Control of Ḥalāl Food Chains

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Introduction

The consumption of ḥalāl (lawful) and ṭayyib (wholesome) food is an obligation for Muslims.¹ Today, the food we eat consists of ingredients and additives that come from all over the world. The result is that even simple food products like bread are the result of complex international halāl food supply chains. Next to the many food scares,² which also expose halāl food chains, fraud with halāl labels is rampant in both Muslim and non-Muslim countries.³ In fact halāl food supply chains are vulnerable due to their credence quality attributes,⁴ importance of maintaining halāl integrity throughout the supply chain,⁵ - obligation to avoid doubt in halāl food,⁶ lack of control of halāl food norms,⁷ and sensitivity of the Muslim consumer towards halāl.⁸ From my PhD research it follows that from a sharīʿah point of view the management of halāl food supply chains is important in order to extend the halāl integrity from source to the point of consumer purchase.⁹ However, an important question is: who controls halāl food chains today?

Halāl foods standards, like Malaysia’s halāl standard MS 1500:2009 prescribe the slaughtering, processing and handling of halāl food.¹⁰ The Muslim has an important role during the slaughtering process, while his role is less critical in other parts of the halāl supply chain. Although perhaps less critical, the other parts of the supply chain like farming; food manufacturing; commodity trading; logistics and restaurant, hotels and retail chains are dominated by non-Muslim countries and businesses. It is evident that Muslim countries and companies have a limited role in the halāl food value chain.

This viewpoint presents an issue analysis on the control of halāl food chains. It discusses the current situation, the importance of control of halāl food chains and complications in halāl food chains as well as recommendations for a new paradigm in the control of ḥalāl food chains.

The Complexity of Ḥalāl Food Chains

Situation

The control of supply chains is the foundation for decision-making and management of supply chains.¹¹ It has been defined as the organisation, planning and control

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of goods flows, from the development and the purchasing, via manufacturing and distribution to the end-customer with the aim to satisfy the needs of customers at low cost and with controlled use of capital. Among others, important elements in logistics control are, according to Vorst, hierarchy in decision levels, type of decision-making, positions of the customer order decoupling point and level of coordination. According to Seuring and Peterson, an integrated supply chain can only be optimised when the chain participants function together to improve the overall supply chain. Coordination, so-called regulatory coordination as *halāl* comes with standards, is important in supply chains to meet the requirements of the customer or destination market. The requirements of the Muslim markets are diverse because of the different Islamic schools of thought, local *fatwās* and local customs. For example, there are different interpretations with regard to the slaughtering process in terms of the acceptance of machine slaughtering and stunning, but also regarding the need for ritual cleansing. However, the commonalities and differences in *halāl* food requirements have not been agreed upon. This lack of consensus by the Muslim world and fragmentation of *halāl* standards makes *halāl* not only difficult to be understood by the most important suppliers of *halāl* products to the Muslim world, namely the non-Muslim countries, but also gives room for the non-Muslim countries to define what is *halāl*, as industries in non-Muslim countries are able to choose and therefore define their own *halāl* standard. The result is that there is no effective control of *halāl* food chains, and the future availability and access to the required diverse range of *halāl* foods is not well secured.

**Complications**

Global agriculture produce, ranging from meat and dairy, to grains, vegetables and fruits is to a large extent supplied by farms from Europe, Australia and New Zealand, and the Americas. With the exception of maybe Indonesia, most Muslim countries are net-importers of agriculture produce. Therefore Muslim countries are very much dependent on the supply of their food resources from non-Muslim countries, and consequently their food security should be a great concern. As most food ingredients and additives companies are located near these farming clusters, the production of food ingredients and additives is concentrated in these countries.

Today many ingredients and additives have components that are of animal origin. For *halāl* food, this immediately leads to *halāl* issues, in terms of what animal (from *halāl* livestock?), what part of the animal (meat, bone, hair, etc.), what method of slaughtering (*halāl* slaughtered, machine slaughtered, stunned), what type of *halāl* certification, and so on. Although commodity markets facilitate the supply and demand of agriculture commodities, only a fraction of the supply has been *halāl* certified. With an enormous increase of *halāl* certified food manufacturers all over the world, the demand for *halāl* certified raw materials, ingredients and additives has
grown faster than the supply can cope with. This leads to major challenges for *halāl* certified producers in sourcing the required *halāl* certified raw materials, ingredients and additives, with often higher prices. The supply of *halāl* certified ingredients and additives is a definite bottleneck for the food industry in increasing the production of *halāl* food for the world.

Although the *halāl* requirements for food are an important factor in the life of a Muslim, it has not been translated into a dominant role by the Muslim world in the *halal* food value chain in order to protect availability and access to *halāl* food. Although it can be argued that the Muslim world does not have a competitive advantage for many agriculture products owing to their geographic locations, there have been too few attempts to extend the role of Muslim countries in the *halal* food value chain.

The core question then is how to control *halāl* food supply chains to protect the future availability and access to *halāl* food.

### Recommendations

Muslim countries need to expand their role in the *halāl* food value chain. This should be done in four ways:

- invest in relieving critical bottlenecks,
- establish *halāl* parks,
- develop a *halāl* supply chain orchestrator (HSCO) and
- better protect *halāl* in non-Muslim countries.

Urgent investments are needed to develop capacity in the *halāl* food supply chain to address the most critical bottlenecks in the *halāl* food supply chain, namely in the production of *halāl*-certified food ingredients and additives. Islamic banks should play a key role in financing these projects together with the industry.

*Halāl* parks are an effective instrument in clustering a big part of a *halāl* value chain geographically in a country. Next to clustering advantages (like shortening the supply chain, cost reductions, innovation, etc.), they can create a strong supply base of *halāl* food products and enable enforcing a common *halāl* standard in a *halāl* park. Malaysia through its *Halāl* Industry Development Corporation (HSCO) has been an active promoter of *halāl* parks inside and outside Malaysia under its Halmass\(^1\) accreditation program.

An HSCO, championed by a Muslim country, could provide a key role in the authentication of *halāl*, market access and a cost advantage for the *halāl* industry.\(^2\) The HSCOs assist in the management of global *halāl* supply chains according to the specifications of the various Muslim markets and ensure that the integrity is
maintained through a global *ḥalāl* network, stringent logistics standards, *ḥalāl* certification database and *ḥalāl* compliance checks on product-origin-destination. An HSCO provides horizontal alignment through making use of common *ḥalāl* distribution centres in key gateways, consolidation of transportation, and use of innovative logistics concepts like a *ḥalāl* cargo box.

Non-Muslim countries and industries need clear guidelines on *ḥalāl*. Therefore consensus is needed by the Muslim world on commonalities and differences among the different *ḥalāl* food requirements. This agreement should lead to coding of the different *ḥalāl* specifications, which both industry and the consumer can recognise. As consensus is a long process, protection of *ḥalāl* is needed in non-Muslim countries. Although many non-Muslim countries do not protect *ḥalāl* by law, as shown by Popovsky,20 *ḥalāl* disclosure laws, under which a vendor who claims that a product is *ḥalāl* needs to show the basis of the claim, could be a good first step in this direction.

**Notes**


