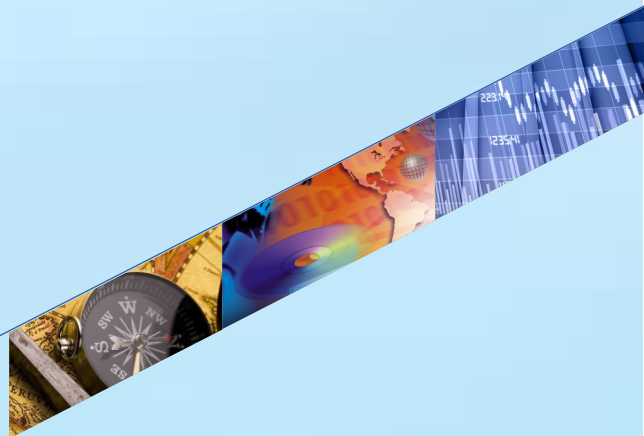




THE BUILDING BLOCKS TOWARDS THE CREATION OF A HALAL ECONOMY

Highlights on institutional structure in Malaysia
for Halal standards, certification and
development





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1. ABOUT THE HANDBOOK

The publication of this handbook marks a successful collaboration among the Halal Industry Development Corporation (HDC), the Department of Islamic Development Malaysia (JAKIM) and the Department of Standards Malaysia (Standards Malaysia); facilitated by the Islamic Development Bank (IDB).

This collaboration is an initiative taken under the IDB - Member Country Partnership Strategy (MCPS) for Malaysia year 2012-2015.

This handbook elucidates the three Pillars of the Malaysia Halal Industry Infrastructure, focusing on the key governing agencies' specific roles and responsibilities. Their focal programmes are very much highlighted in this handbook to demonstrate their continuous commitment in strengthening the Malaysia Halal Industry Infrastructure.



2. OVERVIEW ON THE GLOBAL HALAL INDUSTRY

**"Halal As The New
Source Of Economic
Growth"**

A Statement By The Economic Planning Unit,
Prime Minister's Department Of Malaysia

**"Global Halal
Trade estimated
USD 2.3 Trillion"**

The 10th International Halal Showcase
(MIHAS 2013)

KEY DRIVERS TO GLOBAL HALAL BUSINESS

Sizeable and growing Muslim population

**"The world's Muslim population is expected
to increase by about 35% in the next 20 years,
rising from 1.6 billion in 2010 to 2.2 billion by 2030"**

Reference: January 2011, The Future Global Muslim Population Projections for 2010-2030,
Pew Research Center

**"The total population of IDB member
countries reached 1.6 billion in 2012 and
is projected to grow to 1.7 billion by 2015"**

Reference: IDB, 2013 Key Socio-Economic Statistics on IDB Member Countries
(Statistical Monograph No. 33)

Purchasing power of Muslim is growing

"Between 1990 and 2010, GDP per capita for Muslims worldwide has grown at a Cumulative Annual Growth Rate (CAGR) of 6.8% (Global CAGR: 5.0%)."

Reference: United Nations, IMF, PWC Analysis

Emergence of potential Halal Market

**"China's population is 1.3 billion; 3.0% are Muslims."
"Chinese Halal market is worth USD2.1 billion and growing at 10.0% annually."**

Reference: Islamic Association of China

**"India's population is 1.1 billion; 13.4% are Muslims."
"In 2010, India export to Malaysia is RM8.0 billion; import worth of RM21.0 billion from Malaysia."**

Reference: Department of Statistics, Malaysia

Other factor:

"Halal is recognized by both Muslim and non-Muslim consumers as a symbol of quality, safety and wholesomeness."

Reference: Pakistan Journal of Nutrition 8 (5): 507-517, 2009,
An Overview of Malaysia Food Industry: The Opportunity and Quality Aspects

3. ISLAMIC DEVELOPMENT BANK & MEMBER COUNTRY PARTNERSHIP STRATEGY, MALAYSIA



Islamic Development Bank (IDB) – The Institution

The Islamic Development Bank (IDB) is an international financial institution established in pursuance of the Declaration of Intent issued by the Conference of Finance Ministers of Muslim Countries held in Jeddah in Dhul Qadah 1393H (December 1973). The Inaugural Meeting of the Board of Governors took place in Rajab 1395H (July 1975) and IDB formally commenced its operations on 15 Shawwal 1395H (20 October 1975). The membership of IDB stands at 56 countries spanning many regions.

The purpose of the Bank is to foster the economic development and social progress of member countries and Muslim communities in accordance with the Shari'ah Law.

Vision	Mission
By the year 1440H, the Islamic Development Bank shall have become a world-class development bank, inspired by Islamic principles, that has helped significantly transform the landscape of comprehensive human development in the Muslim world and helped restore its dignity.	To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people.

Member Country Partnership Strategy (MCPS)

The MCPS is a new business model introduced by the IDB, which has been developed through the alignment of the Strategic Thrusts of the IDB Vision 1440H (2020) and the development priorities of the Government of Malaysia.

The MCPS dialogue process is the principle instrument where IDB seeks to enhance alignment, selectivity and focus of development partnership between member countries.

IDB MCPS & Malaysia: Alingment, Selectivity and Focus

10 Big Ideas to move Malaysia into a High Income Nation

1. Internally driven, externally aware; 2. Leveraging on diversity internationally; 3. Transforming to high-income through specialisation 4. Unleashing productivity-led growth and innovation; 5. Nurturing, attracting and retaining top talent; 6. Ensuring quality of opportunities and safeguarding the vulnerable; 7. Concentrated growth, inclusive development; 8. Supporting effective and smart partnerships; 9. Valuing environmental endowments; and 10. Government as a competitive corporation



Key Strategic Thrusts of Tenth Malaysia Plan (2011-2015)

1. Designing Government philosophy and approach to transform Malaysia; 2. Creating conducive environment for unleashing economic growth; 3. Moving towards inclusive socio-economic development; 4. Development and retraining a first-world talent base; and 5. Building an environment that enhances quality of life.



IDB Group Team Consultations with Key Stakeholders in Kuala Lumpur and Putrajaya, for Designing Partnership Strategy for Malaysia



Pillar-1 Private Sector Development

Public Private Partnerships

Private Sector Support

Resource Mobilization

Business Improvement Advisory

Pillar-2 Reverse Linkage

Islamic Finance

Science, Technology and Innovation

Halal Industry

Trade and Investment



IDB Thematic Strategies (6 Key Thrusts)

1. Comprehensive Human Development and Property Reduction; 2. Infrastructure Development/Prospering the People; 3. Economic Cooperation and Regional Integration; 4. Islamic Financial Sector Development; 5. Private Sector Development; and 6. Capacity Development

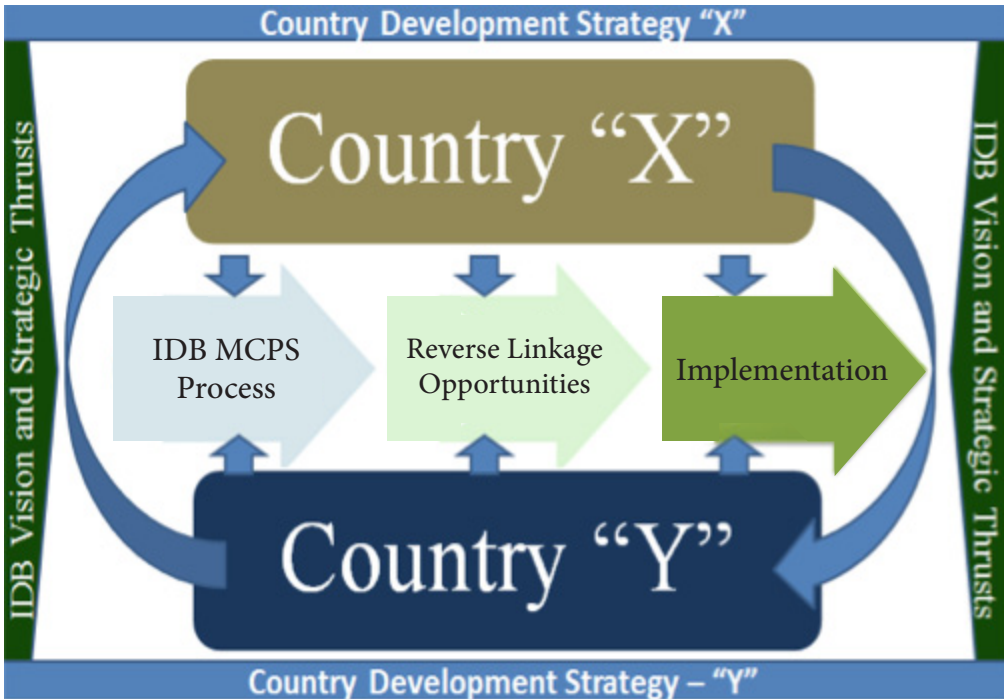


IDB 1440H (2020) Vision (9 Strategic Thrusts)

1. Reform IDB; 2. Alleviate Poverty; 3. Promote Health; 4. Universalise Education; 5. Prosper the People; 6. Empower the Sisters of Islam; 7. Expand the Islamic Financial Industries; 8. Facilitate Integration of IDB Member Country Economies among Themselves and with the World; and 9. Improve the Image of the Muslim World.

Pillar-2: Reverse Linkage

Reverse Linkage as described in the illustration below is a mechanism where a member country, based on its competitive advantage, can offer its expertise, knowledge and know-how to another member country with IDB serving as an “enabler” in a mutually beneficial (win-win) process thereby facilitating strategic priorities of its member countries



The Malaysian Halal Industry

The IDB recognizes Malaysia as a global leader in the promotion and development of Halal Industry. As a result, the Halal sector has been identified as one of the areas Malaysia can assist other IDB member countries promoting collaborations of mutual benefit.

4. MALAYSIA HALAL INFRASTRUCTURE

Halal Malaysia Milestones

1974

Research Centre of the Islamic Affairs Division under the Prime Minister Office started to issue Halal status for products that meet Halal Criteria. This Division is currently known as the Department of Islamic Development, Malaysia

2000

Department of Standards Malaysia published the first Malaysian Standard on Halal "MS 1500, General guidelines on the production, preparation, handling and storage of Halal food".

2011

The establishment of GHSC OneTouchPoint as a physical centre for global halal reference.

1974

1994

Halal status was given in the form of an official certificate bearing the official Halal logo.

2006

Halal Industry Development Corporation was established to co-ordinate the overall development and promotion of the halal industry in Malaysia.

2012

2012

Total of 12 Malaysian Standards on Halal have been developed and implemented.

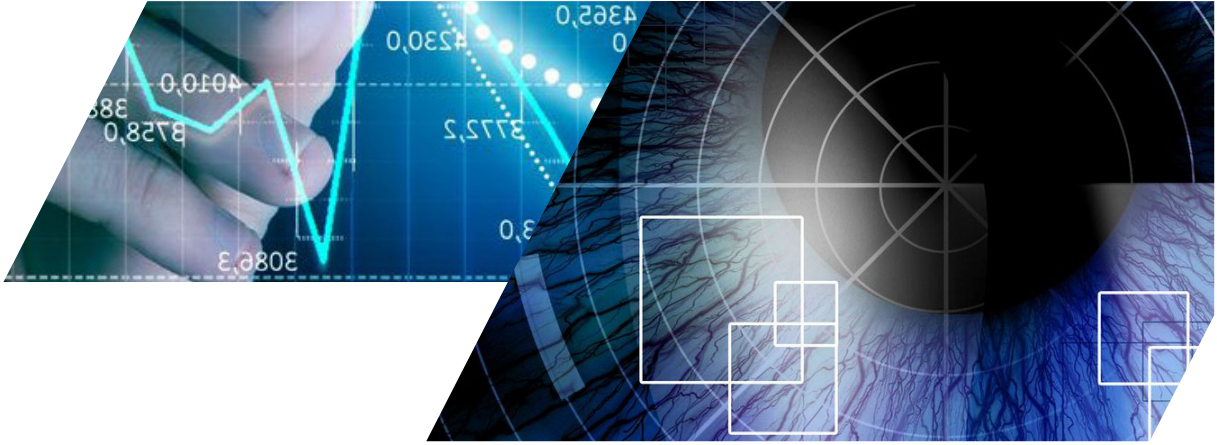
Quick overview of Malaysia Halal Industry Infrastructure

The main pillars to Infrastructure consists of

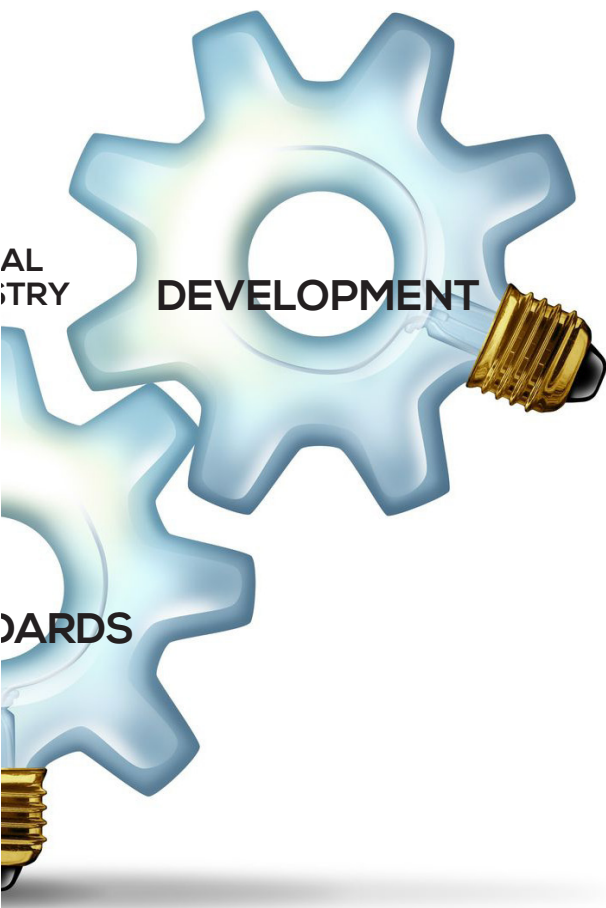
The Department of Islamic Development Malaysia (JAKIM) manages and coordinates the Halal certification at national level. In order to ensure the halal integrity of the imported raw materials and finished product, JAKIM collaborates with foreign halal certification bodies. JAKIM is an agency under the Prime Minister's Department.

The Department of Standards Malaysia (Standard Malaysia) is an agency under the Ministry of Science, Technology and Innovation that governs the development of the Malaysian Standard (MS) including Halal.





o Malaysia's Halal f the following elements:



The Halal Industry Development Corporation (HDC), an agency under the Ministry of International Trade and Industry, is established to ensure the integrated and comprehensive development of the national halal industry. HDC's vision is to bring Malaysia as the Global Halal Hub, while its mission are to create value for businesses participating in the Global Halal Industry and to benefit Malaysia's economy.

5. HALAL INDUSTRY DEVELOPMENT CORPORATION




Halal Industry
Development Corporation

Halal is not merely a way of life – it is a global industry. With a stake in commercial sectors worldwide, halal development has become a significant contributor to all facets of economic growth.

HDC was established on the 18th of September 2006 to lead all government initiatives towards developing the halal sector and to coordinate the overall growth of the halal economy.

HDC is driving Malaysia towards developing and realizing the potential of halal as a global market force which will bring economic and wholesome benefits and services for Muslims and non-Muslims alike, at the same time establishing Malaysia as the world's premier Halal Referral Centre.

Through unsurpassed knowledge and experience, HDC is the gateway towards a better understanding of halal for all.



HDC's roles and responsibilities are encapsulated within the 3 strategic thrusts:

Industry Development

To develop Capacity Building Programmes for halal products and services, promote participation and facilitate growth of Malaysian companies in the global halal market and to lead in the development of Halal Parks through foreign and direct domestic investment.

Halal Integrity

To protect and safeguard the integrity of halal through the development of Global Halal Reference Centre, facilitate Halal Standard and Industry Best Practices, and to alleviate Halal R&D, Innovations and Halal Training Programmes.

Branding and Promotions

To lead in the branding, marketing and promotional campaigns for halal products locally and abroad.

HDC Flagship Programmes

Halal Business Transformation Programme (HBT)

HBT is a capacity building initiative with its primary objectives are to increase business competitiveness and sales /exports performances of Malaysian SMEs and to offer business facilitation which encapsulates industry engagement, gap analysis and nurturing of company's activities.



Go! Halal and HDC Halal Training Programme

Go! Halal is intended to create Halal awareness among the public at large in making "Halalan thoyyiban" (Halal and wholesomeness) as the preferred lifestyle. While HDC Halal Training Programme provides both awareness and technical Halal programme for the industry players with the aim to promote further knowledge and increase human talent within the industry.



Halal Parks

Halal Parks are the infrastructures facilitating the growth of the Malaysian and foreign communities of Halal-oriented businesses, built on common property with special service support. The objective is to improve the economic performance of the participating companies while minimizing their environmental impacts.



Global Halal Support Centre (GHSC)

The GHSC is established to position Malaysia as a world leader and global reference centre in halal knowledge and halal-related services, for both investors and consumers. Its aim is to become a focal point for companies, investors, researchers, professionals as well as service providers in Halal industry, to get in touch with Halal-related information.

WORLD HALAL WEEK KUALA LUMPUR

World Halal Week (WHW) Conference

The WHW Conference is a prominent and renowned international event with the intention to inspire industry innovation and commercialization within the area of Halal research and development (R&D) and Halal business. This conference has brought together business partners, researchers, industry players and academicians from around the world to discuss and exchange ideas on research advances, emerging technologies, trends and challenges in the global Halal industry.



Malaysia International Halal Showcase (MIHAS)

MIHAS was inaugurated in 2004 with the sole aim of facilitating the sourcing and selling of quality Halal consumables, products and services globally. This annual trade fair is in effect, the world's largest congregation of Halal industry players.

6. DEPARTMENT OF ISLAMIC DEVELOPMENT MALAYSIA



The Department of Islamic Development, Malaysia (JAKIM) determines the policies related to Halal which includes system, procedures, standards and regulations for internal and international together with relevant agencies.

Halal Certification

JAKIM is the coordinating body for Malaysian Halal certification for both local and oversea products who also issues Halal certifications for products such as food & beverages, consumables, cosmetics & toiletries, food premises, abattoirs, pharmaceuticals and logistics.

Years of initiatives and standard's improvements on it's certification process has resulted in JAKIM's Halal certification to be recognised and much sought after by most industry players, both local & abroad.



Halal Monitoring and Enforcement

In order to protect and safeguard Malaysia's public interests, JAKIM conducts monitoring and enforcement under the provisions of Trade Descriptions Act 2011 (Act 730), and the relevant Trade Descriptions Order, i.e. Trade Descriptions (Definition of Halal) Order 2011; and Trade Descriptions (Certification and Marking of Halal) Order 2011.

Recognition of Foreign Halal Certification Body

To ensure that production process (all stages), all ingredients and raw materials imported and used in products of a particular country is Halal, reputable & credible local Halal Certification Bodies are appointed by JAKIM to implement its Halal certification procedures such as, among others, to conduct official site inspections to examine and validate the plant's Halal monitoring procedure, among others to safeguard the halal integrity of the supply chain.

Foreign Abattoirs Inspection

In compliance to SPS, Veterinary and Halal requirements, the Animal Act 1953(Revised 2006) stipulate the import conditions for meat & 'products of animal origin', which includes the inspection and approval of foreign abattoirs by the Department of Veterinary Services Malaysia (DVS) and JAKIM whereby assessments are made based on compliance to the Malaysian sanitary, food safety and Halal requirements with focus on SPS, effective implementation of Good Manufacturing Practices (GMP) and food safety assurance program such as Hazard Analysis Critical Control Points (HACCP).




7. DEPARTMENT OF STANDARDS MALAYSIA (Standards Malaysia)

STANDARDS **MALAYSIA**

The Department of Standards Malaysia is an agency under Ministry of Science, Technology and Innovation established on 28 August 1996 under the Standards of Malaysia Act 1996 (Act 549) which governs matters relating to standardisation and accreditation activities in Malaysia.

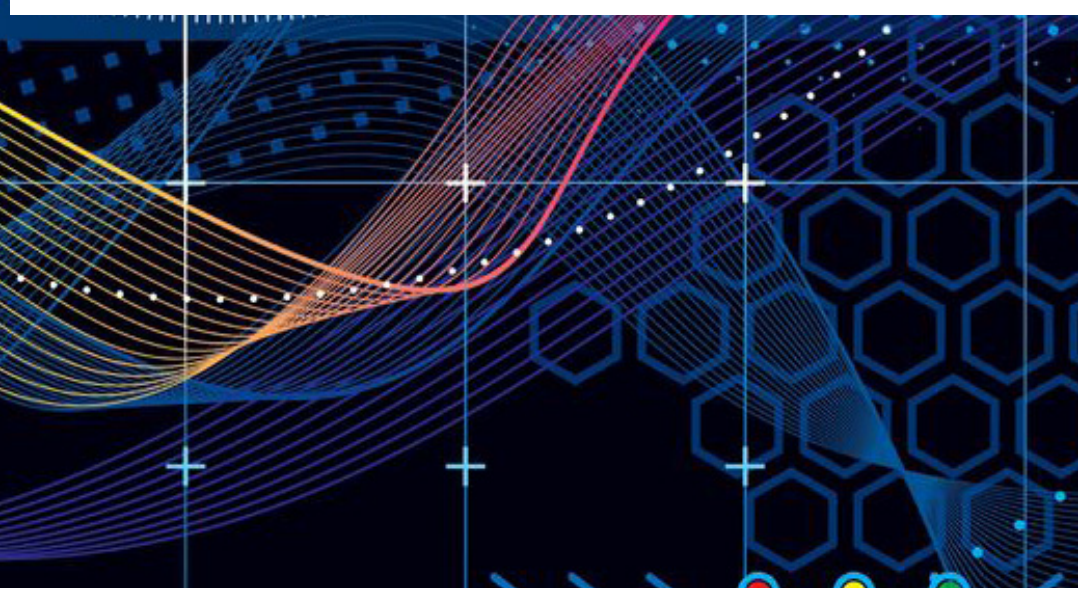
Malaysia Standards (MS) is a document developed by the Standards Development Committees within Malaysia's Standards System and approved by the Minister of Science, Technology and Innovation in accordance with the Standards Malaysia Act 1996 (Act 549).

MS is developed by consensus that provide requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose. MS developed is considered as voluntary, to be used by the public, industry and the regulatory agencies. MS becomes mandatory when a regulatory agency enforces its use through the relevant act and regulations.



MS is developed based on ISO/IEC Guide 59 - Code of good practice for standardisation and the Annex 3 to the WTO/TBT Agreement - Code of good practice for the preparation, adoption and application of standards. Malaysia through the Department of Standards Malaysia has become a member of several international bodies such as the International Organisation for Standardisation (ISO) and International Electrotechnical Commission (IEC).

The Department of Standards Malaysia is also a signatory to the regional and international Mutual Recognition Arrangements (MRA) and Multi-Lateral Recognition Agreements (MLA), and is subject to rigorous evaluation processes. All this allows Department of Standards Malaysia to develop standards and accreditation frameworks based on recognized international practices to ultimately help raise the and services, as well as to achieve greater global market penetration and acceptance.



Malaysia Technical Cooperation Programme (MTCP)

Since 1980, Malaysia has been committed towards the promotion and strengthening of regional and sub-regional co-operations, as well as nurturing collective self-reliance among developing countries through the implementation of MTCP, which was mainly attributed by the need to further develop the quality of human resources through training and to provide an information and experience sharing platform.

The programme is an initiative by Ministry of Foreign Affairs and organised by Department of Standards Malaysia, supported by relevant government agencies as well as private sectors. MTCP allows for the sharing of knowledge, experiences and technical information on Halal standards and conformances between the members countries of the OIC.

The programme includes the following topics:

- Infrastructure for Standardisation and Conformance
 - Standards Development, Certification, Testing and Accreditation,
- Halal Requirement - Shariah perspectives, technical and supporting requirements,
- Government Support - SME development policy, government's incentives for quality improvement in Malaysia, SMEs Development Programmes and capacity building programmes for SMEs to meet Halal requirements, &
- Technical Visit - Visits to relevant agencies and Halal food manufacturers.

Malaysia Standards Of Halal

The development of Malaysian Standards on Halal is overseen by the Industry Standards Committee on Halal. This committee is primarily responsible for the drafting and recommendation of Malaysian Standards relevant to the development of Malaysia Halal industry to the Department of Standards, Malaysia and subsequent approval by the Minister of Science, Technology and Innovation.

The Malaysian Standards on Halal that have been developed are listed as follows:

MS1500:2009 Halal Food – Production, Preparation, Handling and Storage – General Guidelines (Second Revision)

This MS provides practical guidance for the food industry on the preparation and handling of halal food (including nutrient supplements) and to serve as a basic requirement for Halal food product and food trade or business in Malaysia.

MS2200: Part 1: 2008 – Islamic Consumer Goods – Part 1: Cosmetic and Personal Care – General Guidelines

This MS prescribes practical guidelines for halal cosmetic and personal care industry. It serves as a basic requirement for cosmetic and personal care industry and trade or business in Malaysia. This standard should be used together with the Guidelines for Control of Cosmetic Products in Malaysia and Guidelines on Cosmetic Good Manufacturing Practice, by National Pharmaceutical Control Bureau, Ministry of Health.

MS2200: Bahagian 2:2012, Barangan Gunaan Islam – Bahagian 2: Penggunaan Tulang, Kulit dan Bulu Haiwan – Garis Panduan Umum

MS ini mengandungi garis panduan yang praktikal bagi penggunaan tulang, kulit dan bulu haiwan di dalam industri yang berkaitan selaras dengan kehendak Islam.

Note: Translation of title "Islamic Consumer Goods – Part 2: Usage of Animal Bone, Skin and Hair – General Guidelines". Only Bahasa Malaysia version is available.

MS1900:2005, Quality Management Systems – Requirements from Islamic Perspectives

This MS specifies requirements for a quality management system where an organization a) needs to demonstrate its ability to consistently provide product that meets customer and applicable regulatory requirements, and b) aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.

MS2300:2009, Value-Based Management System – Requirements from an Islamic Perspective

This MS consists of a guideline and certifiable requirements standard which prescribes the framework for an organization to establish a management system based on Islamic values.

MS2424:2012, Halal Pharmaceuticals – General Guidelines

This MS prescribes practical guidelines for the pharmaceutical industry on the preparation and handling of halal pharmaceutical products including health supplements and to serve as a basic requirement for pharmaceutical products and pharmaceutical trade or business in Malaysia.

MS2400 Series on Halalan-Toyyiban Assurance Pipeline:

MS2400-1:2010, Halalan-Toyyiban Assurance Pipeline Management System requirements for transportation of goods and/or cargo chain services

This MS prescribes management system requirements for assurance of the Halalan-Toyyiban integrity of goods and/or cargo being handled through various mode of transportation.

MS2400-2:2010, Halalan-Toyyiban Assurance Pipeline – Management System Requirements For Warehousing And Related Activities

This MS prescribes management system requirements for assurance of the Halalan-Toyyiban integrity of products, goods and/or cargo during the warehousing and related activities through the entire process from receiving to delivery.

MS2400-3:2010, Halalan-Toyyiban Assurance Pipeline – Management System Requirements For Retailing

This MS prescribes management system requirements for assurance of the Halalan-Toyyiban integrity of products and/or goods at the retailing stage of the Halalan- Toyyiban Assurance Pipeline.

MS2393:2013, Islamic and Halal Principles - Definitions and Interpretation on terminology

This MS defines the terms used in Islamic and Halal related standards particularly that are of Arabic origins and/or to clearly illustrate the Islamic principle behind it.

Malaysian Standards may be purchased at Department of Standards Malaysia Resource Centre or through the MS Online System at www.msonline.gov.my.

Acknowledgement

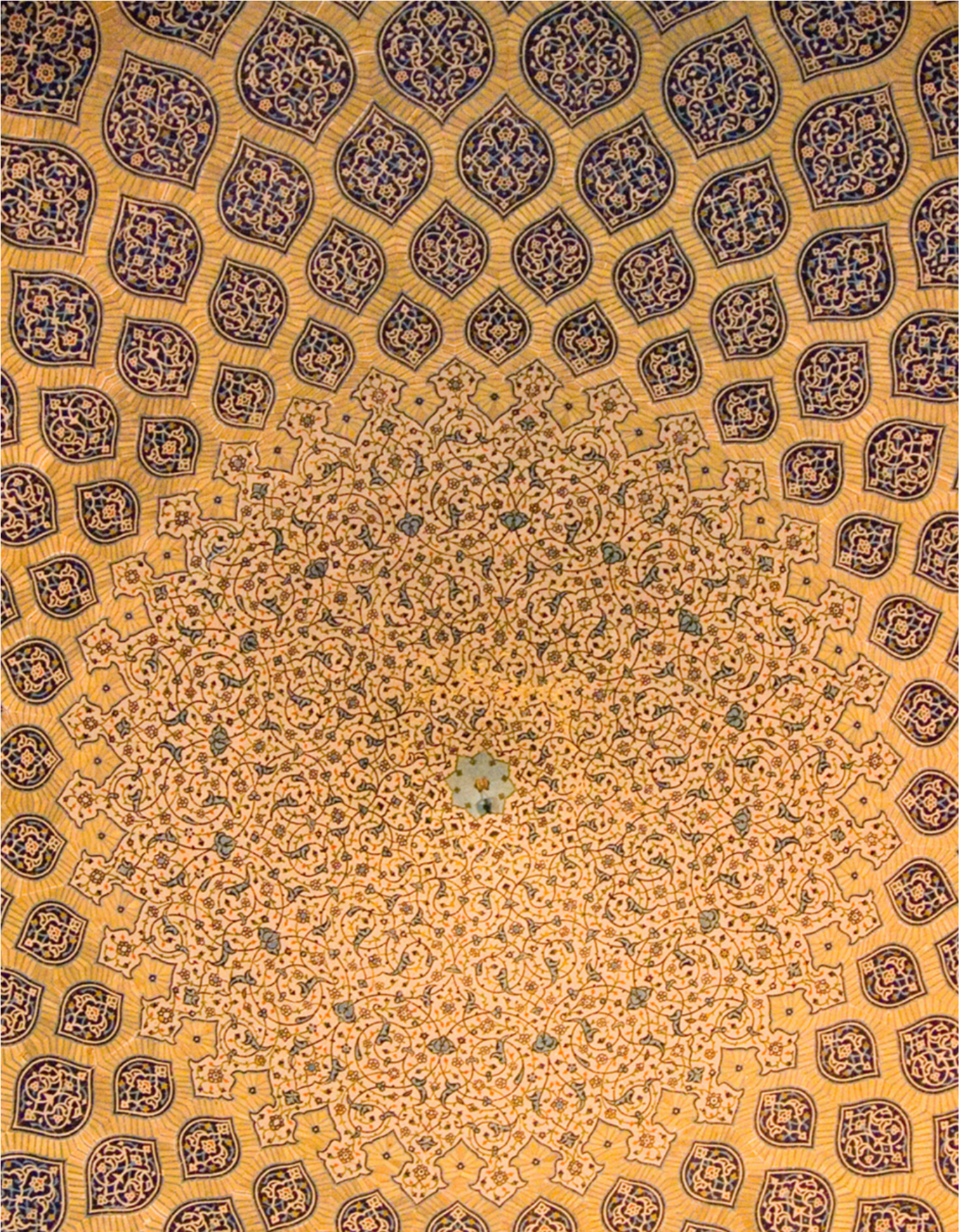
This handbook has been developed on the collaborative effort and converging of diverse minds of the following team members: 1. Seri Azalina Mohd Ghazalli, Halal Industry Development Corporation; 2. Jafri Abdullah, The Department of Islamic Development, Malaysia; 3. Ahmad Razif Abd Rahim, Department of Standards Malaysia; 4. Islamic Development Bank.



“Islamic Development Bank – Malaysia” Quadripartite Halal Economy Collaboration

(Malaysian Agencies -
Halal Industry Development Corporation,
STANDARDS MALAYSIA and JAKIM)





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