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Halal Food and Beverage Industry in Malaysia

Succeed in SE-Asia's 2.0 Markets

South-East Asia IPR SME Helpdesk

**EU-Malaysia Chamber of Commerce and Industry
(EUMCCI)**

**Ms. Norhariti Jalil, Vice President of Halal Industry
Development Corporation (HDC)**

Mr. Philippe Girard-Foley, South-East Asia Helpdesk IP Expert

1 December 2016

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Welcome to the Webinar!



Marianne Karu
Project Officer

South-East Asia IPR SME Helpdesk



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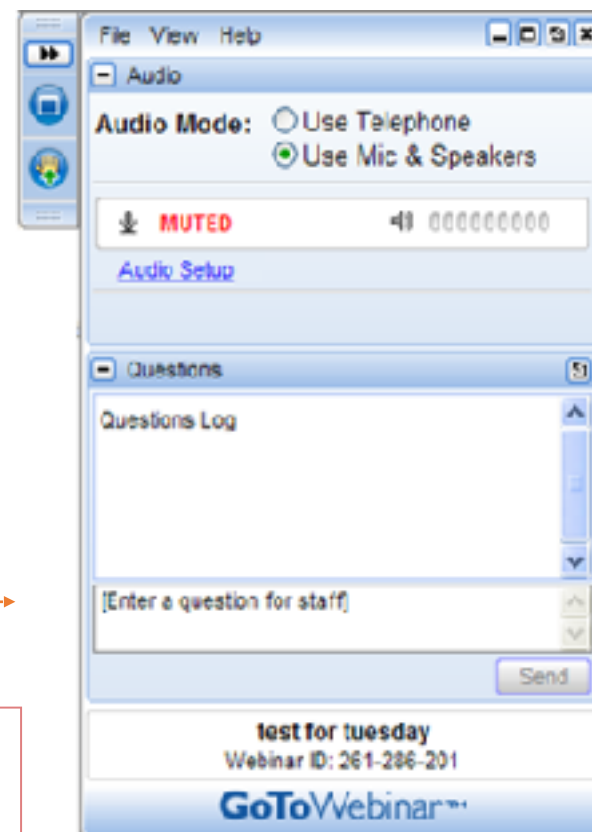
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Welcome to the Webinar!



Lars Venslauskas
Business Support Executive

Project: **SEBSEAM-M**
Support for European Business in South East Asia Markets – Malaysia

Lead Applicant: **EUMCCI**
EU-Malaysia Chamber of Commerce and Industry



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EUMCCI in Brief

Business Support for EU Companies

Know Your Market

Meet Your Partner

Enter Malaysia



146 Members

1300 Network

16 Countries

Network Provider



10 Committees

90 Companies

75 Meetings

Industry Advocate



30 Events

1517 Participants

880 On Conference

Event Platform

SEBSEAM-M: Project Description



Increase trade and investment flows between the European Union (EU) and Malaysia as a gateway to ASEAN, mainly focused on EU SME's



Component 1: Attracting EU businesses into the region and supporting them in their market entry activities (Business Support)

Component 2: Increasing EU Business' leverage towards ASEAN Governments (Advocacy)

Today's
Webinar



EU-ASEAN Business Network

- 8 ASEAN countries involved (excluding Singapore & Brunei)
- Joint activities
 - Business Seminars & Webinars
 - Newsletters
 - Events in EU and ASEAN



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Business Support Service - Trade Mission F&B

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Business Cooperation

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FOOD & BEVERAGE TRADE MISSION TO MALAYSIA 16th - 20th May 2017

1

**IDENTIFY YOUR BUSINESS
POTENTIAL IN MALAYSIA**

2

**SHOWCASE YOUR
PRODUCTS**

3

**KICK-OFF BUSINESS WITH
POTENTIAL PARTNERS**

What to expect?



**Visibility at Tastes of Europe
Feedback from Consumers**



**Workshop on Halal Standards
Best Practices & Site Visits**



**B2B & Business Linkages
Networking Opportunities**



**First Hand Market Info
Know Laws & Regulations**

More information ?



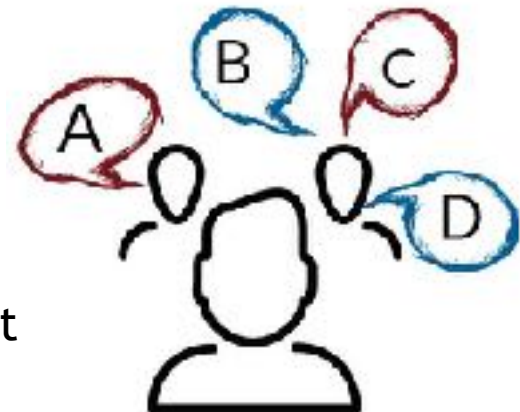
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POLL QUESTION #1

How experienced are you in relation to Malaysian business landscape?

- a) We do not have business interest in Malaysia yet
- b) We are still deciding on entering Malaysian market
- c) We plan on entering Malaysian market
- d) We are remotely evolved in Malaysian market
- e) We are actively engaged in the Malaysian market



I Speaker's bio

Name: Norhatiri Jalil

Firm: Halal Industry Development Corporation

Location: Kuala Lumpur, Malaysia



Norhariti Jalil is the Vice President, Halal Integrity for the Halal Industry Development Corporation (“HDC”). Strategically, she plans and executes initiatives under the Halal Industry Master Plan (“HIMP”) to strengthen Halal Integrity capability and gaps across the Halal sectors. These initiatives are in areas of talent development, knowledge and best practices, advisory and consultancy, technology innovation, and support services for the development of Halal industry.

She has over 11 years involvement in Top and Senior Management capacities. Her capabilities include development planning for industries and businesses in meeting the objectives of growth and transformation, policy, strategies, institutional framework and governance, at the industry and enterprise levels. She has initiated and managed programmes and projects in both public and private environments across multiple sectors. She has also served big 4 Accounting Firms locally and abroad.





Halal Industry
Development Corporation

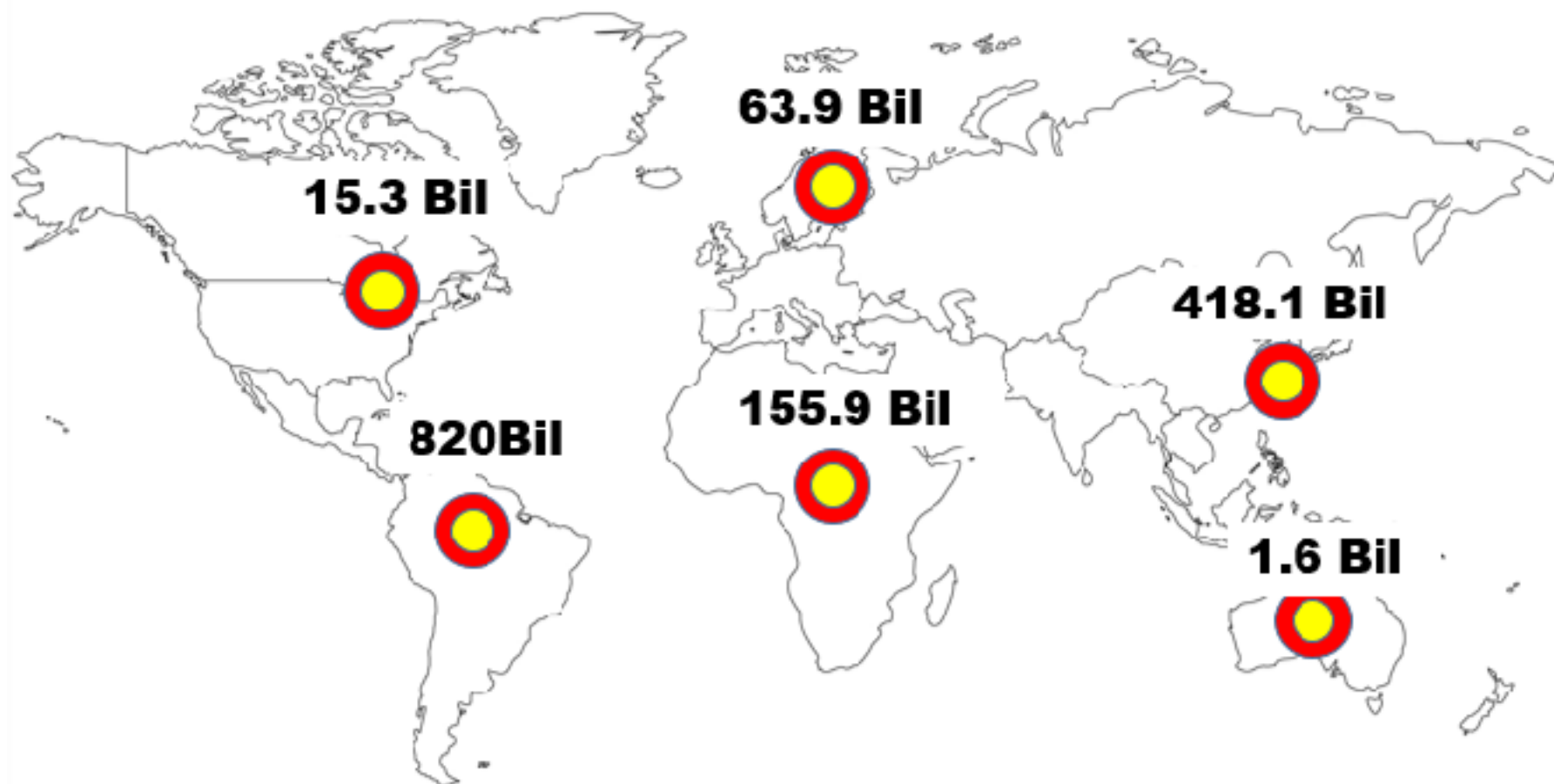
Special Focus: Malaysia Halal Food & Beverage Industry

Presenter: Norhariti Jalil, Vice President
1st December 2016

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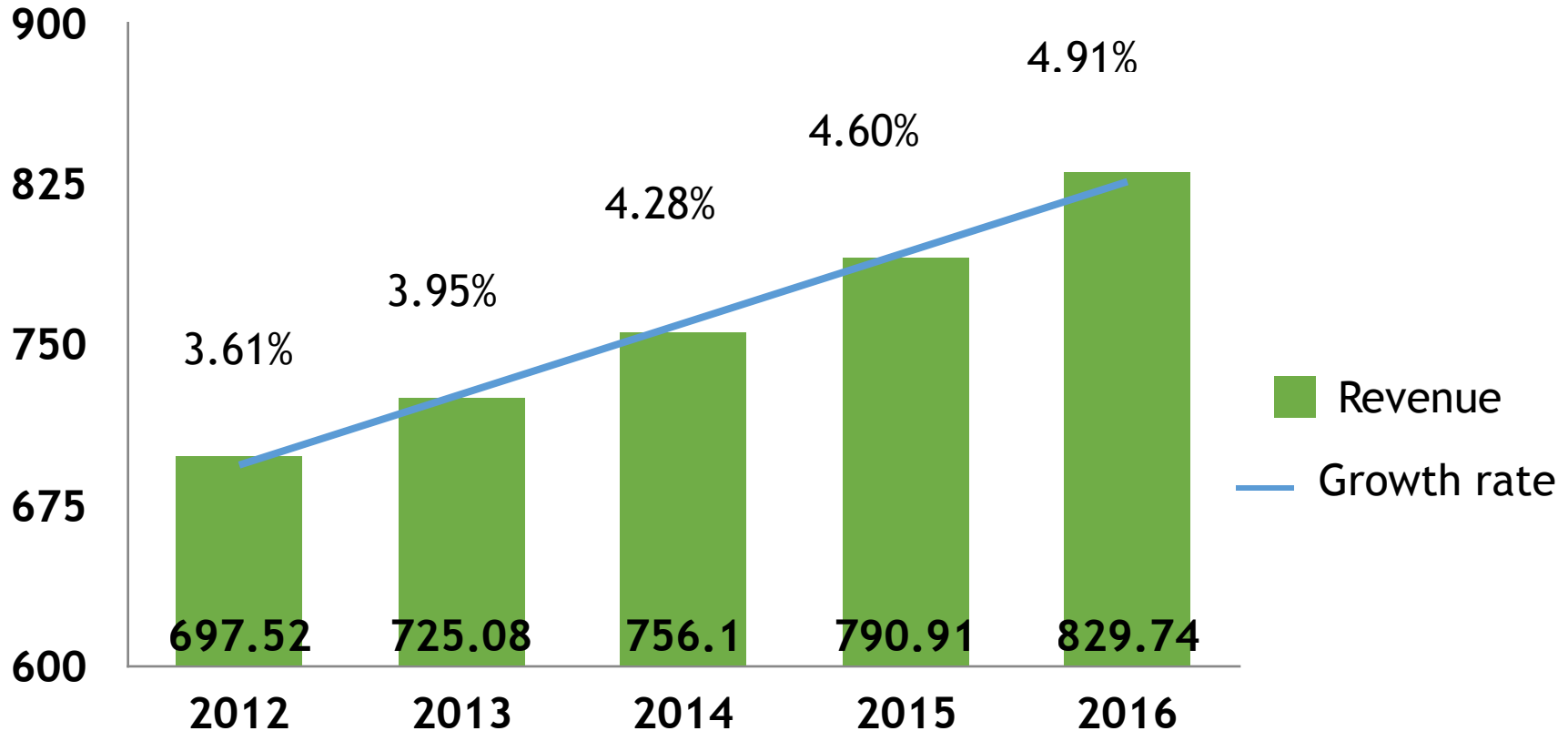


VALUE OF HALAL MARKETS



Source: Dinar Standard 2014

GLOBAL HALAL FOOD MARKET 2012-2016 (US\$ BILLION)



Source: Technavio Insights (Global Halal Food Market 2012-2016)

GLOBAL HALAL FOOD MARKET – KEY GEOGRAPHIES

KEY GEOGRAPHIES (%) 2012		KEY GEOGRAPHIES (%) 2016		REVENUE CAGR (%) (2012-2016)	
Americas	2.36	Americas	2.11	Americas	1.55
Europe	9.77	Europe	8.78	Europe	1.68
MEA	29.61	MEA	28.19	MEA	3.16
APAC	58.26	APAC	60.92	APAC	5.61

Source: Technavio Insights (Global Halal Food Market 2012-2016)

HALAL FOOD SECTOR LANDSCAPE AND OPPORTUNITIES

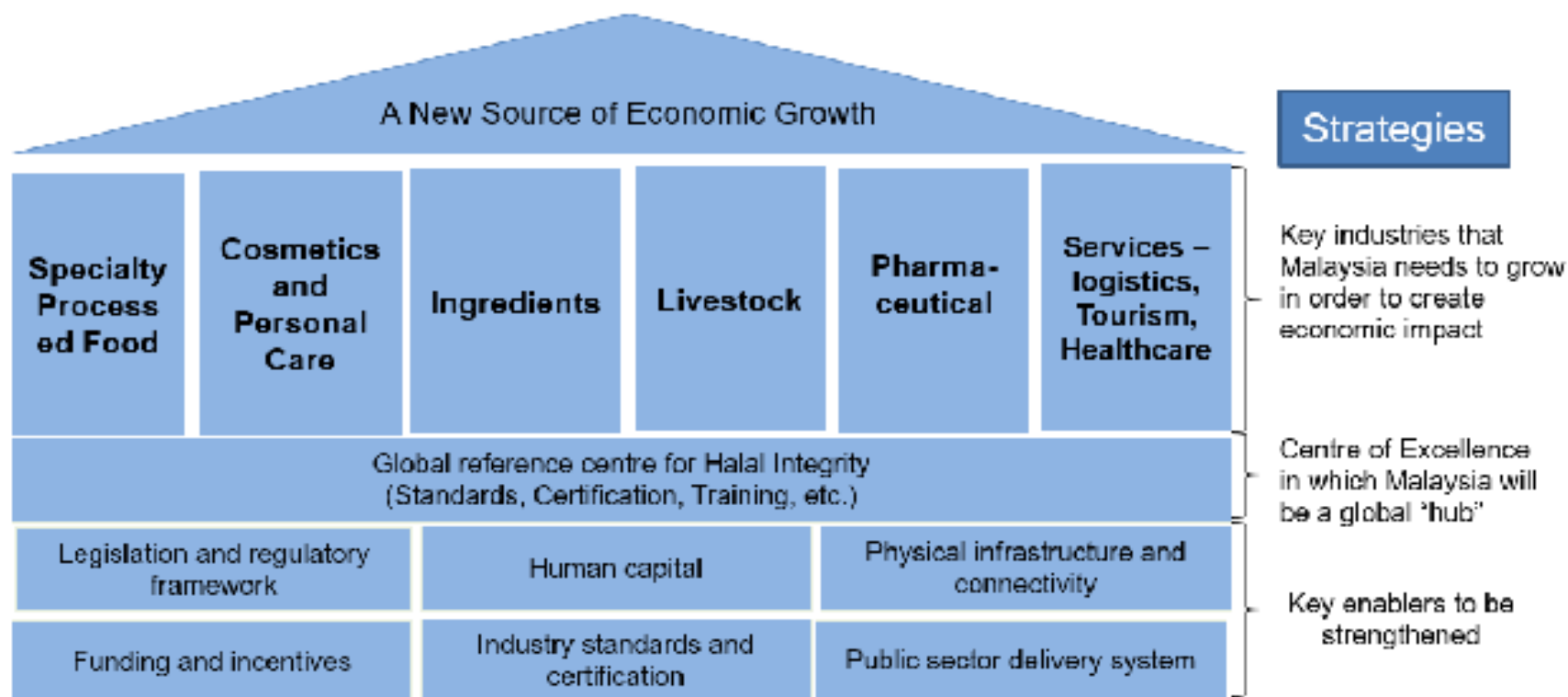
- Leading standardisation bodies are taking steps to harmonise Halal Standards within region (such as ASEAN, OIC/SMIIC);
- Online technologies enable global market access to be a viable reality even for small start-ups;
- Development of tracking technology to verify supply-chain integrity (such a device called e-seal developed by Brazillian Meat Exporting Industries Association (ABIEC));
- Acceptance of Halal Food to be the global standard for safe, wholesome, humane food if producers fully adhered to the concept of Halal and Tayyib;
- Investment opportunities in Halal food value chain integration.

Source: State Of The Global Islamic Economy Report 2015/16

MALAYSIA PERSPECTIVE - HALAL INDUSTRY MASTER PLAN 2008

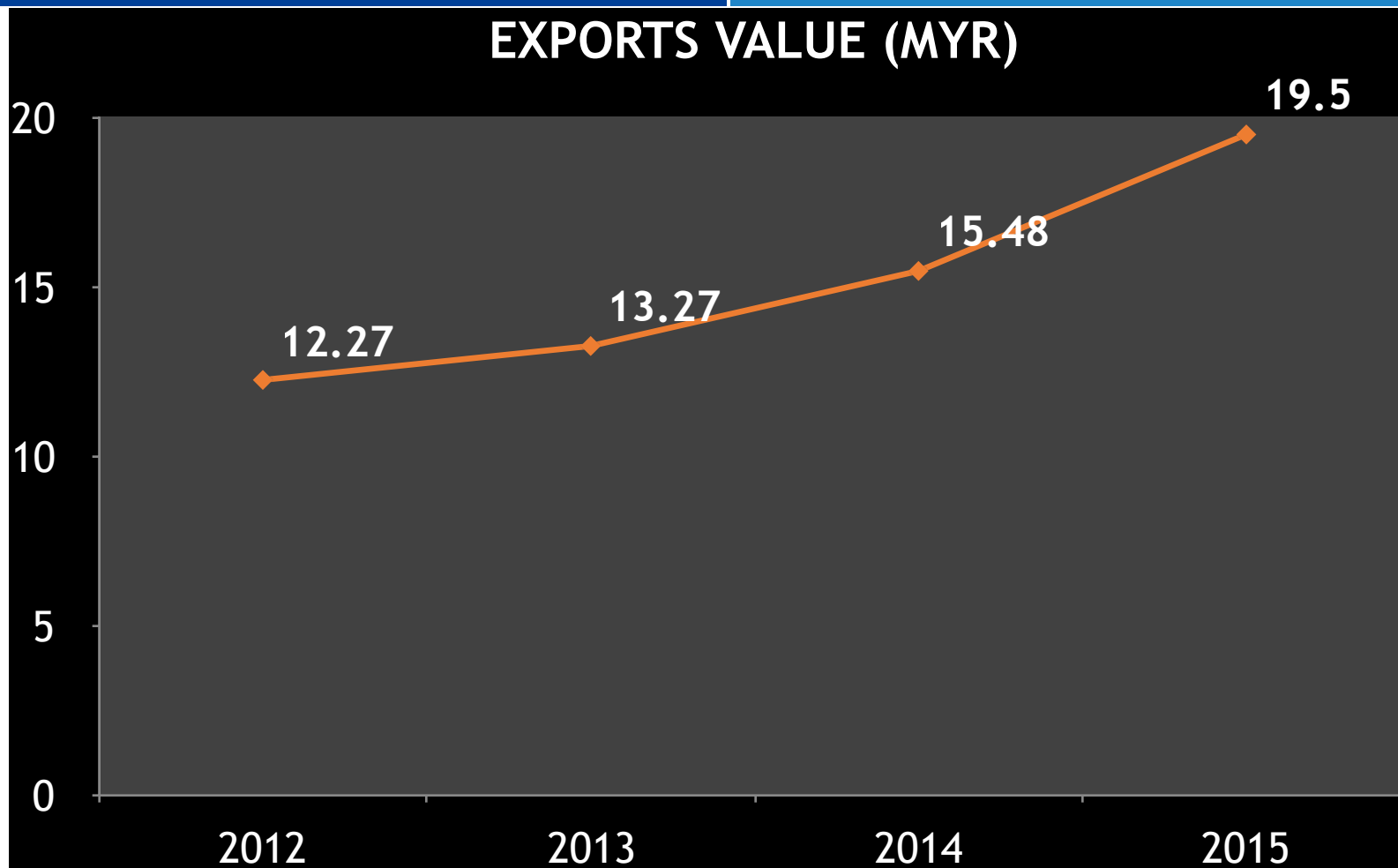
Objectives

1. Malaysia as the global reference centre for Halal integrity know-how; and
2. Malaysia as the global leader in the innovation, production and trade of a number of halal-related sectors



Source: HDC Strategic Retreat 2014, Halal Industry Masterplan, April 2008 (revised 2014)

MALAYSIA EXPORTS VALUE ON HALAL (FOODS & BEVERAGES)



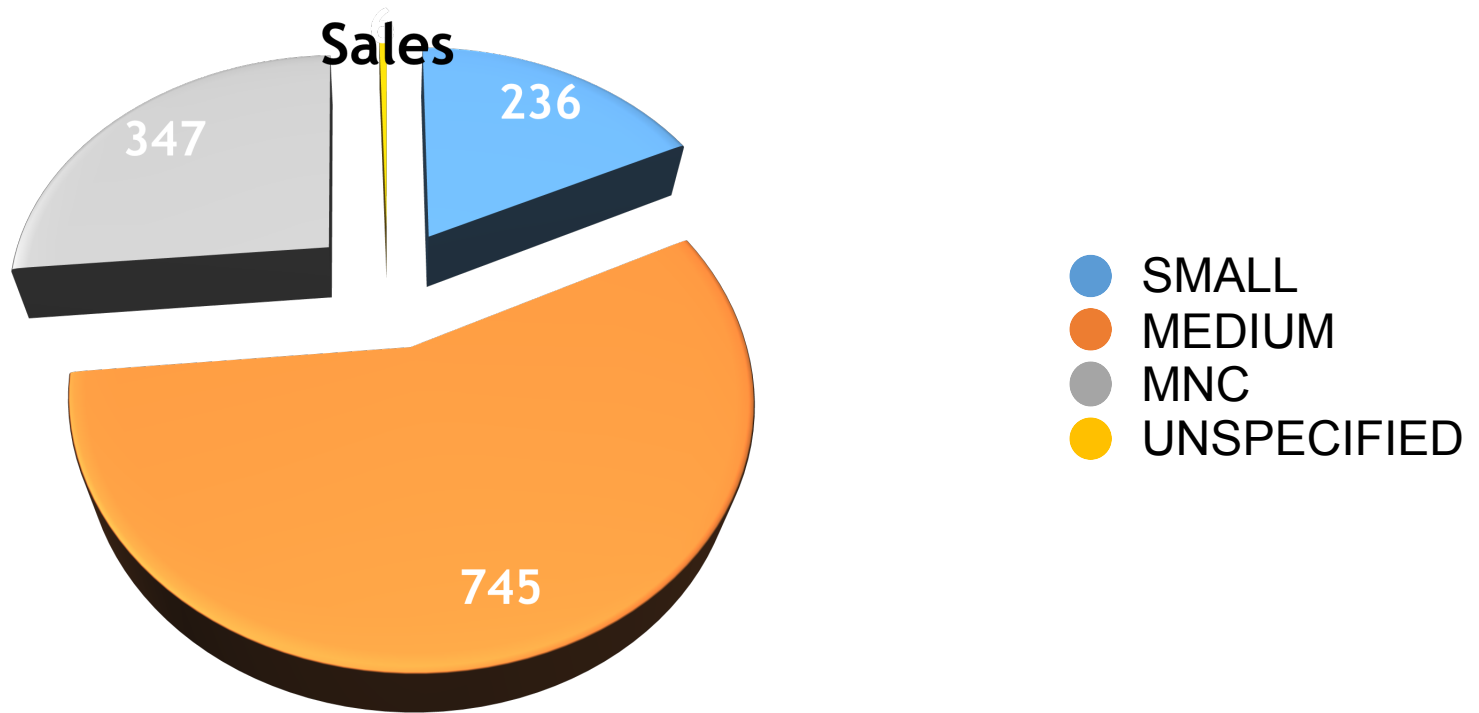
Source: HDC Data Warehouse

TOP 10 EXPORTS DESTINATION (2015)

COUNTRY	MYR
China	4.8 Bil
United State	3.9 Bil
Indonesia	2.9 Bil
Singapore	2.5 Bil
Japan	2.2 Bil
Thailand	1.8 Bil
Australia	1.7 Bil
Philippines	1.6 Bil
Netherlands	1.4 Bil
India	1.4 Bil

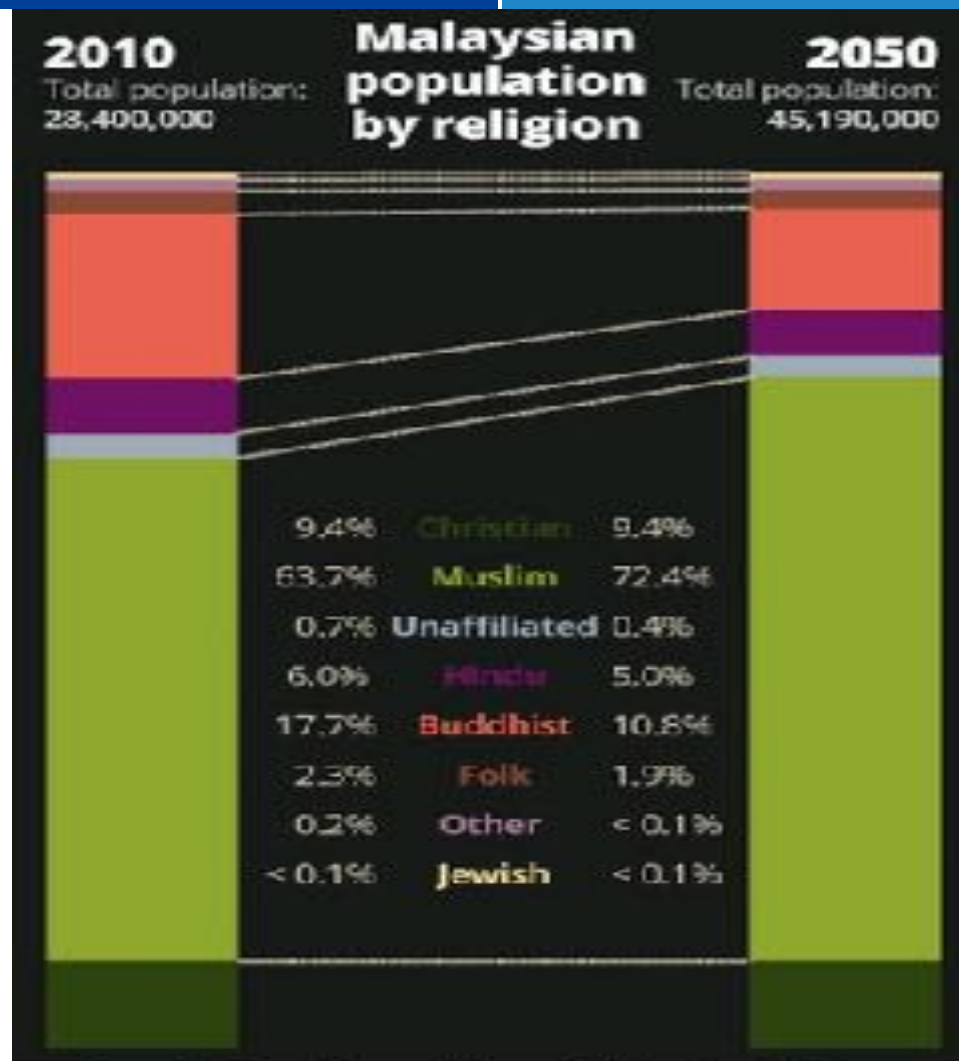
Source: HDC Data Warehouse

1,334 HALAL CERTIFIED EXPORTING COMPANIES (2015)



Source: HDC Data Warehouse

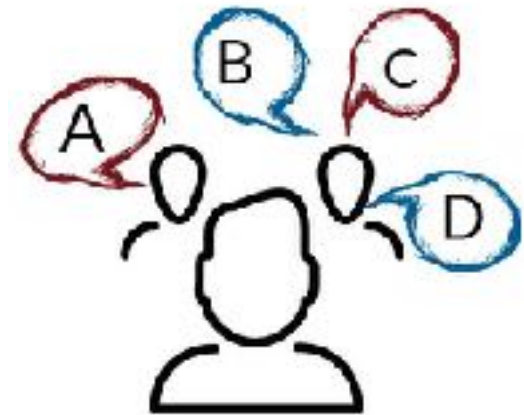
Malaysian Population By Religion



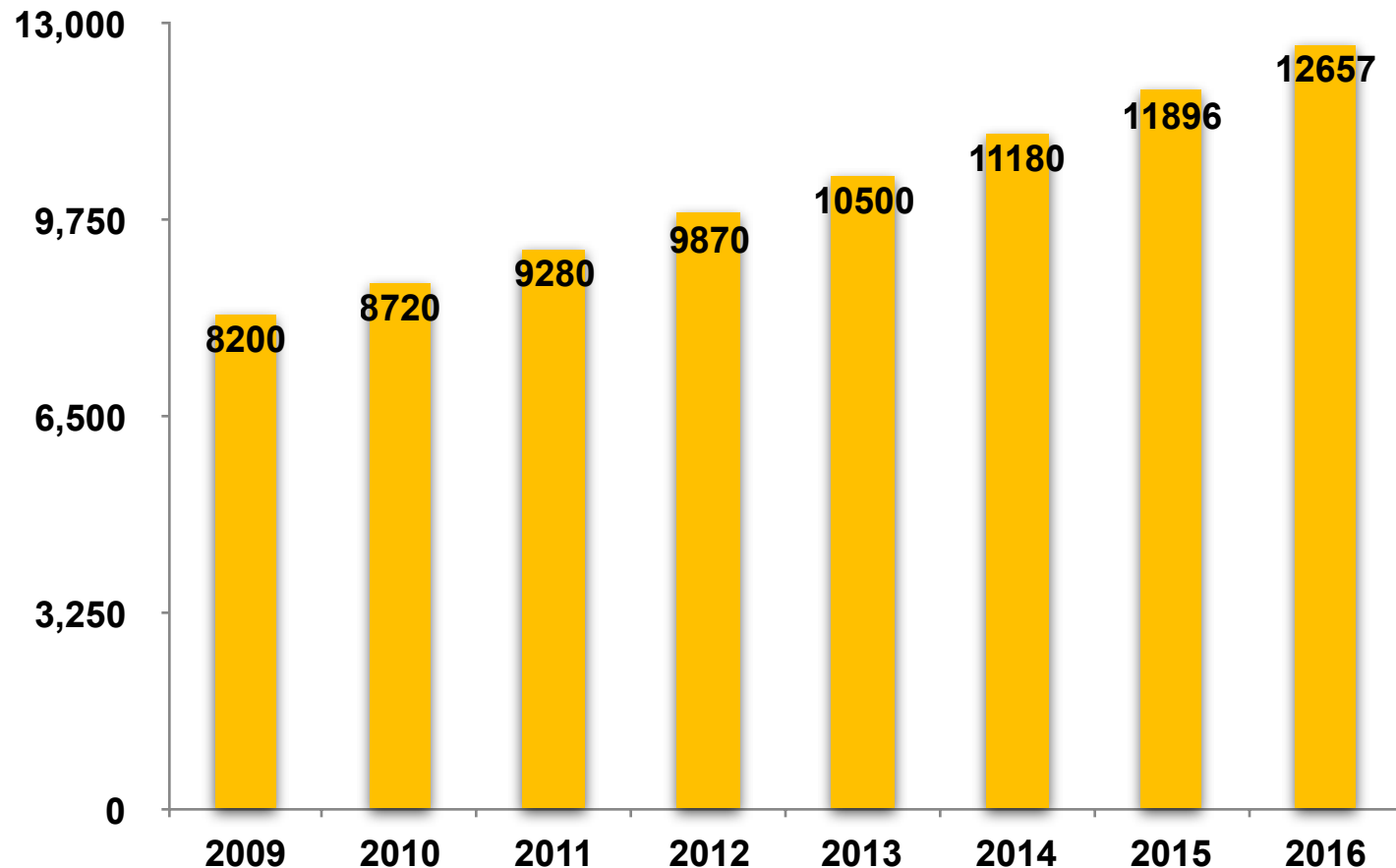
POLL QUESTION #2

What is the nature of your business?

- a) Food Manufacturer
- b) Beverage Manufacturer
- c) F&B Manufacturer
- d) Distributor (Import/ Export)
- e) Association with F&B industry related members



MALAYSIA HALAL FOOD CONSUMPTION (USD MILLION) HDC



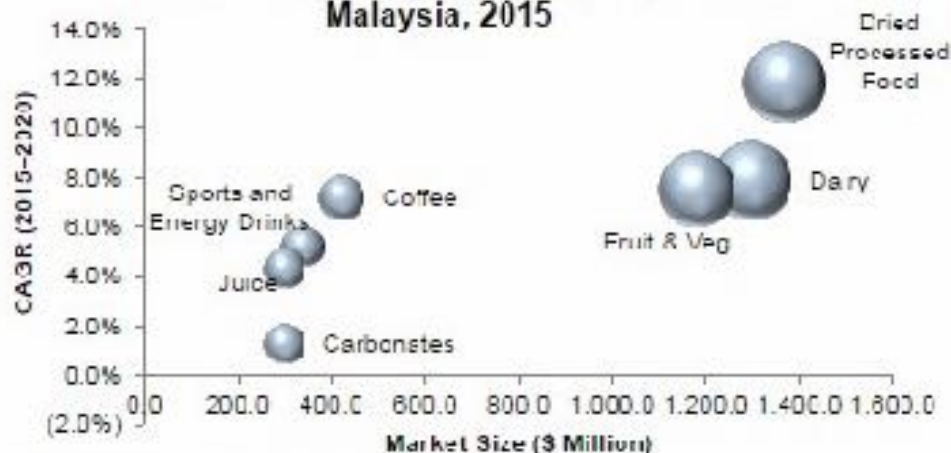
Source: Global Halal Food Industry Report 2014



Malaysia Food and Beverage Market

The food and beverage market in Malaysia is developed and is supplied by both imported and local products.

F&D Market: Market Size by Key Segments, Malaysia, 2015



Note: Bubble size denotes market size.

F&B Market: Key Participants, Malaysia, 2015

Nestlé SA
Lam Soon Group
Fraser & Neave Ltd
Royal Friesland Campina NV
Padiberas Nasional Bhd (BERNAS)

- Hypermarkets and supermarkets are the dominant formats in urban regions. Traditional retail formats, although losing ground, still form an important part of the retail chain with the majority of fresh produce being sold through these formats.
- Dried processed food is a dominant segment in the F&B market and is estimated to lead the group due to increased stress on convenience food intake.
- Demand for functional and healthy food is increasing as consumer awareness regarding food nutrition and fortification has increased.
- Food processing is considered a priority sector to improve exports and to drive industrial development. Malaysia is also increasingly becoming a hub for Halal food in terms of the certification and marketing of these products, which has a global market of around \$560 billion.

Source: IMF; Frost & Sullivan

9AB8-88

FROST & SULLIVAN

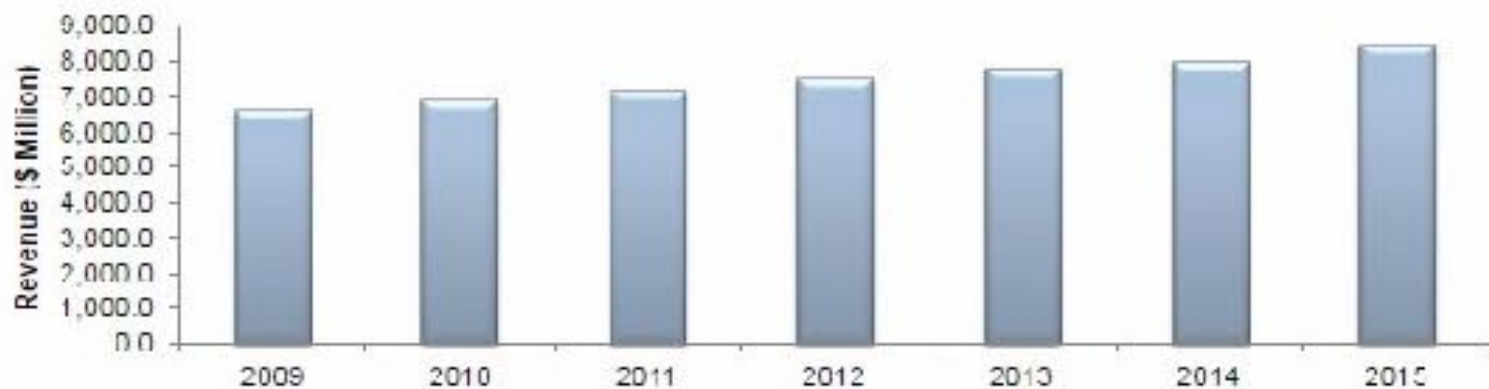
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Malaysia Mega Trends—Globalisation (continued)

Urbanisation and an increasing number of women in the workforce are driving the growth of the food service sector.

- As lifestyles become increasingly fast-paced and demand for food becomes increasingly varied, Malay consumers are turning towards the food service sector to provide 'quick-fix' meal solutions.
- The growth of the food service industry is driven largely by the unorganised sector such as street kiosks and hawkers who sell typically Malay-flavoured food that caters to the highly diverse ethnic Malay population.
- The fast food sector is another growth area and is dominated by Kentucky Fried Chicken (KFC), which holds over 50% of the market share due to its highly localised product portfolio.

Food Service Industry: Historical Revenue, Malaysia, 2009–2015



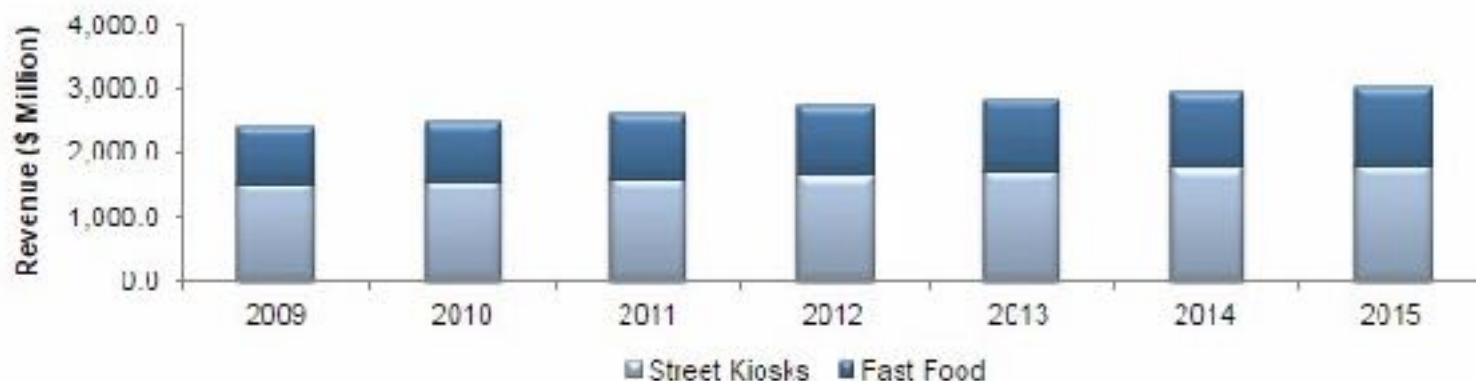
Source: Frost & Sullivan

Malaysia Mega Trends—Gen-Y

Changing social dynamics and an increased culture of socialising for business and pleasure are driving demand for fast food.

- As Gen-Y becomes increasingly Westernised, the focus on socialising and networking in order to be successful is growing.
- Food and drink are considered basic requirements in this form of socialising, which typically involves out-of-home consumption of fast food or Westernised food, which is seen as a sign of international exposure.
- Among students, the self-service kiosks and street vendors that are open 24/7 are major areas of gathering due to their low costs and long opening hours, which provide a popular area for post-party get-togethers. The rising consumption of both local and international fast food is apparent by the growth rate of these industries.

F&D Market: Fast Food | Historical Revenue, Malaysia, 2009–2015



Source: Frost & Sullivan

9AB8-88

FROST & SULLIVAN

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Halal Industry
Development Corporation

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Hotline : 1800 - 880 - 555 (within Malaysia)
+603 7965 5400 (outside Malaysia)

Thank you

www.hdcglobal.com

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II Speaker's bio

Name: Philippe Girard-Foley

Firm: GIRARD-FOLEY & Associates

Location: Kuala Lumpur, Malaysia

Email: philippe@girard-foley.asia



Over a continuous presence of more than 25 years, Philippe Girard-Foley has helped many European companies protect and defend their IP rights and establish a successful business in Asia, through direct investment, partnership, distributorship, agency, franchising or otherwise. He is a regular speaker at events focusing on ASEAN matters, and has authored several publications on ASEAN IP laws including the chapters on Malaysia, Indonesia and Vietnam of 'Intellectual Property Rights - Acquisition, Scope and Enforcement' for the EU program Asia Invest.

Philippe Girard-Foley has received both a civil law and common law education (Paris Sorbonne, Paris Institute of Political Sciences 'Sciences Po', University of Pennsylvania Law School, CIArb London) and is a member of the Paris Bar from France as well as an associate member of the Victoria Law Institute from Australia. Philippe joined South East Asia IPR SME Helpdesk network in 2013.



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IP AND HALAL – A MALAYSIAN PERSPECTIVE

From an intellectual property point of view, “**Halal**” is first and foremost a qualification i.e. a guarantee that a product presented as such meets the requirements set forth by islamic law.

- Halal, as a **word** or embodied in a **logo**, is then regarded as a **trademark**, more precisely a **certification mark**, a sub-category of collective marks.
- The halal quality of foodstuff can also be protected through a **patent** such as one relating to macronutrients. hydrolysis process or gelatin which meets halal requirements.



THE INTERNATIONAL VIEW

FAO (Food and Agriculture Organization of the United Nations)

- “the halal logo is becoming a trusted **quality sign** for purchasing agrifood products that are certified as lawful under Islamic law” (*A practical manual for producers and exporters from Asia*)
- "Halal certificates" are granted by approved Islamic centres to facilities that are inspected, registered, and supervised by certified inspectors (*id.*).

HALAL
CERTIFICATES
CAN ACT AS A
SIGN OF
QUALITY



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CODEX ALIMENTARIUS I

The Codex Alimentarius - joint programme of the Food and Agriculture Organization (FAO) and World Health Organization (WHO) to develop food standards has issued “**General Guidelines**” on food labelling with regard to the use of the word **Halal** in trade marks, brand names and business names.

The Guidelines state:

- they are subject to the interpretation of the importing countries however, the certificates granted by the religious authority of the exporting country should be accepted by the importing country
- they apply to the use of the term halal and equivalent terms in claims as defined in the Codex General Standard for the Labelling of Prepackaged Foods



CODEX ALIMENTARIUS II

The **General Guidelines** define “**Halal Food**” as “food permitted under the Islamic laws” and which fulfill certain conditions listed in the document, provided that the Codex Alimentarius Commission “accepts that there may be minor differences in opinion in the interpretation of lawful and unlawful animals and in the slaughter act, according to the different Islamic Schools of Thoughts”

For European companies, this means that foodstuff prepared in Europe in accordance with the rules of halal should be, in principle, eligible for export to Malaysia.

NOTE - Halal compliance does not mean diverting from other international standards. Halal requirements only add to the standards such as Good Hygienic Practices (GHP), Good Manufacturing Practices (GMP) and other food safety standards.

In Malaysia, Halal food must comply with general food legislation such as the Food Act 1983 (Act 281), Food Regulations 1985 and Food Hygiene Regulations 2009.



AN INTERNATIONAL RECOGNITION OF THE LEADING ROLE OF MALAYSIA

- **FAO**

“Halal requirements differ slightly from country to country, but Malaysian halal certification is increasingly becoming an international benchmark for good Islamic practice”

- **WIPO (World Intellectual Property Organization)**

The only reference in WIPO to Halal is about Malaysia and more precisely the Trade Descriptions (Use of Expression “Halal”) Order, 1975.

- **CODEX ALIMENTARIUS**

It is a well-known fact that the guidelines used by JAKIM, the Department of Islamic Development of Malaysia, have been relied on by the Codex Alimentarius Commission for the definition of Halal food standards. (“the Commission”).



MALAYSIA



HALAL FOOD STANDARDS IN MALAYSIA



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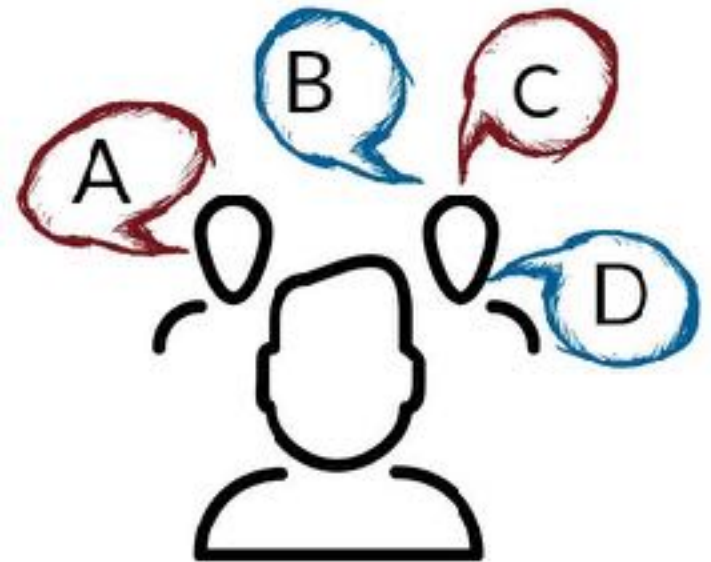


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POLL QUESTION #3

- **Have you ever claimed a Halal certification from Malaysia for your products?**
 - a) Yes, I have granted a certification
 - b) Yes, but I was not granted a certification
 - c) I am about to claim a certification
 - d) No, I have not



THE LEGAL DEFINITION OF HALAL

Unlike many countries, **Malaysia has a legal definition of Halal.**

This is contained in the **Trade Descriptions Order:**

“When used in relation to food in any form whatsoever in the course of trade or business as or as part of, a trade description applied to the food, the expressions “Halal”, “Di-tanggung Halal” or “Makanan Islam” or any other expression indicating or likely to be understood as indicating that Muslims are permitted by their religion to consume such food such expression shall have the following meaning, that is to say the food in relation to which such expression or expressions are used”—

Even though it is a Muslim country, Malaysia has established a unique distinction between the State and the religious approach to Halal: “as indicating that Muslims are permitted by their religion”

This is key to the preeminence of Malaysia as the country that sets the worldwide standard for Halal.



STATE SUPPORT AND ADMINISTRATION OF THE PROCESS

For European exporters to Malaysia it is important to know that:

- **JAKIM** (“Committee on Evaluation of Food, Drinks and Goods utilised by Muslims”) has the authority to issue Halal certification for the national and international markets and JAIN certifies Halal products and services for the domestic market.
- Neither JAKIM nor JAIN (Islamic Religious Departments) handles Halal certification for products manufactured outside Malaysia but certification may be obtained from a foreign Islamic body appointed by JAKIM according to its own specifications under the “Guidelines” (the “Guidelines on the Appointment of Foreign Islamic Organisation as Halal Certification Body for Products to be Exported to Malaysia”).



THE CERTIFICATION PROCESS I

Malaysian certification process relies on religious authorities but also on governmental authorities.

The procedure is set up very clearly in the “Manual Procedure for Malaysia Halal Certification (Third Revision) 2014 (MPPHM 2014)” and “Circular on Halal Certification Malaysia Number 2, 2014” which provides guidance on its enforcement.



Important to know for European companies considering their access to the Malaysian Halal market is that: there exists in a publicly available document a clear and precise definition of what is “halal” according to Malaysian standards; and



THE CERTIFICATION PROCESS II

- they can claim the Halal certification for their products which meet the Halal requirements provided that they comply with the labelling requirements which include the name of the product, the net content in metric measurement, the list of ingredients, the coding number with date and/or production batch number and expiry date.
- also included as compulsory on the label are the name and address of the manufacturer, importer and/or distributor and its trademark and the Malaysia Halal logo.
- which means that European producers through their legal and accredited importer/distributor can legally mention their name, trademark, and affix the **Malaysian Halal Logo** on their products which meet the requirement of the Guidelines.

Q&A Session

Please type in your questions using the question box on your screen. Indicate whether your question is addressed to:

Ms. Norhariti Jalil, Vice President of Halal Industry Development Corporation (HDC)

Mr. Philippe Girard-Foley, South-East Asia IPR SME Helpdesk IP Expert

Q & A

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The South-East Asia IPR SME Helpdesk and EU-Malaysia Chamber of Commerce and Industry provide free, confidential, business-focused advice to European Small and Medium Enterprises (SMEs).

For any IPR related issues:

Contact question@southeastasia-iprhelpdesk.eu to learn about any aspect of intellectual property rights in Vietnam or elsewhere in South East Asia, including

- ✓ Local partners
- ✓ Due diligence
- ✓ IP audits
- ✓ Or to simply learn about the local landscape and adapt your IP plan accordingly - something which can save you EUR in the long term

For any business support:

Drop an eMail to Johannes@eumcci.com including your company profile and your specific question.

- ✓ Enquiry Helpdesk free-of-charge
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- ✓ Complementary market reports
- ✓ Identify your potential in the Malaysian market
- ✓ Get first hand personalized service