Halal Industry in Malaysia: Challenges and Future Direction

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Abstract

For the past 15 years, the halal industry of Malaysia has charted promising developments contributed through two significant factors, namely continuous planned efforts made by the government; and a positive response from industry. Sustained efforts, encouragement as well as assistance from the government in supporting halal industry are effected through a multi-agency approach that manages the cooperation of 3 ministries as well as 3 main government agencies through legislation of laws as well as standards compliance codes, in addition to providing incentives and consultancy services to industry, as measures towards making Malaysia a halal hub at the global level. Constant steps taken by the government have transformed the mindset of industry towards *syariah* compliance through persistent efforts in improving compliance, product quality and quantity as well as halal services, to the extent that it has recorded an increased turnover and a wider trade market. This study analyses the question of to what extent is Malaysia a point of reference for halal initiatives in ASEAN. The research adapts qualitative methodology, and uses library analyses as well as secondary material as its essential references. The paper argues that government efforts plus positive acceptance from industry players have been very encouraging. Nevertheless, the critical future challenge for Malaysia is the competition and rivalry that come from other countries that have now begun to be seriously involved in halal industry as they become more aware of its immense economic potential as a new income generator.

**Keywords:** Halal industry, *syariah* compliance, ministries, government agencies

1. Introduction

Recognition of Malaysia as a major player in the halal food and services bench marking by Muslim and non-Muslim countries, has been widespread globally since the early 2000s. This is due to the fact that for the past 15 years, the halal industry ¹ of Malaysia has charted promising developments contributed through two significant factors, namely continuous planned efforts made by the government and a positive

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¹ The halal industry includes companies that are certified halal in that their products and methods meet the *syariah* compliance regulations, as well as those that offer halal services. This industry is not restricted to Muslim producers but also include non-Muslim producers.