JAPANESE HALAL FOOD PRODUCTION IN MALAYSIA: A PROSPECTIVE SURVEY

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Introduction

The Look East Policy1 was introduced by Dr. Mahathir Mohammad in 1982 by which Japan was made a role model of economic development which had led to the increase in Japanese investments into Malaysia, subsequently increasing the number of Japanese citizens residing in Malaysia. Following the economic-political stability in Malaysia, the inclusion of the Foreign Direct Investment (FDI)2 and large domestic capital in the socio-economic development sector; especially in the infrastructure and education sectors, as well as in the liberalization policy and the export promotion incentives during the 1980s; Malaysia in the early 1990s entered the ‘take-off’ stage in manufacturing, thus playing a key role in the nation’s industrialization process.

During the administration of Dr. Mahathir which lasted between July 1981 and October 2003, Japanese investments in Malaysia recorded a high increase in

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1 The first official announcement on the Look East Policy by Dr. Mahathir Mohamad was made on 8 February 1982 during the official launch of the MAJECA and JAMECA’s 5th Annual Conference in Hilton Hotel Kuala Lumpur. However, his first statement about the Look East Policy was already mentioned in December 1981. In his speech during the MAJECA-JAMECA Conference, he had complimented on the attitude and commitment of the Japanese workers who are committed in their tasks and were ready to continue working, as a basis to reach a well-developed economy. At the same time, he requested that the Malaysian people adopt the work ethics, ethical values of the Japanese society, loyalty, and other characteristics that are considered important elements in the development of a country. The objective of the Look East Policy is …To provide opportunities to learn and emulate from developing countries of the East in the effort to develop Malaysia. Matters deserving attention in relation to work ethic and values of Japanese are diligence and discipline in work, loyalty to the nation and to the organizations or business where the worker is employed, priority of group over individual interest, emphasis on productivity and high quality, upgrading efficiency, narrowing differentials and gaps between executives and workers, management systems which concentrate on long-term achievement and not solely on increases in dividends or staff incomes in the short term, and other factors which can contribute to progress, for our country.

2 Foreign direct investment is an international capital inflow process that is made by non-residents in the form of either individually or in corporations registered inside or outside a particular country. One form of this foreign investment is FDI, usually associated with investments by firms controlled by non-residents in a particular country. The main feature of FDI is its dominance in its business decisions that will be undertaken by the company with the objective of profit making until it maximizes the size of the firm. Generally, foreign investments contain two categories - direct investment and portfolio assets; including investments made by government corporations, private companies and individuals. On the other hand, portfolio asset is different from FDI, because this type of investment does not cause any control over the invested capital. Those involved in the portfolio investment will attempt to minimize any sort of risks. It is also a ‘floating fund’ which is a form of investment that is always made on a speculation basis that the capital can be moved from one place to another in order to make profit for the investors. This includes stock investments, bonds and others.