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World Halal Forum and Malaysia's Role

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Report Highlights:

With the current halal foods market valued at \$150 billion a year, halal has indeed become a significant sector in the global market place. Building on the success of its 2006 inaugural event, this year's World Halal Forum (WHF) was aimed at guiding the growth of the halal market. Malaysia, considered as an established and successful halal market among Muslim countries, is reinforcing its leadership role in developing the halal market by its willingness to host WHF and support its programs.

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World Halal Forum

With the current 'halal' foods market valued at \$150 billion a year, with some estimates running as high as \$560 billion*, 'halal' has indeed become a buzzword in the global market place. However, these market estimates should be tempered by the fact that a significant portion is made up of meats that are domestically produced and consumed. Building on the success of its 2006 inaugural event, this year's World Halal Forum (WHF) held from May 7-8, 2007 was aimed at guiding the growth of the halal market by tackling issues of halal integrity, developing new markets, building national industries, providing Islamic finance and introducing corporate social responsibility and social welfare. Representatives from multinational corporations, medium to small-scaled enterprises, government organizations, Islamic service providers and logistics providers from all over the world attended the event. One downside to the event is the majority of speakers who use their speech mainly as an opportunity to promote their company, product or service, rather than to discuss the topic at hand.

The two-day forum covered a diverse range of industry-related topics from the role of new halal ingredients and manufacturing processes for the halal market to new initiatives for integrating logistics, distribution and international trade to business opportunities in the growing retail halal market. The WHF promoted halal as a new benchmark for quality, hygiene and safety. A paper presented on halal science, backed by in-depth research and the creation of DNA-based GAD Biomarkers, was intended to reinforce that halal foods can be scientifically proven as safer and healthier. However, Post was not in a position to verify these claims.

As anticipated, discussion on syariah perspectives on key issues such as stunning and thoracic sticking generated the most debate. Undeniably, there is a profound division in the Muslim world on the determination of halal. Industry players are seeking a universal halal standard and guidelines and WHF aspires to be the platform to facilitate the harmonization of halal standards and practices among Muslim economies through the formation of International Halal Integrity Alliance (IHIA). IHIA, a non-governmental, non-national and non-profit organization is expected to represent various stakeholders in the global halal industry.

One of the key concerns expressed by many participants was a certain lack of trust in halal products produced or manufactured by non-Muslims. This led the participants to one of two conclusions, that Muslims need to take a bigger role in owning and managing halal food producers or systems need to be put in place to provide reasonable assurance of the halal status of a product through audit and compliance activities. Large multinationals may well be willing to pay the cost of audit and compliance, in addition to the halal certification for their products, but small and medium enterprises may find the costs too high.

The Halal Development Corporation (HDC), announced by the Prime Minister of Malaysia at last year's forum, is a Malaysian government-owned corporation established in September 2006. HDC is charged with the task of driving the development of Malaysia's halal sector in all aspects and to successfully position Malaysia as a global hub within the rapidly evolving and developing halal market.

With the second WHF under its belt and the creation of HDC, Malaysia is reinforcing its leadership role in developing the halal market. Recognizing the potential of the halal market, Malaysia has set its sight to be the global halal hub by becoming a major producer of halal products and to be in the forefront of marketing, certification and reference on standards for halal products. The food processing industry will be expanded and diversified towards making Malaysia a regional halal food production and distribution hub under the third Industrial

Master Plan (2006-2010). To achieve this goal, Malaysia will largely have to rely on imported raw materials, except in the palm oil sector, where it is a dominant player.

Malaysia's Halal Market

Malaysia is considered as an established and successful halal market among Muslim countries. With 60% of the population are Muslims; the demand for halal food products is more than \$1.5 billion a year. Major retailers in Malaysia dedicate about 70% of the shelf space for halal food products. Of this, about 50% are Malaysian-made halal food products with halal logo prominently displayed on the packaging. Hotels are required to serve halal foods. Muslim tourists, especially from the Middle Eastern countries, are often attracted to Malaysia's halal culinary delights.

Malaysia's halal branding and certification processes are well established and believed to be highly regarded by the global industry. Malaysian halal food has penetrated the British halal market. TESCO exported \$66 million worth of Malaysian products between 2003 and 2004. In the next five years, TESCO will distribute \$290 million worth of Malaysian-made halal products through their outlets in central and North London. Nestlé exports over \$100 million worth of halal food products annually from Malaysia. However, the lack of transparency and predictability of Malaysia's halal standard-setting regime have sometimes disrupted trade.

Malaysia's willingness to host WHF and support its programs demonstrates Malaysia's commitment to nurture the halal market. WHF, still in its infancy, has achieved quite a milestone in setting the stage to tackle halal issues faced by the industry. With the high expectations placed by the industry and all the challenges that are coming along its way, it is essential that WHF stay on the track of working towards the harmonization of halal standards and practices.

Note: * The Third Industrial Master Plan estimated the world halal market at \$560 billion.

End of Report