



Halal Industry
Development Corporation

OPPORTUNITIES IN HALAL ECONOMY

8 JANUARY 2014



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HDC™

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 - GLOBAL HALAL TRADE



THE BEGINNING OF AN IMPORTANT JOURNEY



MALAYSIA'S HALAL TRADE & INVESTMENT



HDC : HOW CAN WE FACILITATE

PART 1: THE IDEA OF HALAL

- **Halal as Value Proposition**
- **Maintaining Halal Integrity throughout Value Chain**



DIVERSE SECTORS IN THE HALAL ECONOMY



Halal is a **Value Proposition** that exists within key elements of the supply chain of the intersecting industry sectors

Lifestyle Choices: A Holistic Approach A VALUE PROPOSITION

HALAL =

Permissible + Universal Values

Permitted Sources

Universal Principles

Food & Beverage

Finance & Investments

Logistics

Ethical

Eco-friendly

Safe



Healthcare

Ingredients

Personal Care

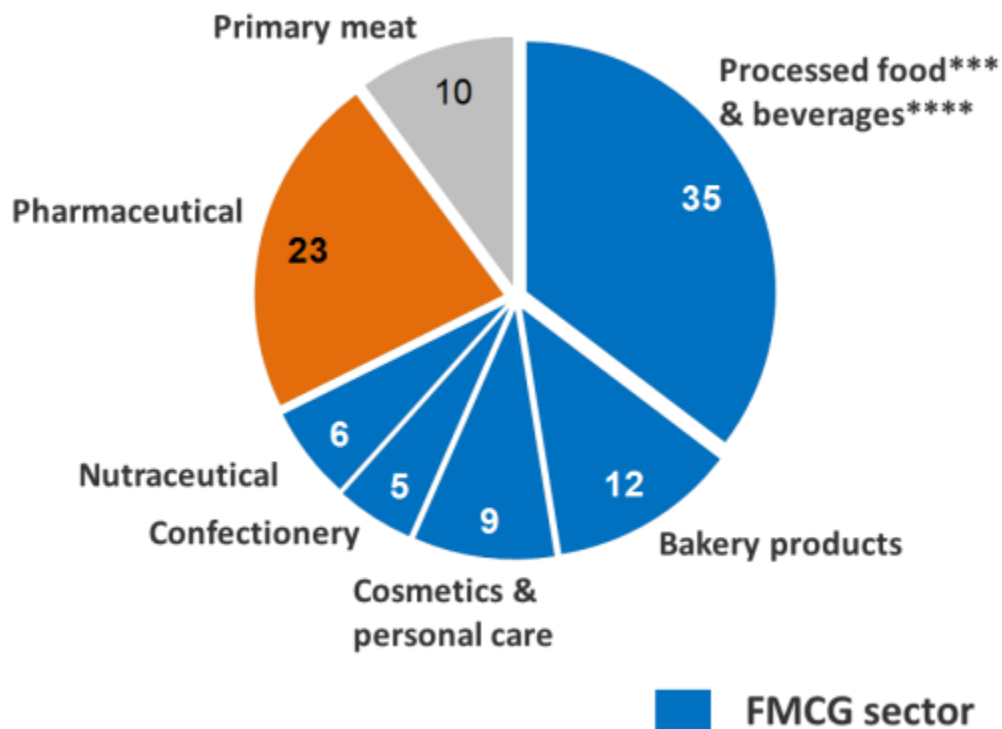
Nutritious

Hygienic

Community

GLOBAL MARKET FOR POTENTIAL HALAL PRODUCTS

USD 2.3 trillion



- Approximately **67%** of potentially Halal products are categorized as **fast moving consumer goods (FMCG)**

- Food FMCG and primary meat together account for **62%** of the market.

Does not include Islamic Financial Services. Services involved in final product e.g. certification, logistics, R&D are included in sectoral values

** Based on sales revenue

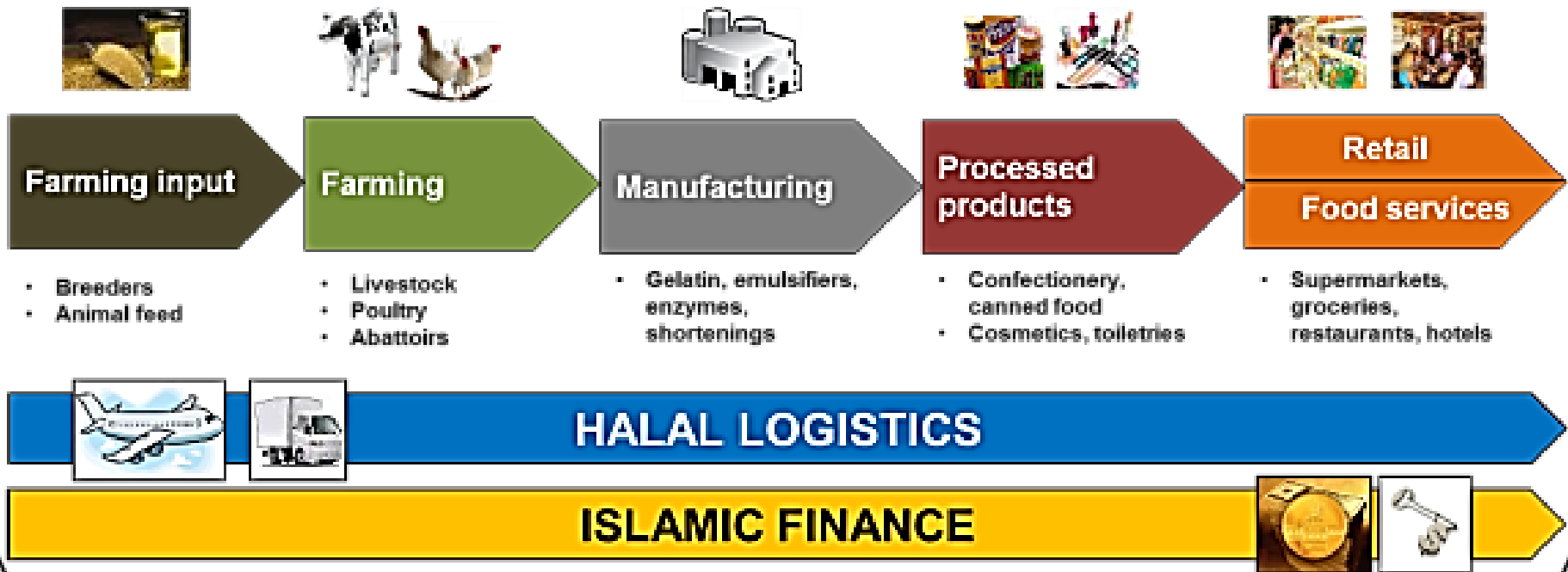
*** Halal processed food is taken as 66% of the total based on world halal meat consumption

**** Only non-alcoholic beverages

Source: Euromonitor reports; FAOSTAT

MAINTAIN HALAL INTEGRITY THROUGHOUT VALUE CHAIN

Maintaining Halal Integrity Throughout the Products Supply Chain



PART 2: THE GLOBAL HALAL TRADE

- **Key Drivers of Growth For Halal**
- **Agri-business And Supply Disruptions**
- **Growing Demand for Halal Goods**
- **Global Superhighway**



Global Halal Trade in 2012 US\$2.3 Trillion



1.

Sizeable and growing Muslim population

*“Muslim population worldwide (2012) = 2.1 billion
Forecasted to grow at twice the rate by 2030 representing 27% of
global population”*

Source: Pew Research Centre

2.

Growing economic development in Muslim countries

*“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%).”*

Source: United Nation and IMF

3.

Emergence of potential Halal markets in Non-Muslim countries (China & India)

*“Chinese Halal markets is worth US\$2.1 billion and growing at
10.0% annually.”*

Source: Islamic Association of China

AGRI-BUSINESS AND SUPPLY DISRUPTIONS

DRIVE AGRICULTURAL INVESTMENT NEEDS

Demand for food by 2050:



70%-100%

Poverty

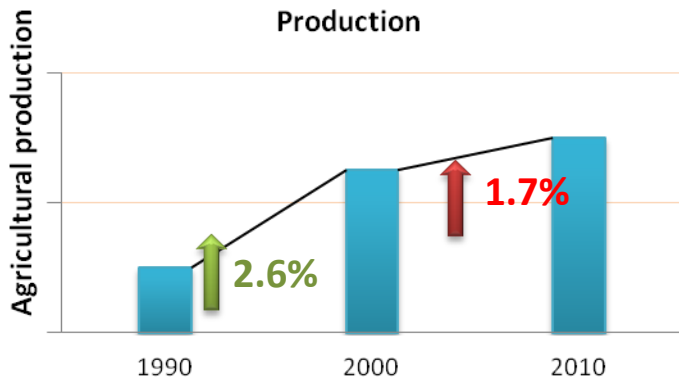
Global food price
continue to rise



Extreme poverty of
44 million in low and
middle-income countries

Food Price

Percentage growth in Agricultural
Production



Over **60%** of the world's
undernourished people live in Asia,
mostly Muslim-majority countries

GROWING DEMAND FOR HALAL GOODS

- IMPORTS BY OIC COUNTRIES (2000 – 2010)

Global Halal Potential Growth Clusters (2009/10)

**Cosmetics/
Personal Care**
USD\$ 177B f
64.6%



Islamic Finance
USD\$ 25.0B ***
9.1%



**Agricultural
(Food/Non Food)**
USD\$ 41.5B **
15.1%

Logistics
USD\$ 0.17B *
0.1%



Pharmaceuticals
USD\$ 30.0B ff
11.0%



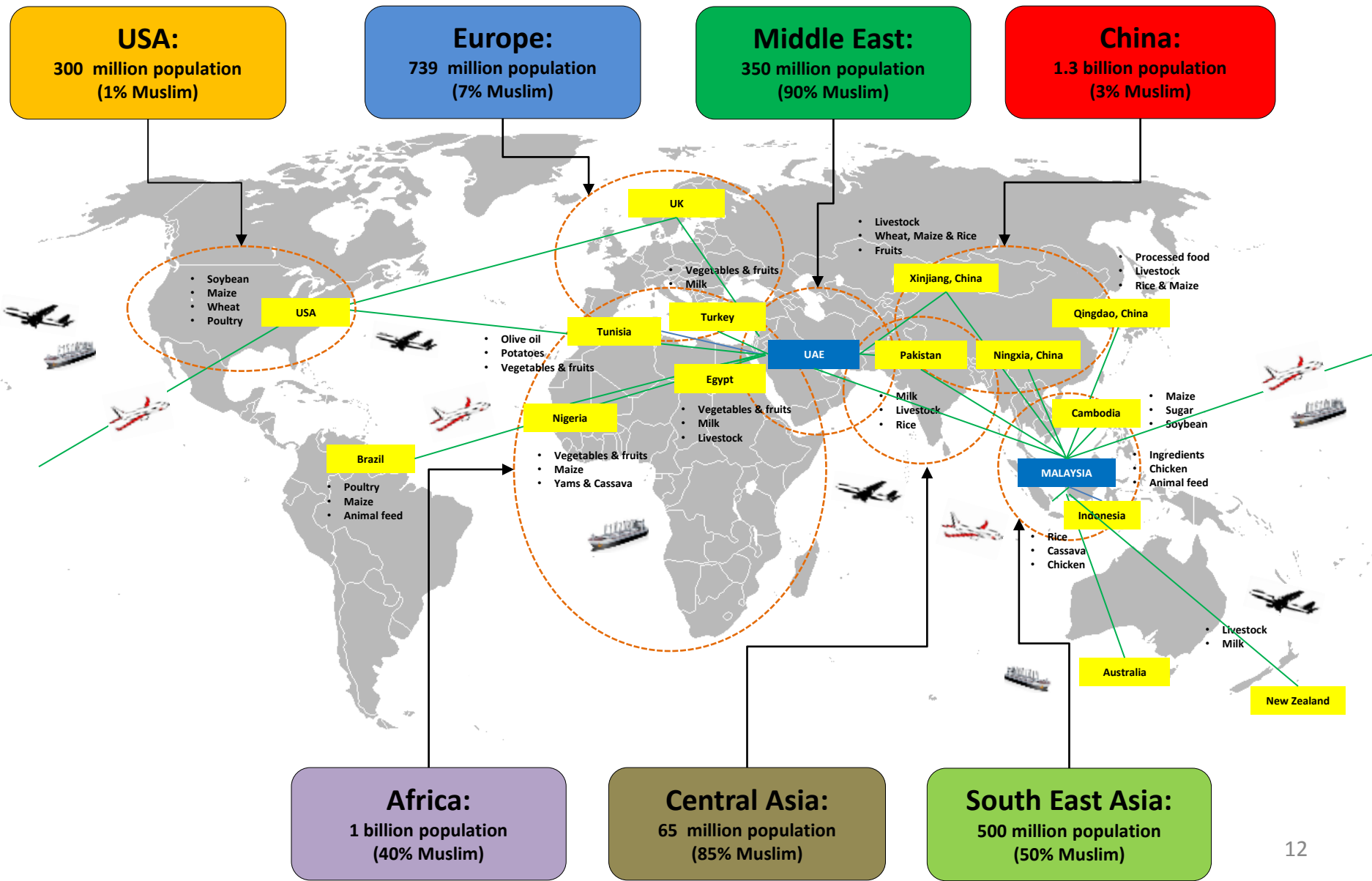
Travel Industry
USD\$ 0.13B fff
0.1%

**Total Values for Halal New Growth Clusters
USD\$ 274.1 Billion**

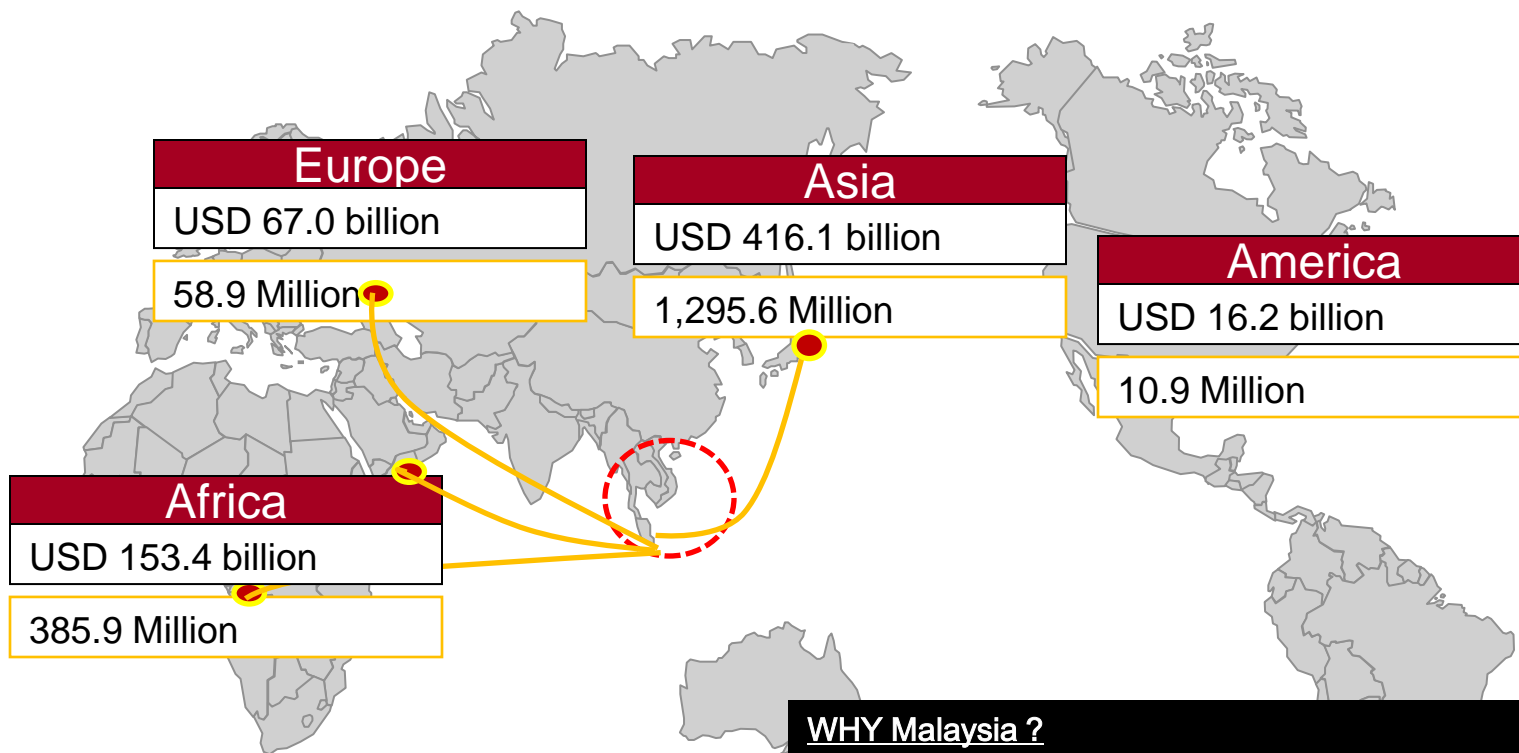
Source: * Cass Logistics Annual State Logistics Report, Piper Jaffray Research, ** FAO Stats 2007, *** Gulf Daily News 2007, Moody's Investors Services, f Halal Journal 2009, ff Frost & Sullivan 2006, fff S-Smith, B., Chiozza, E., Edin. M.

GLOBAL HALAL SUPERHIGHWAY

MEETING THE GLOBAL DEMANDS OF 1.8 BILLION MUSLIMS



MALAYSIA IS STRATEGICALLY POSITIONED IN THE CENTRE OF THE GLOBAL HALAL GROWTH MARKET



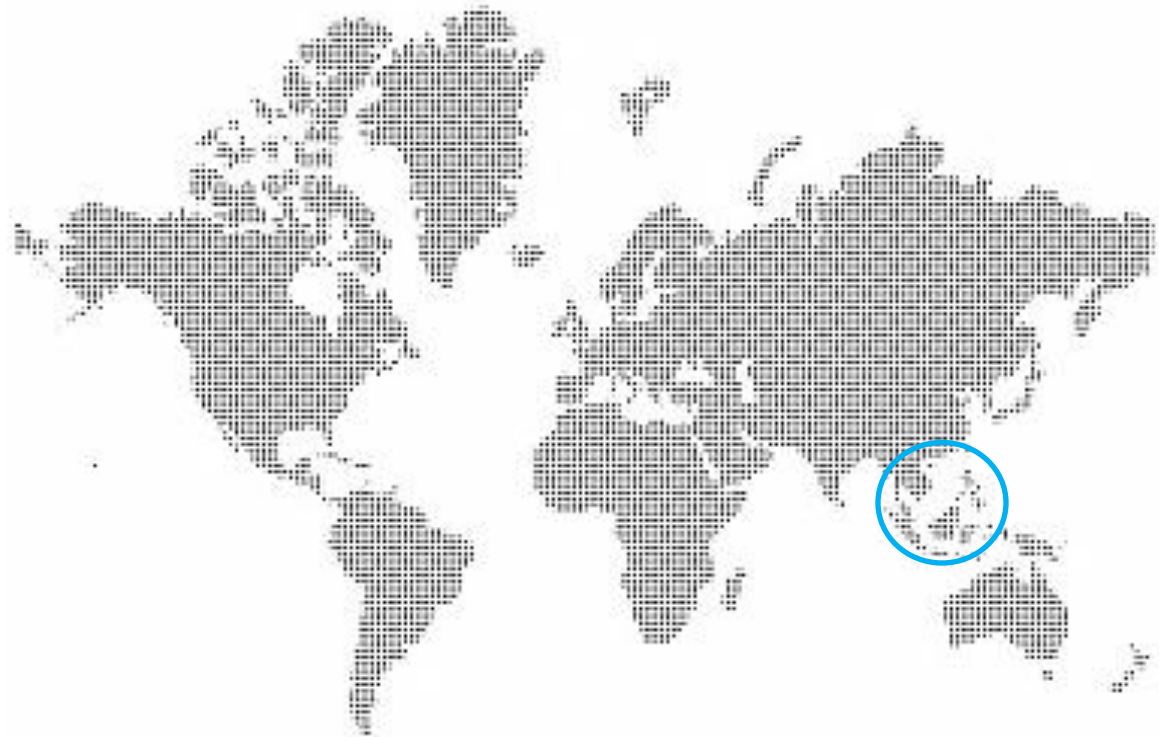
Legend

- Halal food market size in 2010
- Estimated muslim population in 2030

WHY Malaysia ?

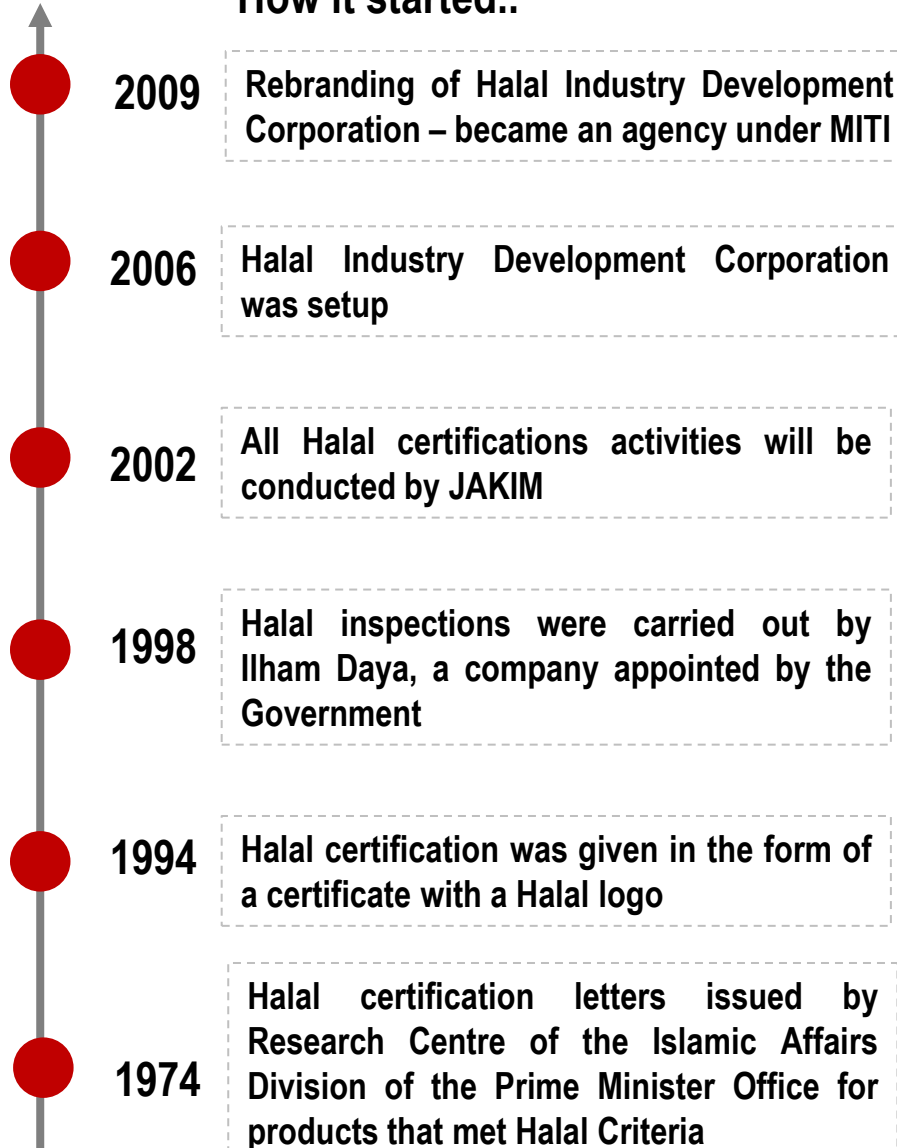
- **Significant Brand Positioning** – Reference and benchmark
- **Strong Institutional Support** – HDC, JAKIM, DSM, Bank Negara
- **Readily Available Support Ecosystem** – GHSC, HPRI
- **Established Policy & Procedures** – Tax incentives, Framework
- **Capacity and Capability Development** – structured development programmes

PART 3: BEGINNING OF AN IMPORTANT JOURNEY



HALAL IN MALAYSIA STARTED 30 YEARS AGO WITH STRATEGIES AND PLAN

How it started..



STRATEGIES AND PLANS

Inclusion in the :

- **Second Industrial Master Plan, 1996 - 2005,**
- **National Agriculture Policy, 1998 - 2010,**
- **Ninth Malaysia Plan (9MP), 2006 - 2010,**
- **Third Industrial Master Plan (IMP3), 2006 - 2020.**

Although it not specifically identified as one of the National Key Economic Areas (NKEA), it is aligned to the ETP

HALAL INDUSTRY DEVELOPMENT MASTER PLAN WAS INTRODUCED TO DRIVE HALAL AS A NEW SOURCE OF ECONOMIC GROWTH



Pre- Halal Master Plan



**HDC introduces
HIGH VALUE-ADD into Halal, focusing in:**



**Halal Certification &
Standards Development**



**Halal
Production**

**Halal
Services**

**Halal
Trade**



No focus on GDP value



High GDP value



Objectives

- Identify how to **strengthen Malaysia's capabilities** in Halal Integrity
- Develop means to **capitalise on this know-how** to **create new income** streams for Malaysia
- Identify **sectors** that Malaysia should **focus on**
- Identify **strategies and initiatives** to accelerate **growth** and increase **GDP contribution** from these sectors

Vision

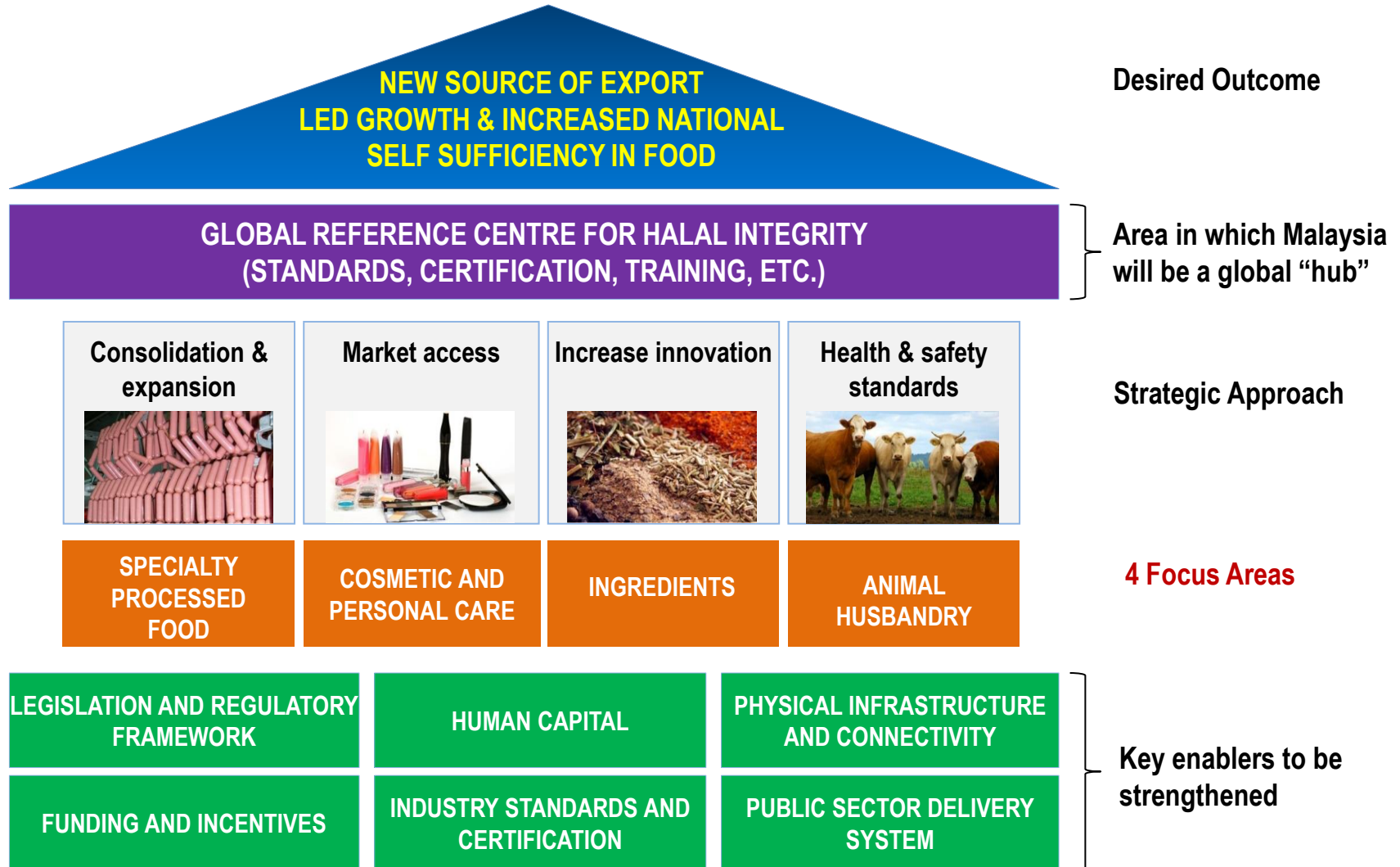


Malaysia as the
Global Reference Centre
for Halal Integrity know-how



Malaysia as the
**Global leader in the innovation,
production and trade**
of selected
Halal-related sectors

THE HIMP OVERALL FRAMEWORK WITH 4 FOCUS AREAS





‘Protecting the eco-system’

- Developing modules;
- Enhancing Supply Chain integrity;
- Promoting a World Class Global Halal Support System

‘Creating the Demand’

- Promoting Halal value proposition to industry;
- Promoting Halal Malaysia concept and HDC’s brand; and
- Strengthening marketing, communication and outreach

‘Ensuring the Supply’

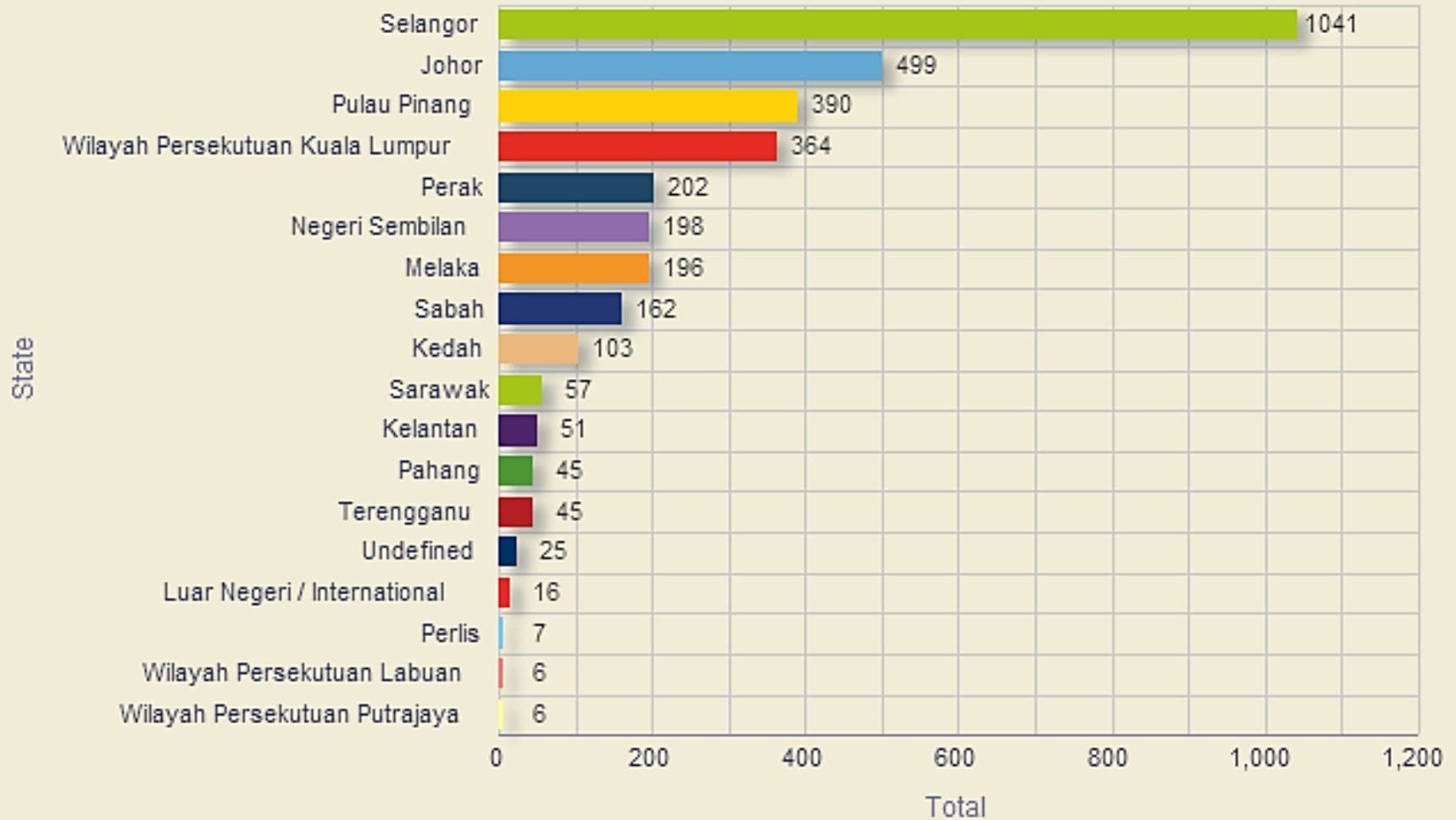
- Facilitating the creation of Halal cluster development
- Enhancing the domestic Halal production
- Facilitating Halal related investment;
- Promoting Industry Linkages and

PART 4: MALAYSIA'S HALAL TRADE & INVESTMENT

- **Halal Certified Companies**
- **Halal Exports**
- **Investments in Halal Parks**



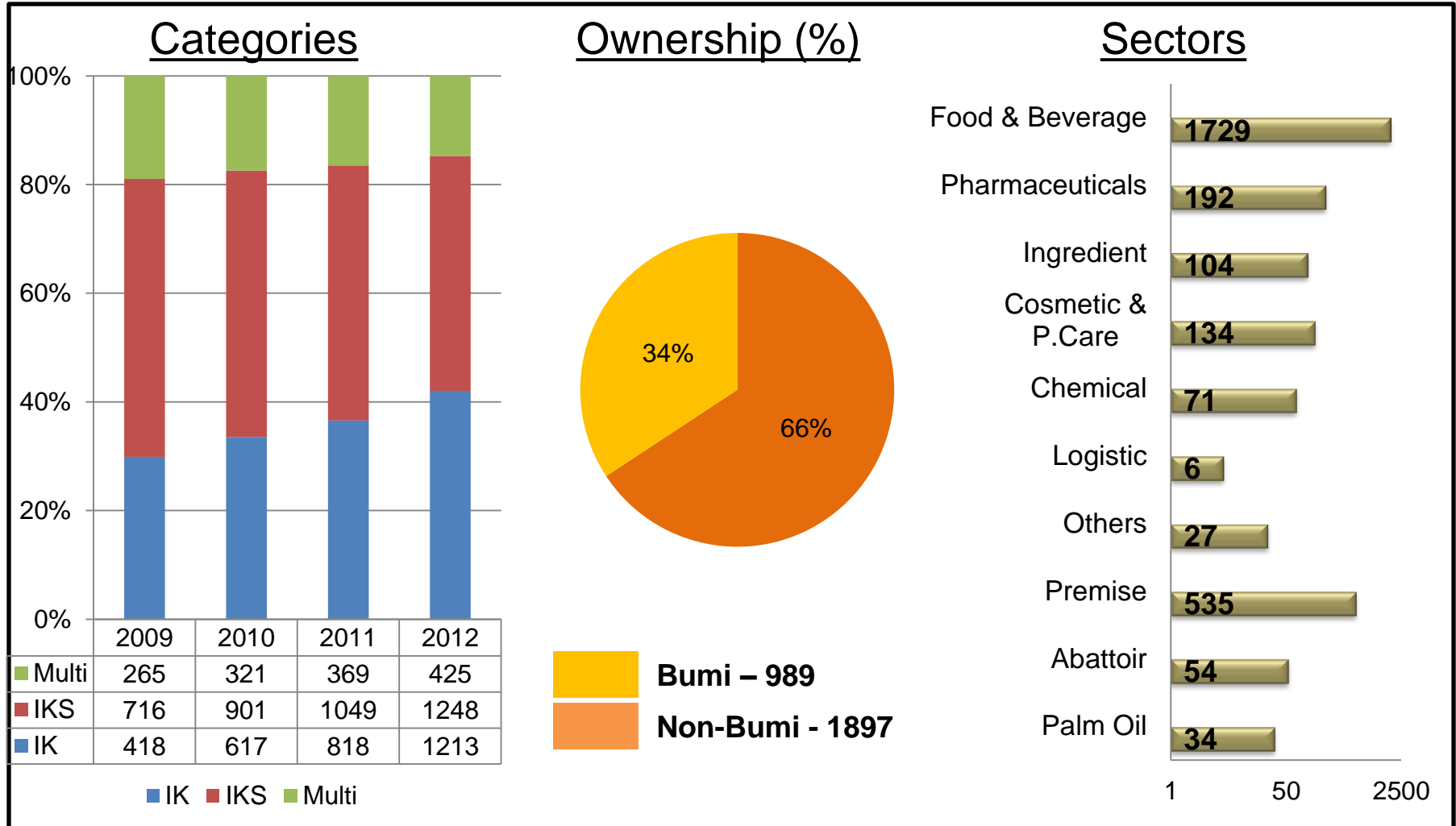
TOTAL OF **3413** MALAYSIA'S HALAL CERTIFIED COMPANY BY STATE AS AT SEPTEMBER 2013



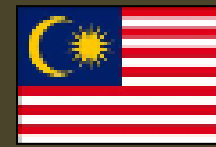
*Generated by HDC Halal Datawarehouse System, Source: JAKIM (Jawatankuasa Pemandu Projek Halal Datawarehouse, JKPPHD)

HALAL CERTIFIED COMPANIES 2009 - 2012

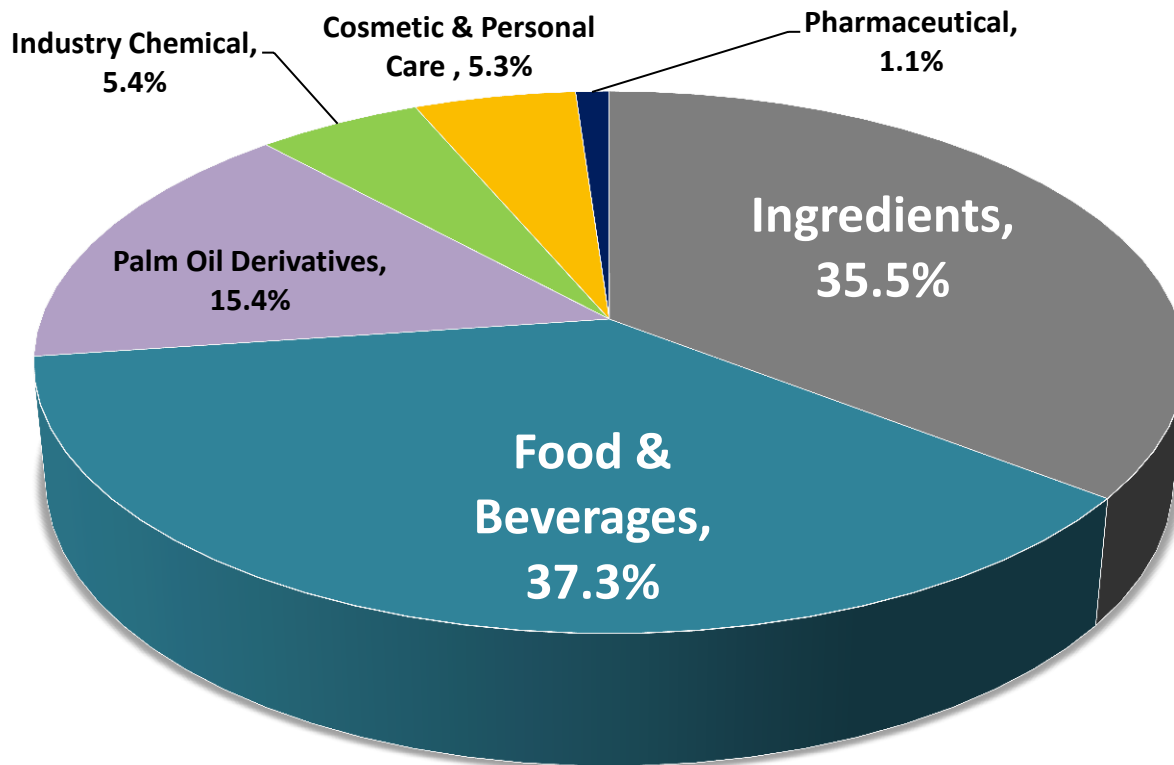
Total Halal Certified Companies
2,886



MALAYSIA HALAL EXPORTS (2012)



RM32.8 billion

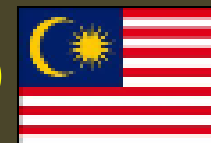


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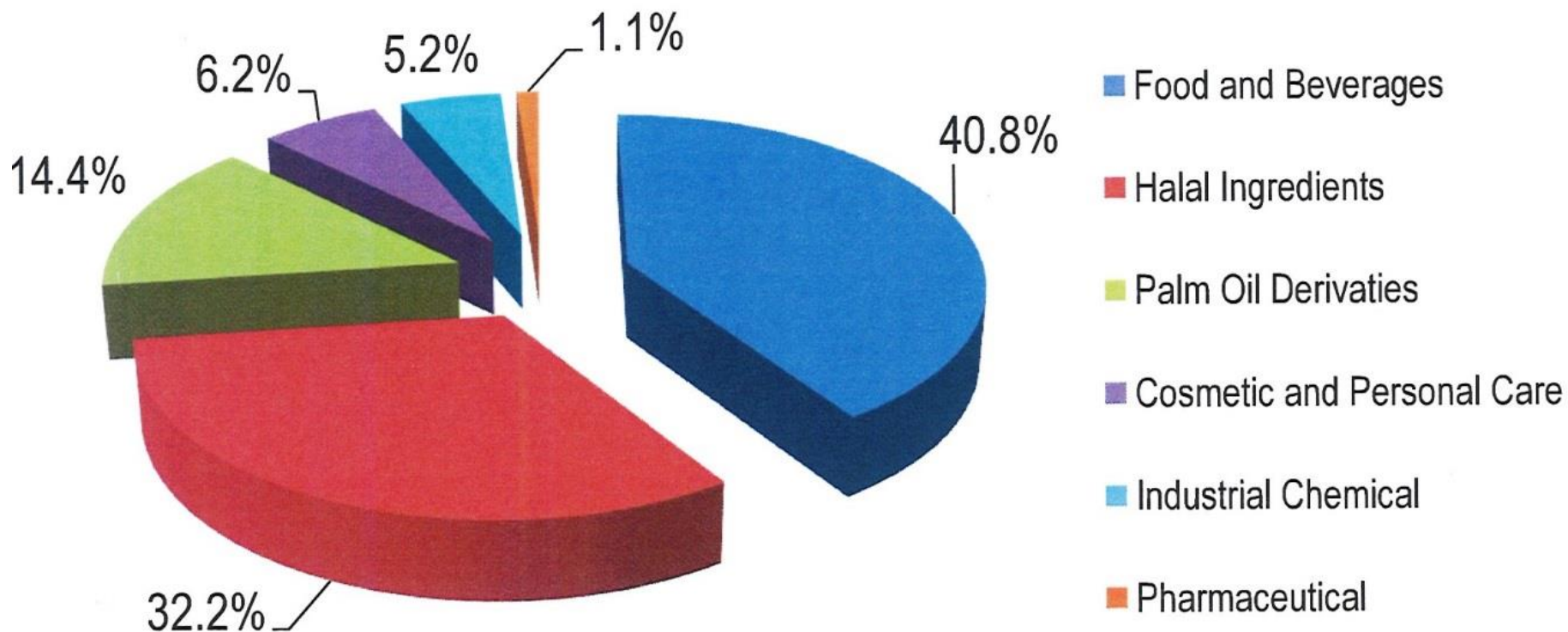
2010: **RM23.1 billion**

2011: **RM35.4 billion**

MALAYSIA HALAL EXPORTS (JAN - SEP 2013)



RM24 billion



Source: HDC, Department of Statistic, JAKIM, Custom Department & MATRADE (Halal Product Statistic Coordination Committee)

BREAKDOWN OF HALAL EXPORTS – PRODUCTS CATEGORY (JAN – SEP 2013)

Jan – Sep 2013		<u>TOTAL</u> (RM million)
Ingredient		7,737.51 (32.2%)
Food & Beverage		9,798.76 (40.8%)
Palm Oil Derivatives		3,445.81 (14.4%)
Industrial Chemical		1,258.89 (5.2%)
Cosmetic & Personal Care		1,493.45 (6.2%)
Pharmaceutical		273.17 (1.1%)
		(100%)
Total		24,007.58

*Generated by HDC Halal Datawarehouse System, Source: Department of Statistics, JAKIM, Customs Department (Jawatankuasa Pemandu Projek Halal Datawarehouse, JKPPHD)

**Source: Department of Statistics, Malaysia, Compiled By: MATRADE

Note: All data considered provisional

HALAL EXPORTS TO WORLD GROUPING JAN – SEP 2013

World Grouping	Total Exports Jan – Sep 2013 (RM Bil)	Total Export Jan-Sep 2012 (RM Bil)*	Variance 2012 vs 2013 Jan - Sep (%)
	16.46	16.08	2.4
	6.86	6.81	0.7
	2.36	2.56	(7.8)
	4.31	4.19	2.9
	0.84	0.78	7.7
	4.56	4.14	10.1

*Generated by HDC Halal Datawarehouse System, Source: Department of Statistics, JAKIM, Customs Department (Jawatankuasa Pemandu Projek Halal Datawarehouse, JKPPHD)

**Source: Department of Statistics, Malaysia, Compiled By: MATRADE

Note: All data considered provisional

MALAYSIA AS CENTRE OF HALAL PRODUCTION

24 Halal Parks (13 HalMas Status)

Dedicated industrial estates for the production of halal products

Main Halal Parks in Malaysia

Biotech Halal Clusters



Agriculture Clusters



Halal Industrial Clusters



SME Halal Clusters



Incentives



An accreditation given to the Halal Park Operators who complied with the requirements under the HDC Designated Halal Park Development Guidelines

Incentives for Halal Park Operators

- 100% tax exemption for 10 years or capital expenditure for 5 years
- Exemption on import duty on cold room equipments

Incentives for Halal Companies Operating within Halal Park

- 100% tax exemption on export revenue for 5 years or capital expenditures for 10 years
- Double deduction for obtaining international certification

Incentives for Halal Logistic Operators

- 100% tax exemption for 5 years or capital expenditures for 5 years
- Exemption on import duty on cold room equipments

Achievements

Total Investment

US\$2.5 billion

Total Employment

4,500

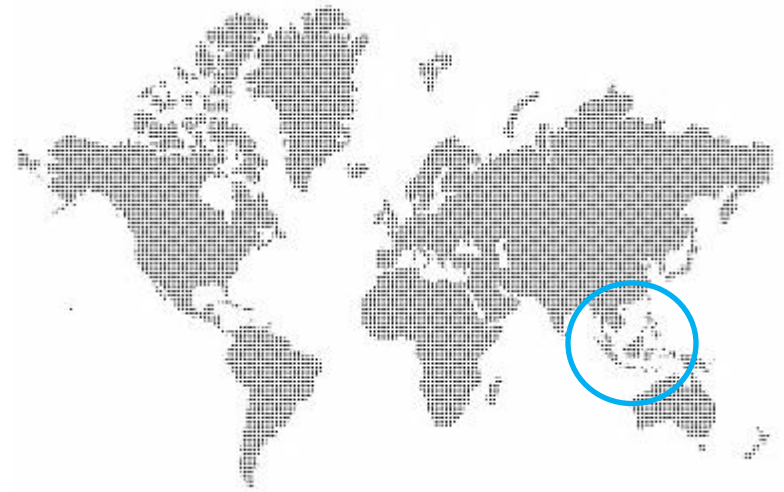
Total MNCs

18

Total SMEs

104

PART 5: HOW CAN WE FACILITATE?



1

Capacity Building

- Halal Best Practices
- Halal Business Mentoring
- Halal Premium

>700 companies facilitated;
>USD200 million sales generated

2

Global Halal Support Centre

- Knowledge Gathering
- Knowledge Analysis
- Knowledge Dissemination
- One Touch Point

>14 million visitors utilization p.a
from >120 countries

3

Training and Consultancy

- Industry Training
- Human Capital Training
- Technical Consultancy

>10,000 people trained p.a; >100
new halal companies p.a

4

Investment Facilitation

- Halal Industrial Parks
- Halal Incentives
- Customized facilitation

>USD300 million FDI to Halal
Industrial Parks p.a

5

Trade Facilitation

- Export Promotions
- Market Access
- G to G Collaborations

New market for exporters; product
acceptance in >10 countries

6

Branding and Positioning

- World Halal Research
- Halal @ CNN / CNBC
- International Magazines

>600 million viewers in CNN and
CNBC



HDC™

Training and Consultancy

- Halal awareness
- Halal industry training
- New training modules (non-food sectors)
- Customised consultancy

Strategic Partners



>50,000 people trained in Halal compliance

>1,000 Halal Skilled Workers

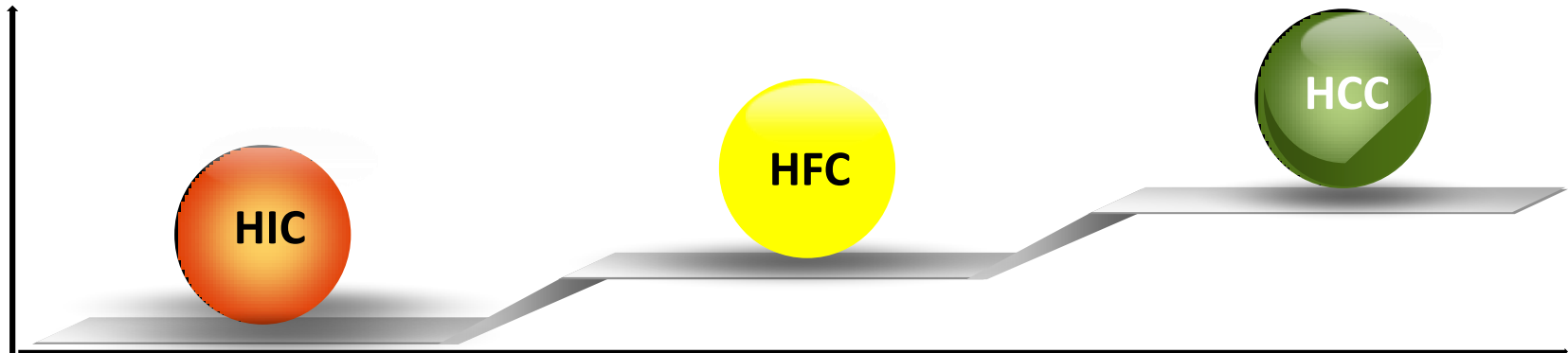
HOW CAN WE FACILITATE?

JOIN OUR HALAL BUSINESS TRANSFORMATION PROGRAMME

HDC™

A **nurturing programme** to assist Halal companies increase competitiveness, sales and export performance

3 categories of Halal companies in HBT Programme



Halal Incubation Companies

Halal Featured Companies

Halal Champion Companies

>800 companies nurtured

Since May 2011

HOW CAN WE FACILITATE?

JOIN OUR HALAL BUSINESS TRANSFORMATION PROGRAM



Partners (Private Sectors)		Partners (Government)	Business Solutions	Achievements in 2012
Big Hypermarkets		 Agensi Inovasi Malaysia  DDec MARA  Ministry of Defense Ministry of Health JAKIM  KPDNKK  SIRIM	End to End Facilitation for Halal Companies:-  <ol style="list-style-type: none"> 1. Mentoring 2. Business Matching 3. Products Promotion 4. Vendor Selection 5. Design & Packaging 6. Brand Positioning 7. Halal / GMP / HACCP / BRC / AVA Pre-Certification Audit Assessment 8. Hands-On Coaching and Advisory 9. Application Follow Up 10. Financial Facilitation 	<p>>500 Halal companies facilitated</p> <p>RM442 million total sales recorded</p> <p>RM264 million additional sales estimated</p>
				
				
				
				
Local Retailers				
				
				
				

HOW CAN WE FACILITATE

UTILIZE OUR GLOBAL HALAL SUPPORT CENTRE – ONE TOUCH POINT

HDC™



AVERAGE OF 16 MILLION VISITORS (PHYSICAL & ON-LINE)
UTILIZATION **ANNUALLY** ON GHSC'S PRODUCTS AND SERVICES
130 COUNTRIES

>400 INTERNATIONAL DELEGATES
>54 COUNTRIES



HOW CAN WE FACILITATE

UTILIZE OUR GLOBAL HALAL SUPPORT CENTRE – ONE TOUCH POINT

HDC



To Organize :



Meeting, Talks Product Launching

- **Consultation & Application** – Customer Support
- **Industry Showcase** – Business Matching
- **Halal Knowledge Centre** – The Industry Know-How
- **VIP Management Services** – Meeting with Minister, Halal Industry CEO, Key Players
- **MICE** (Meeting, Incentive, Conference & Exhibition)



Interview, Group Survey etc

Terima Kasih

2010 Award and F
est of Honour
Sri Mustapa Mo
national Trade a
3rd June 2010

Dinner



HDC iPhone Apps Launch
WHR 2010

Q&A



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Development Corporation

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Thank you

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