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AT

**MALAYSIA'S HALAL INCLUSION ROUNDTABLE AND
MASTERCLASS**

“MALAYSIA'S VISION OF THE HALAL INDUSTRY”

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International Convention Centre

Putrajaya

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Terima kasih saudara Pengerusi majlis.

[SALUTATIONS] – TBC.

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

dan Salam Sejahtera

1. Alhamdulillah, syukur ke hadrat Allah SWT kerana dengan limpah rahmat dan izin-Nya, dapat kita semua hadir pada pagi ini ke "Persidangan Malaysia's Halal Inclusion Roundtable and Masterclass", satu program yang bagi saya amat penting.

Izinkan saya menyambung ucapan dalam Bahasa Inggeris sebagai meraikan peserta-peserta dari luar negara.

2. It is a pleasure for me to be here today to participate in this important event, Malaysia's Halal Inclusion Roundtable and Masterclass organised by the Islamic Development Bank (IsDB) and International Centre for Education in Islamic Finance (INCEIF).

It is a privilege and honour for me to address such a distinguished and learned audience this morning.

I will use this opportunity to update you on some of the steps that the Government of Malaysia has undertaken to ensure the continuing economic growth in respect of the thriving Halal segment, and highlight to you the wide opportunities for investments and trade in Malaysia.

3. On behalf of the Government of Malaysia, we see this event as one of the many important initiatives in promoting and harmonizing the Halal industry in Malaysia and globally.

In view of that, I would like to congratulate the organisers, INCEIF and IsDB, in

partnership with institutional partners and important local players such as Islamic Development Department of Malaysia (JAKIM), International Shari'ah Research Academy for Islamic Finance (ISRA), Malaysia External Trade Development Corporation (MATRADE), Halal Industry Development Corporation (HDC), SME Corporation Malaysia, SME Bank and Export-Import Bank of Malaysia (EXIM Bank).

4. It is our hope that this Roundtable and Masterclass will provide a platform for all of us to draw upon our collective wisdom, experience, ideas, proposals and deliberations to strengthen Malaysia's presence in the global Halal industry, Insya-Allah.

[Halal at a Glance]

Ladies and Gentlemen

5. Halal produce is fast gaining worldwide recognition, and this is not merely because the Muslim ummah is growing in number.

More significantly, it is perhaps because Halal is being recognized as a new benchmark for quality and assurance of safety.

With a broad consumer base, which includes non-Muslims looking for safe and ethical products, the Halal market demographic is arguably the single largest market sector that is defined by a specific set of compliance parameters.

Taking this into consideration, one should not limit the Halal industry to serve the Muslims only, estimated at 1.8 billion people.

It should also serve the entire 7.7 billion world population; that is about 4 times more.

The UN in a report forecasts the global population to grow to approximately 8.5 billion in 2030, 9.7 billion in 2050, and 10.9 billion in 2100.

One can just imagine the great prospects for the global Halal industry.

6. In Islam, Halal simply means permissible or lawful.

It relates to the Islamic beliefs around what Muslims can and cannot consume.

This means, Halal is not only applicable in food sectors, but also in other sectors such as, agriculture, finance, manufacturing, retail, travel and hospitality sectors.

Indeed, there are two important elements being taken care of in the development of the Halal industry.

As Allah says in the Holy Book, Al-Quran, verse 168 of Surah Al-Baqarah:

“Ó 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.”

Halalan = Lawful

Tayyiban = Good

In fact, Halal has become an important agenda in government policies in both Muslim majority and minority countries.

[Global Halal Market]

7. Globally, the Halal industry has now expanded beyond the Halal food sector to include Halal media, Muslim-friendly tourism, Halal pharmaceutical and cosmetics as well as the services sector such as banking, insurance, marketing, branding, research, education, training, information technology and multimedia, among others.

8. In recent years, with the increase in the number of affluent Muslims, the Halal industry has expanded further into lifestyle offerings including Muslim friendly tourism and hospitality services, as well as modest fashion.

9. Based on the State of the Global Islamic Economy Report 2018/2019, total global Muslim spending was estimated at 2.1 trillion US Dollars in 2017 and this is expected to reach 3.0 trillion US Dollars in 2023.

The Halal food and beverages sector continues to dominate the share of the global halal market at 62%, followed by the clothing and apparel sector (13%), media

and entertainment (10%), travel (8.4%), pharmaceutical (4.1%) and cosmetic (3%).

10. Meanwhile, Islamic finance is thriving and developing at a remarkable pace.

According to the Islamic Financial Services Industry Stability Report 2018, the total worth of Islamic finance was estimated at 2.05 trillion US Dollars in 2017 after growing by 8.3% from 2016, covering Islamic banking, capital markets and takaful.

Islamic banking was the largest segment at 1.77 trillion US Dollars, contributing 71 per cent of the industry assets.

According to the report, strong investments in the Halal sector, infrastructure and

Sukuk bonds are the main contributing factors to the growth.

11. Consumption of Halal certified products and services has become a powerful market force across global markets that many countries and firms are trying to capture.

This development is the result of the change in the mindset of Muslim consumers and the increase in their per capita income.

This, together with the trend of ethical consumers worldwide moving towards Halal certification products and services, will continue to fuel the Halal market's growth, creating a myriad of opportunities

for the industry to provide Halal deliverables.

This makes the Muslim demographic a persuasive factor that influences the shaping of market demands.

[Malaysian Halal Market]

Ladies and Gentlemen

12. Malaysia is evidently a world pioneer in the Halal industry due to its internationally recognized Halal certification and logo accepted by the industry and consumers alike.

This Halal certification embodies both aspects of religious obligations and global best practices.

It goes beyond the Halal food segment, and includes sectors ranging from modest attire to Muslim friendly tourism, hospitality services to medicine and cosmetics (MIFC, 2015).

13. On top of that, Malaysia has well-positioned itself to become the world's leading Halal hub, realizing that it has a competitive edge in the growth of the Halal business.

This has been part of the agenda of the Government for several years.

Based on records, Malaysia's export of Halal products stood at RM45 billion in 2018, driven by the aggressive approaches to penetrate markets such as Japan and countries in Africa (HDC, 2018).

Many of these non-Muslim countries have now come to realize the potential benefits of the Halal business.

14. To accomplish this goal, Malaysia has put in place a well-developed policy framework, strong institutional infrastructure backed by a government that is supportive of the initiative.

As outlined in the Third Industrial Master Plan (2006 – 2020), the Malaysian Government has further outlined initiatives to link Malaysian Halal standards with

international standards to facilitate international market penetration.

This is to further ensure the positioning of Malaysia as a global Halal hub.

[Halal Initiatives - Malaysia Perspectives]

Respected members of the audience,

15. Malaysia has undertaken important initiatives across regulation, trade, and industry to further develop the Halal industry, and will continue to gradually raise its standards for Halal in line with current trends particularly in the global food market.

At a time when consumers are sometimes shaken by news of diseases affecting the basic food that we consume, it is incumbent on all of us to make every effort to ensure that such health disasters, often borne of unhealthy practices by growers and producers, no longer occur.

In harmonising Halal accreditation across the world, JAKIM, a Malaysian body that recognises 67 certification authorities from 41 countries, is working towards establishing a world body that harmonises Halal standards to benefit Muslim consumers, manufacturers, and traders around the world.

16. The Halal Silk Route is an exciting development that kicked off in the fourth quarter of 2018.

A strategic partnership which is set to change the logistics landscape between Malaysia and China, the initiative promises end-to-end logistics services with integrated Halal value-added services, hassle-free documentation processes, and competitive transportation costs.

The sea route, linking Northport (Malaysia) in Port Klang and Weifang Port in China, is aimed at facilitating and promoting Halal trade for Malaysian small and medium-sized enterprises (SMEs) mainly in the northeast and northwest China.

This dynamic effort links the 2.1 billion global Muslim population through the trade of Halal products, and is considered to be

the missing link that completes the Halal trade value chain globally.

17. In May this year, it was announced that Malaysia will expand its Halal services to 10 new Muslim-majority countries through China's USD1 trillion investment in the One Belt, One Road (OBOR) initiative.

The new countries include Kazakhstan, Uzbekistan, Egypt, Turkmenistan, Iran, Tajikistan and Bosnia Herzegovina.

We are expanding into these countries via an internationalization approach based on five main features – namely, opening new markets, rebranding, expanding services and products from Malaysia, human resources development, and thought leadership, which uses Malaysia as a

reference centre for the world's Halal industry.

18. Armed with the continuous steady support from the Malaysian government in developing local companies with Halal products and services that serve consumers from various demographics, and various collaborations with relevant Ministries and agencies namely JAKIM, Standards Malaysia, SME Corp. and Malaysian Investment Development Authority (MIDA), the Malaysian Halal standard is on its way to be recognized and accepted on the global stage amongst the best.

It is highly regarded throughout the Muslim world, and has been commended by the

United Nations' Codex Alimentarius Commission as a model system.

We are consistent in our effort and are working together with professional international stakeholders to cement our place as a thought leader and key player in the Halal marketplace.

19. Through a number of initiatives by the Ministry of International Trade and Industry (MITI), the Malaysian Halal Standard is actively promoted to be used as a benchmark for the International Halal Standard.

Further, the HDC also plans to maximise Halal standards through brand awareness and engagement, in addition to the

increased focus on commercial and industrial development.

20. Moreover, The IsDB Kuala Lumpur Centre Of Excellence that will soon be established, a cooperation between the Malaysian government and IsDB, should embody the aspiration of the 2030 Shared Prosperity Vision (or WKB2030, its Malay acronym).

This Centre Of Excellence would operate as a catalyst in leveraging IsDB's extensive network consisting of more than 55 member countries.

With this impressive presence on the global stage and endless possibilities of networking and collaboration, the Kuala Lumpur Centre Of Excellence should be

able to play a significant role in enhancing Malaysia's Halal export capability.

[Challenges and opportunities for the Halal Industry] [Challenges:]

Ladies and Gentlemen,

21. All these are not without their own set of challenges and I believe that a lot more needs to be done for Malaysia to achieve its mission.

As we speak, countries such as Thailand, Philippines, United Kingdom and Australia have established their own Halal food programmes to serve the global Halal

market, which will be in direct competition with our plans.

While Malaysia is considered to be advanced in its Halal initiatives, I would like to see more proactive approaches in developing new commercial ideas by the respective government agencies involved in this area - especially in providing Islamic financial services and to apply the best practices of supply chain management.

22. In a study conducted by Halal Focus in 2011, it was reported that there seems to be a disconnection between the Halal industry and Islamic finance, in that the two industries have surprisingly grown at different momentums and have developed independently of each other.

There are very few Halal players using Islamic banking and finance instruments while the remaining are non-users of Islamic financing services.

Action needs to be taken by making Islamic finance part of the Halal eco-system.

Living up to the true Halal branding, businesses must not only concentrate on Halal production but importantly practice the Islamic way of financing.

23. Another glaring defiance that should be addressed is the shortage of financing available for Halal start-ups and SMEs.

Based on Bank Negara's Financial Stability and Payment Systems Report 2017,

Islamic business financing continued to exhibit strong growth of 12.5 percent.

However, there is insufficient access to Islamic financing for the growth of SMEs in the Halal sector.

Most of the Shariah-compliant SMEs are facing difficulties in seeking SME suitable Islamic financing.

As a result, most of the local SME producers of Halal products face problems in taking advantage of the demand and supply of the Halal market across the world.

24. In that respect, more concerted effort and attention should be focused on SMEs as

they are the key drivers of new jobs and innovation in the Halal business.

With better financing, I believe that more industry players will be encouraged to expand their product lines to include Halal certified products.

For existing players, it will give a clearer direction for developing strategies to remain competitive and to meet various challenges posed by the advent of globalisation, technology and trade liberalisation.

Local manufacturers may be able to increase the research and development content of their products in order to add higher value.

One should be reminded that merely relying on the Halal label alone may be

insufficient to survive a challenging global market for such products.

[Opportunities]

25. In the Budget 2020 presentation last month, it was announced that the government would allocate RM10 million to the Entrepreneur Development Ministry (MED) for advocacy and awareness efforts on Halal certification, Halal product development and providing platforms for local players to tap into the 3 trillion US Dollars global Halal market.

The government remains supportive of the Halal industry and recognizes the significant role it will play in Malaysia's drive

to become a full-fledged developed country.

It is hard to turn a blind eye to the hard facts that Muslims represent an estimated 23% of the global population with an average annual growth rate of 3%.

From these statistics, more than 60% of the Muslim population live in Southeast Asia.

26. The Muslim market alone provides huge potential for the Halal industry to flourish.

The growth of consumer markets across the globe, both Muslims and non-Muslims, will create a plethora of opportunities for Halal products and services.

Having said so, conducting business under different jurisdictions and culture will

provide challenges to Malaysia's Halal industry.

Although we all share the same needs and wants in terms of products and services; we differ in beliefs, we all have our own cultures, local practices, regulations and standards when applied to the business world.

27. Therefore, I hope initiatives taken by the Government of Malaysia and the private sector such as today's event, in efforts to harmonise the standards of Halal with various international standards, will bridge the gap of differences between different jurisdictions.

[Conclusion]

Ladies and Gentlemen,

28. With the expertise that has been accumulated over the years, it is possible for Malaysia to take the lead in defining, coordinating and marketing the wide range of Halal products and services that are available worldwide. In addition, Malaysia could serve as a focal point for Halal product trade intelligence by being the premier destination for Halal trade exhibitions and commerce.

By using Malaysia as a potential hub, Halal producers may be able to easily penetrate traditional Halal markets such as

Southeast Asia and the Middle East as well as other potential markets, which include North Africa, Europe and China.

The Halal industry is open for both the Muslim and non-Muslim population which justifies the potential demand for Halal products in the world.

29. I must commend the organisers for putting all stakeholders of the Halal industry on one platform such as in today's event.

This is a positive indication of a serious commitment towards developing our country's Halal industry.

I hope, there will be more similar events which allow Halal key players to participate

and contribute to the development of policy papers in this subject.

I also hope to see further collaborations in this effort especially with more members of the private sector in the future.

30. بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ, in the name of God, the most benevolent and the most merciful, I hereby officiate the first Malaysia's Halal Inclusion Roundtable and Masterclass 2019.

وَبِاللَّهِ التَّوْفِيقِ وَالْهُدَايَةِ

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

dan Salam hormat