

The Factors of Deficiencies of Imported Halal Meat in Malaysia: A Proposed Model of Halal Meat Importer

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Abstract

The importation of halal meat in Malaysia is becoming a subject of growing interest among various stakeholders, both within the country and abroad. Malaysia is one of the largest halal meat importers in ASEAN for its meat needs for domestic consumption. In light of the various problems that have emerged with imported meat in recent years, it is necessary to do a thorough investigation to uncover any deficiencies in the procedures for importing halal meat into Malaysia and suggest potential enhancements. This study aims to create a robust and enduring model for importing halal meat. An essential aspect of the meat import sector is a halal meat importer model, which serves as a standard for exemplary practices among meat importers. This model ensures adherence to halal standards and offers advantages to customers and the domestic food industry.

Keywords: Halal Meat Issue in Malaysia, Halal Meat Malaysia, Halal Meat Importer, Meat Cartel

Introduction

The issues surrounding the import of halal meat in Malaysia are increasingly raising awareness among various parties both domestically and internationally. Approximately 90 percent of beef and 79 percent of mutton of Malaysia's meat needs are imported for local consumption (Fatimah:2022). Due to the occurrence of several issues related to imported meat in recent years, a more comprehensive study has to be conducted to identify any weaknesses in the practice of importing halal meat to Malaysia and propose improvements. This based on an initial research regarding issues surrounding imported halal meat into Malaysia by using interview and literature studies. The objective of this study is to develop a sustainable and capable approach for importing halal meat. The model of importing halal meat is crucial in establishing a benchmark for good practices in meat importation and ensuring benefits for consumers and the country's food industry.

Objective

Analysing the practice of importing halal meat in Malaysia.

Identifying the issues regarding the importation of halal meat in Malaysia.

To propose model of halal meat importer that complying necessary requirements.

Problem Statement

The issue of the Meat Cartel arises after a raid was conducted on a warehouse storing illegally imported meat in large quantities in December 2020. The raid revealed that over 1500 metric tonnes of imported frozen meat had been smuggled into the country and stored in the warehouse. In addition, the raid also discovered the occurrence of repackaging activities, packaging counterfeiting, documents, and labels in the warehouse. The frozen meat is confirmed to be imported from China, Ukraine, Brazil, and Argentina. According to the list of government-recognized slaughterhouses on the MAFI website, out of the four countries mentioned, only Brazil and Argentina have certified slaughterhouses involved in meat production. Based on reports from the media, authorities' briefings, and academic writings, the author concludes that there are several deficiencies and weaknesses in the process of importing halal meat to Malaysia, leading to the occurrence of the meat cartel case in Senai in December 2020. Below are the details:

Legal Void

The raid on the warehouse in Senai in December 2020 was a coordinated operation by many government enforcement agencies. The agencies involved in the raid are MAQIS, KPDNHEP, JAIJ, JAKIM, Royal Malaysian Customs Department, and MACC. This integrated operation occurs due to the differences in legal aspects and jurisdiction in these agencies. However, in the case of imported meat, MAQIS has special authority as this agency regulates and enforces agricultural product regulations at the country's entry points. The jurisdiction of MAQIS, as stated in Act 728, is limited to only entry points, quarantine stations, and authorised quarantine premises. After passing through the port area, the enforcement jurisdiction falls under the authority of KPDNHEP.

According to MAQIS, Act 728 has proposed amendments to the Attorney General's Office and needs to be brought before Parliament for discussion and approval. Hence, the amendment of this legislation needs to be expedited, and all support for the enforcement of the law is crucial in the effort to prevent such cases from occurring in the future.

In addition, the issue of counterfeiting the logo of foreign certification bodies for halal products should also be examined from a legal perspective. This can be achieved by mandating the registration of halal logos with the Intellectual Property Corporation, enabling legal action to be taken against those who counterfeit foreign halal logos.

Weaknesses in Enforcement and Documentation Management

This meat cartel has exposed weaknesses in the enforcement capabilities of the enforcement agency. The enforcement jurisdiction of MAQIS is limited to entry points, quarantine stations, and quarantine premises, allowing importers to use warehouses located outside MAQIS jurisdiction. The KPDNHEP enforcement agency also has limited access to information on the storage warehouse of meat importers. The DVS is responsible for verifying the source of the meat by conducting laboratory analysis. JAKIM is only involved in the verification of halal

certification for slaughterhouses and foreign halal certification bodies at the early stage of the meat importation process. The port police are also seen as failing to monitor suspicious activities at the country's entry points, allowing smuggling activities to bypass port area controls and ultimately into the domestic market. This scenario provides an overview of the weaknesses that need to be examined in order to enhance the continuous improvement efforts.

In addition, the management of documentation is seen as successful in identifying genuine and counterfeit documents. Incidents involving imported meat have revealed the occurrence of document forgery to deceive authorities. This can be examined through research on the operations of freight agents both domestically and internationally, who manage import and export documents as well as import certification documents for halal meat.

The Weaknesses of Police Agencies at Entry Points and Integrity among Personnel

The weakness of the police referred to this is the lack of integrity and anti-corruption policies practiced by the agencies involved in the importation of halal meat. An example of commendable action is the development of the 2020-2022 anti-corruption plan by MAQIS, based on the National Anti-Corruption Plan (NACP). However, the occurrence of meat smuggling from the port to the warehouse in Senai indicates a deficiency in the implementation and enforcement aspects. In addition to the practice of giving and accepting bribes, there are weaknesses in terms of standard operating procedures (SOP) that nevertheless allow for the passage of goods out of the port.

Involvement of Foreign Workers in the Warehousing Sector

The involvement of foreign workers in many sectors of the country's industries is not a new or unfamiliar phenomenon. However, the involvement of foreign workers without systematic monitoring provides an opportunity for certain parties to engage in unlawful activities. The raid on the imported meat warehouse in Senai revealed that the involved company utilised foreign labour in the repackaging process and falsification of documents.

Research Method

This research based on the interviews with relevant parties such as meat importing companies, Department of Veterinary Services (DVS), Malaysian Quarantine and Inspection Services (MAQIS), Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup (KPDN), Kementerian Kesihatan Malaysia (KKM), Jabatan Kemajuan Islam Malaysia (JAKIM), Majlis Agama Islam Negeri Johor (MAINJ), and Jabatan Wakaf, Zakat dan Haji (JAWHAR). This interview is crucial for obtaining feedback and necessary information to ensure the achievement of the objectives of developing the halal meat import model.

Scope of Research

The researcher is focusing the proposed halal meat importer model which not complying the requirements of halal importer, but also fulfilling the requirement of quality management, wakaf and halal supply chain. This is important to ensure the halal importer not only supply the meat but how wakaf and halal supply chain functionalise sustainability of halal meat in the country.

Model Plan for Importing Halal Meat Proposed To Main

The author suggests a halal meat importation model to the Majlis Agama Islam Negeri to accomplish the study's purpose, requesting financing and infrastructure to actualize this proposal. The halal meat importer model consists of four programs that ensure compliance with import rules, management quality, a business consortium, and maintaining relationships with stakeholders and customers. Below is a detailed overview of each strategy.

Adherence to Import Procedures

The primary criterion for meat-importing enterprises to obtain approval from the authorities in Malaysia and the exporting countries is strict compliance with import regulations. The processes developed by DVS, JAKIM, and KKM require attention. The import technique is outlined in the import procedures as below.

Table 1

Compliance with Import Procedures

No.	Importation Procedures	Remarks
1.	Questionnaire & Risk Assessment of Exporting Countries	Company, DVS and MAIN
2.	Import Protocol Development	Company, DVS and MAIN
3.	Inspection of Farms/ Abattoirs/ Processing Plants	Company, MAIN, DVS, JAKIM, KKM
4.	Certificate letter to exporting country	Company and DVS
5.	Registration of Malaysian importers	Company and DVS
6.	Import permit application	Company and DVS
7.	Halal Logistics (Warehouse and Transportation)	Company, JAKIM/JAIN

Quality Management

Ensuring high management quality is crucial to ensure that all of the company's activities and endeavours are well-organised and systematic. Aside from the need of being registered as a Sole Proprietorship, the company must also have a strategic plan to acquire ISO 9001:2015, MS1500:2009, MS2400:2019, GMP, and HACCP certifications within a few years of initiating the planning process. Furthermore, it is important to consider elements of integrity, such as the implementation of anti-corruption policy (ISO 37001), the practice of kaizen, the application of 5S methodology, and other essential parts of quality management that are crucial for long-term success. The researcher also look to the potential of Wakaf as an instrument to develop the quality of halal meat importer management.

To be eligible for an Approved Permit (AP), an importing company must possess a starting capital of RM100,000.00, a frozen warehousing facility, transportation trucks, and an adequate number of personnel to manage its activities. The quality management that proposed as diagram below:

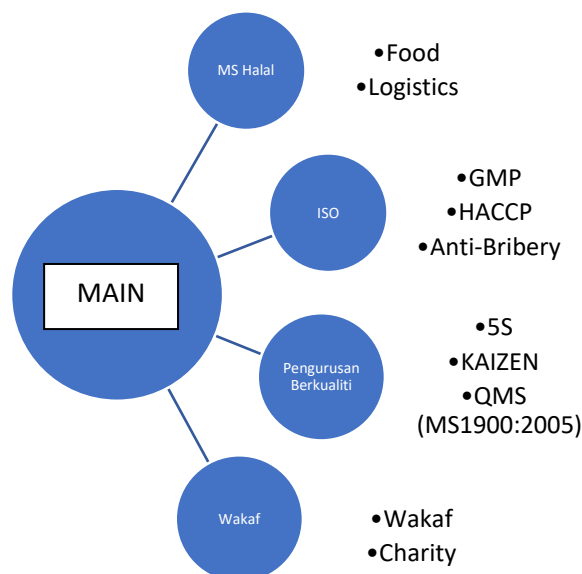


Diagram Plan 2: Quality Management

Business Consortium and Supply Chain

Importing companies, as business entities, must engage in careful and detailed preparation to ensure that imported meat successfully enters the market and can effectively compete with established brands.

It is recommended that the importing company establish a business network with distributors and major retailers in the country in order to effectively promote the imported meat in accordance with the company's quotas and strategies. Hence, it is imperative for the company's CEO to formulate an all-encompassing marketing strategy for both the immediate and distant future, ensuring the sustainability and progressive expansion of the meat marketing network within the market.

To ensure uninterrupted distribution of imported meat in the supply chain, MAIN, with specific jurisdiction, can form subsidiary firms that utilise imported meat as their primary raw material for manufacturing their products and services. Importing companies primarily serve the manufacturing industry, as well as wholesalers and retailers.

Importing companies may also consider the option of re-exporting meats to the ASEAN market or setting up subsidiaries to expand their range of meat-based products. The purpose of this is to optimise the development of the meat distribution and marketing chain, resulting in a more strategic approach that enhances the value of the product and increases the company's profitability. The business consortium and supply chain proposed as diagram below:

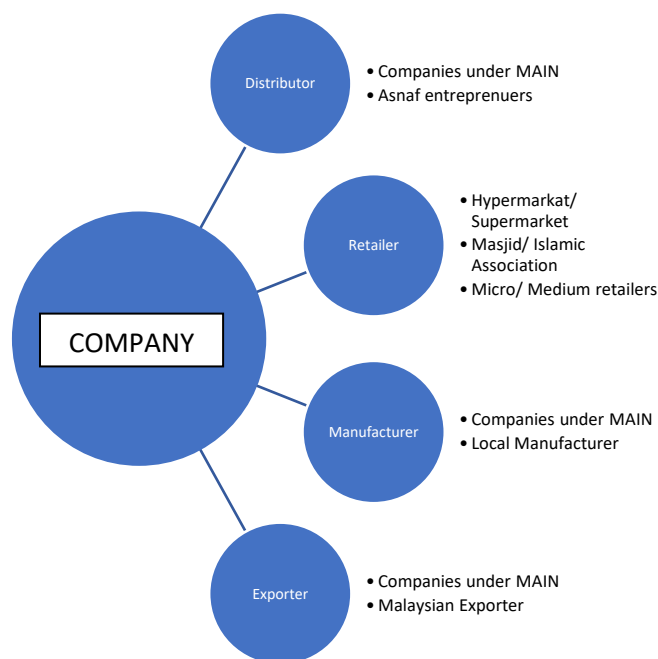


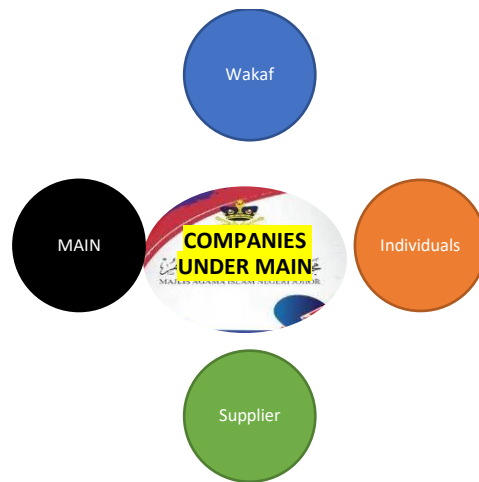
Diagram Plan 3: Business consortium and supply chain

Stakeholder and Customer Relations

The company must consider its relationships with stakeholders such as MAIN, state and central government agencies, associated GLCs, the private sector, and the consumer community. This guarantees that stakeholders will prioritise providing ongoing attention, improved chances, and long-term expansion for existing enterprises.

Furthermore, MAIN can leverage the pre-existing networks within the state's Islamic religious administration, such as asnaf entrepreneurs, mosques and suraus, zakat asnafs, waqfs, and similar entities, to enhance the growth and functioning of firms under the supervision of MAIN. In order to guarantee the long-term viability of this company, the stakeholders of the company can use the use of the MAIN framework: Shareholders: WAKAF holding will be split using a ratio of 50%: 25%: 25%. Waqf ownership is a type of sustainable partnership ownership where ownership is not limited to companies and individuals, but is also shared by the waqfs. The proposed stakeholder and customer relations as diagram below:

Diagram Plan 4: Stakeholders and customer relations



Conclusion

In order to ensure the integrity of the halal meat import process into Malaysia and enhance public confidence in imported meat in the country's market, Halal meat players could take the responsibility to comply the model as proposed to ensure the halal meat is fulfil halal, safety and integrity. Furthermore, this import model can serve as a benchmark to ensure that quality management, integrity, and best practices can be implemented in company operations. Therefore, the researchers hope that this investigation can be expanded and implemented in a tangible form with the support of the government and stakeholders.

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