

Regional Conference On Logistics & Transport 2015

Topic:
The Acceptance of Halal Logistics in
Business: A Practical Myth?

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"The Acceptance of Halal Logistics in Business: A Practical Myth?"

by Dr. Adam Mohd Saifudin CMILT, MLogM (Senior Lecturer, Universiti Utara Malaysia)

"Transport Planning & Policy: Penang Transport Master Plan"

by Ir. Lim Thean Heng PEng MIEM (Chief Engineer, Penang State Government)

"The Logistics Exploration in Landlocked Countries"

by Log. Tan Poh Huat CMILT, MLogM (Head of Operations, Kotra Pharma Malaysia)

"Cross-Border Transportation: The case of Malaysia/ Thailand"

by Log. Leong Kin Wah CMILT, MLogM (General Manager, KART Logistics Malaysia)

"Renewable Energy Supply Chain in Malaysia: Challenges and Business Opportunities"

by Dr. Yudi Fernando MLogM (Senior Lecturer, Universiti Sains Malaysia)

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يَأْتِيهَا النَّاسُ كُلُّوْا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ
الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُّبِينٌ ﴿١٦٨﴾

O mankind, eat from whatever is on earth [that is] lawful and good and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy.

The verse above clarify that Allah commands Muslim to find provisions which are **halal and toyyiban**. While halal means lawful, toyyiban means good or wholesome, which indicate **quality, cleanliness and safety of food consumption**.

Therefore, **Muslims are required to eat halal food and avoid eating any food that is prohibited in Islam** as eating halal food ensures better healthy life and the good food that they eat would be able to portray good attitudes and behaviors (Yousef, 2010).

The **opposite of halal is haram**, which means forbidden and prohibited. The specific motives of haram in Islam are to preserve the purity of the religion, safeguard the Islamic mentality, preserve life, safeguard property, safeguard future generations, maintain self -respect and integrity (Ahmad, 2008).

Basic Question To Ponder

As a Muslim, can we transport Beer?

Logic: I don't drink beer and earn an honest living.

However, there is a clear provision in Islam that we should not be involved in any production or services that involves liquor.

Answer To Ponder

Rule: In order to satisfy the halal logistics framework, there should not be any elements of breaching the Halalness integrity.

Therefore, any transportation of liquor or beer should be avoided at any costs.

Misleading Advertisement

Label tin tulis Arab bermaksud DAGING BABI HALAL DISEMBELIH MENGIKUT CARA SEMBELIHAN ISLAM. MasyaAllah.



Business Question 1

- How efficient and trustable are the halal logistics and transportation being implemented accordingly to the Islamic authority requirements?
- Problem caused by the **non-authorized Islamic authority** in the respective countries that practice the halal supply chain.

Business Question 2

- Are the additional costs and other related practices really affecting the logistics and transportation business in halal toyyibban supply chain?
- The practice of halal logistics meet the major challenges for **additional charges**. That halted some logistics companies and agencies to exercise and implement the halal toyyibban practice as required by the Islamic religious bodies.

Business Question 3

- How sustainable and acceptable is the Halal Logistics and Supply Chain to the non-Muslim countries?
- It is **sensitive** to the global business related to the Muslim world.
- Halal toyyiban commitment of the **stringent guidelines** and the **acceptance** by the non-Muslim countries, right from the purchase of the halal goods till its supply to the customers destinations.

Current Scenario of Halal Logistics

- **Lack of Traceability for new material sourced globally.**
- **Halal Standards are viewed differently.**
- **Halal standards procedures are not applied through the supply chain.**
- **Inaccurate labelling**
- **Certification bodies**
- **No proper segregation of cargoes**

Current Scenario of Local Halal Logistics

- **But the biggest questions are the lack of awareness and understanding of Halal Practices in the Logistics Industries.**
 - Some business people requested JAKIM to relax and flexible with the procedures.
 - Some practices are not actually following the Halal requirements by JAKIM but assuming it is following the requirements.
 - Worst, business opportunities superseded the Halal requirements.

Halal Logistics Area

- Halal Logistics Hub
- Halal Logistics Transport
- Halal Logistics Route
- Halal Logistics Movement

Government Policy

- **Malaysia's 3rd Industrial Master Plan**
 - To develop Malaysia to become global Halal Hub for Production and Merchandize and also Halal Services, including Halal Logistics.

Important Facts

- **The world Halal food industry has grown by USD 35 billion in just 3 years (2009 – 2012).**
 - The annual global market value for Halal trade is US 580 billion and annual global market value for entire Halal trade is USD 2.1 trillion.
- **Demand will grow exponentially over the years due to simple fact that:**
 - By 2030, 26.4% world populations are Muslims
 - 59.2% of the Muslims live in the Asia Pacific ring.
 - In total, 1.6 billion of the present Muslims population (2014).

Case and Facts

- **Brazil as Top 3 exporter of Halal Chicken**
 - In 2010, they have only 35,000 Muslims or 0.01 percent total population of 200 million.
- **France Carrefour Hypermarket has Halal meat section in their production assortment.**
- **Holland's Albert Heijn put great effort to have Halal meat in their production.**

Case and Facts

- **Impact on Japan Olympics and World Cup Soccer in Qatar in the coming years.**
 - Studies and practice to be done to exercise the halal supply chain that supply all the foods to those countries are now being conducted.
 - Interestingly, how is the feedback from all the countries around the world, especially from middle east and Asia, to meet the demand.

Promoting the Halal Logistics

■ Commercial reason

- Whether you agreed or not, Halal is the next source of 'sure business strategy'. Eg Thailand, already producing a growth of 12.5% a year of Halal foods. Australia is gearing up very aggressively and Brazil (as referred to).

■ This is the Fardhu Kifayah

- Muslims believe that it is their responsibilities to ensure that the food and goods are managed and produced the Halal way.

Surveys

■ North Port

- Obtaining the MS 2400 (Warehousing Halal Certification)
- A Halal warehouse is created to cater the halal foods raw materials (22,000 sq.ft).
- Create a samaq process containers area for all containers labelled as halal.
- Contract with Nippon Express to cater Brahim's Food to be exported to Japan.

Surveys



Surveys



Surveys

■ Penang Port

- This year, they are starting to create a segregation of Halal area and Samaq is done there too.
- Halal shipments are protected for export.
- Personnel are trained to control and monitor the area.

Surveys

- **Port of Tanjung Pelepas (PTP)**
 - 2 blocks of Halal Warehouse buildings are currently built to cater the Halal demand by Tiong Nam Logistics.

Surveys

- **Senai International Airport**
 - A new large cold room warehouse is now under construction for local company to cater for Halal foods storage to be exported to gulf countries by next year.
 - This is part of the UN special request that all countries must have special Halal hubs to cater the Halal foods due to the increase of Muslims population in the world.

Surveys

- **Kontena Nasional**

- Obtain MS ISO 1500
- All containers are labeled and painted with Halal Logo (a company created logo with JAKIM's acknowledgment)

Surveys



Surveys



Surveys



Surveys

- **Iskandar Regional Development Authority (IRDA)**
 - Still plan and will set a comprehensive Halal Centre that include the lab and other requirements.
 - Issue: Iskandar Malaysia is supposedly to be the SEA Halal Hub Centre when it was first set-up but till now is still progressing towards it. **However, in 2013, Singapore becomes the SEA Halal Hub Centre for Gulf Countries, outshining Iskandar Malaysia.**

Surveys

- **Port Klang Free Zone (PKFZ)**
 - 80 % are occupied (till June 2015) of its Halal warehouses but not really active yet.
 - The Halal Lab is still not built yet.
 - Still considered at initial stage on facilities supports and some documentation supports.
 - Currently (2015) about 30-40% reached the target (since the set up in 2006) but will take 5-8 years to achieved fully.

Conclusion

- **Should not politicize the Halal Logistics**
- **Should not treat Halal logistics as business alone.**
- **Halal Logistics should be part and parcel in life for ALL.**

Reflection

It is an awareness and commitment by everyone with dedication, responsibilities, discipline and ensuring that Halal is for everyone.

It is a very practical practice in life and nothing a MYTH.

End

- Thank you
- Q & A