Top 10 growth segments for food ingredients, 2005 to 2010

- Flavours - Sweet: +$659m
- Seasonings, Herbs and Spices: +$521m
- Hydrocolloids: +$330m
- Proteins: +$325m
- Fat Substitutes: +$274m
- Sweeteners - Intense: +$244m
- Vitamins, Minerals etc.: +$229m
- Flavours - Savoury Top Notes: +$202m
- Flavours - Compound Savoury: +$201m
- Sweeteners - Bulk: +$152m
## ESTIMATED GLOBAL HALAL FOOD MARKET SIZE

<table>
<thead>
<tr>
<th>Region/year</th>
<th>2004</th>
<th>2005</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Halal Food Size (USD ‘000,000)</td>
<td>587.2</td>
<td>596.1</td>
<td>634.5</td>
<td>641.5</td>
</tr>
<tr>
<td>1. AFRICA</td>
<td>136.9</td>
<td>139.5</td>
<td>150.3</td>
<td>154.4</td>
</tr>
<tr>
<td>2. ASIAN COUNTRIES</td>
<td>369.6</td>
<td>375.8</td>
<td>400.1</td>
<td>406.1</td>
</tr>
<tr>
<td>GCC Countries</td>
<td>38.4</td>
<td>39.5</td>
<td>43.8</td>
<td>44.7</td>
</tr>
<tr>
<td>Indonesia</td>
<td>72.9</td>
<td>73.9</td>
<td>77.6</td>
<td>78.5</td>
</tr>
<tr>
<td>China</td>
<td>18.5</td>
<td>18.9</td>
<td>20.8</td>
<td>21.2</td>
</tr>
<tr>
<td>India</td>
<td>21.8</td>
<td>22.1</td>
<td>23.6</td>
<td>24.0</td>
</tr>
<tr>
<td><strong>Malaysia</strong></td>
<td><strong>6.6</strong></td>
<td><strong>6.9</strong></td>
<td><strong>8.2</strong></td>
<td><strong>9.4</strong></td>
</tr>
</tbody>
</table>

Source: WHF Secretariat/KasehDIA analysis
THE HALAL INITIATIVES (ASIA/ASEAN)
MALAYSIA, THAILAND, SINGAPORE, THE PHILIPPINES, BRUNEI, CHINA AND INDIA HAVE ALL TAKEN STEPS TO TAP INTO THE GLOBAL HALAL MARKET.

HAS THE LARGEST MUSLIM POPULATION

INSPIRATION TO BECOME AN INTERNATIONAL HALAL HUB.
GENERAL HALAL GUIDELINES

Objective and Scope:

• The guidelines will serve as a practical guide for the food industry in the production and handling of “Halal” food and will provide basic criteria for the accreditation of “Halal” food processing establishments.

• These establishment will be allowed to use a common ASEAN Halal Logo on the label of their products as an identification that the products are from ASEAN accredited food processing plants.
ASEAN INITIATIVES

• **Malaysia**: International Halal Hub – Truly Asian Kitchen. Strong credentials as Islamic country;

• **Thailand**: Kitchen of the World – Long term plan to penetrate global Halal food market.

• **Singapore**: Singapore Tasty – Singapore as a Vital Food Hub. Innovation, Research & Development Center.

• **Philippines**: Mindanao as production center of Halal products – Start to come up with a common Halal food certifying body.

• **Brunei Darussalam**: Brunei Halal Branding Project (previously: Brunei Halal Premium Project).
• **Malaysia** is well known by almost all other countries in the world as the proponent of Halal policy;

• Research done in Asia, Middle-East and Europe have confirmed that consumers in those regions **perceive Malaysia as a very good or good Islamic country**;

• There are opportunities to do **reverse investment** such as in the Indonesian Halal industry, taking advantage of the cheap production factors (e.g. land and labor) and its greater market size;

• The output from such reverse investment can be **marketed** for domestic countries (Indonesia), to be exported back to Malaysia and/or for export to third countries such as the Middle-East, North Asia, etc;

• As the competitiveness of certain production factors in Malaysia, such as labor and land are below other ASEAN countries (e.g. Indonesia, Thailand and Vietnam), while higher than the other (e.g. Singapore), Malaysia could lead the regional effort by **turning competition to become collaboration within the supply chain context**;
MALAYSIA’S HALAL INDUSTRY & INITIATIVES
MALAYSIA’S HALAL INDUSTRY

• The halal industry in Malaysia provides immense opportunities for Malaysian manufacturers. With a global Muslim population of about 2 billion, the market for halal food is estimated at **US$547 billion a year**.

The concept of halal is associated with food products which are of high quality in terms of cleanliness, sanitation and compliance with religious requirements.

• Malaysia's food manufacturer can contemplate joint-ventures with established food manufacturer's, particularly from Australia and New Zealand, to service the ASEAN, Middle East, European and US markets which have sizeable Muslim populations.

Local halal food products can gain easy access into these halal markets as Malaysia's halal certification is **globally recognised**.

MIDA, 2009
MALAYSIA’S HALAL INDUSTRY

<table>
<thead>
<tr>
<th>YEAR</th>
<th>2004</th>
<th>2005</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKET SIZE</td>
<td>6.6 BIL</td>
<td>6.9 BIL</td>
<td>8.2 BIL</td>
<td>9.4 BIL</td>
</tr>
</tbody>
</table>

ESTIMATED ANNUAL HALAL MARKET INCREASE – 2.5%

NO. OF HALAL CERTIFIED COMPANY – 3,900
HALAL CERTIFIED COMPANY

85% FOODS
15% NON-FOODS
ESTIMATED PERCENTAGE OF HALAL FOOD COMPANY

70% SERVICES
30% MANUFACTURING
HALAL FOOD COMPANY

A) SERVICES

- RESTAURANTS
- HOTELS
- FOOD OUTLET (FAST FOODS/FRANCHISES)

B) MANUFACTURING

- BEVERAGES
- SNACKS
- BISCUITS
- SLAUGHTERING HOUSE
• **Nestle Malaysia** – Group’s Global Halal Centre of Excellence

• **MISC integrated Logistic Sdn Bhd** – Halal cold storage facility in Westport

• **Port Klang Free Zone (PKFZ)** – Proposed National Benchmark Halal Park

• **Northport, Port Klang** - facilities are fully geared to boost the Halal food trade. Over 80 shipping lines currently ply the port, forming part of the critical links in the transport and logistics chain for Halal products, from manufacturers to the international market.

• **Malaysia International Shipping Corp. (MISC)** – Halal Express

• **Chemical Company of Malaysia (CCM)** – Halal Pharmaceuticals industry leader
MALAYSIA’S HALAL FOOD INITIATIVES

• **Malaysia Mart in Dubai (DPMM)** - main distribution centre globally for Halal products, (some **RM525 billion worth of Halal goods** move through Dubai annually) and the centre promoting Malaysian processed Halal foods and beverages in addition to other Halal products.

• **Halal Champions (HDC)** - **MM Vitaoils Sdn Bhd** bagged the award for Halal Ingredients Award, **FA Herbs Sdn Bhd** (Halal Cosmetics & Personal Care), **Halagel Sdn Bhd** (Halal Pharmaceuticals and Healthcare) and **Kartfoods Sdn Bhd** (Halal Specialty Process).

• **Centre for Halal food packaging & processing** - On a micro-level, Malaysia has readied her-self; in tandem with companies from corners of the globe
MALAYSIA’S HALAL FOOD INITIATIVES

- **Strong brands are Halal-certified brands** - A quick study of JAKIM-certified food outlets show the dominance of flourishing (in number) and successful (in quality and branding) presence of well-loved names such as Secret Recipe, McDonald’s, KFC, Pizza Hut, Delifrance, Coffee Bean and Tea Leaf, A&W, The Chicken Rice Shop, Nando’s and 1901 on JAKIM’s list.
  - Demand of Halal fast food and Halal convenience food.

- **Halal Certified Companies** - Statistics show that Malaysian Halal Certificate holders have *increased* to 3,889 from 2008.

- **The Halal Food Standards** - Malaysia is renowned throughout the world as the *first country* to develop a comprehensive halal standard in the year 2000.
  - MS1500: 2009 (Second Revision)
HDC
INITIATIVES
GLOBAL HALAL SUPPORT CENTRE

Knowledge Gathering
- Collate information relevant for Halal industry players
- Purchase licensed digitalized versions of selected halal related reports, articles, magazines and books.
- Build a directory of all Halal product manufacturers, suppliers, distributors
- Links with other Agencies that involves throughout the Halal Value chain
- Identify and address Halal industry gaps
- Create halal points of view with assistance from the various experts and researchers within the industry
- Produce market intelligent reports or create a Halal Ingredients database as example
- Publication of books and magazines on Halal matters
- Manage and disseminate Halal related knowledge through avenues such as the industry portal and digital library
- Assist and develop Halal compliant service providers in logistics, cold chain and warehousing and packaging materials etc
- Manages HDC customers through direct respond in terms of inquiries from companies and consumer
- Face to face support to companies and consumers
  - 1800-880-555 (within Malaysia)
  - +603 7965 5400 (outside Malaysia)
HALAL APPLICATION ON IPHONE

THE LOCATOR
- Premises / Restaurants
- Supermarkets / Hypermarkets
- Hotels

HALAL DIRECTORY PRODUCT
- Ability to check HALAL Status of Products / Ingredients

NEWS & LIBRARY
- Provide Latest News / Updates
- Access to Knowledge Center
HALAL PARK OPERATORS
Income Tax Exemption (100% tax exemption for 10 years) OR
Investment Tax Allowance (100% for 5 years)
Exemption on import duty for cold room equipment

HALAL LOGISTIC OPERATORS
Income Tax Exemption (100% tax exemption for 5 years) OR
Investment Tax Allowance (100% for 5 years)
Exemption on import duty for cold room equipment
Compliance to the min infrastructure requirements for Halal Logistic Operations

HALAL INDUSTRY PLAYERS
Income tax exemption on export revenue (100% for 5 years) OR
Investment Tax Allowance (100% for 10 years)
Exemption from import duty on raw materials
Double Deduction on expenses incurred in obtaining international quality standards such as HACCP, GMP, Codex Allimentarius, Sanitation Standard Operating Procedures etc.
An integrated 1,000-acre international cargo distribution and consolidation centre situated on Pulau Indah, Port Klang.

It was develop by The Port Klang Authority (PKA), the owner of the site, is undertaking the development of PKFZ.

PKFZ Sdn Bhd in cooperation with HDC has dedicated an area of PKFZ as the Halal Flagship Zone in 2008.

The development consists of:
• 50 acres industrial land
• 60 units of ready built light industrial units (LIUs)

The open industrial land activities focused on several business activities such as:
• Distribution of frozen meats
• Manufacturing of condiments and food products
• Manufacturing food and beverages
• Manufacture and distribute pharmaceutical and healthcare products.

On LIUs, the main businesses include:
• Manufacturing of herbal products
• Processing and bagging of lentils, dhal, spices, chilies and beans
• Manufacturing foods and beverages, packing palm oil (edible) and mineral water
• Manufacturing of processed meats and foods.

PKFZ Sdn Bhd also offers a multi-storey business complex, hotel and convention hall which serves as the business centre.

The business arrangement with PKFZ is only for lease and the rate are as follow:

• Land – RM1.80 per sq ft per annum
• LIU – RM18.00 per sq ft per annum (5,487 sq ft)
• Business Complex – RM22.80 per sq ft per annum
The Selangor Halal Hub in Pulau Indah was officially launched in 2003. It is fully endorsed and supported by the Selangor State Government. Central Spectrum (M) Sdn Bhd (CSSB), a subsidiary of Kumpulan Hartanah Selangor Bhd is the developer of the Selangor Halal Hub. A total of 325 acres will be developed for the Phase I, 390 acres for Phase II, and 281 acres for Phase III.

The Selangor Halal Hub has the following infrastructure and amenities:

- Site clearing and earthworks
- Roads and roadside drains
- Water reticulation to the vicinity of the plot
- Electricity reticulation mains to the vicinity of the plot
- Telephone ductworks and manholes to the vicinity of the plot

Facilities

- Centralised storage for regional distribution
- Freight management
- Haulage, transportation and distribution
- Packaging / Labelling
- Transhipment centre
- Sterilisation and Fumigation
- Product inspection and lab test service
- Frozen and chilled storage for regional distribution
- Halal logistics services
- Repackaging and processing
- Certification for export markets - European Union / U.S. / Middle East
- Shipment Consolidation
- Reefer Distribution-domestic and regional
- Ocean freight, Distribution, freight forwarding and cold / dry warehouse
- Industrial lots at the Selangor Halal Hub are available for sale at RM22.00/sq ft.
The Tanjung Manis Halal Hub in Sarawak is the largest halal hub in Malaysia for upstream and downstream halal food and manufacturing activities. It covers an area of 77,000 hectares with integrated planning by its operator – Tanjung Manis Halal Hub Sdn Bhd.

With 77,000 hectares of land available, Tanjung Manis Halal Park offers investors tremendous potential and opportunity to capture the growing demand for halal products from both Muslim and non-Muslim markets globally. Strategically located on the west coast of Sarawak – the fastest growing and dynamic state in Malaysia – one of its advantages is its fast-track approval for halal certification.

For Phase I of the project, about 600 acres will be developed into various components that would include:

R&D Center
- Tilapia hatchery
- Chlorella culture

Tilapia pond and cage culture

Downstream processing industries
- Fish fillet
- Collagen and gelatin

Chlorella industries
- Bio-tech prawn farming
HALAL CHAMPION: PRIVILEGES & BENEFITS

Privileges & Benefits

- Brand Development Program
- International Marketing & Promotional Program
- Knowledge Management Program
- Information Technology Adopting Program
- Others
- HC’s Mark
OBJECTIVES OF WHR SUMMIT

• To provide an **international platform** for researchers to introduce, explore and discuss latest updates on research findings, emerging technologies, trends, issues and challenges in Halal industry.

• To **encourage more research** on products; processes, services and standards relevant to Halal industry and to appreciate efforts taken in putting them into practices (i.e. commercialization).

• To **establish an international network** among scientists, researchers, academicians in developing a recognized International Reference Center in Syariah and Scientific research in Malaysia.

• To **foster the development of knowledge based human capital** which is vital for the growth of Halal industry in Malaysia and globally.

• To **promote Malaysia as the centre for Research and Development (R&D)** related to Halal industry.
SUMMARY

• Halal is a **business proposition**, ready to be the next world market force
• Halal products is **universal**, suitable for everybody
• Require **strategic marketing promotions** and global networks
• Standard, knowledge and experience are crucial for **Halal Competency**
• **United and complement** each other is the way forward for Global Halal Business Sector
THANK YOU

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