MALAYSIA HALAL TRUST: BETWEEN REALITY AND CHALLENGES

Azis Jakfar Soraji\textsuperscript{1} Mohd Daud Awang\textsuperscript{2*} Ahmad Nasir Mohd Yusoff \textsuperscript{3*}

\textsuperscript{1}Universtiti Kuala Lumpur, Malaysia (student PhD UPM), azis@unikl.edu.my
\textsuperscript{2}Dr.,Universiti Putra Malaysia, Malaysia, amdaud@upm.edu.my
\textsuperscript{3}Dr.,Universiti Putra Malaysia, Malaysia, ahmadnasir@upm.edu.my
*Corresponding authors

Abstract

Public acceptance regarding the permissibility of certain products whether it is lawful, particularly for Muslims, is founded through the display or the label to verify the halal certification issued by an authorized organization. Accordingly, the Department of Islamic Development Malaysia (JAKIM) is an organization that has the authority to issue halal certificates, especially in Malaysia. Islam has laid down rules and regulations for driving humanity to adhere to the principles of Islam prescribed in the Quran and Hadith. The research methodology of this paper is by using library research methods. This article describes the rules and regulations that already mentioned in the Quran and hadith which are the two primary sources of Islam. Besides, it is also describes recent developments in the halal industry conducted by the Malaysian government. In fact, it has been a goal of the government to make Malaysia a global halal hub. The purpose of this article is to introduce Malaysia as a halal hub at the international level and to share experience in the challenges and problems when conducting activities related to the halal industry. Finally, some suggestion for improving the operations of halal in Malaysia has been proposed by the academician, so it provides an opportunity for a broad agenda for future research in the halal industry in Malaysia.

Keywords: Halal Malaysia, Halal Industry, Global Halal Hub, the principles of halal.

1. INTRODUCTION

In Malaysia, halal logo even though seemed so grand and influential among consumers and entrepreneurs, but the uses of the logo is not compulsory in terms of the law. The function of the halal logo as a symbol of quality assurance based on legislation that emphasizes product quality, purity and safety. We may wonder why the halal logo issued in the country combined with the word Malaysia, the Malaysia Halal. In the Islamic perspective, the word halal is sufficient as a indicator that a product is justified or should be used either in terms of law, security and quality. Enough with the word halal that can stand on its own. This is a uniqueness in Malaysia. Before the halal labeling is an important factor in today's business world, it has been deeply embedded in the culture of the Malay Muslims who are very sensitive, especially for food products and daily consumables. However, the use of simple materials and goods especially in food products in times past caused the labeling is not considered so important than today. Malaysian society were built on a variety of
races, religions and cultures that became characteristic in shaping Malaysia's halal certification.

In general, by looking to the logo and certification system is solely for the Malay Muslim group in the country to enable them to choose a product without hesitate in the market. On the other hand after being introduced almost ten years, the response was very surprising presence. The word halal today no longer belong to the ethnic Malay absolute Muslim traders who mostly held by ethnic Chinese began to realize the importance of halal and demanded that they be given good products with halal certification while their non-Muslim majority. In this case, the statistic show that 80% of Halal application come from non-Muslim trader (Harian Metro 15 April 2005). This change has caused a boundary wall of religious differences and cultural differences across borders during which we wrongly assume halal standards are for Muslims only.

Similarly, the owner of Western and European industry such as the United States, Germany, the Netherlands and New Zealand made a big investment in this country. In Asia, Japan and Thailand also involving in this matter. They made a halal logo as a marketing strategy to persuade the hearts of rapid users. The progress of Malaysian halal industry which has successfully penetrated the global market, especially in the halal food sector has placed Malaysia among countries well respected and highly regarded. It also makes Malaysia a preferred destination for businesses to expand halal-related goods and services. The global halal market estimated to be now worth USD2.3 trillion and is expected to continue to grow. At present, Malaysia Halal industry is valued at USD30 billion and is expected to grow further by 25% within the next 5 years (HDC, 2010). This proof shows that the rapid development of Halal industry in Malaysia received a positive response in the world. It offers a variety of opportunities for manufacturers of products and services as demand for both increased with the growing global population and also the non-Muslim acceptance of the industry.

Along with the rapid development of the global halal industry, there is a need to broaden the scope of the halal industry to encompass many aspects of consumers' lives. Website Halal Industry Development Corporation (HDC) lists seven key sectors that form the Halal industry and food services, consumer goods, financial, pharmaceutical, cosmetics, halal logistics and tourism. This is in line with Islamic teachings of halal concept should include all aspects of food and drinks, to the sources of income and also items used. Given the broad scope of this industry and also to realize the growth potential of the halal industry in internal and international level, the Malaysian government is committed to continue the succeed of this industry. This can be seen by the organization of specific programs such as the Malaysia International Halal Showcase (MIHAS) and the establishment of a body such as the Halal Hub Division and HDC have been entrusted to undertake certain responsibilities related to the halal industry. The Government has also introduced the concept of Taman Halal (Halal Park) in almost every state in Malaysia as a measure to encourage local entrepreneurs to venture into the production of Halal products. These measures clearly demonstrate the government's aspiration to make Malaysia "the global halal hub" (HDC, 2010). In addition, the development of the halal industry in Malaysia is also supported by several other government agencies to work together and support the role played by JAKIM and HDC. Other agency governments also cooperate in enforcing the laws of kosher as Ministry of Domestic Trade, Cooperatives and Consumerism Ministry (Ministry), the Department of Standards Malaysia, the Department of Veterinary Services, Ministry of Health (MOH), the royal Malaysian Customs Department and Local Authorities (PBT) (Zulkifli, 2007). The proactive and visionary action taken by the Malaysian government like this that distinguishes Brazil from other countries and enable Malaysia to become a major player in the global halal industry.

2. PURPOSE OF STUDY

Malaysia is a well known country that became a global halal hub for the production and trade of halal goods and services. Therefore, Malaysia should become a leader in the global halal standard-setting process, including audit, halal certification and protecting the terms of the integrity, directing and coordinating the development of the halal industry globally. Consistently , the aim of this article is to sharing experience in managing travel Malaysia halal industry, discussion about the finding solutions for the challenges faced and further analysis to overcome the problems encountered in halal industry.

3. RESEARCH METHODOLOGY

The methodology used in this article is by using the document content analysis method. Additional information is obtained from various documents and references to the official website from the relevant agencies. The study also uses content analysis method to data obtained from the literature scholar, newspaper and website in question. The information obtained is used to view the Malaysian experience in the halal industry and the challenges faced. According to Glenn (2009), the documents are found in libraries, historical society offices, organisational or institutional files and also newspaper archives. From this analysis the researcher try to find the good finding for halal study and to support the research of halal development in...
Malaysia.

4. DISCUSSION

4.1 Definition of Halal

The term "halal" refers to the area of living arrangements of Muslims that guided by halalan ṭayyib, namely purity, hygiene and healthy living as well as halal (Mohamed Jusoh, 2001; Halim Ahmad, 2001). Accordingly, lawful and good food which is capable of forming personal skills that ultimately contribute to the formation of the nation. As Muslims, we must ensure a source of food and beverages is lawful and meet Islamic dietary guidelines (Surah al-Baqarah 2: 168).

Halal is an Arabic word name. The basic halla, yahillu, Millan which means free, release, break, dissolve and allow (Abdul Aziz, 1997). Terms halal opposed to illegal or out of something illegal. (Wizarah al-Awqaf, 1990). According to Kamus Dewan (2005), the definition of halal as the law permits an act is done (in Islam), illegal (not forbidden by Islam), permitted, allowed. Term aspect, the halal means permitted, while also something illegal is prohibited.

In addition, halal according to al-Qaradawi (1994), something that is required, that no binding ban and allowed her to do so by legislation. Clearly, halal is something that is a must and allowed Islamic law (al-Awqaf Wizarah, 1990). Al-Ghazali (1994) and al-Qaradawi (2002) also clarifies the meaning of halal, which covers all major sources of human food either from animals, plants, natural materials, chemicals and microorganisms contained between lawful and unlawful law. The debatehalal and haram also involves elements of biotechnology in food products and other personal goods, such as clothing, toiletries and cosmetics. Based on the definition of the language and terminology, it can be concluded that the halal refers to something that is legal in Islamic law for humans eat, use etc. (Harlida, 2014)

Halal food products alone is not sufficient but must include aspects of "good" (tayyib) that is clean, clean, safe and quality. Since the production of a food product comprising a particular process, starting from the selection, preparation of materials, manufacture, production, storage, transfer, distribution until the product is presented to the user, then the "halal" should cover the whole network starting from its source. This concept is related to legislation in Malaysia, to meet the legal framework existing under several provisions of the law in Malaysia. However, Malaysia has many laws related to Halal, such as deeds, institution or department in charge of the Islamic religion, the ministry's jurisdiction, jurisdiction and enforcement. This has a big challenge in the implementation of the law in Malaysia Halal.

4.2 History Malaysian Halal Industry Development

Halal industry in Malaysia began with the Muslim community awareness regarding monitoring system Halal food company in Malaysia. Therefore, in 1968 the Conference of Rulers has decided a proper guideline need to be establish among Malaysian Muslims. As a result of these discussions, the Secretariat of the National Council for Islamic Religious Affairs Malaysia was established. The Secretariat was later transformed into the Religious Division, which is under the jurisdiction of the Prime Minister. Given the importance of the role of a body to maintain and preserve the interests of Muslims, the religious division has been upgraded to the Islamic Affairs Division. Islamic Affairs Division start engaging directly drawing this to provide halal food and consumables in Malaysia since 1974. Confirmation of halal at this stage, given in the form of recognition and are initially limited to food and consumables products produced by local entrepreneurs. The business is operated by the Islamic Research Centre, Islamic Affairs Division. Starting in 1994, Halal certification is no longer in the form of recognition, but in the form of a certificate to the employer together with Halal logo to be used or displayed on the goods.

There is 1 January 1997, Islamic Affairs Division upgraded to the Department of Islamic Development Malaysia (JAKIM). In September 1998, the government decided to privatize the task of inspection of the premises for the purpose of halal certification to a private company, Ilham Daya Sdn Bhd. While other aspects such as monitoring and production Halal certificate is still valid under JAKIM. In September 2002, the government decided to repatriate all halal certification under full implementation by JAKIM. The survey found that the public has more confidence with the verification carried out by a recognized government body. Given the rapid development of the food industry in the country and the current needs of the Muslims, then on 17 November 2005 Public Service Department has approved the establishment of a new division dedicated to keeping the Halal certification with new name Halal Hub Division, JAKIM. On 2 April 2008, the management of halal certification taken over temporarily by Halal Industry Development Corporation (HDC). However, the meeting of the Cabinet on July 8, 2009 has decided the management of halal certification in Malaysia and overseas returned under JAKIM. (Farah, 2015)
4.3 Halal Act in Malaysia

There are more than 20 certificates that can be referred to the halal certification in Malaysia (Che Rosmawati, 2015; Abdul Rauf, 2014). However, this discussion will only see the number of acts such as the Consumer Protection Act 1999, Trade Descriptions Act 2011, the Trade Descriptions (Certification and Marking of Halal) 2011, the Trade Descriptions (Definition of Halal) 2011, the Food Act 1983 and the Food Regulations 1985 and Food Hygiene Regulations 2009. With these laws, it is a big challenge because there are many issues that arise as a result of a variety act.

4.3.1 Consumer Protection Act 1999

Overall, the Consumer Protection Act 1999 is a major act of a savior to most users and usability problems in the country. Start enforced on 15 November 1999 after more than ten years of discussions initiated. Although Consumer Protection Act 1999 is expected to solve the problem of consumerism in the country, specifically it just covers the protection in respect of goods and services offered or provided to the user. In terms of the definition of "goods", it means that goods purchased or used for personal purposes, household or for household purposes. This means, according to Consumer Protection Act 1999 to protect consumers from the use of certain items that are not "products" while the halal aspect also involves a process for the production of the product. Process and the production of these products is often through methods and procedures of chemical and scientific. To meet the demands of a product halal, of course this whole process must be taken into account but it clearly does not belong to what is summarized under Consumer Protection Act 1999. This clearly shows that the legislature intended the concept of consumer protection failed to protect consumers from the more macro especially in aspects of food products.

4.3.2 Trade Descriptions Act 2011

Trade Descriptions Act 2011 which came into force on January 1, 2012 is a pivotal point for the development of the halal industry in Malaysia. Among the major changes under this amendment are the improvements that have been made to the definition of halal is now more comprehensive and standardization of halal certificate and logo of the competent authority of JAKIM and MAIN. Under the Trade Descriptions Act 2011, a recognized authority to issue Halal certification to any product or service is JAKIM, JAIN or MAIN only. With the amendments to the Trade Descriptions Act 2011, there is no longer a private entity or a private person who authorized the like. All applications for halal certification for products to be exported must be through JAKIM, while applications for local products can be made via tail JAKIM or the state Islamic body (JAIN / MAIN). But the halal certification in Malaysia is voluntary. There are no conditions or provisions of the law that requires employers of a product to apply for the certificate. Trade Descriptions Act 2011 amendments also expanded the jurisdiction of JAKIM officials in the monitoring and enforcement of the law against employers who abused the halal logo on their products where officials JAKIM and MAIN / JAIN be appointed as Assistant Trade Descriptions are given a card authorized by the ministry. JAKIM also authorized the prosecution as the ministry rather than just a witness before the amendments made Trade Descriptions Act 2011. (Liziana, 2014)

4.3.3 Food Act 1983

Food Act 1983 and regulations such as the Food Regulations 1985 and Food Hygiene Regulations 2009 serves as legislation that protects consumers by ensuring that any food supplied can not contain elements that are harmful to health either in terms of food preparation, sale and consumption something foodstuffs (Zulkifli, 2007). This Act empowers the Ministry of Health (MOH) to monitor pelabalen food, hygiene and food safety; ensure that food does not contain substances harmful to health and fit for human consumption. (Norazla, 2015)

Section 13 (1), for example a ban on the supply or sale of harmful food. While section 16 prohibits the preparation, packaging, labeling, sale of any food that is wrong, misleading and there are elements of fraud in terms of its character, value, content, quality, safety, authenticity, weight and others. Although halal is not mentioned explicitly in the Act, but the provision also takes into account the aspect of cleanliness, purity, health and quality of foods that meet Halal as part of the concept tayyib (Harlida & Elias, 2014).

4.3.4 Food Regulations 1985

Food Regulations 1985 contain provisions related to sampling procedures, labeling, packaging and so on. Among the areas of concern in Food Regulations this is a matter relating to food labeling, the language used, the grain labeling, form and manner of labeling, size and color of the letters, marking the date, a statement of the strength of the ingredients, packaging in retail premises and what is prohibited. Although halal labeling untouched in this regulation but indirectly it also touched on the description of halal (Harlida,
4.3.5 Food Hygiene Regulations 2009

Regulations of Food Hygiene 2009 (hereinafter referred to as the Food Hygiene Regulations) prescribe matters relating to food hygiene, including food premises used in the preparation, preservation, packaging, storage, shipment, distribution or sale of any food such as factories, restaurants and food truck. This regulation also includes relabelling, reprocessing or reconditioning of food. This rule is also relevant in discussing matters related to the concept of halalan ṭayyib when hygiene and health concern, including the premises of a food preparation and processing (Harlida, 2014).

5. HALAL CERTIFICATION

5.1 The role of the Department of Islamic Development Malaysia (JAKIM)

There are a number of government agencies involved directly and indirectly in management of halal industry in Malaysia. The two main agencies that are often associated with Halal certification in Malaysia is JAKIM and Halal Industry Development Centre (HDC). In particularly, the halal certification is under the governance of the Halal Hub Division, a special department set up by JAKIM. Both these agencies play a very important role in the Malaysian halal industry, and the role is very different. Jurisdiction JAKIM is focused on halal certification and compliance with halal standards while HDC is focused on the development of local and global halal industry and marketing of halal products. Aside from the Halal Hub Division, JAKIM and HDC, other agencies also play a role in the industry of Halal Malaysia's Ministry of International Trade and Industry (MITI), the Department of Standards Malaysia, the Department of Veterinary Services, Ministry of Health (MOH), Royal Customs Department Malaysian and Local Authorities. Each agency has its own role in the development of Halal industry.

The involvement of so many different agencies in the success of this industry is due to the scope of Halal industry in very broad jurisdiction which overlap is inevitable. In addition, the absence of a single piece of legislation that specifically regulates the industry as a whole also plays a role in the involvement of various government agencies. There are several laws relating to inspection and enforcement of Halal in Malaysia such as the Trade Descriptions Acts 2011, Manual Malaysian Halal Certification Procedure 2011 (Second Revision) / Manual Malaysian Halal Certification Procedure 2014 (Third Revised), the Food Act 1983 (Act 281), Regulations Food Act 1985 and the Regulation of Food Hygiene Regulations 2009, Animal Rules 1962, the Animal Act 1953 (Revised 2006), the Animals, 1962, the Abattoirs (Privatization) Act 1993, the National Livestock Development Authority (Dissolution) Act, 1983, Customs Act 1967 (Prohibition imports 1998), the Local Government Act 1976 (Act 171) and the laws of Local Authorities, Act / Administration of Religious Affairs and the Trade Marks Act 1976. These legislations are listed, giving authority to the different agencies according to the scope of the task and the specific cause. (Farah, 2015)

5.2 The role of the Halal Industry Development Corporation (HDC)

HDC or also known as the Halal Industry Development Corporation has established on 18 September 2006 as a result of the aspirations of the then Prime Minister, Dato’ Seri Abdullah Ahmad Badawi to promote Malaysia as an international halal hub leader. HDC is a corporation established in his speech when tabling the Ninth Malaysia Plan Malaysia Plan 9 to 31 March 2006, the establishment of the HDC is intended to develop the halal industry in Malaysia thoroughly and regularly. Among the HDC function is taking steps would affect the development of the halal industry to allow companies to market halal products join the global market, develop and promote Malaysian halal brand, promote the concept of halal products and services in around Malaysia. At its inception, the HDC has been involved in the management and production of halal certification. But these responsibilities have been returned to the Department of Islamic Development Malaysia (JAKIM). It is intended to enable HDC is focused on the development efforts in the international halal hub. This decision is the appropriate action to be taken because of the role HDC proved to be more effective when it is focused on the development and success of the Halal industry. HDC is responsible for ensuring the integrity of halal standards, maintain the best quality and provide solutions that will meet the demands of the principles of shariah and commercial industry. The HDC focus is related to the development of the halal industry itself and is not involved in the issue of law enforcement. (Farah, 2015)

5.3 The role of the Ministry of Health (MoH)

MoH is one of the many government agencies working together with by JAKIM's halal certification in the affairs of local and overseas. Apart from being involved in the commissioning of Islam abroad, the Ministry of Health was instrumental to confirm the safety of food products, supplements and medication. Under the
Food Act 1983 and the regulations under this Act, there contains provisions relating to labeling, hygiene and food safety. Only after receiving confirmation from the Ministry of Health, then a product that can be considered for halal certification. This requirement applies to any food products and health supplements.

6. CHALLENGES GOVERNMENT IN DEVELOPING INDUSTRY HALAL MALAYSIA

1. Provide an understanding of the concepts and laws of halal to Muslim and non-Muslim entrepreneurs

There are still many employers who do not understand the depth of the concept of lawful and legal. This is evident when there are still entrepreneurs who are boldy using borne statement halal, pork / alcohol-free, home-Muslim, indigenous products and any statement to mean those products halal certification from the competent authority. Many employers do not know that they made a mistake to the fact that their product is Halal if they do not receive confirmation from JAKIM. There is also a businessman who is trying to describe the goods or services that they are lawful to use the image for the name of Islam, or by employing indigenous or Muslim who cover themselves in business premises. For example, in the food court most of the shopping complex, employers are not Muslim will put workers or cooks Muslim or cover themselves in front of the counter. They assumed that action is sufficient to allow them to say that their premises are clean.

2. Provide understanding to users and Malaysians in general about Halal certification process and the jurisdiction and role of each body involved.

Low awareness and lack of concern on the implementation of the Halal industry is a major factor that explains why mash of many entrepreneurs, especially Bumiputera entrepreneurs are still reluctant to apply for Halal certification, a step that would harm the entrepreneurs themselves and also industrial small and medium enterprises (SMEs) in general. For example, based on information from JAKIM for 2009, found that as many as 1,907 applications were received from entrepreneurs to obtain the halal certificate. Of these, only 622 applications were received from Bumiputera entrepreneurs and the rest, which is 1,285 more applications from non-Bumiputera entrepreneurs. Out of 622 applications for Bumiputera entrepreneurs, only 301 managed to get the halal certificate. This amount is very small when compared with the actual number of active Bumiputera SME entrepreneurs doing business in the country.

3. Overlaps Jurisdiction of the Inter-Agency

JAKIM is the main body involved in Halal certification and enforcement in Malaysia. However by JAKIM role supported by several other agencies in which each agency has a role, jurisdiction and legislation itself (Che Rosmawati, 2015; Liziana, 2014). Among the agencies involved are the Ministry of Domestic Trade, Cooperatives and Consumerism Ministry, State Islamic Religious Council (MAIN) and State Islamic Religious Departments (JAIN), Ministry of Health (MoH), the Department of Veterinary Services , Royal Malaysian Customs and Local Authorities (LAs). This indicates there is no one special law or act of the principal can be found related to halal. Existing legislation is separate from each other (Zalina, 2014; Che Rosmawati, 2015).

4. Law Enforcement Halal

Prior to the amendment Trade Descriptions Act 2011, law enforcement against offenses related to halal products to be less efficient and difficult to implement because it is run by two different bodies (Zulkifli, 2007). At that time, JAKIM only act as observers, confirming offense and a witness while the prosecution can only be done by the ministry (Zulkifli, 2007; Liziana, 2014). Amendments to the Trade Descriptions Act 2011 gave power to Jakim and MAIN where JAKIM officers have been appointed as Assistant Controller of Trade Descriptions and given a card power to warn, suspend or revoke the business license. The power card JAKIM officials gave the same power as ministry's enforcement officers. However, to obtain a conviction, which carried out investigations and prosecutions must be efficient and robust. The challenges to be faced by JAKIM is JAKIM officials involved in the prosecution must have eligibility to work in the civil courts for prosecution powers halal products are placed under the jurisdiction of the Civil Court (Zulkifli, 2007). They should be exposed to the procedures regarding the monitoring, investigations, raids and related laws such as the Evidence Act and the Criminal Procedure Code in addition to attending courses organized by the ministry of prosecution (Liziana, 2014).

5. Drafting of the Halal Malaysia

The debate on the drafting of the Halal Malaysia started since 2010. The Malaysian government has announced to draft a Halal Act for the purpose of coordinating and strengthening the legal provisions concerning the processes, procedures and controls halal certification in the presentation of the budget in 2010. But until today, the Act has not been tabled in Parliament to become a law (Ahmad, 2012). Halal seen
the enactment of this has its own limitations. Among the issues expected to arise is when the matter involves constitutional issues related to the Islamic religion will be placed under the jurisdiction of the city. An understanding and compromise among states is needed if all parties want to see the proposed Halal Act is a law that can be enforced because the proposed Halal Act is seen to be taking some inherent power in the relevant agencies to put completely under JAKIM (Ahmad, 2012).

SUMMARY

Based on the above discussion, a lot of efforts need to be put to make halal industry in Malaysia became strength in term of the relevant laws of halal products especially in enforcement and prosecution. Any effort to improve the effectiveness of law enforcement and prosecution also requires existing good cooperation from all parties, namely the relevant agencies that carried out continuously in line with the country's aspiration to become a global halal hub. In addition, effective and comprehensive approach also note worthy other than a legal point of productivity aspects of halal products by the Muslims themselves. Efforts towards the mobilization of Muslim entrepreneurs generate must be intensified in order to uplift the economy of the Muslims.

REFERENCE LIST


Harian Metro 15 April 2005.

Harlida Abdul Wahab & Alias Azhar. (2014). Halalan Tayyiban dalam Kerangka Perundangan Malaysia. KANUN. 1:103-120


