“Halal as a new source of economic growth”

Economic Planning Unit
Prime Minister’s Department, 2013

The Concept of Halal and Thoyyib
Halal is a Value Proposition
Global Potential of Halal
Getting Cosmetics and Personal Care Products Halal
Halal Industry Development Corporation
Conclusion - Q&A
Halal and Thoyyib – The underlying principle for a Muslim diet

Products has to be:

**Halal**
Permissible according to Syariah (Islamic Law)

**Thoyyib**
Good to consume / apply

- Healthy
- Nutritious
- Clean & Safe
- Quality

Permitted sources
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Halal is a value proposition that exists within key elements of the supply chain of the intersecting industry sectors.
Key driver of Halal

Value
USD 680 Billion
Halal food

Demand ≠ Supply

<table>
<thead>
<tr>
<th>Demand</th>
<th>Supply</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Main Players</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Beef</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Lamb</td>
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<tr>
<td>Brazil</td>
<td>Poultry</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Processed Food, Ingredients, Non-food</td>
</tr>
<tr>
<td>Thailand</td>
<td>Processed Food</td>
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</tbody>
</table>
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South East Asia

Many ASEAN countries still have relatively low per capita trade-able food consumption. Indicating that future demand potential is strong.

At present, per-capita chicken meat consumption in Indonesia is about 4 kg/year. With a projected increase of per-capita consumption to 8 kg/year in the next 7 to 8 years, implying an additional chicken meat demand of 1.3 million MT.

With a growing economy, rising disposable income as well as increase in Halal awareness; Traded Halal products, especially meat and food products will also increase exponentially.

Gulf Cooperation Council Countries

The six (6) members of GCC are the most important countries in the Middle-East

Competitive markets: There are “NO ENTRY BARRIERS & EXIT BARRIERS”

Total population is only about 40 million in 2011 and projected to rise 40% by 2030;

Although small in population; total imports of Halal meat into GCC countries (chicken and beef) exceeds 1 million MT annually;

Influential in issues related to Halal trade
Muslim community in China is growing with majority living in Northwest China such as Xinjiang, Ningxia, Gansu and Qinghai.

The growing community is expected to boost Halal food sales in the long term.

The Halal market growth is estimated at 10% per annum.

30 million Muslim population

China

The One Belt One Road Strategy

The One Belt, One Road strategy was introduced by Chinese President to promote trade and investment.

An agreement to promote trade relationship between China-Malaysia was established and Halal has been identified to be among the engine of growth to the trade and investment between the two countries.

Along the One Belt, One Road China can capitalize on the Muslim population which is not easily accessible by other countries.
1. Enabling cross border Halal trade
2. Ensuring a controlled and efficient supply of Halal products to Muslims all over the world
Global Islamic Economy Summit (Nov 2013) – Dubai has set a clear measure of success

- Dubai is set to be the capital for Islamic Economy
- Islamic Economy as a new area of excellence for future growth
- OIC intra-trade especially in Halal related sector will be increased via Dubai competitiveness

Due to the potentials, the global interest on halal is getting stronger

"The emirate will aim to be the Sharia-compliant centre of the world. Focus will be on Islamic Banking and Halal businesses".
Sheikh Mohammed bin Rashid, Vice President of the UAE and Ruler of Dubai. February 2013

Japan
- Halal as key source of contributor to Japan’s economy by 2020

China
- Domestic Halal market is increasing by 10% per annum

South Korea
- Visioning to become the main destination of Halal tourism

Thailand
- Largest producer of Halal processed food – visioning to become the Kitchen of the World

Australia
- Largest supplier of Halal beef to Middle East

Brazil
- Largest supplier of Halal poultry to Middle East

UAE
- Visioning to become the center of Islamic economy

Brunei
- Visioning to become the kitchen of the world

Laos
- Halal as key source of contributor to Laos’s economy by 2020

South Africa
- Domestic Halal market is increasing by 10% per annum

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Demand for halal cosmetics & personal care is increasing

**Estimated Demand**
USD100B

**Estimated Supply**
USD10B

**Opportunity**
90%

Source: HDC analysis

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**France: Halal toothpaste to be produced in central France**

A factory in the centre of France has been given the green light from Brussels to start producing Europe’s first halal toothpaste, due to be available in shops later this month.

From November 23, the halal toothpaste will be available in specialised shops for €1.65 per tube – until now all halal beauty products in France had been imported from Belgium, Indonesia and Australia.

To obtain the official European halal label, the production and storage areas of the product are inspected by an imam to ensure they are free of any pork produce.

**Halal toothpaste, anyone? Religious observance has become a global brand**

Nestine Malik

The unstoppable growth of halal products shows we are of fair game for marketers looking to cash in on the Muslim community.

Source: HDC analysis
“Halal as a new source of economic growth”

Economic Planning Unit  
Prime Minister’s Department, 2013
Shariah-compliant financing completes halal industries’ operational integrity

**INPUT**
- Breeders
- Animal feed
- Fertilizer
- Chemicals

**PRODUCTION**
- Livestock
- Poultry
- Abattoirs

**PROCESSING & DISTRIBUTION**
- Warehousing
- Repackaging
- Cold room
- Processed foods, cosmetics, personal care, chemicals etc.

**MARKETING**
- Supermarkets
- Groceries

**CONSUMER**
- Restaurants
- Hotels
- Food trucks

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**Islamic Finance**

**Takaful**
Raw materials are the most critical aspect in halal certification – why?

Avoid! Avoid! Avoid! Avoid!

FAT DERIVATIVES
- Glycerin
- Mono & Di-glyceride
- Emulsifier
- Creamer
- Ice Cream
- Margarine
- Tooth Paste

BROTH
- Flavor
- Soup
- Seasoning

GELATINE
- Ice cream
- Marshmallow
- Yoghurt
- Soft candy
- Jelly
- Capsules

COLLAGEN
- Sausage casing

LEATHER
- Cysteine
- Tooth Brush
- Brush
- Bread Improver
- Flavor

SKIN

FAT (lard)

SHORTENING
- Bakery biscuit

MEAT
- Flavor
- Seasoning
- Powder
- Bacon
- Pasta
- Burger
- Meat flash

BONE
- Activated Carbon
- Refined Oil & Water

BLOOD
- Fermentation Media
- Medicine
- Sausage
- Microbial Products

INNARDS
- Intestine
  - Sausage casing
- Pancreas
  - Insulin
- Enzyme
  - Rennet
  - Cheese

HAIR
Halal certification process in Malaysia

1. Application
   - Document Approval

2. Premise Inspection / Audit / Lab

3. Audit Report

Agencies involved:
- Standards Malaysia
- Jakim
- HDC

- Halal standards development
- Halal certification
- Facilitation & capacity building

4. Monitoring & Enforcement

5. Issuance of Halal Certificate

6. Panel / Appeal Committee
Consolidating 11 online e-commerce platforms under one link (Locally and International)
To provide an online directory platform for suppliers and buyers to trade and promote their Halal products and services.
To safeguard the interests of all genuine halal companies through a digital Halal Trust Mark

GHDP is connected to over 34 global data pools that encompasses over 142 global markets.
The system will empower GHDP listed companies to make their products and services available to expand, supply and build long term business relationships and markets through a recognized GS1 International Standard.
“Halal as a new source of economic growth”

Economic Planning Unit
Prime Minister’s Department, 2013
Malaysia’s Halal ecosystem - various halal sectors co-exist and supported by proper certification system, infrastructure and human capital development program

- Halal food & beverages
- Halal cosmetics & personal care
- Halal Ingredients
- Halal services (logistic, banking, takaful, healthcare & tourism)

- Halal Industrial Parks
- Halal R&D – testing lab
- Traceability system
- Standard & certification

**Halal as the new source of economic growth**

**Production and Services**

- Advisory centre
- Datawarehouse
- Knowledge dissemination tools
- Business and market intelligence

**Reference Centre**

- Halal Talent Development Program
- Halal Knowledge Workers
- Halal Executives & Auditors
- Syllabus in universities & colleges

**Human Capital**

**Government Support**

- Ministry: Ministry of International Trade and Industry
- Industry Development: Halal Industry Development Corporation
- Certification: JAKIM
- Standards Development: Standards Malaysia
- Enforcement: Ministry of Domestic Trade

**Source:** Economic Planning Unit, Prime Minister’s Department

**Source:** Economic Planning Unit, Prime Minister’s Department
Success stories in Halal Malaysia: Economic contribution

**USD8 billion investment** *

- Including over USD3 billion investment in Halal Parks

**USD13 billion export**

- Contribution by over 1,000 exporters
- Largest exporter of Halal ingredients

**250,000 employment**

- Including over 10,000 Halal skilled workers

**Global Reference Centre**

- 1st in the world and referred by people from 150 countries

**Analysis Centre, Research & Development**

- Malaysia Halal Analysis Centre (MyHAC)
- Technology Park Malaysia (TPM)
- Halal Products Research Institute (HPRI)

**Global Brand**

- World Halal Week
- Halal @ CNBC, CNN and Bloomberg

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Note*: Source from MIDA - based on 342 companies in F&B sector
HDC Key Initiatives in Industry Development

**Investment and Trade**

- **HALMAS Halal Parks**
  - Special incentives
  - Investment facilitation

**Branding and Promotions**

- **International Outreach**
  - World Halal Conference
  - Halal Ingredients Asia
  - Cosmetic & Personal Care Event
  - Halal Healthcare Event
  - Halal @ CNN, CNBC and Bloomberg

- **Domestic Outreach**
  - HOPE
  - CSR
  - Minister’s Touch Point
  - Participation in various outreach / touch point activities organized by MITI and others

**Capacity Building**

- **Halal Business Transformation**
  - Halal and global best practices
  - Access to financing
  - Business linkages
  - Branding and promotions
  - Business incubation

- **MNCs / LLCs Collaboration**
  - Vendor Development
  - Mentoring

- **Bumiputera**
  - Certification assistance
  - Vendor Development
  - Franchise Development
  - Halal Development Fund

**Human Capital**

- **Halal Knowledge Development**
  - Halal Institute
  - Community of Practice
  - Industry Lead Body
  - Module development
  - E-learning

- **Halal Talent Development**
  - Halal awareness to all stakeholders
  - Training to industry for Halal certification
  - Industry skilling through Industry Lead Body
  - Module development
  - Learning platforms such as E-learning
  - Higher learning collaborations

**Reference Centre**

- **One Touch Point**
- **Datawarehouse/ mining/ support systems**
- **Halal Malaysia industry Portals**
- **Halal e-Commerce**
- **Halal IP promotion**
- **Halal Business Transformation**
- **Global Halal Datapool**
- **Parks Outreach**
- **Halal Institute Technology applications**
- **New media (Halal Channel and social media)**
Halal business development
- Halal supply chain development framework
- Enterprise capacity building
- Business matching

Human capital development
- Upgrade talents capability with Halal
- Development of Halal syllabus in education institutions

Halal certification facilitation
- Screening, training and coaching
- Halal certification pre-audit

Halal brand and promotions
- Strategic positioning through events and tactical campaigns

Halal Parks
- Halal parks ecosystem development framework

International consultancy
- International consultancy
- International consultancy
- International consultancy
- International consultancy
HALMAS is an accreditation given to Halal Park operators who have successfully complied with the requirements and guidelines stipulated under the HDC designated Halal Park Development.

**Key Achievements**

- **Total Investment:** USD3.0 billion
- **Investors:** 27 MNCs & 105 Local Co.’s
- **Total Employment Opportunity:** 8,000

**Special incentives for operators and players:**

- 100% income tax exemption for 10 years;
- Exemption on import duty on cold room equipment;
- Double deduction on qualifying expenditure

Data as of February 2016
### Investment - Malaysia is a home for various international brand that adopting Halal standard to penetrate Halal market

1. **Halal Food and Beverages**
   - Make Malaysia as Halal Centre of Excellence for Nestle world wide.
   - Biggest Halal Producer in the world

2. **Halal Ingredients**
   - Taking full advantage of abundant halal raw materials (palm oil based) in Malaysia – serve 70 countries

3. **Halal Cosmetics, Personal Care & Pharmaceuticals**
   - Regards Malaysia an important Hub for Halal distribution to South East Asian market

4. **Halal Industrial Chemicals / Materials**
   - Regards Malaysia an important Hub for Halal distribution to South East Asian market
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• 1.8 billion Muslim population. Supply for Halal food and non-food products is not enough to cater the demand.

• Challenge is to develop a more robust and efficient global supply chain benefitting Muslim world.

• Hence, opportunities are enormous.

Q & A