

Positioning Halal Industry As The New Catalyst for Malaysia's Economic Impact On Foreign Countries.

Ahmad Badri Abdullah*

Halal is an Islamic legal classification, which generally denotes the type of options permissible to Muslims. Previously it was used to describe meat products, which have been prepared with specific guidelines. However, current developments exhibit *halal* industry in a much broader scope as it encompasses a wide range of commodities that contain animal byproducts including cosmetics and pharmaceuticals.

Recent developments have lent clarity on the rapid growth of *halal* industry as a mainstream phenomenon attracting diverse range of religious groups and commercial organisations. It is currently valued around USD 2.3 trillion. Scholars have suggested that these developments have created a good opportunity for Malaysia to work on a 'post-liberal *halal* strategy' by targeting the segments of economy and society in selected locations world-wide where Muslims are the minority or a narrow majority population. The failure of some modern nation states to cater for the demands from the outsider groups within their communities has given rise to the transnational form of governance, whereby Malaysia as a leading country in *halal* industry could play significant role in developing a new global force in the pursuit of gaining socio-economic benefits.

By referring to repeated wars and economic crises in the 1990s and 2000s, it is evident now that neither the liberalism nor neo-liberal ideology has led to a sustained economic recovery or favoured democratic consolidation. Instead, both the economy and democracy have undergone a period of unprecedented volatility that culminated in the global crash of 2008 and 2009. Amid the current decline of global financial institutions, a distinctly post-liberal politics is coming to the fore. Adrian Pabst elucidates that politically, post-liberalism advocates pluralising the state by finding the balance within the network of relations between government, parliament, courts and civil societies as well as by delegating power to regional, local, communal levels as well as wider global institutions. Economically, it proclaims for the opening of markets that shifts the emphasis from short-term profits and pure price competition towards longer-term, sustainable profitability and quality-based competition in the pursuit of a wider social benefits.

John Lever explicates the emerging force of post-liberalism as a response to the crisis of multiculturalism at the heart of globalisation has given the best opportunity to Malaysia to map out its own 'post-liberal *halal* economic strategy' by appealing to the challenges and experiences of the Muslims minorities in European countries as well as the other part of the globe. The post-liberal aggregate does not imply that the edifice of modern nation-state totally disappears, however it somehow ceases to adequately

represent itself. This may well be due to the attempt taken by certain parts of the state to participate in the broader social clusters. These clusters might involve trade unions, local business companies, transnational companies, non-governmental-organisations, or international governments. This very process is currently visible within ambit of the international *halal* market.

Nevertheless, post-liberalism feeds transnationalism by providing new form of 'hegemony' within the transnational sphere so as to offer solutions for the long-standing crises in the global society.

In recent decades, Malaysia has been adopting a double-edge economic strategy to posit itself at the focal point in the international *halal* economy; i) to develop the country as a global *halal* hub through the expansion of the state-led certification apparatus, and ii) the involvement in the process of developing the global *halal* standard for the 57 countries within the Organisation of Islamic Cooperation (OIC). For Lever, the former step is more crucial to Malaysia for its post-liberal economic ambitions could be materialised. This measure has incorporated a number of mega projects and events such as the first Malaysian International *Halal* Showcase (MIHAS) in 2004, the establishment of the *Halal* Industry Development Corporation (HDC) in 2006, as well as the partnership of the state religious apparatus, which is represented by the Malaysian Department of Islamic Development (JAKIM), with Nestle, the giant Swiss food producer.

The abovementioned strategies have allowed Malaysia to draw into the international *halal* market as a new 'hegemonic' force within the transnational sphere. This global drive manifests itself in two major forms of foreign economic influences and being the reference on *halal* certification. For instance, the plan to establish a link between the *halal* designated Port Klang Free Trade Zone with the *halal* designated Port of Rotterdam, Netherland is to enhance the Malaysia's economic influence in Europe. In term of certification, the National *Halal* Food Group (NHFG) for instance has received an award by the Malaysian Chamber of Commerce for introducing *halal* certificates into the mainstream supermarkets in the United Kingdom. Parallel situations are also evident in current development in France and Germany. Quite recently, an agreement has been achieved by the Malaysian Port Klang Free Trade Zone with the *halal* companies in Ningxia, China. Through this cooperation, China-Malaysia *Halal* E-commercial Center and International *Halal* Certificate Service Center will be established in Ningxia. This will definitely widen the Malaysia's sphere of influence to the largest *halal* food exporter within Asia.

These influences have eventually culminated into the development of new cultures of consumption and the identity claims by Muslim communities across countries. Johan Fisher concludes that Malaysia's attempt of becoming the leading player within the global *halal* industry has developed the *halal* sensibilities across urban spaces throughout the globe.

An elementary instance of this *halal* benchmark 'hegemony' could be identified in the polemic of animal stunning before slaughter. From 2008, Malaysia has been actively involved in the partnership with the OIC to develop the International *halal* standard whereby within decades both entities were totally against the stunning procedure. In 2010, the OIC's Islamic Fiqh Academy in Jeddah surprisingly announced the permissibility of such measure. This opinion has however been reluctantly followed by Malaysia's certification regime. Even though it does accommodate the pre-slaughtering stunning procedures, the measure is not taken without some strict conditions. Interestingly, the National *Halal* Food Group (NHFG) in the UK, who managed to obtain recognition from its Malaysian counterpart, issues the *halal* certificates only to specialist stores whereby non-stunned meats are off the shelves.

Despite *halal* food, Malaysia has currently developed the internationally recognised standard for other type of products ranging from pharmaceuticals, vitamins, toiletries, to nutrients and oils. This will allow for further promotion of *halal* as an inclusive global concept by which the Malaysia's global influence, rendered by the post-liberal political surrounding, might be considerably enhanced.

Furthermore, as Jonathan A.J. Wilson suggests, Islamic finance should also be viewed as a part and parcel of the *halal* industry, namely, *halal* finance. Nonetheless, he argues whilst the *halal* commodities need to satisfy 100 percent of *halal* requirements so as to be granted with a *halal* logo, the current situation of Islamic banking and finance services are substantially different. In order to overcome this predicament, he suggests that Islamic finance should be taking the lead in the *halal* industry. The convergence of Islamic finance services and *halal* markets will turn out to be people-driven or people-centric economic catalysts. This is possible, Rushdi Siddiqi contends, as the former is looking for compliant opportunities and the latter is looking for compliant financing. Thereby, the role of ethics could be enhanced within the Islamic financial institutions through the support of *halal* local businesses especially in providing the alternative financial assistance for them to export to the emerging Muslim world markets. As a result of this convergence, non-Muslim countries with the Muslim minority populations ranging from United Kingdom, Singapore, Hong Kong, Luxembourg, France and Australia, that are now hubs for Islamic finance services, could possibly emerge as the new hubs for *halal* industry as well. Malaysia with its credible reputations within these two important economic sectors along with its existing 'hegemonic' influence within the new post-liberal contexts, might be able to play a vital role to achieve the intended convergence of the various branches of *halal* industry.

* Ahmad Badri bin Abdullah is Research Fellow at IAIS Malaysia, with a focus on *maqasid al-shari'ah* (the higher objective of Shari'ah), *usul al-fiqh*, and contemporary Islamic jurisprudence discourse, particularly in the subject of systems thinking and its application in Islamic philosophy of law. He also writes on the subject of Islamic banking and finance, halal studies, and the applied Islamic ethics.

After obtaining his degree in Shari'ah (UM), he was attached to the School of Humanities, USM and then Department of *Fiqh* and *Usul al-Fiqh*, Academy of Islamic Studies University Malaya as a graduate research assistant and a tutor. He taught various subjects in Shari'ah studies including the Introduction to Shari'ah Studies, *Fiqh al-Ikhtilaf* (The Art of Disagreement in Islam), *Fiqh al-Jinayah* (Islamic Criminal Jurisprudence), *'Urf* (custom), and *Maslahah* (public interest). He is also pursuing his PhD in the study of *maslahah* (public benefits), *maqasid al-shari'ah* and their relation to systems thinking.