

**THE IMPLEMENTATION OF HALĀL LOGISTICS STANDARDS  
OF FOOD PRODUCTS IN BRUNEI DARUSSALAM:  
ISSUES AND CHALLENGES**

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An academic exercise submitted in partial fulfillment  
of the requirements for the degree of  
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**SUPERVISION**

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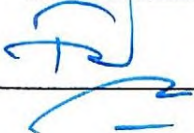
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## ABSTRACT

### THE IMPLEMENTATION OF ḤALĀL LOGISTICS STANDARDS OF FOOD PRODUCTS IN BRUNEI DARUSSALAM: ISSUES AND CHALLENGES

This exploratory research seeks to assess the implementation of Ḥalāl logistics standards, and its importance in the areas of Ḥalāl logistics. It also discusses the likely issues and challenges with the absence of the Ḥalāl logistics standards, and how the relevant parties play their roles in ensuring the Ḥalāl integrity of the food products in Brunei Darussalam. The Ḥalāl concept is not only linked to Ḥalāl food, but also Ḥalāl logistics. Ḥalāl is the way of life and it is of major concern, especially with regards to the production and consumption of food. Therefore, exploratory research was performed to understand how the Ḥalāl logistics of food products in Brunei Darussalam were performed from the perspectives of Brunei Wafirah Holdings and Ghanim International Food Corporation (Ghanim), and Halal Food Control Division, the issues and challenges faced, and the progress of the Ḥalāl logistics standard of Brunei Darussalam. A judgmental sampling procedure was used to conduct the interviews by choosing the best interviewees based on their areas of interests and more experienced. The qualitative data and information obtained were analysed using content analysis method. The findings explained how Ḥalāl logistics of food products and raw materials are performed by the Brunei Wafirah Holdings and Ghanim, and the Halal Food Control Division. Interview conducted on the Halal Industry Innovation Centre discussed the progress of the implementation of the Ḥalāl logistics standards of Brunei Darussalam. In conclusion, Ḥalāl logistics standard is important as it could benefit the whole society. However, the biggest challenge with Ḥalāl logistics standard is likely increased cost entailed, which is likely to be passed on to the consumer in terms of higher prices.

*Key words: Ḥalāl Logistics Standards, Ḥalāl Logistics*

## ABSTRAK

### PELAKSANAAN STANDARD LOGISTIK HALĀL BAGI PRODUK MAKANAN DI BRUNEI DARUSSALAM: ISU DAN CABARAN

Kajian eksploratori ini bertujuan untuk menilai tentang pelaksanaan standard logistik Halāl, dan kepentingannya dalam bidang logistik Halāl. Ianya juga membincangkan mengenai isu-isu dan cabaran-cabaran dengan ketiadaan standard logistik Halāl, dan bagaimana pihak berkaitan memainkan peranan mereka dalam memastikan integriti Halāl bagi produk makanan di Negara Brunei Darussalam. Konsep Halāl bukan sahaja berkaitan dengan makanan Halāl, tetapi juga logistik Halāl. Halāl adalah cara hidup dan ianya adalah perhatian utama, terutama bagi pengeluaran dan penggunaan makanan. Oleh itu, kajian eksploratori telah dijalankan untuk memahami bagaimana logistik Halāl bagi produk makanan di Negara Brunei Darussalam dijalankan daripada pelbagai perspektif Brunei Wafirah Holdings dan Ghanim International Food Corporation (Ghanim), dan Bahagian Kawalan Makanan Halal, isu-isu dan cabaran cabaran yang dihadapi, dan kemajuan terhadap standard logistik Halāl Negara Brunei Darussalam. Prosedur sampling pertimbangan telah digunakan untuk menjalankan temuduga dengan memilih yang terbaik untuk ditemuduga berdasarkan kepada bidang yang diminati dan lebih pengalaman. Data kualitatif dan informasi yang diperolehi telah dianalisis menggunakan kaedah analisis kandungan. Penemuan menjelaskan bagaimana logistik Halāl bagi produk makanan dan bahan-bahan mentah dijalankan oleh Brunei Wafirah Holdings dan Ghanim, dan Bahagian Kawalan Makanan Halal. Temuduga yang dijalankan ke atas Pusat Inovasi Industri Halal membincangkan mengenai kemajuan pelaksanaan standard logistik Halāl Negara Brunei Darussalam. Kesimpulannya, standard logistik Halāl adalah penting kerana ianya boleh memberi manfaat kepada seluruh masyarakat. Walau bagaimanapun, cabaran terbesar dengan standard logistik Halāl adalah penglibatan kos yang mungkin meningkat, yang mungkin akan disampaikan kepada pengguna dari segi harga yang tinggi.

*Kata Kunci: Standard Logistik Halāl, Logistik Halāl*

## الملخص البحث

تطبيق المعايير اللوجستية لمفهوم الحلال على المنتجات الغذائية في بروني دارالسلام:  
القضايا والتحديات

يهدف هذا البحث الاستكشافي إلى تقييم تطبيق المعايير اللوجستية لمفهوم "حلال"، وأهميته في مجال الحلال اللوجستية. ويناقش البحث كذلك القضايا، والتحديات المتوقعة في ظل غياب المعايير اللوجستية، ودور الأطراف المعنية في ضمان سلامة منتجات الأغذية الحلال في بروني دارالسلام. إن مفهوم الحلال لا يرتبط بالأغذية الحلال فحسب بل بلوجستياتها أيضاً. إن الحلال طبيعة الحياة؛ إذ هي تمثل أهمية كبرى خاصة بالنسبة لانتاج واستهلاك الغذاء. لذا فقد أُجري هذا البحث الاستكشافي لمعرفة أساليب الأداء اللوجستي لمنتجات الأغذية الحلال في بروني دارالسلام من منظور شركة وفيرة "هولدنغ" البروناوية، وهيئة غانم العالمية للغذاء، وقسم رقابة الحلال الغذائية، والقضايا والتحديات التي واجهته، وتطوير معايير اللوجستية في بروني دارالسلام. وقد تم استخدام الإجراء التقديري للعينة لإجراء المقابلات؛ وذلك باختيار أفضل المستجوبين على أساس مجالات رغباتهم وطول خبراتهم. وقد تم تحليل البيانات النوعية، والمعلومات الناتجة عن البحث باستخدام أسلوب تحليل المحتوى. أوضحت النتائج كيفية أداء الجانب اللوجستي لمنتجات حلال الغذائية ومواده الخام لكل من شركة وفيرة "هولدنغ" البروناوية وهيئة غانم العالمية، وقسم رقابة الغذاء الحلال. ناقشت المقابلة التي أُجريت عن مركز حلال للصناعة الابتكارية تطور تطبيق المعايير اللوجستية لحلال في بروني دارالسلام. في الختام، إن معيار اللوجستية لحلال شديد الأهمية لما يعود به من نافع على المجتمع كافة. إلا أن التحدي الأكبر لمعيار اللوجستية "حلال" من المحتمل أن تكون التكلفة العالية، والتي سوف يكون عبئاً على المستهلك من ناحية ارتفاع الأسعار.

الكلمات الرئيسية: المعايير اللوجستية لـ "حلال"، لوجستيات حلال



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## TRANSLITERATION

Arabic / الحروف العربية	Roman / الكتابة بالحروف الرومانية	Example / الأمثلة	Transliteration / الكتابة الحرفية
ب	B	شعبان / البقرة	Al-Baqarah / Sh'abān
ح	Ḥ / ḥ	حرام / حَلَالًا / حلال محمد	Ḥalāl / Ḥalālan / Ḥarām / Muḥammad
س	S	سُنَّة	Sunnah
ش	Sh	شعبان / شريعته	Sharī'ah / Sh'abān
ض	Ḍ / ḍ	الْقُرْضَاوِي	al-Qarḍāwī
ط	Ṭ / ṭ	طَيِّبًا	Ṭaiyyiban
ع	‘	الأعراف / الأنعام / شريعته شعبان /	Sharī'ah / Al- An'ām / Al-'Arāf / Sh'abān
ق	Q	الْقُرْضَاوِي / الْقُرْآن	al-Qurān / al-Qarḍāwī
هـ / ة	h	سُنَّة / الله	Allāh / Sunnah

## ABBREVIATION

2 <sup>nd</sup>	Second
Ans	Answer
Assoc.	Associate
BCC	Birmingham City Council
BCG	Brunei Certification Guideline
BND	Brunei Dollar
CEO	Chief Executive Officer
CSCMP	Council of Supply Chain Management Professionals
DNA	Deoxyribonucleic acid, molecule encoding genetic instructions for life
Dr.	Doctor (title)
DSS	Department of Scientific Services
EC	European Community
Ed.	Editor
ed.	Edition
e.g.	Example
E-mail	Electronic Mail
et.al	<i>et alia</i>
FSA	Food Standards Agency
GHP	Good Hygiene Practices
GMP	Good Manufacturing Practices
HIIC	Halal Industry Innovation Centre
HM	His Majesty
ibid	Short for <i>ibidem</i> , meaning “in the same place”
ICT	Information and Communication Technology
i.e	<i>id est</i> (that is)
ISO	International Standard of Organisation
IT	Information Technology
JAIS	Jabatan Agama Islam Selangor
JAKIM	Jabatan Kemajuan Islam Malaysia
Ltd.	Limited
MABIMS	Majlis Agama Brunei Indonesia Malaysia Singapura
MIB *	Melayu Islam Beraja
MIPR	Ministry of Industry and Primary Resources
MITRANS	Malaysia Institute of Transport
MoFAT	Ministry of Foreign Affairs and Trade
MoH	Ministry of Health
MOQ	Minimum Order Quantity
MoRA	Ministry of Religious Affairs
MoU	Memorandum of Understanding
n.a	No author
n.d	No date
No.	Number
NTUC	National Trades Union Congress
Op.cit	<i>opus citatum est</i> , meaning “the work cited”
p.	Page
PBD	Piawai Brunei Darussalam



PBUH	Peace Be Upon Him
pp.	Pages
Prof.	Professor
Pte.	Private
RFID	Radio Frequency Identification
RTB	Radio Televisyen Brunei
s.a.w	Şallallāhu ‘Alayhi Wa sallam
Sdn Bhd	Sendirian Berhad
SME	Small Medium Enterprise
SOP	Standard Operating Procedure
s.w.t	Subhānahu Wa Ta ‘ālā
U.K	United Kingdom
US\$	United States Dollar
U.S.A	United States of America
Vol.	Volume

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

Brunei Darussalam is a country which comes with the concept of the Malay Islamic Monarchy (*Melayu Islam Beraja*) as its national philosophy.<sup>1</sup> It has regained its independence from British rule in January 1984, and His Majesty, Sultan Haji Hassanal Bolkiah Mu'izzadin Waddaulah ibni Al-Marhum Sultan Haji Omar 'Ali Saifuddien Sa'adul Khairi Waddien (henceforth, His Majesty) defined the country as “*Negara Zikir*” in order to create the consciousness of the nation in the remembrance of Allah at all times, and to get the blessings and protections from Allah by all means.<sup>2</sup> Brunei Darussalam has a population of approximately 422,700, and it covers 67% of Muslims.<sup>3</sup>

Since the majority of Brunei population is Muslims, the Ḥalāl concept<sup>4</sup> is of major concern, especially with regards to the production and consumption of food. In addition, the Ḥalāl industry is emerging and the Ḥalāl market is currently worth US\$2.3 trillion. Meanwhile, the Ḥalāl industry is estimated to be worth US\$2.1 trillion annually when it enters the global market.<sup>5</sup> This has not only created the awareness among the Muslim consumers but also of the Ḥalāl industry itself worldwide. Currently, the Ḥalāl industry is estimated to have a value of US\$560 billion as a

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<sup>1</sup> *Melayu Islam Beraja* (MIB) consists of a mixture of Malay language, culture and custom, the Islamic knowledge, laws and values, and monarchy system which the nation needs to follow and practice. Source: Wikipedia. April 27, 2013. “Melayu Islam Beraja”. Retrieved February 1, 2014, from: [http://en.wikipedia.org/wiki/Melayu\\_Islam\\_Beraja](http://en.wikipedia.org/wiki/Melayu_Islam_Beraja).

<sup>2</sup> “*Negara Zikir*” is a concept of a country that is based on the teachings of the Qurān and Sunnah, and having a nation that praises Allāh to get Allāh’s blessings. Source: Gawi Company. (2006). “Aspirasi NDP”. [www.aspirasi-ndp.com](http://www.aspirasi-ndp.com). Retrieved April 15, 2014, from: [http://www.aspirasi-ndp.com/arkib/DEC08/Negara\\_Zikir\\_Pada\\_Pemahaman\\_NDP.html](http://www.aspirasi-ndp.com/arkib/DEC08/Negara_Zikir_Pada_Pemahaman_NDP.html).

<sup>3</sup> Borneo Bulletin Yearbook. (2013). “10 Nations One Community”. *Fast Facts*. Brunei: Brunei Press Sdn.Bhd.

<sup>4</sup> Ḥalāl concept is a concept that refers to anything that does not go against the Shari’ah law, and that is ordained by Allāh s.w.t.

<sup>5</sup> Oxford Business Group. (2014). “Global recognition: The flagship halal brand is making its mark abroad”. [www.oxfordbusinessgroup.com](http://www.oxfordbusinessgroup.com). Retrieved March 2, 2014, from: <http://www.oxfordbusinessgroup.com/news/global-recognition-flagship-halal-brand-making-its-mark-abroad>.

whole, and for the Ḥalāl food industry alone is US\$150 billion,<sup>6</sup> which implies significant market presence.

What is the role of Ḥalāl logistics in the emerging Ḥalāl industry? The term Ḥalāl logistics refers to the process whereby the product delivered throughout the supply chain complies with the Shari'ah regulations from the point the product is manufactured until it reaches the consumer hands.<sup>7</sup> This means that the product in every process in the supply chain is strictly monitored and controlled to avoid from being cross-contaminated with non-Ḥalāl items. According to Tieman (2011), Ḥalāl covers the whole supply chain, and in this sense, the Islamic science has a role in maintaining high performance supply chains.<sup>8</sup>

The concept of Ḥalāl logistics is important because there might be possibilities that the products delivered throughout the supply chain come into cross-contamination with non-Ḥalāl materials. This can occur, for example is through the sharing of containers. Thus, it is important to have Ḥalāl products segregated from the non-Ḥalāl products. Another issue may due to the lack of control in monitoring the products as this is left to be the responsibilities of the agencies or suppliers involved. More stringent control in the monitoring process is necessary to maintain the Ḥalāl integrity of the products.<sup>9</sup> Therefore, Ḥalāl logistics is concerned more towards segregation rather than detection. This means that the products need to be certified Ḥalāl first before the process of logistics takes place.

In Brunei Darussalam, before the products are to be certified Ḥalāl, the products need to have Ḥalāl certification endorsed by the Islamic Religious Council of

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<sup>6</sup> Ministry of Foreign Affairs and Trade. (2012). "Investment Opportunities". *www.mofat.gov.bn*. Retrieved March 2, 2014, from: <http://www.mofat.gov.bn/index.php/investing-in-brunei-darussalam/investment-opportunity>.

<sup>7</sup> MITRANS. (2012) "The Value and Advantage of Halal Logistics". *Halal Logistics Conference*. Malaysia: Universiti Teknologi MARA (UiTM). p.7. Retrieved March 6, from: [http://www.hdcglobal.com/upload-web/cms-editor-files/21bc5b40-5eff-40e8-b4ff-5b6a20931fed/file/The%20Value%20and%20Advantage%20of%20Halal%20Logistics\\_AZLI NA.pdf](http://www.hdcglobal.com/upload-web/cms-editor-files/21bc5b40-5eff-40e8-b4ff-5b6a20931fed/file/The%20Value%20and%20Advantage%20of%20Halal%20Logistics_AZLI NA.pdf).

<sup>8</sup> Tieman, M. (2011). "The application of Halal in supply chain management: in-depth interviews". *Journal of Islamic Marketing*. Malaysia: Emerald Group Publishing Limited. Vol. 2, No. 2. pp. 186- 195. Retrieved March 6, from: [http://www.researchgate.net/publication/254192674\\_The\\_application\\_of\\_Halal\\_in\\_supply\\_chain\\_management\\_in-depth\\_interviews](http://www.researchgate.net/publication/254192674_The_application_of_Halal_in_supply_chain_management_in-depth_interviews).

<sup>9</sup> Mohd Iskandar Illyas Tan, Raziah Noor Razali and Zuhra Junaida Husny. (2012). "The Adoption of Halal Transportations Technologies for Halal Logistics Service Providers in Malaysia". *World Academy of Science, Engineering and Technology* 63. Malaysia: Universiti Teknologi Malaysia. p. 467. Retrieved March 6, 2014, from: <http://waset.org/Publications/the-adoption-of-halal-transportations-technologies-for-halal-logistics-service-providers-in-malaysia/451>.

Brunei Darussalam. The products will be audited with stringent procedures and regulations according the Sharī'ah law which this will be referred to the present Halal Certification and Halal Order, 2005 (Refer to **Diagram 1** below):

**Diagram 1 Halal Certification Process**

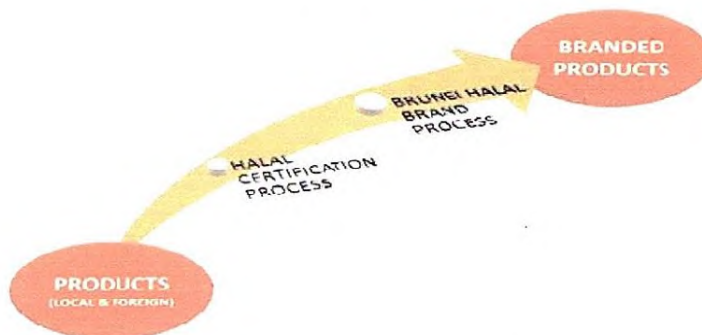


(Source: Ministry of Industry and Primary and Resources. 2009-2010. "Brunei Halal". [www.industry.gov.bn](http://www.industry.gov.bn).)

There are eight steps indicated in **Diagram 1**. First step is to get an application form from the Halal Food Control Division. Second step is that the Halal Food Control Division will check the application form received whether it is complete together with the required documents. Third step is that the Inspection Committee which consists of Ministry of Religious Affairs (MoRA), Ministry of Industry and Primary Resources (MIPR), and Ministry of Health (MoH) will meet once a week to perform a desk-audit. Fourth step is that the auditors will perform audits at the applicant's premises. Fifth step is that the auditors will write a report and submit it to the Inspection Committee and then this will be submitted to the Brunei Islamic Religious Council. Sixth step is that the applicant will be notified via fax if it is not approved. Seventh step is that the applicant will be asked to pay fees of BND50 for each Halal permit for each product and BND30 for a certificate to the Brunei Islamic Religious Council. Last step is that MoRA will issue the Halal permit and certificate and post it to the applicant through E-mail (Electronic mail). The applicant will only need to renew the Halal certificate.

If the company wants to apply for the Brunei Halal Brand to help it to gain access to the global Ḥalāl market, then the company can submit their application to the Brunei Wafirah Holdings and Ghanim International Food Corporation (Ghanim). (Refer to **Diagram 2** below).<sup>10</sup>

Diagram 2 Application Process



(Source: Ministry of Industry and Primary and Resources. 2009-2010. "Brunei Halal". [www.industry.gov.bn](http://www.industry.gov.bn).)

There are differences in the appearances of the two logos issued by the Brunei Islamic Religious Council and Brunei Wafirah Holdings. The logo issued by the Brunei Wafirah Holdings is diamond-shaped, centred with green and yellow jewel, and comes with black and white in nature (Refer to **Picture 1**).<sup>11</sup> Meanwhile, the logo issued by the Brunei Islamic Religious Council is purple in colour and round in shape (Refer to **Picture 2**).<sup>12</sup> In the development of Ḥalāl products, the Brunei Ḥalāl certification (the purple logo) is more credible since it is recognised by MABIMS.<sup>13</sup>

<sup>10</sup> Ministry of Industry and Primary Resources. (2009-2010). "Brunei Halal". [www.industry.gov.bn](http://www.industry.gov.bn). Retrieved April 15, 2014, from: [http://www.industry.gov.bn/index.php?option=com\\_content&view=article&id=81&Itemid=102](http://www.industry.gov.bn/index.php?option=com_content&view=article&id=81&Itemid=102).

<sup>11</sup> Temporal, P. (2011). *Islamic Branding and Marketing*. Singapore: John Wiley & Sons (Asia) Pte.Ltd. p. 30.

<sup>12</sup> Majlis Ugama Islam Brunei. (2008). *Syarat-Syarat Sijil Halal: Perintah Sijil Halal Dan Label Halal, 2005*. Brunei Darussalam: Jabatan Majlis Ugama Islam. p. 5.

<sup>13</sup> Head of Halal Business Development Division of the HIIC, Cristalina Jalil Marsal. *Personal communication*, March 4, 2014.

Picture 1



(Source: Temporal, 2011)

Picture 2



(Source: Majlis Ugama Islam Brunei Darussalam, 2008)

In Brunei Darussalam, the key players involved in Halal certification are Brunei Halal Brand, Halal Food Control Division, and Halal Industry Innovation Centre. They will be briefly explained in turn.

### 1.1.1 Brunei Halal Brand

Brunei Halal Brand comes under the Ministry of Industry and Primary Resources (MIPR). Brunei Halal Brand is a government project that was first introduced in 2009 by the MIPR in collaboration with the support from the Brunei Islamic Religious Council of MoRA, and MoH, which the brand is in conjunction with

Brunei Darussalam's aims to improve the economic growth in the Ḥalāl market of food products.<sup>14</sup>

The Brunei Halal Brand is owned by Brunei Wafirah Holdings (a government linked company). Brunei Wafirah Holdings had formed a joint venture with the government to form Ghanim International Food Corporation Sdn Bhd or shortly known as Ghanim. Ghanim was launched in 2008.<sup>15</sup> Ghanim will undergo the marketing side of Brunei Halal Brand.

Furthermore, the Brunei Halal Brand comes with three national objectives which are to promote economic diversification, to develop the capacity for SME (Small and Medium Enterprise), and to fulfil the *fardhu kifayah*. *Fardhu kifayah* is defined as collective responsibility.<sup>16</sup> Thereby, fulfilling the *fardhu kifayah* may mean that the products need to be of pure Ḥalāl food that complies with the Islamic standards, and this may be seemed as a definite differentiator for Brunei Darussalam since the other countries have not yet proclaimed *fardhu kifayah* as their priority concern.<sup>17</sup>

### 1.1.2 Halal Food Control Division

The Halal Food Control Division is one of the divisions of the Shariah Department under MoRA. It was established on 15<sup>th</sup> July 2001 in accordance to His Majesty's 55<sup>th</sup> birthday. In response to His Majesty's *titah*, the "Order of Ḥalāl Certificate and Ḥalāl Label" was introduced in 2005. The division of the Halal Food Control is entrusted and responsible for controlling and managing the Ḥalāl dietary of the country inclusive of restaurant, product manufacturing

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<sup>14</sup> Ministry of Industry and Primary Resources. (2009-2010). *Op.cit.*

<sup>15</sup> Debbie Too. 19 July, 2010. "When selling a brand, expect the unexpected". *www.bt.com.bn*. Retrieved April 15, 2014, from: <http://www.bt.com.bn/business-besides-oil/2010/07/19/when-selling-brand-expect-unexpected>.

<sup>16</sup> See: Crystalina Jalil Marsal & Hj Saaimah binti Hj Abdi Manaf. (2013). "2<sup>nd</sup> Global Halal Trade and Logistics Summit". Intercontinental Kuala Lumpur: Malaysia.

<sup>17</sup> Temporal, P. (2011). *Islamic Branding and Marketing*. Singapore: John Wiley & Sons (Asia) Pte.Ltd. p. 27.

factory, retailer, business and the like, whether it is domestic or neighbouring country that wants to apply for the Ḥalāl brand in Brunei Darussalam.<sup>18</sup>

Furthermore, this division will further conclude their inspections to the upper level as to decide whether the premises or the foods that they have inspected meet the criteria and requirement in accordance to the Sharī'ah law and the rules prescribed by the Islamic Religious Council. The main function of this division is to create awareness to the people or consumers on the safety of the food that they consume.

### **1.1.3 Halal Industry Innovation Centre (HIIC)**

The HIIC is under MIPR. It was established in July 2012 to facilitate the Ḥalāl industry and the global Ḥalāl market. On the basis of this, the agro-technology sites and Halal Science were set up, while working towards the Ḥalāl standards and guidelines, and developing a platform for the SMEs in producing Ḥalāl products and services. Its focus areas are mainly on Halal science services and research, site development and management, Ḥalāl standards and guidelines, and local and international collaborations. The HIIC facilitates the Brunei Halal Brand.

## **1.2 Problem Statement**

The concept of Ḥalāl plays a big role in Muslim society. Today, people tend to find Ḥalāl food or raw materials by just relying on the Ḥalāl logo displayed on the packaging. However, what if there is no Ḥalāl logo displayed on the packaging? Does that mean that the product is not Ḥalāl? With a saturated supply chain in an increasingly globalised world, this is becoming an increasingly important issue. Every process which involves the manufacturing of food, storage, packaging, branding, and transportation needs to be addressed to the extent that all aspects must have Ḥalāl assurance. It is important for Muslims to be careful with what they consume or eat in

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<sup>18</sup> Kementerian Hal Ehwal Ugama. (2014). "Bahagian Kawalan Makanan Halal". *www.religious-affairs.gov.bn*. Retrieved April 15, 2014, from: [http://www.religious-affairs.gov.bn/index.php?ch=bm\\_about\\_div&pg=bm\\_div\\_syariah&ac=1619](http://www.religious-affairs.gov.bn/index.php?ch=bm_about_div&pg=bm_div_syariah&ac=1619).



order to abide by Allāh's commands. Furthermore, there have been few issues arose due to cross contamination in Ḥalāl products. Hence, three examples will be explained in turn.

In the first example, in the U.K, the Birmingham City Council (BCC) Environmental Health had discovered various Ḥalāl food products which were contaminated with non-Ḥalāl ingredients such as pork DNA and this were verified according to the Food Standards Agency (FSA) guidance. One of the products was the Humza chicken burgers manufactured in Somerset purchased by Roshan Foods, and being re-packed by Humza brand packaging (Refer to **Picture 3**).

Picture 3 Humza Chicken Burger



(Source: Morrisons. n.d. [groceries.morrisons.com](http://groceries.morrisons.com))

Further investigation on the manufacturing company was done by the FSA, Sedgemoor District Council Environmental Health, and Somerset County Council Trading Standards. The FSA will guide on product recalls; Sedgemoor will inspect on the hygiene of the Somerset Company and this will be based under EC (European Community) Hygiene Regulations; and County Council will perform investigation for mis-description issues that happened at Somerset Company.<sup>19</sup> The consumers were notified and advised to return the products to the retail shops or dispose the products. Moreover, decisive action was taken by the Licensing and Public Protection Committee to remove the contaminated products from sale.<sup>20</sup>

<sup>19</sup>Karen, B. April 12, 2013. "Contamination in Halal products-detailed explanation". [birminghamnewsroom.com](http://birminghamnewsroom.com). Retrieved December 25, 2013, from <http://birminghamnewsroom.com/2013/04/contamination-in-halal-products-%E2%80%93-detailed-explanation/>

<sup>20</sup>Geoff, C. April 3, 2013. "Update: Contamination of Humza Halal Meat products". [birminghamnewsroom.com](http://birminghamnewsroom.com). Retrieved April 16, 2014, from: <http://birminghamnewsroom.com/2013/04/update-contamination-of-humza-halal-meat-products/>.

The manufacturing company was held responsible for being careless in ensuring that the products were free from cross contamination and the authorities in that area should have checked their procedures. Roshan Foods was also held responsible due to the mistakes that they did not re-check whether the manufacturing company had fulfilled their requirements, and Roshan Foods should have ensured that the products that they purchased from the Somerset Company have Ḥalāl assurances or certificates from certified Ḥalāl agencies because BCC have not approved that the products from Somerset Company as Ḥalāl.<sup>21</sup> EC Hygiene Regulations approved Roshan Frozen Foods on the manufacture of certain meat products and also to re-package them. However, Roshan was not given specific approval on purchasing burgers from Somerset Company and it shall come under EC approved manufacturer.

How the above issue is related to logistics can be taken from the point that Roshan was making mistakes during purchasing the burgers, and Roshan was not aware whether the manufacturing plant in Somerset has a Ḥalāl certificate. In addition, the manufacturer, Humza was supposed to manufacture Ḥalāl products but it went beyond the expectation, and this made other suppliers and consumers to lose trust on Humza Brand. Roshan, on selling Ḥalāl products should ensure that the manufacturer meets the requirements and of Ḥalāl certified raw materials.

In the second example, Genetic ID Europe found out that some of the Ḥalāl samples were contaminated with pork derivatives, some of them were stearates or lubricants used in paper packaging machinery. They noticed that some stearates contain animal derivatives and these are considered Ḥarām in Islam.<sup>22</sup> CEO of Genetic ID Europe said that the problems happened mainly in Germany, U.K and France. He mentioned that consumers need to be fully aware of cross contamination through packaging due to stearate into the foods. He also stressed that the Ḥalāl manufacturers should be more careful on packaging and to seek the Ḥalāl assurances

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<sup>21</sup> Karen, B. April 12, 2013. *Op.cit.*

<sup>22</sup> Harrington, R. July 6, 2012. "Packaging highlighted as increasing source of Halal food contamination". *www.foodproductiondaily.com*. Retrieved December 25, 2013, from <http://www.foodproductiondaily.com/Safety-Regulation/Packaging-highlighted-as-increasing-source-of-Halal-food-contamination>.

from the agencies. He also highlighted the issue on the recycled papers used in packaging as they may contain residues of pork and these must not contaminate the Ḥalāl products. He also added that the Ḥalāl products should meet the requirements or standards prescribed by the certified agencies so as to take extra precautions and maintain the Ḥalāl quality and integrity of the products.<sup>23</sup>

There is an increase in the growth of the Ḥalāl food segment, with an estimated value of over US\$600 billion.<sup>24</sup> This has created opportunities for the businesses to tap into the market, and with a so-called mixed-supply chain (Produce non-Ḥalāl and Ḥalāl in the same areas). The CEO of Genetic ID Europe explained that this might cause some of the products to be cross-contaminated with the residues of non-Ḥalāl materials if the producers do not apply to correct cleaning procedures. He also added that the Ḥalāl products need to be tested whether they comply with the Ḥalāl standards as a way to quality control precaution.

The above issue is related to logistics in a way that procedures were not taken care of during the production process. It may be due to having a so-called mixed supply chain, and this is where the mistakes might happen. Having both non-Ḥalāl and Ḥalāl products produced in the same facilities is against what Muslim law is. There should be segregation between non-Ḥalāl and Ḥalāl products from the point of production until the destination point.

In the third example is the issue on the “Greatwall Corned Beef” which was attached with Ḥalāl label from China and manufactured by North International Holding Tiangjin Foodstuffs Import and export Company but it was detected to contain pig DNA (Refer to **Picture 4**). This was proved to be non-Ḥalāl by the Ḥalāl Science Centre of the Ministry of Industry and Primary Resources and the Scientific Service Department of Ministry of Health.<sup>25</sup> MoRA banned the Greatwall Corned Beef and the products were returned to the retailers and importers, and the Muslim

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<sup>23</sup> *ibid.*

<sup>24</sup> *ibid.*

<sup>25</sup> RTB News. February 20, 2013. “Greatwall Corned Beef Tainted With Pig DNA”. [www.rtbnews.rtb.gov.bn](http://www.rtbnews.rtb.gov.bn). Retrieved March 15, 2014, from: <http://www.bt.com.bn/news-national/2011/09/11/hm-stresses-importance-business>.

consumers were advised to stop from consuming it.<sup>26</sup> The Greatwall Corned Beef did not display an authentic Ḥalāl logo, and due to this, the authorities decided to analyse the Greatwall Corned Beef and detected pork DNA. The authentic Ḥalāl logos approved by JAKIM (*Jabatan Kemajuan Islam Malaysia*)<sup>27</sup> for China are displayed in **Picture 5**, **Picture 6**, **Picture 7**, and **Picture 8**.<sup>28</sup> The possible reason that this issue happened was due to cross-contamination either during its production or packaging point. The manufacturer should ensure that the Greatwall Corned Beef was using ingredients from Ḥalāl sources, but in fact it was cross-contaminated with pork DNA.

Picture 4 Greatwall Corned Beef



(Source: Brunei Times, 2013)

Picture 5 Shandong Islamic Association



(Source: JAKIM, 2011)

Picture 6 China Islamic Association



(Source: JAKIM, 2011)

<sup>26</sup> n.a. February 21, 2013. "Greatwall Brand corned beef banned". *www.bt.com.bn*. Retrieved April 18, 2014, from: <http://www.bt.com.bn/2013/02/21/greatwall-brand-corned-beef-banned>.

<sup>27</sup> JAKIM refers to the Department of Islamic Development Malaysia. Source: JAKIM. April 25, 2014. "About Jakim". *www.islam.gov.my*. Retrieved April 25, 2014, from: <http://www.islam.gov.my/en/about-jakim>.

<sup>28</sup> JAKIM. (2011). "List of Approved Islamic Bodies". *www.halal.gov.bn*. Retrieved April 24, 2014, from: <http://www.halal.gov.my/v3/index.php/en/list-of-approved-islamic-bodies>. pp. 7-8.

Picture 7 Islamic Association of Henan



(Source: JAKIM, 2011)

Picture 8 ARA Halal Development Services Center



(Source: JAKIM, 2011)

Based on the three examples described above, some countries misuse the Ḥalāl logo or carry fake Ḥalāl logo, and publics tend to question on the validity of some Ḥalāl food products. The examples also show that there were poor logistics channels due to lack of supervisions on the Ḥalāl food products which were cross-contaminated with packaging. Hence, logistics and supply chain are important considerations in ensuring Ḥalāl integrity. There is a need to understand the current processes involved in Ḥalāl certification in Brunei to ensure the food products are truly permissible for consumption. Moreover, His Majesty's concerns need to be taken into account for the benefits of the Muslims and the society as a whole. His Majesty also mentioned in his *titah* that the relevant authorities should take proactive steps in testing all the imported food products to ensure that the food products are Ḥalāl. Any food which is deemed doubtful, should be avoided and not to be consumed. His Majesty also stressed that it is clearly stated in the Qurān on the difference between Ḥalāl and Ḥarām.<sup>29</sup>

Nevertheless, His Majesty also stressed on the importance of Ḥalāl food as prescribed in the Sharī'ah law. The Small Medium Enterprises (SMEs) need to be concerned producing food from the Ḥalāl sources.<sup>30</sup> Additionally, His Majesty pointed

<sup>29</sup> Ubaidillah Masli and Nurhamiza Roslan. (2011). "HM: be proactive in halal testing". Retrieved February 2, 2014, from: <http://www.bt.com.bn/news-national/2011/08/18/hm-be-proactive-halal-testing>.

<sup>30</sup> Izam Said. (2011). "HM stresses importance of business". Retrieved February 2, 2014, from: <http://www.bt.com.bn/news-national/2011/09/11/hm-stresses-importance-business>.

out the importance of joint government cooperation to carry out the steps in ensuring that the food is safe to eat and free from any dangerous or poisonous contamination.<sup>31</sup> This means that more precautions need to be taken into account when importing or producing the Ḥalāl food products. The body of authorities should check if the imported food products meet the requirements and the manufacturing plants of companies need to have stringent audit and Ḥalāl supply chain especially when the manufacturers want to apply for the Ḥalāl certification.

Nevertheless, the problems described above need to be addressed. There is a need to have stringent audit and monitoring within the supply chain or logistics channel. Ḥalāl logistics is more concerned towards segregation rather than detection. This means that the products need to be certified Ḥalāl first before the process of logistics can take place. In other words, Ḥalāl logistics comes after Ḥalāl certification. Ḥalāl certification is important first step that Brunei Darussalam has taken. However, to ensure Ḥalāl integrity, Ḥalāl concept goes beyond certification of food products, and covers all processes involved throughout the supply chain. Thus, in Brunei Darussalam, huge steps have already been made with implementation of Brunei Halal food certification. However, Ḥalāl is incomplete without the Ḥalāl logistics standards. Hence, it is important to study Ḥalāl logistics, and the issues and challenges facing the implementation of Ḥalāl logistics standards in Brunei Darussalam.

### **1.3 Research Scopes**

There are three important elements that the researcher will look upon, namely the variable, setting, and subject. The variable will be “The Implementation of Ḥalāl logistics standard”, the subject will be “food products”, and the setting will be “Brunei Darussalam”. On top of the elements, there are several points that the researcher will highlight:

- How do Brunei Wafirah Holdings and Ghanim ensure Ḥalāl logistics of the products? The marketing of the Brunei Halal Brand is handled by Ghanim

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<sup>31</sup> Azaraimy. (2011). “Monetary authority to ensure nation’s stability”. Retrieved February 2, 2014, from: [http://www.sultanate.com/news\\_server/2011/1\\_jan\\_1.html](http://www.sultanate.com/news_server/2011/1_jan_1.html).

International Corporation. How do they ensure that the Ḥalāl logistics are delivered according to standards?

- The parties in Brunei Darussalam that are involved in ensuring Ḥalāl logistics of food products. The parties will be Brunei Wafirah Holdings and Ghanim, and Halal Food Control Division because they are the key players in these areas. As for the Halal Food Control Division, they are the ones that companies will go to in order to get the Ḥalāl certification of Brunei. They will conduct the auditing purposes to ensure that the products comply with Shari‘ah law and certify the products. Meanwhile, Brunei Wafirah Holdings will ensure that the products have received Ḥalāl certification from the Halal Food Control Division before the companies’ products can be granted with the Brunei Halal brand and logo. The products that have attempted the Brunei Halal logo can be exported to other countries through Ḥalāl logistics and supply chain with the help of Ghanim until the products reach the hands of the end users.
- The Brunei Ḥalāl Food Standards and Ḥalāl Certification guidelines will be required to see how Brunei Wafirah Holdings, Ghanim, and Halal Food Control Division accept the products to be Ḥalāl. The guidelines and standards will be useful tools for the researcher to analyse.
- The researcher will also study on how the implementation of the Ḥalāl logistics standard works in Brunei Darussalam. The party involved will be the Halal Industry Innovation Centre of Ministry of Industry and Primary Resources.
- The research study will be on Brunei Darussalam because the researcher wants to find out how does the Halal Food Control Division and Brunei Wafirah Holdings work on the issues described earlier.
- The research study will focus on all food products in Brunei Darussalam.
- The research study will also identify the issues and challenges faced on Ḥalāl food.
- The research time frame will be a 6-months period (from November 2013 to April 2014).

## 1.4 Research Questions

Based on the issues described in the problem statement, the following research questions are formulated:

- i. What are the processes involved in Ḥalāl logistics by Brunei Wafirah Holdings and Ghanim, and other relevant parties?
- ii. What are the roles of the Brunei Wafirah Holdings and Ghanim, and other relevant parties involved in ensuring the Ḥalāl logistics of the products?
- iii. What are the principles or guidelines that are crucial to ensure the Ḥalāl integrity of the supply chain?
- iv. How does Ḥalāl logistics play important role on Ḥalāl food products?
- v. What are the issues and challenges in Ḥalāl logistics?
- vi. How will the Ḥalāl logistics standard help towards achieving Ḥalāl logistics?

## 1.5 Research Objectives

The research questions formulated above enables the description of the following research objectives:

- i. To identify the processes involved in Ḥalāl logistics by Brunei Wafirah Holdings and Ghanim, and other relevant parties.
- ii. To identify the roles of the Brunei Wafirah Holdings and Ghanim, and other relevant parties involved in ensuring the Ḥalāl logistics of the products.
- iii. To assess the principles or guidelines which are crucial to ensure the Ḥalāl integrity of the supply chain.
- iv. To assess the importance of the role of Ḥalāl logistics on Ḥalāl food products.
- v. To evaluate the issues and challenges in Ḥalāl logistics.
- vi. To evaluate how the implementation of the Ḥalāl logistics standard can help towards achieving Ḥalāl logistics.



## **1.6 Importance of the Research**

This research paper is expected:

- To highlight the issues and challenges on Ḥalāl logistics and supply chain.
- To ascertain the importance of Ḥalāl logistics standard.
- To contribute to the academic literature on Ḥalāl food products.
- To assist the policy-makers by providing recommendations that can help to improve the whole Ḥalāl accreditation processes.

## CHAPTER 2

### LITERATURE REVIEW

This chapter discusses the literature obtained from past studies that are related and how this research paper can contribute to the existing body of knowledge. This chapter consists of four sections. Section 2.1 discusses the literature on whole Ḥalāl concept, while section 2.2 explains logistics management. Section 2.3 discusses the literature on Ḥalāl logistics and sub-section 2.3.1 describes the issues and challenges on Ḥalāl logistics. Finally, section 2.4 explains the literature on the Ḥalāl logistics standards.

#### 2.1 Ḥalāl Concept

Ḥalāl is the way of life. The concept of Ḥalāl is mostly linked with food. The ḥalālness of food products must be ensured at every stage of the production process from when it is farmed, manufactured, transported, and sold to the consumers. Ḥalāl is derived from the Arabic term which means permissible or lawful. Any actions or things that do not go against what Islam has ordered and which are not prohibited in Islam can be considered Ḥalāl. In terms of food, the ingredients or the food itself must not contain any Ḥarām<sup>32</sup> or prohibited materials such as pork, carrion, slaughtered animals without the name of Allāh s.w.t, and alcohol. In addition, carcass is filth, but somehow there are some carcasses that are Ḥalāl to be consumed such as birds, chickens, ducks and others, but with the condition that it must be clearly known that the slaughtering process for these carcasses is in accordance with the Islamic rites (State Mufti, 2007).<sup>33</sup> Those who consume Ḥarām things will be sanctioned in the World and the Hereafter (al-Qarḏāwī, 2000). In matters where the foodstuff is unclear or doubtful, thereby it is advisable that the foodstuff shall be avoided. Our Prophet Muḥammad s.a.w (PBUH)'s hadith reminded the people to avoid things that are deemed doubtful:

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<sup>32</sup> Ḥarām is the opposite of Ḥalāl which means unlawful. It is anything that goes against the Ṣharī'ah law.

<sup>33</sup> State Mufti. (2007). *Issues on Halal Products: Fatwa of the State Mufti*. Brunei Darussalam: State Mufti's Office. p. 6.

“He who guards against doubtful things keeps his religion and honour blameless.”

(Hadith narrated by Bukhari and Muslim)<sup>34</sup>

According to Bruil (2010), the Ḥalāl dietary law deals with five issues, which are prohibited animals, slaughtering method, and prohibition of blood, carrion, and intoxicants. Bruil explained that the animal must come under acceptable species and is naturally bred. During the slaughtering process, the animals must be alive, and the slaughtering process can be done by any adult Muslims, except those who are insane. The knife used must be sharp to cut the part of the animal’s neck and not forgetting to say Allāh’s name when cutting with the animals facing towards Mecca. Slaughtering may be done by hand or machine slaughter of birds. Islam also encourages the animals to be treated well before slaughtering (Bruil 2010, al-Qarḍāwī 2000). The most vital point here is the way the Ḥalāl meat is distributed to retailers in a way that the Ḥalāl meat shall be protected against any cross-contamination with non-Ḥalāl meat.

Ḥalāl is very important especially for the Muslim communities in this world. Allāh s.w.t mentioned in the Qurān:

﴿يَأْتِيهَا النَّاسُ كُلُّوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ﴾

Means: “O ye people! Eat of what is on earth, **Lawful and good**; and do not follow the footsteps of the evil one, for he is to you an avowed enemy.”<sup>35</sup>

• The above verse strongly mentioned that people should consume lawful food, and do not consume something that is prohibited by the Sharī‘ah law. The word “Ḥalālan Ṭaiyyiban” further stressed on the nature of the Ḥalāl food to be pure, clean, and not against the Sharī‘ah law.<sup>36</sup> Assoc. Prof Hajjah Mariam (2012) added that the underlying concept of a Muslim diet is for the food to be Ḥalāl (permissible) and Ṭaiyyiban (wholesome, healthy, quality, nutritious, and safe), and Ḥalāl refers to non-

<sup>34</sup> *ibid.*

<sup>35</sup> Al-Baqarah. 2:168 (All Qur’anic translations in this writing are based on: Yusuf ‘Ali Abdullah. (n.d) *Translation and Commentary on The Holy Qur’an*. Section 21. Retrieved December 16, 2013, from: <http://www.qurantoday.com/BaqSec21.htm>.

<sup>36</sup> Prof. Dr. KH. Ali Mustafā Yaqub. (2009). *Kriteria Halal-Haram: Untuk Pangan, Obat, Dan Kolestika Menurut Al-Qur’an Dan Hadis*. Prof. Dr. Wabwah Mustafā al-Zuhailī (Ed.) Indonesia: PT. Pustaka Firdaus. p.15.

poisonous and non-hazardous to health. Hence, there is a need for the people to carefully consume the food whether it is safe and Halāl to eat.

Another Qurānic verse which reads:

﴿قُلْ لَا أَجِدُ فِي مَا أُوحِيَ إِلَيَّ مُحَرَّمًا عَلَى طَاعِمٍ يَطْعَمُهُ إِلَّا أَنْ يَكُونَ مَيْتَةً أَوْ دَمًا مَسْفُوحًا أَوْ لَحْمَ خِنزِيرٍ فَإِنَّهُ رِجْسٌ أَوْ فِسْقًا أُهْلًا لِغَيْرِ اللَّهِ بِهِ ۚ فَمَنْ اضْطُرَّ غَيْرَ بَاغٍ وَلَا عَادٍ فَإِنَّ رَبَّكَ غَفُورٌ رَحِيمٌ﴾

*Means: "Say: "I find not in the message received by me by inspiration any (meat) forbidden to be eaten by one who wishes to eat it, unless it be dead meat, or blood poured forth, or the flesh of swine, - for it is an abomination - or, what is impious, (meat) on which a name has been invoked, other than Allah's". But (even so), if a person is forced by necessity, without wilful disobedience, nor transgressing due limits, - thy Lord is Oft-forgiving, Most Merciful."*<sup>37</sup>

The above verse stated that pork is Harām to be eaten. There are several reasons why pork is Harām. According to al-Qarḍāwī (2000), healthy human instinct will regard pig as dirty and they will hate it because pig eats its own filth and this has also been proven by the modern science and scientific research that eating pork is harmful to our health and lives especially in areas with warm climates.<sup>38</sup> Eating pork may also lead to the emergence of tapeworms in our body that cannot be killed even with sophisticated kind of equipment. In addition, eating pork can dampen the spirits of honorable things. Al-Qarḍāwī also included the Qurānic verse which mentioned Allah's forbiddance on His prophets of eating impure things.

﴿الَّذِينَ يَتَّبِعُونَ الرَّسُولَ النَّبِيَّ الْأُمِّيَّ الَّذِي يَجِدُونَهُ مَكْتُوبًا عِنْدَهُمْ فِي التَّوْرَةِ وَالْإِنْجِيلِ يَأْمُرُهُمْ بِالْمَعْرُوفِ وَيَنْهَاهُمْ عَنِ الْمُنْكَرِ وَيُحِلُّ لَهُمُ الطَّيِّبَاتِ وَيُحَرِّمُ عَلَيْهِمُ الْخَبَائِثَ وَيَضَعُ عَنْهُمْ إِصْرَهُمْ

<sup>37</sup>Al-An'ām. 6:145. *Op.cit.* Qur'ān. *quran.com*. Retrieved March 20, 2014, from: <http://quran.com/6/145>.

<sup>38</sup>Dr Yusuf Qaradhawi. (2000). *Halal dan Haram*. Indonesia: Robbani Press. p. 50.

وَالَّذِينَ كَانَتْ عَلَيْهِمْ فَالذِّبِينَ ؕ ءَامَنُوا بِهِ وَعَزَّرُوهُ وَنَصَرُوهُ وَاتَّبَعُوا النُّورَ الَّذِي أُنزِلَ مَعَهُ ؕ أُولَٰئِكَ

هُمُ الْمُفْلِحُونَ ﴿٣٩﴾

*Means: "Those who follow the messenger, the unlettered Prophet, whom they find mentioned in their own (scriptures),- in the law and the Gospel;- for he commands them what is just and forbids them what is evil; he allows them as lawful what is good (and pure) and prohibits them from what is bad (and impure); He releases them from their heavy burdens and from the yokes that are upon them. So it is those who believe in him, honour him, help him, and follow the light which is sent down with him,- it is they who will prosper."*<sup>39</sup>

The literature on Ḥalāl concept is related to the research study because it shows the usefulness of Ḥalāl in our lives and activities, and also how the Ḥalāl concept can be applied to Ḥalāl logistics. The Halal Food Control Division based their audits on Ḥalāl food products according to the Islamic rites as being explained before in the literature. By having the Ḥalāl concept embedded in the Ḥalāl logistics, it can be ensured that the *alÉl* integrity is maintained throughout the supply chain from its production to distribution points.

## 2.2 Logistics Management

The Council of Supply Chain Management Professionals (CSCMP) formally defined logistics as part of the supply chain management which involves planning, implementing and controlling the storage and movement of goods and services to be delivered throughout the supply chain according to the customers' requirement of standard.<sup>40</sup> Logistics management involves the activities that are required to deliver the goods via the channel of marketing to the final consumers (Pride and Ferrell,

<sup>39</sup> Al-‘Arāf. 7:157. *Op.cit.* Retrieved March 23, 2014, from: <http://quran.com/7/157>.

<sup>40</sup> Wessel, J and John, J. (2009). *Business Logistics Management: A Supply chain Perspective*. Third ed. Southern Africa: Oxford University Press Southern Africa (Pty) Ltd. P. 8.

2010).<sup>41</sup> Transportation of goods through a supply chain is the main activity and component of business logistics (Wessel, 2009).

Supply chain management involves the activities of the logistics management and manufacturing processes. Supply chain is also referred as value chain because it helps to position the goods and prices would be paid upon reaching the customer's side and the prices attached to the goods or products reflect the value of the products.<sup>42</sup> It helps to integrate the business activities by translating the raw materials into finished products and delivers it to the users.<sup>43</sup> Additionally, there are various stages in a supply chain such as customers, retailers, wholesalers, manufacturers, and components supplier. Every stage is inter-related throughout the flow of information, product, and finance (Chopra and Meindl, 2013).<sup>44</sup>

Chopra and Meindl (2013) further explained that in a supply chain, the modes of transportation can be by air, sea, or land. By air may mean using airplanes which can accommodate passengers and cargo, and it is regarded as fast but expensive mode of transportation. By sea may mean using ship or water transport. This kind of transport can hold large bulks at a lower cost. By land may mean using truck or rail. Although truck is considered expensive than rail but somehow it can deliver goods at a shorter time period. Meanwhile, rail can be used to carry the goods over large distances, and it can hold large and heavy bulks, but it takes time to reach the destination, and it is suitable to be used if time does not matter for the customer as long as the goods reach the destination.<sup>45</sup>

Wessel and John (2009) described that the components that are vital in ensuring that the service performances are suitability, accessibility, goods security, transit time, reliability, and flexibility. Suitability refers to the carrier's technical ability in providing appropriate equipment and facilities to transport the goods. Accessibility refers to the carrier's ability to transport the goods to the designated place or consumers. Goods security refers to the arrived goods to be in good

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<sup>41</sup> Pride and Ferrell. (2010). *Marketing*. Fifteen ed. United Kingdom: Cengage Learning. p. 389.

<sup>42</sup> *ibid.* p. 22.

<sup>43</sup> *ibid.* pp. 8-9.

<sup>44</sup> See: Chopra and Meindl. (2013). *Supply Chain Management: Strategy, Planning, and Operation*. Fifth ed. USA: Pearson Education Inc. pp. 2-3.

<sup>45</sup> *ibid.* pp. 399-402.

conditions and with right quantity as they were requested by the consumers beforehand. The goods must not be damaged and be transported to the right place (Swink *et.al*, 2014). Transit time refers to the time taken to transport the goods from the point of origin to the point of consumption. Reliability refers to the transit time that must be in consistent manner by the carrier.<sup>46</sup> It is important to point out that the transportation to customers serves the overall lead-time performance, and logistics is vital that in ensuring that it meets all the customer service benefits that include availability, lead-time performance, and service reliability (Swink *et.al*, 2014).<sup>47</sup>

Wessel and John (2009) further explained that in terms of business logistics, the activities mainly involve materials handling, demand forecasting, procurement, packaging, warehouse and inventory management, communications, customer service, and transport.<sup>48</sup> There are two types of logistics namely inbound logistics (materials management) and outbound logistics (distribution management). Inbound logistics is the movement and storage of goods from the processes of raw materials to be converted into finished goods. Meanwhile, outbound logistics is the movement and storage of goods from the processes of manufacturing until it reaches the consumers or the end users.<sup>49</sup>

Pride and Ferrell (2010) mentioned that logistics management acts as a complementary to the role of marketing channels.<sup>50</sup> A marketing channel is defined as a group or individuals control production flows within the supply chain, and to deliver the goods at the right time and right place with right quantities to the final consumers. Marketing channel involves four marketing mix such as production, price, place, and promotion of goods or services to satisfy the customer's needs within the specific targets. Marketing channel is critical aspect because it will determine the presence of the product in the market and its accessibility to the buyers. Goods and services will be unsuccessful with the absence of effective marketing channel operations. Marketing channels are classified into consumer products and business products.

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<sup>46</sup> Wessel, J, and John, J (2009). *Business Logistics Management. Op.cit.* pp. 366-367.

<sup>47</sup> Swink, Melnyk, Cooper, and Hartley (2014). *Managing Operations Across the Supply Chain.* Second ed. United States: McGraw-Hill/Irwin. p. 363.

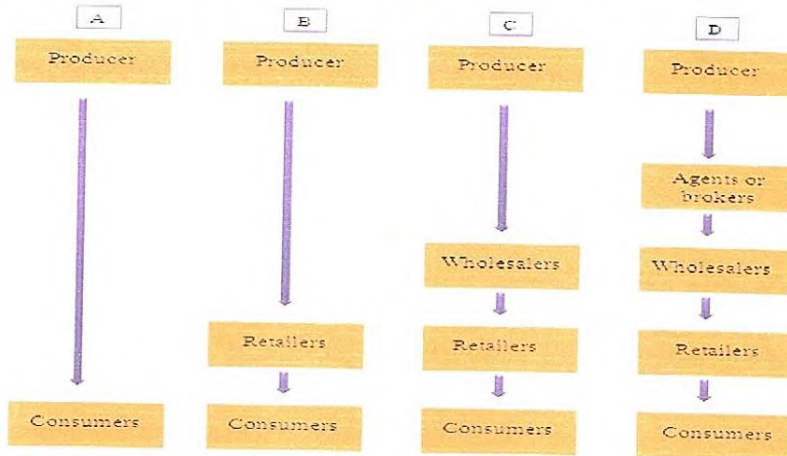
<sup>48</sup> Wessel, J, and John J (2009). *Business Logistics Management. Op.cit.*p. 11.

<sup>49</sup> *ibid.*

<sup>50</sup> Pride and Ferrell. (2010). *Marketing.* Fifteen ed. United Kingdom: Cengage Learning. pp. 388-390.

There are several channels for consumer products (**Figure 1**) and business products (**Figure 2**) as illustrated below:

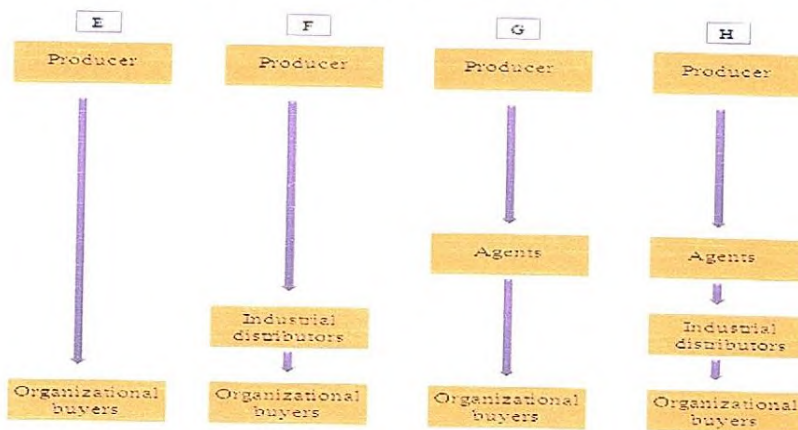
**Figure 1 Channel for Consumer Products**



(Source: Pride & Ferrel, 2010. p. 393)

**Figure 1** shows that there are different channels for consumer products. First, the products are delivered straight from the producer to the consumer. Second, the producer will deliver the products to the retailer, and then the retailer will sell to the consumers. Third, the products will pass through the producer, wholesaler, retailer and then lastly the consumer. Lastly, there will be agents or brokers as middleman to get the products from the producer to the deliver to the wholesaler. Then, the products will pass through the retailer and lastly the consumer.

**Figure 1 Channel for Business Products**



(Pride & Ferrel, 2010. p. 395)



**Figure 2** shows that business products have several channels. First, the products will be delivered straight from the producer to the buyer. Second, the distributors will get the products from the producer, and then deliver it to the buyer. Third, the agents will deliver the products from the producer to the buyer. Lastly, the agents will get the products from the producer and deliver them to the distributors. Then the distributors will deliver the products to the buyers.

The literature on logistics management describes the conventional idea of logistics. This provides useful background information of how logistics operate from the conventional perspective, and comparisons can be made with the Islamic perspective of Ḥalāl logistics. The logistics channels performed by both conventional and Islamic are similar, but they differ in terms of its concept. In Islamic view, the concept of Ḥalāl is embedded in the logistics channel which they based the principles on the Islamic law, but conventionalists do not practice this concept.<sup>51</sup>

### 2.3 Ḥalāl Logistics

The term logistics has been defined earlier that it refers to the transportation of products within the supply chain from its original point where the goods are manufactured to the point of consumption or the final users. If the term Ḥalāl is included in logistics, it results in Ḥalāl logistics, and this may mean that there will be an inter-linked between the supply chain and the hygiene sector (Cristalina and Hjh Saaimah, 2013).<sup>52</sup> According to Assoc. Prof. Hajjah Mariam (2012), Ḥalāl logistics is a process involving planning, implementing, and managing the flow of raw materials, semi-finished, or finished goods in an efficient manner from the point of origin to the

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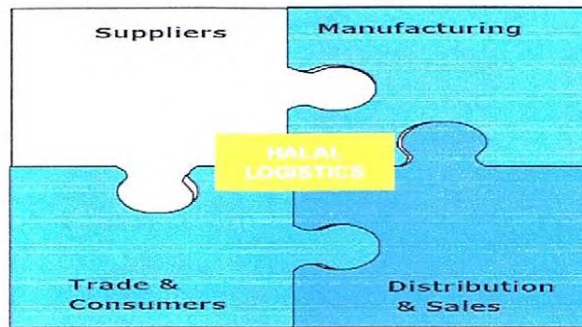
<sup>51</sup> Tieman, Jack and Maznah Che Ghazali. (2012) "Principles in halal supply chain management". *Journal of Islamic Marketing*. Malaysia; the Netherlands; China: Emerald Group Publishing Limited. Vol. 3, No. 3. pp. 217-243. Retrieved April 26, from: <http://www.emeraldinsight.com/journals.htm?articleid=17053865>.

<sup>52</sup> See: Cristalina Jalil Marsal & Hjh Saaimah binti Hj Abdul Manaf. (2013). "2<sup>nd</sup> Global Halal Trade and Logistics Summit". Intercontinental Kuala Lumpur: Malaysia.

<sup>52</sup> Assoc. Prof. Hajjah Mariam Abdul Latif. (2012). "Malaysia Standards on Halal Logistics". *Opportunities on Halal Logistics and ASEAN FTAs, HDC and MITRANS*. Malaysia: Universiti Malaysia Sabah. p.4. Retrieved April 26, 2014, from: [http://www.hdcglobal.com/upload-web/cms-editor-files/21bc5b40-5eff-40e8-b4ff-5b6a20931fed/file/2\\_Malaysia%20Standards%20on%20Halal%20Logistics\\_MARIAM.pdf](http://www.hdcglobal.com/upload-web/cms-editor-files/21bc5b40-5eff-40e8-b4ff-5b6a20931fed/file/2_Malaysia%20Standards%20on%20Halal%20Logistics_MARIAM.pdf).

final users with full compliance of the Ḥalāl logistics standards throughout the entire process or supply chain.<sup>53</sup> Managing the flow of material and information may also include the supply chain data such as information of the product, demand data, and the label and code for Ḥalāl logistics (Cristalina and Hjh Saaimah, 2013).<sup>54</sup> What really matters on the issue of Ḥalāl product is the Ḥalāl integrity that needs to be secured throughout the entire supply chain because most consumers look at the ḥalālness of the products at the point of consumption. (Tieman, 2011).<sup>55</sup> The elements involved in Ḥalāl logistics are suppliers, manufacturing, trade and consumers, and distribution and sales (Refer to **Figure 3**). These elements need to adhere to the rules of Islamic law to maintain the Ḥalāl integrity of the products throughout the supply chain.

Figure 2 Ḥalāl Logistics: The Integral Link



(Source: Tieman, 2011. p. 5)

Furthermore, the Ḥalāl products should be secured against any direct contact (cross-contamination) with non-Ḥalāl products, or otherwise, it can make the Ḥalāl products turn into non-Ḥalāl, and hence become unsuitable for Muslims to consume. In other words, the Ḥalāl products need to be separated from the non-Ḥalāl products to prevent any cross-contamination, mistakes, and provide assurance and consistency to the Muslim consumers (Cristalina and Hjh Saaimah, 2013). Thereby, the supply chain plays a vital role here in preventing the Ḥalāl products from changing their original

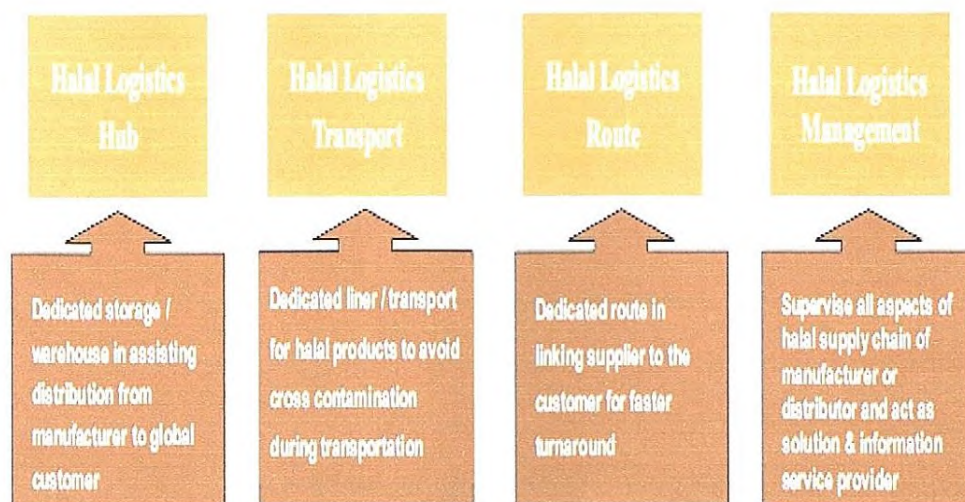
<sup>54</sup> Cristalina Jalil Marsal & Hjh Saaimah binti Hj Abdi Manaf. (2013). “2<sup>nd</sup> Global Halal Trade and Logistics Summit”. *Op.cit.* p. 10.

<sup>55</sup> See: Tieman. (2011). “The application of Halal in supply chain management: in-depth interviews”. *Journal of Islamic Marketing*. Malaysia: Emerald Group Publishing Limited. Vol. 2, No. 2. p. 191.

nature. Wet products and bulk products are more risky than the dry products and products in small quantity (Tieman 2011).<sup>56</sup>

According to Malaysia Institute of Transport (MITRANS, 2012), Halal logistics is defined as how the flow of goods are controlled and commanded within the supply chain and that the Halal integrity is to be maintained throughout the supply chain. The basis to develop a Halal supply chain is to have knowledge on Halal logistics as this is one of the critical aspects in this area.<sup>57</sup> MITRANS defined several areas of Halal logistics, the Halal value chain, the Halal transportation process, Halal warehousing process, and Halal retailing process as illustrated in **Figure 4**, **Figure 5**, **Figure 6**, **Figure 7**, and **Figure 8** respectively below:

Figure 3: Areas of Halal Logistics



(Source: MITRANS, 2012. p. 8)

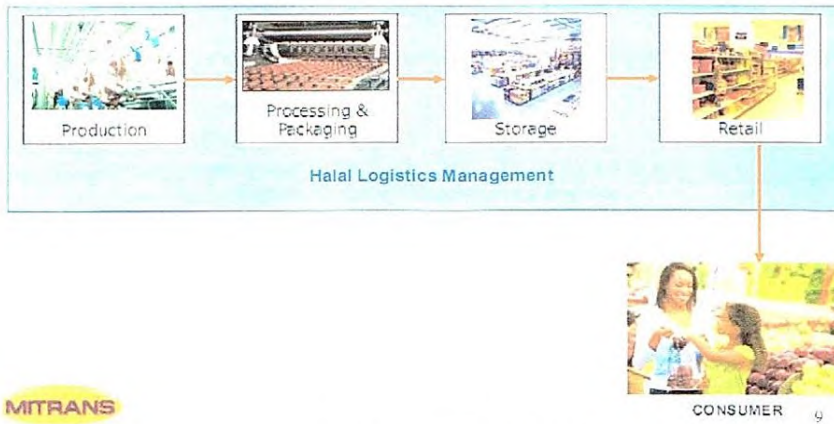
In **Figure 4**, MITRANS (2012) explains that there must be a warehouse specifically to help in the distribution channel. During the transportation process, there must be specific transports for Halal products to prevent cross-contamination. For the route process, there must be specific or alternative route that links the supplier to the

<sup>56</sup> See: Tieman. (2011). "The application of Halal in supply chain management: in-depth interviews". *Op.cit.* pp. 191-192.

<sup>57</sup> MITRANS. (2012). "The Value and Advantage of Halal Logistics". *Halal Logistics Conference*. Malaysia: Universiti Teknologi MARA (UiTM). p. 7. Retrieved March 6, from: [http://www.hdcglobal.com/upload-web/cms-editor-files/21bc5b40-5eff-40e8-b4ff-5b6a20931fed/file/The%20Value%20and%20Advantage%20of%20Halal%20Logistics\\_AZLI NA.pdf](http://www.hdcglobal.com/upload-web/cms-editor-files/21bc5b40-5eff-40e8-b4ff-5b6a20931fed/file/The%20Value%20and%20Advantage%20of%20Halal%20Logistics_AZLI NA.pdf).

customer faster. During management process, supervisors will monitor every aspect of the Halal supply chain of the manufacturer and take actions where necessary.

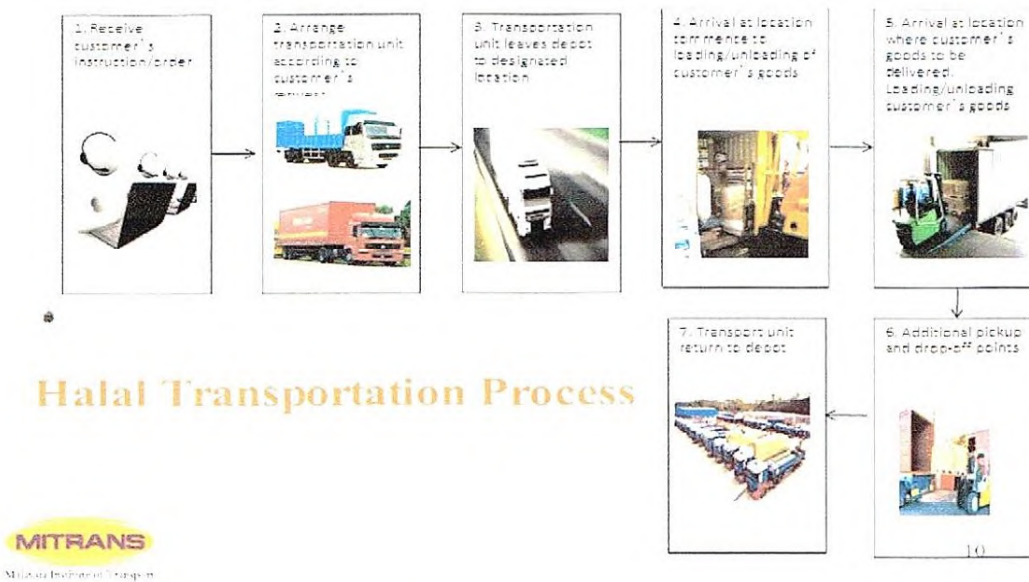
Figure 4: The Halal Value Chain



(Source: MITRANS, 2012, p. 9)

In Figure 5, MITRANS (2012) explains that the Halal logistics management consists of production, processing and packaging, storage, and retail. These are the flows of the product distribution from production to consumer.

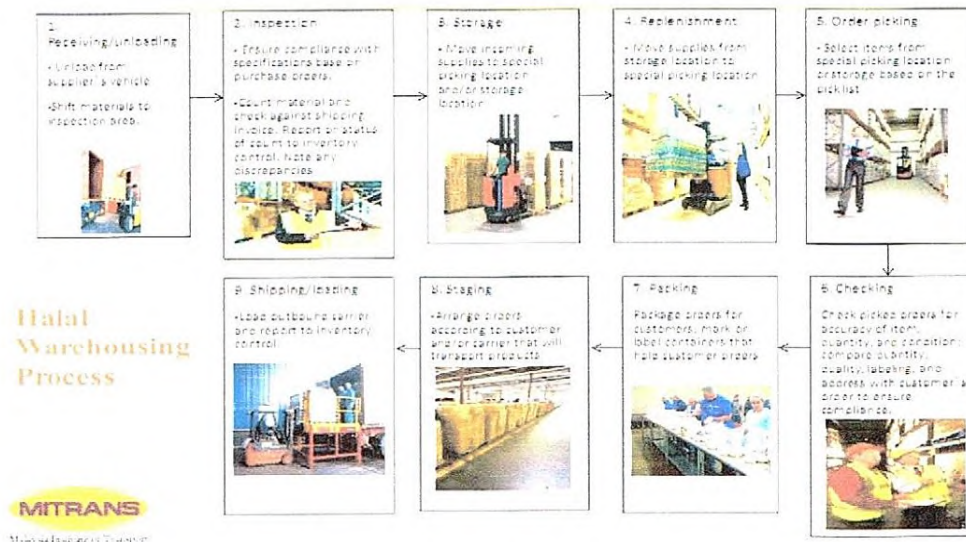
Figure 5: Halal Transportation Process



(Source: MITRANS, 2012, p. 10)

In **Figure 6**, MITRANS (2012) explains that there are several stages in the Ḥalāl transportation process. First is to take customer's order. Second is to arrange transportation unit. Third is the transportation unit will go to the designated area. Fourth is to arrive at the loading or unloading area. Fifth is to deliver the goods to the customer. Sixth is to go to additional pickup and drop-off points. Lastly is to return to the depot.

**Figure 6: Ḥalāl Warehousing Process**



(Source: MITRANS, 2012, p. 11)

In **Figure 7**, MITRANS (2012) explains that the Ḥalāl warehouse process consists of several stages. First is receiving and unloading. Second is inspection to ensure the purchase order. Third is providing storage for the goods. Fourth is replenishing the goods to special location. Fifth is picking order based on the pick list. Sixth is checking the pick order to ensure accurate amount and order. Seventh is packing the order. Eighth is arranging customer's order and specifying transport to deliver the order. Lastly is shipping or loading process.

**Figure 7: Halāl Retailing Process**



(Source: MITRANS, 2012, p. 12)

In **Figure 8**, MITRANS (2012) explains that the Halāl retailing process involves five stages. First is receiving goods from the distribution centre and storing the goods. Second is processing the goods by identifying them, products segregation, re-packaging, and different storage for frozen and chilled products, and ambient products. Third is displaying at the shelf. Fourth is checking out the products and avoid cross-contamination. Lastly is delivering to the final consumer.

Meanwhile, according to Assoc. Prof. Hajjah Mariam (2012), the details of how Halāl logistics is embedded in the Halāl supply chain in the case of Malaysia is illustrated in **Figure 9**. To further explain, when they want to export the products, they need to provide Halāl inbound documentation and get approval from the Halāl local authority. Then, they will need to go through Halāl order processing and management and get Halāl multimodal transport. They need to pass through the custom inspections. After that, they need to deliver the container according to the Halāl logistics process. The warehouse management will ensure that the products are based on Halāl processes and procedures. Then, they will plan for the route and cargo consolidation. When they want to export the products, they will need Halāl outbound documentation and get approval from the Halāl local authority.

Figure 9 Halal Logistics of Malaysia



(Source: Assoc. Prof. Hajjah Mariam, 2012. p. 6)

Moreover, Halal logistics have been practiced in most countries nowadays as the Halal industry tends to provide pathways for the companies to tap into the global Halal market. Halal logistics may have competitive advantage as the operations are certified Halal, which is achieved through ensuring the Halal integrity of the supply chain and the products via the application of the Halal standard and certification that are recognisable worldwide. Port of Rotterdam in Netherland has a Halal storage facility and it is recognised as main entrance for Halal market in Europe. Port of Rotterdam formed an alliance with Port Klang of Malaysia which operated a Halal supply chain. Additionally, a Halal regional distribution centre has been developed at the Port of Marseilles which collaborated with Malaysia (Cristalina and Hjh Saaimah, 2013).<sup>58</sup> Pictures of Port of Rotterdam, Port of Marseilles, and Port of Klang are shown below. They are the frontiers of Halal logistics.<sup>59</sup>

<sup>58</sup> Cristalina Jalil Marsal & Hjh Saaimah binti Hj Abd Manaf. (2013). "2<sup>nd</sup> Global Halal Trade and Logistics Summit". *Op.cit.* p. 17.

<sup>59</sup> Cristalina Jalil Marsal. *Personal communication.* March 4, 2014.

Picture 9: Port of Rotterdam



(Source: Cristalina and Hjh Saaimah, 2013)

Picture 10: Port of Marseilles



(Source: Cristalina and Hjh Saaimah, 2013)

Picture 11: Port of Klang



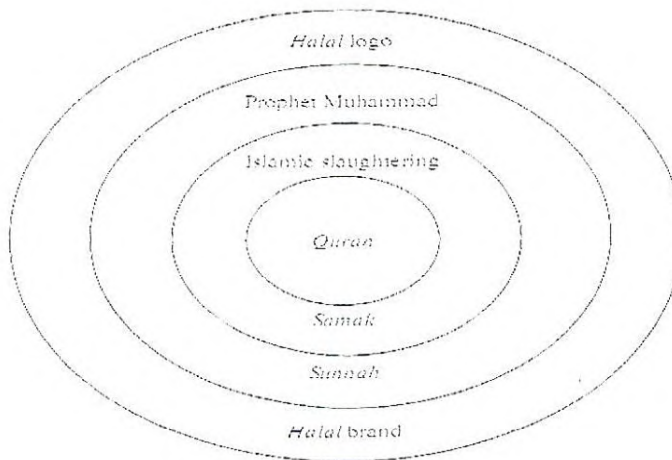
(Source: Cristalina and Hjh Saaimah, 2013)

According to Tieman (2011), Ḥalāl goes through different stages. The first stage is trust as the basic principle of the Ḥalāl supply chain. The Muslim consumers buy the products from the Muslim seller, and the Muslim seller must ensure that the products sold are Ḥalāl so that it can create confidence and trust in the minds of the Muslim consumers. The second stage shows that the Ḥalāl products need to have Ḥalāl logo attached to the Ḥalāl products as an assurance that the Ḥalāl products have



been certified Ḥalāl by the relevant authorities and the Ḥalāl products have undergone strict inspections in accordance with the Islamic rites. The third stage shows that the Ḥalāl certification obtained will ensure Ḥalāl supply chain. At this stage, the Ḥalāl supply chain is a critical aspect where it helps to protect the Ḥalāl integrity towards delivering the Ḥalāl products to the final consumers. The fourth stage shows that Ḥalāl covers the whole supply chain whereby the whole supply chain will be strictly monitored and controlled by the relevant Islamic food multinationals from the manufacturing process to the final users to ensure that it delivers high performance in the supply chains.<sup>60</sup> Figure 10 shows how the Islamic culture is adopted. It shows that Muslim based their Ḥalāl principles on the Qurān and Sunnah. They slaughter the animals according to Islamic rites. The Ḥalāl meat will be used to produce Ḥalāl food, but it must also be accompanied with Ḥalāl brand and logo approved by the authorised Ḥalāl bodies to maintain its ḥalālness and create consumer trusts on Ḥalāl products.

Figure 8 Islamic Culture



(Source: Tieman, 2011. p. 3)

Although the literature is mostly based on Malaysian Ḥalāl logistics, this is because Malaysia is the only country to have Ḥalāl logistics standards. Nevertheless, this is still vital as it can be used to obtain resources and to be used to understand and improve the Ḥalāl logistics in Brunei Darussalam where necessary.

<sup>60</sup> See: Tieman. (2011). "The application of Halal in supply chain management: in-depth interviews". *Op.cit.* pp. 188-189.

### 2.3.1 Issues and Challenges on Ḥalāl Logistics

The global Ḥalāl market is increasing due to the increase in the number of the Muslim population. Nowadays, not just the issue of Ḥalāl food products is important, but the practice and implementation of Ḥalāl logistics is also important from the businesses and consumer perspectives. Generally, the Ḥalāl issues are on the unauthorised Ḥalāl logo issued by the individual companies, different definitions of Ḥalāl, extensive use of Islamic brand name or Qurānic verses, and weak control of enforcement by the authorised Islamic body (Mohamed Syazwan Ab Talib *et.al*, 2013)<sup>61</sup>, and this may somehow lead to the misuse of Ḥalāl logo or fake Ḥalāl logo. In the case of Ḥalāl logistics from the point of the logistics company, the issues are mostly due to Ḥalāl integrity, issues on certification process and transparency, and the supplier on Ḥalāl logistics is never enough (Tieman, 2011).<sup>62</sup>

Moreover, a standardised Ḥalāl standard is vital to the point that it has to be embedded in the Ḥalāl logistics. Without the presence of a unified Ḥalāl logo, it can create greater difficulties ensuring that the Ḥalāl integrity is preserved along the supply chain (Mohamed Syazwan Ab Talib *et.al*, 2013). Issue on Ḥalāl packaging is also one of the main concerns. This includes the Ḥalāl logo attached on the packaging and the traceability of packaging, and the Ḥalāl product management. The Ḥalāl logo is important to be labelled on the packaging because it will show that the product is certified Ḥalāl, safe, clean, and not dangerous to the human's life. Ḥalāl logo may also create consumer trusts on the Ḥalāl products and is more credible than the International Standard of Organization (ISO) certification (Shafie and Othman, 2006). In addition, the packaging used for the Ḥalāl products must come from Ḥalāl sources.

Furthermore, issues may also happen during the warehouse and transportation processes. If the products are not properly segregated, it may sometimes cause the Ḥalāl products to be cross-contaminated with non-Ḥalāl

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<sup>61</sup> Mohamed Syazwan Ab Talib, Lim Rubin and Vincent Khor Zhengyi. (2013) "Qualitative Research on Critical Issues in Halal Logistics". *Journal of Emerging Economies and Islamic Research*: Kuala Lumpur, Malaysia. Vol. 1, No. 2. p. 3. Retrieved December 30, 2013, from: <http://eprints.uitm.edu.my/8451/1/Mohamed%20Syazwan%20Bin%20Ab%20Talib.pdf>.

<sup>62</sup> See: Tieman. (2011). "The application of Halal in supply chain management: in-depth interviews". *Op.cit.* pp. 188-189.

products. The utensils used for Ḥalāl food products must not be mixed with those for non-Ḥalāl food products. Still, some industries tend to put the Ḥalāl and non-Ḥalāl products in the same facility, storage, or transport. The activities during the transportation stage is challenging since there might be lack of efforts contributed among the logistics service providers. It is not enough if only one party contributes on the efforts of managing the logistics based on Sharī‘ah law, but other parties are lacking in this sense. This can lead to the Ḥalāl integrity of the products to dampen and broken.<sup>63</sup>

The literature on the issues and challenges on Ḥalāl logistics is important to the research study because it can create more awareness to the relevant bodies in improving the Ḥalāl logistics in Brunei Darussalam, and to avoid such issues from occurring.

## 2.4 Ḥalāl Logistics Standards

According to Nik Maheran, Filzah, and Bidin (2009), the Ḥalāl Certification for food and consumable goods is issued by the Government, including Islamic Development Department Malaysia (JAKIM) and State Islamic Religious Council (JAIS). The JAKIM Ḥalāl logo is widely known and recognised in the world of Ḥalāl market. Moreover, to further show the government’s commitment on Ḥalāl compliance, Malaysia also launched Malaysian Ḥalāl Standard MS1500:2004 in August 2004 which complies with ISO methodologies and Malaysia is the first to develop the Ḥalāl Standard in a Muslim nation. The Malaysia Ḥalāl Standard MS1500 includes general guidelines on the Ḥalāl food production, preparation, handling, and storage, in accordance with GMP (Good Manufacturing Practices) and GHP (Good Hygiene Practices).<sup>64</sup>

Malaysia has its own Ḥalāl Logistics Standards and they are MS2400-1:2010(P) Halalan –Toyyiban Assurance Pipeline-Part 1, MS2400-2:2010(P) Halalan

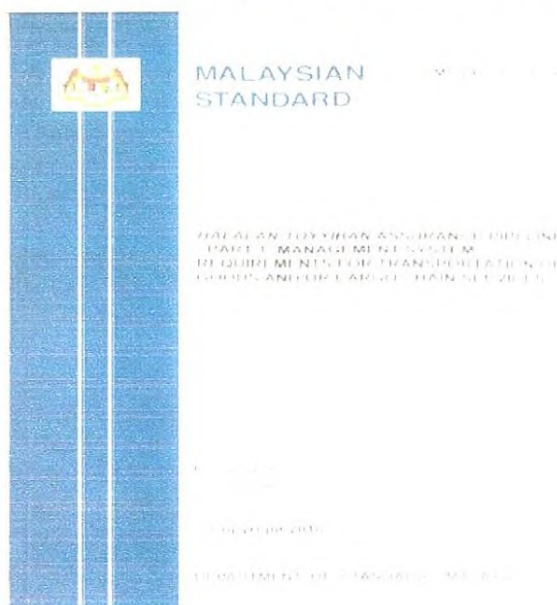
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<sup>63</sup> *ibid.*

<sup>64</sup> See: Nik Maheran Nik Muhammad, Filzah Md Isa, and Bidin Chee Kifli. (2009). “Positioning Malaysia as Halal-Hub: Integration Role of Supply Chain Strategy and Halal Assurance System”. *Journal of Asian Social Science*. Malaysia: CCSE. Vol. 5, No. 7. p. 3. Retrieved March 6, 2014, from: <http://ccsenet.org/journal/index.php/ass/article/view/2966>.

Toyyiban Assurance Pipeline-Part 2, and MS2400-3:2010(P) Halalan Toyyiban Assurance Pipeline-Part 3. All these logistics standards deal with the management system requirements. MS2400-1:2010(P) Halalan Toyyiban Assurance Pipeline-Part 1 is basically for the transportation of goods and/or services in the cargo chain. MS2400-2:2010(P) Halalan Toyyiban Assurance Pipeline-Part 2 is basically for warehousing and related activities. MS2400-3:2010(P) Halalan Toyyiban Assurance Pipeline-Part 3 is basically for retailing.<sup>65</sup>

Picture 12: E.g of Malaysia Halal Standard MS2400:2010



(Source: Assoc. Prof. Hajjah Mariam, 2012. p. 8)

At present, Malaysia is the only country that has implemented Halal logistics standards. Other countries have not implemented the standards thereof. Brunei Darussalam is moving towards the process of implementing the Halal logistics standard.<sup>66</sup> Thereby, the researcher will conduct a research to fill the existing gap in the academic literature to study the issues and challenges of Halal logistics in Brunei Darussalam.

The literature mostly discusses on the concept of Halal and how the concept is brought towards nowadays' problems related to the halalness of the products since the

<sup>65</sup> Assoc. Prof. Hajjah Mariam Abdul Latif. (2012). "Malaysia Standards on Halal Logistics". *Op.cit.* p. 7.

<sup>66</sup> Cristalina Jalil Marsal. *Personal communication.* March 4, 2014.

Ḥalāl market tends to emerge around the globe with regards to the large number of Muslim populations around the world, and how the concept plays an important role especially in the area of logistics because this is the main focal point where the matter of the Ḥalāl integrity is maintained within the supply chain, and on how Ḥalāl is measured in the logistics on the principle of the Ḥalāl supply chain. Moreover, there has not been any research study conducted on Ḥalāl logistics in Brunei Darussalam yet, hence the researcher tends to investigate through exploratory research the Ḥalāl logistics of food products in Brunei Darussalam and the issues and challenges surrounding the Ḥalāl logistics standards implementation.

## CHAPTER 3

### METHODOLOGY

Chapter 2 discussed the theoretical concepts related to the problem statement. In chapter 3, a description of how the problem statement can be resolved through the application of these concepts is provided. Section 3.1 discusses the types of research and the methodology appropriate to the nature of the research. Section 3.2 describes on the participants of the study, which includes when, where, and how the interviews were conducted, and the reasons behind choosing the selected interviewees. Section 3.3 elaborates the research procedures, which may include the prior preparations of the researcher for the interviews. Section 3.4 discusses on the collection of data which includes the data sources and the type of data. Section 3.5 describes the method of data analysis suitable for the existing research study.

#### 3.1 Research Design

In order to achieve the objectives set at in chapter 1, this exploratory research is qualitative in nature because the researcher needs to understand the events behind the concept of *Halāl* logistics being practiced in Brunei Darussalam and to achieve this, the researcher conducted interviews with relevant parties involved in this area. Qualitative research can respond to questions that cannot be done by quantitative research that is only subject to specific answers to choose from, and it can also help to clarify some issues that cannot be tackled by quantitative method.

The types of interview used were semi-structured interviews, whereby the researcher provided a list of questions related to the topics as an interview guide while giving freedom and flexibility to the interviewees on how they would respond to the questions. The questions asked might not be in sequence as how they were outlined on the schedule and the researcher might add up some questions that were not included in the guide when the researcher could pick up some useful points from the interviewees during the conversations or interviews.

The researcher used judgmental sampling (non-probability sampling) in choosing the relevant parties to be interviewed. Judgment sampling is based on choosing the best and most experienced to be interviewed according to the traits and area of interests that they possess. This could limit the number of interviewees as to save cost and time, and be more reliable.<sup>67</sup>

## **3.2 Participants of the Study**

The researcher chose three organisations for the interviews, which were the Halal Food Control Division of Ministry of Religious Affairs (MoRA), Halal Industry Innovation Centre (HIIC) of Ministry of Industry and Primary Resources (MIPR), and Brunei Wafirah Holdings because these organisations are the important institutions to the research study. The key interviewee was Brunei Wafirah Holdings because Brunei Wafirah Holdings is the only organisation in Brunei Darussalam that helps the SMEs (Small and Medium Enterprises) in their import and export activities through the use of the Brunei Halal Brand and the Brunei Halal stamp abroad as the Brunei Halal stamp is the only Ḥalāl stamp that is recognised by the world as the Ḥalāl accreditation of Brunei Darussalam.

### **3.2.1 Interview with Brunei Wafirah Holdings**

The researcher conducted an interview with Melline Jaini (henceforth, Melline), Brand Marketing Executive of Brunei Wafirah Holdings on Monday, dated 7<sup>th</sup> April 2014 at 9a.m. at their office at Brunei Wafirah Holdings Sdn Bhd, Unit 6, First floor at Lim Kah Sing Building in Jerudong, Brunei Darussalam. The researcher regarded Brunei Halal as the case study for this research because Brunei Wafirah Holdings and Ghanim perform Ḥalāl logistics of food products in Brunei Darussalam. The researcher conducted the semi-structured interview using audio-recording, written notes, and telephone.

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<sup>67</sup> Explorable.com. September 13, 2009. "Judgmental Sampling". Retrieved April 17, 2014, from: <https://explorable.com/judgmental-sampling>.

The researcher was supposed to interview Dk. Siti Saleha binti Pg Md Said, Halal Compliance Officer of Brunei Halal because she was the one who is in charge of the Ḥalāl logistics section and knows better how the Ḥalāl logistics are operated. However, she had appointed Melline, Brand Marketing Executive to take part in the interviewing session. This was because Melline would handle any interviews dealing with the students and she is also a knowledgeable person with experiences in the marketing side of the Brunei Halal Brand. Melline has represented both Brunei Wafirah Holdings and Ghanim. In addition, the researcher had prepared interview questions to be asked during the interview and had sent the interview questions to the Halal Compliance Officer beforehand through E-mail (Electronic mail) as a preparation for Brunei Wafirah Holdings and Ghanim to prepare the answers before the interview and to give interviewee a clear picture of what the interview questions looked like.

The interview questions for Brunei Wafirah Holdings and Ghanim were based on how the Ḥalāl logistics is carried out and what are the steps involved in ensuring the Ḥalāl integrity within the supply chain. The interview questions also asked on the specific roles of Brunei Wafirah Holdings and Ghanim, and the other parties involved in the Ḥalāl logistics of food products, and the processes involved in applying for the Brunei Halal accreditation and stamp before the products can be exported through the Ḥalāl supply chain. Moreover, the interview questions also asked on the importance of the Ḥalāl logistics issue in the Ḥalāl products certification.

The questionnaire for Brunei Wafirah Holdings and Ghanim is in **Appendix A**. These kinds of questions would be relevant to the research study because it could help the businesses or the consumers to be aware of how Brunei Wafirah Holdings and Ghanim maintain the Ḥalāl integrity of the food products within the supply chain from the point of manufacturing to the point of final consumers so that the consumers would be convinced with Brunei Halal Brand's logistics while creating consumer loyalties through the Brunei Halal Brand and tap into the global Ḥalāl markets, and it also raised the opened up the consumer minds how the importance of Ḥalāl logistics could have an effect on the Ḥalāl products.



The researcher also added a question that asked regarding the businesses that have been granted Brunei Halal Brand. This question was added and asked in order to identify how many businesses have been applying for the Brunei Halal Brand in pursuing the global Ḥalāl market. From this point, the researcher would know whether the number of businesses or SMEs have increased or decreased from time to time and from here the researcher would know the efficiency and effectiveness of the Brunei Halal Brand and Ḥalāl logistics in general.

### **3.2.2 Interview with Halal Food Control Division**

The researcher conducted an interview with two interviewees namely Zurina Salwa binti Hj Osman (henceforth, Zurina), Halal Auditor for International and Regional, and Haji Hamdani bin Othman (henceforth, Hj Hamdani), Halal Auditor for International and Regional. The interview was held on Saturday dated 18<sup>th</sup> January 2014 at 2p.m. at their office at Halal Food Control Division, Second Floor, Ministry of Religious Affairs, Jalan Elizabeth Dua, at Bandar Seri Begawan. They are in the same area and working in the same team. In addition, the interview was done informally without audio recording as this was requested by the interviewees themselves because they wanted to have freedom during the conversations and also if the interview was being formal and recorded, they could not give more answers to the questions.

It is important to interview the members of the Halal Food Control Division because before the SMEs or businesses want to apply for the Brunei Halal Brand, they need to go to the MoRA to apply for the Ḥalāl Certification and logo of Brunei Darussalam endorsed by the Islamic Religious Council of Brunei Darussalam, and within the process, the Halal Food Control Division would conduct auditing on the SMEs or manufacturers to see if the raw materials are processed according to the Islamic rites and the ingredients do not contain any Ḥarām materials as being described earlier in the first and second chapters.

The questionnaire for Halal Food Control Division is in **Appendix E**. Questions one until five were the general questions about the Halal Food Control Division which were to be included in the background section in Chapter 1. Although the answers could be found in the internet on their official website, but the researcher just wanted to clarify in case there was any added information that has not yet been updated on the website. Questions six to ten were basically on the requirements or criteria that a company needs to have in order to apply for Brunei Halal Certification, the procedural time and processes involved during auditing either with or without any regional or international standard, and the likely challenges that the auditors might face when doing the inspection on the products.

Meanwhile, question eleven was regarding the actions taken by the Halal Food Control Division when there were cases of cross-contaminated on the imported Halal food. Questions twelve and thirteen were regarding the role of Halal Food Control Division in ensuring Halal logistics, and question fourteen was a general question on the future prospect of Halal Food Control Division because the researcher wanted to know what Halal Food Control Division would do to improve the department itself in the nearby future.

### **3.2.3 Interview with Halal Industry Innovation Centre (HIIC)**

The researcher conducted an interview with *Cristalina Jalil Marsal* (henceforth, *Cristalina*), Head of Halal Business Development Division of the Halal Industry Innovation Centre on Tuesday, dated 4<sup>th</sup> March 2014 at 3.30p.m at their office at Halal Business Development Division, Halal Industry Innovation Centre, Bandar Seri Begawan. The researcher included HIIC in the research study because the researcher wanted to find out more on Halal logistics since *Cristalina* was one of the speakers during the “2<sup>nd</sup> Global Halal Trade and Logistics Summit” held in Kuala Lumpur and this would be appropriate and relevant to the research study.

Moreover, The HIIC is one of the technical committees on the Development of National Standards and/or Guidelines for Halal Logistics of Brunei Darussalam. The interviewee requested that the interview session to be

informal and a discussion type of conversation, whereby the interviewee would look at the questions and then discussed on the answers. This would give more flexibility and the degree of freedom for the interviewee to respond to the questions. Hence, there was no audio-recording during the conversations.

The questionnaire for HIIC is in **Appendix C**. Questions one until six were the general questions about HIIC that the researcher would include in the background section in Chapter 1. Questions seven until eleven were regarding the Ḥalāl logistics standard, which involved the idea behind the drafting of the Ḥalāl logistics standard, its implementation in other countries, the procedures or steps in setting the Ḥalāl logistics standard, the parties involved in the areas, and the likely issues that were faced during the drafting processes. Questions twelve and thirteen were regarding the importance of the Ḥalāl logistics standard and how it could help the SMEs.

Question fourteen until seventeen were regarding the Ḥalāl logistics standard implementation in Brunei Darussalam, the procedural time, and the requirements included in the Ḥalāl logistics standard. These questions were relevant because at some point the consumers or businesses need to know how these standards could help to achieve in maintaining the Ḥalāl integrity of the products by having a standardised rules and requirements, and it is also an important aspect for Brunei Halal to base its definition of Ḥalāl logistics through the Ḥalāl logistics standard.

### **3.3 Research Procedures**

The researcher set different list of interview questions for each relevant body because different bodies would have different focus areas. Thereby, all the questions to be interviewed were not the same for each interviewee. After setting the interview questions, the researcher would ask supervision from the supervisor to check whether the questions were appropriate and if there were any additional questions to be included. When the interview questions were already checked and confirmed by the respective supervisor, then the researcher would call the interviewees and made appointments with them to confirm their availability for the interview sessions. The

researcher would send the interview questions to the interviewees beforehand so that they would be prepared on the answers. In addition, the researcher would also study the organisational background and improvise on the knowledge of the research study and the focus areas in order to be fully-prepared during the interview and confident.

The questionnaires on Brunei Wafirah Holdings and Ghanim were mostly regarding the processes of obtaining the Brunei Halal Brand and the roles of the parties in ensuring the Ḥalāl logistics of the products. This could help to achieve the research objectives of the roles of Brunei Wafirah Holdings and Ghanim, and the Ḥalāl logistics process. The questionnaires on Halal Food Control Division were mostly on the issues and challenges faced by the Halal Food Control Division in products evaluation, their auditing processes, and how they ensure Ḥalāl food logistics. This could help to achieve the research objective on the principles or guidelines used by the Halal Food Control Division to perform the audits. Since Brunei Halal Brand is based on the Islamic policy of the Brunei Islamic Religious Council, therefore it is vital to know how the Halal Food Control performed the audits and the endorsement of the Brunei Ḥalāl certification. The questionnaires on HIIC were mostly on how Ḥalāl logistics standard could assist the SMEs and businesses in Brunei Darussalam and its importance. Above all, the questionnaires were related in achieving the research objective on the importance of Ḥalāl logistics on Ḥalāl food products and its implementation.

### **3.4 Data Collection**

The researcher collected data from both primary and secondary sources. Primary sources were the data and information derived from interviews with Brunei Halal, Ḥalāl Industry Innovation Centre, and Halal Food Control Division, and others are such as the requirements and conditions of Ḥalāl Certification, the guideline for Ḥalāl Certification, and standards for Ḥalāl food from the Halal Food Control Division; and slides presentation on the “2<sup>nd</sup> Global Ḥalāl Trade and Logistics Summit”, and the organisational chart of the HIIC from the HIIC. Meanwhile, the secondary sources were the data and information derived from books, journals, newspapers, proceedings, slides presentation, internet, video, and theses.

### 3.5 Data Processing and Analysis

The researcher analysed the qualitative data by using content analysis. Content analysis is used to deduce the information or meanings obtained from social communication. The use of audio recording and notes writing are open to content analysis as long as these can be transformed to text. Content analysis can be used to observe any kind of communication (Abrahamson, 1983: p.286).<sup>68</sup> Content analysis acts as a passport whereby the researcher needs to listen to every word derived from the interviewees and to understand the interviewees' point of views on the subject matter.<sup>69</sup>

In this case, the researcher used the data and information derived from the interviews and analysed the content of the interview text produced. Then, the researcher compared the data obtained from the interviews with the literature and illuminated any issues from the text. Moreover, the researcher divided the results of the findings into sub-headings. In other words, the researcher compiled the questions and created sub-headings based on objectives for the questions discussed.

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<sup>68</sup> n.a. (n.d). "An Introduction to Content Analysis: Chapter 11". <http://depts.washington.edu/>. Retrieved April 6, 2014, from:<http://depts.washington.edu/uwmcnair/chapter11.content.analysis.pdf>.

<sup>69</sup> *ibid.*

## CHAPTER 4

### FINDINGS AND DISCUSSION

This chapter will discuss on the findings obtained from the interviews. The interviews were conducted on Brunei Wafirah Holdings and Ghanim International Food Corporation, Halal Food Control Division of MoRA, and Halal Industry Innovation Centre of MIPR. The researcher will identify the trends as well as the common issues that deemed vital from different aspects.

Chapter 4 consists of nine (9) sections. Section 4.1 elaborates the importance of the role of Ḥalāl logistics on Ḥalāl food products, while section 4.2 explains the Ḥalāl logistics standards. Section 4.3 elaborates the mechanisms involved in applying for Brunei Ḥalāl accreditation. Section 4.4 explains the Ḥalāl development in general and how the Ḥalāl industry in Brunei Darussalam is progressing towards it. Section 4.5 explains the role of Brunei Wafirah Holdings and Ghanim, which includes the Ḥalāl logistics perform by them and how they ensure the Ḥalāl integrity of the food products.

Section 4.6 elaborates the Halal Certification and Halal Order (2005), which this must be met by the manufacturers or Ḥalāl permit holders in producing Ḥalāl certified food products. Section 4.7 describes how Halal Food Control Division ensures Ḥalāl food logistics. Section 4.8 explains the challenges faced by the Ḥalāl Food Control Division in evaluating the food products. Section 4.9 explains the issues on Ḥalāl food products.

#### **4.1 The Importance of the Role of Ḥalāl Logistics**

The demand for Ḥalāl is increasing followed by the increasing number of Muslim population in the world, and Ḥalāl is the way of life. Ḥalāl logistics is important to ensure the Ḥalāl integrity throughout the Ḥalāl supply chain from farm (raw materials) to distribution. This means that Ḥalāl logistics can help to ensure the full ḥalālness of the products. Ḥalāl logistics is not enough and incomplete without a full set of Ḥalāl logistics standard. According to Cristalina from HIIC, the concept of Ḥalāl logistics is

linked with the concept of Ḥalāl food, which must be pure and clean from any cross-contamination. In addition, Ḥalāl logistics looks at every of each critical point. The world Ḥalāl market value looks for the demand for Ḥalāl products, which this further creates the importance of Ḥalāl logistics. According to Zurina and Hj Hamdani from Halal Food Control Division, Ḥalāl logistics is important because it can help to ensure that the food products are safe to consume and free from cross-contamination.

From the researcher's point of view, Ḥalāl logistics is a major concern since Brunei Darussalam is a Muslim country, hence it must based all of its activities on the Shari'ah principles as to get Allah s.w.t's blessing, and this will benefit the society at large especially the Muslims community. At every point of the logistics channel, the Ḥalāl integrity of the products must be maintained and there must be strong monitoring and controlling processes involved in the logistics channel. However, how serious are the relevant agencies in pursuing the implementation of Ḥalāl logistics? When can the Ḥalāl logistics standards be implemented to further support the Ḥalāl logistics channel in Brunei Darussalam? The researcher thinks that there will be no official Ḥalāl standards for logistics if the Ḥalāl logistics does not come with Ḥalāl logistics standards. According to Cristalina, it will take around one to two years for the Ḥalāl logistics standards to be implemented. Hopefully, the relevant agencies can implement the Ḥalāl logistics standards within one year because ahead of one year is too long to avoid the issues of cross-contamination from occurring.

## **4.2 The Ḥalāl Logistics Standards**

According to Cristalina from HIIC, in Malaysia, they have implemented the standards for Ḥalāl logistics and they also have Ḥalāl logistics company. Brunei Darussalam has not yet implemented Ḥalāl logistics standard but they have started to draft the Ḥalāl logistics standard in which this standard is not only applicable in Brunei Darussalam, but will also be applicable internationally. The Ḥalāl logistics standard was prepared by the Technical Committee on the Development of National Standards and Guidelines for Ḥalāl Logistics under the jurisdiction of Brunei Religious Council. It is one of the projects of MIPR towards Ḥalāl initiatives. It is reported to take around one to two years to set the Ḥalāl logistics standard.

In setting the standards for Halal logistics, it was first drafted based on Malaysia logistics standards and submitted to the technical committees comprised of all agencies such as Ministry of Health (MoH), MoRA and State Mufti. It will be endorsed by the Brunei Islamic Religious Council and they will publish it once completed. The Halal logistics standard is set up to deal with the requirements needed to handle the finished Halal products, and is also one of the efforts to perform the religious obligation (*fardhu kifayah*) to ensure that all Muslims will consume and use Halal foods or products. With these requirements, it can provide assurance that the Halalness of the products are maintained and protected from the point of origin (production) to the final consumers (distribution). The Halal logistics standard involves major areas such as transportation, storage, and distribution.

Furthermore, Cristalina also added that the Halal logistics standard can assist the development of SMEs. It can help the SMEs be highly competitive in the market place by offering a unique service, in which Halal logistics is one specialised service that the raw materials or the products it supplies use the ingredients that are not doubtful (*syubhah*) as this can eliminate the grey areas in the food supply chain. Apart from that, the SMEs also need to understand the practices of good hygiene, cleanliness and more. Halal logistics standard is important in Brunei Darussalam in terms of how it can help the relevant parties such as Ghanim or businesses to achieve the high level of Halal logistics based on a standardised set of rules and procedures. However, Cristalina mentioned that the question of whether the consumers are ready to pay for the premium price seems to be the biggest challenge to the Halal product and industry.

From the researcher's point of view, it is understandable that the implementation of the Halal logistics standard will bear high cost. This also means that once the Halal logistics standard is implemented and businesses need to follow with the rules set in the standard for Halal logistics, this will probably involve high cost of sophisticated equipment and human resources to ensure that the products will be of high quality. When this happens, prices for the food products might be too costly to cover the expenses. Consumers who look for quality products will not mind paying for the high prices, but if there are other foreign products of the same quality but with lower prices, most of the consumers might go for the foreign products. Also, how about consumers who cannot afford to pay for the high prices? This means that the



technical committees or the authorities involved should be pro-active in tackling the possible issues, and think of other alternatives to lower down the cost involved with the implementation of Halal logistics standard.

### **4.3 Mechanisms Involved in Applying for Brunei Halal Accreditation**

According to Cristalina and Melline, there are two mechanisms that need to be followed before applying for the Brunei Halal accreditation. As been mentioned before, there are two Halal logos in Brunei Darussalam which are the Halal logo endorsed by the Brunei Islamic Religious Council (the purple logo), and the Halal logo with the Brunei Halal Brand stamp. The first mechanism is for companies to go to the Brunei Islamic Religious Council to get accredited on the ingredients and manufacture. The Halal Food Control Division will conduct audits on these to see whether the companies or manufacturers meet the requirements needed, and these requirements are based on Guideline for Halal Certification (BCG Halal 1), Brunei Darussalam Standard for Halal Food (PBD 24: 2007), and Order of Halal Certificate and Halal Label, 2005.

*In conducting the audit, Zurina and Hj Hamdani mentioned that there must be at least three auditors from the Halal Food Control Division comprised of one religious officer, one technical officer, and anyone of the members of Halal Food Control Division. However, if the audit is to be done outside Brunei Darussalam, there must be an addition of one officer from agriculture department because they have more experiences and knowledge on packaging. The time taken to complete the audits for those performed outside Brunei Darussalam will only be four days set by Ghanim, and a maximum of one year if the audit is performed within Brunei Darussalam. Zurina and Hj Hamdani added that they needed to rush on performing the audits outside Brunei Darussalam because since Ghanim will bear the cost. The ingredients will be analysed by the Department of Scientific Services (DSS) of MoH. If it is government to government concept, thereby there will be no fee charged, but there will be fee charges of BND100 for individuals or companies.*

The second mechanism is that, once approved by the Brunei Islamic Religious Council, the companies or manufacturers need to approach Brunei Wafirah Holdings

to apply for the Brunei Halal Brand stamp. Brunei Halal Brand is mainly applied for companies or manufacturers who want their products to go global. According to Melline Jaini, Brunei Halal Brand is not just a robust stamping. Every time there is production, they will send supervisors to the particular places to monitor, and Brunei Wafirah Holdings will manage the cost and processes. The process usually takes at least eight months on the government side (i.e Brunei Islamic Religious Council) to handle the auditing processes, and on the side of Brunei Wafirah Holdings, it will only take two to three months as Brunei Wafirah Holdings will deal with the designs and packaging of the products. The reason behind the government processes taking so long is that the Halal Food Control Division is not only handling the audits on food ingredients, but also on restaurants, premises, and slaughtering houses.

From the researcher's point of view, Brunei Darussalam undertakes strict procedures for the Brunei Ḥalāl certification and this shows that it is not an easy process to get the Brunei Ḥalāl certification and businesses or manufacturers need to go to several processes for this. However, Ghanim should extend the time period from four days to one week for the Halal Food Control Division to conduct the audits overseas. Although it is understandable that Ghanim tries to save cost and time, but quality knows no money. In other words, if they want to have quality audits, having considerable time is important so that the auditors will not be rushing on their audits. It is worth spending more time and money on having a quality work as this will pay off in the end.

#### **4.4 Development in Ḥalāl**

The Ḥalāl market alone is worth US\$2.3 trillion and the Ḥalāl logistics is demanded along with the Ḥalāl standards in the Muslim world nowadays.<sup>70</sup> Ḥalāl trade and logistics are not only limited to the Muslim society, but as a whole, they act as pave ways to gain market access to the global Ḥalāl markets. The increase in the export of Ḥalāl food will help the Ḥalāl logistics to grow in its need such as transportation and

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<sup>70</sup> Oxford Business Group (2014). "Brunei Darussalam: Halal innovations". [www.oxfordbusinessgroup.com](http://www.oxfordbusinessgroup.com). Retrieved March 2, 2014, from: [http://www.oxfordbusinessgroup.com/economic\\_updates/brunei-darussalam-halal-innovations](http://www.oxfordbusinessgroup.com/economic_updates/brunei-darussalam-halal-innovations).

freight-forwarding services. The Ḥalāl logistics will only transport Ḥalāl certified raw materials, semi-finished, or finished products from its source to the final destination throughout Ḥalāl supply chain that complies with the Ḥalāl logistics standard. In addition, there is also increasing global demand of the Muslim population, which according to the Brand Marketing Executive of Brunei Wafirah Holdings, they forecasted that 30% increase of the population would be Muslim in the future.

In Brunei Darussalam, the MIPR collaborated with other government agencies such as MoH and Brunei Islamic Religious Council to show their support towards Ḥalāl initiatives by introducing Brunei Halal Brand as to participate in the global Ḥalāl food production and certification sector. In support of this, they also organised International Product Expo and Conference for both local and international participants. The objectives of the Brunei Halal Brand are to diversify the economy in moving towards Ḥalāl industry as an alternative route to relying on the oil and gas industry; to support the local SMEs while creating more job opportunities to the nation as a whole; to capitalise on the global Ḥalāl demand towards the Muslim and non-Muslim consumers; and to attract more Foreign Direct Investment (FDI) and create joint-venture opportunities overseas while strengthening bilateral ties between Brunei Darussalam and its partnering countries.

According to Cristalina, there is no global standard for Ḥalāl. In other words, countries have not compromised to a unified Ḥalāl standard. Due to this, they are using their own recognised Ḥalāl standards. For Brunei Darussalam, Brunei Halal Brand logo is recognised worldwide, and that is why products recognised by the Brunei Halal Brand have the opportunities to tap into the global Ḥalāl market. Somehow, the Brunei certification (the purple logo) is more credible but it has not yet being registered worldwide and the Brunei Islamic Religious Council is currently working on the trademark. The only registered trademark at the moment is Brunei Halal Brand.

Cristalina also added that the Halal Industry Innovation Centre and MIPR have signed MoU (Memorandum of Understanding) with Korea (with a company named Bioleaders Corporation) because they want to have Brunei Halal Brand for their

Humax brand products<sup>71</sup>, and also with Viva company (a Canadian based corporation on Ḥalāl pharmaceutical) to make Ḥalāl capsules. This shows that Brunei Halal Brand has the potential and gained opportunities in the global Ḥalāl markets.

From the researcher's point of view, the global Ḥalāl market is seen as an opportunity for the SMEs to improve the food production industry in Brunei Darussalam. It is a good effort that the Ḥalāl industry in Brunei Darussalam made their initiatives by producing more Ḥalāl food products. The introduction of the Brunei Halal Brand also shows that Brunei Darussalam is moving a step towards the global Ḥalāl market in order to maintain its competitiveness in the marketplace and to improve its economic growth. This also shows that Brunei Darussalam is (not only relying on the oil and gas industry nowadays, but diversifying its economy by tapping into other industry as well.

#### **4.5 The Role of Brunei Wafirah Holdings and Ghanim, and Its Logistics Channel**

From the interview with Melline of Brunei Halal, the vision of Brunei Halal Brand is to be a premium brand recognised in the Muslim market with good potential in providing Ḥalāl, good quality, and wholesome products. Brunei Wafirah Holdings is the brand owner and Ghanim is the trading arm. Ghanim was established in 2011 by the government of Brunei. They also have a company in United Kingdom (U.K), and the sister company in U.K is Brunei Wafirah Holdings. Brunei Halal has its offices in Birmingham's Saltley Business Park which was established in 2012 as one of the initiatives made by Brunei Wafirah Holdings to penetrate into the U.K meats market with an annual value US\$1.6 billion.

In Birmingham, it has large Muslim population. Basically in U.K, is for the distribution facility which is not only for whatever the headquarter wants for Brunei Darussalam, but it also serves as a launch pad to enter the European market as the demand for Ḥalāl is strong and positive especially after the tragedy of contaminated meats that happened in early 2013. In addition, the U.K office was also opened up to

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<sup>71</sup> Humax brand product is a functional food from poly gamma glutamic acid for soybeans. (Cristalina Jalil Marsal. *Personal communication*. April 13, 2014).

increase the talent development, and the workers are mainly British passport holders and also Malaysian staff.

At the moment, the distribution in U.K is handled by Brunei Wafirah Holdings, but soon it is going to be handled by Ghanim after they restructure. Meanwhile, the distribution of Brunei Halal Brand in Brunei Darussalam is handled by Malar Setia. At the current situation, all the IT (Information Technology), finance and administration departments are under Brunei Wafirah Holdings, and Ghanim only handles trading department. After restructuring, they will no longer be using Brunei Wafirah Holdings, but moved to just using Ghanim International Food Corporation because Brunei Wafirah Holdings is just a shareholder that owns the Brunei Halal Brand.

To apply for Brunei Halal Brand is not an easy process. Although the companies have attained the Brunei Halal accreditation from Brunei Islamic Religious Council, but somehow the companies also need to comply with the conditions set by the Brunei Wafirah Holdings. The first condition is that the company must have a factory and the factory has to be accredited by ISO<sup>72</sup>. After the factory is accredited by ISO, then the company can go to Brunei Wafirah Holdings. The second condition is that the company must have a minimum order quantity (MOQ). The minimum order quantity will be a twenty footer container. The third condition is that the company must have the right pricing for the product. Lastly, the company's product must be of consumer needs. This means that the company's product must be commercially viable to the market. If otherwise, then the application will be rejected and disapproved. So far, the number of companies applying for Brunei Halal Brand increased from time to time, and it has amounted to over 80 products using Brunei Halal Brand. Sometimes, one manufacturer has many products. However, there were some companies who were removed from Brunei Halal Brand because they failed to meet the requirements needed to be followed. For example, some companies closed down, and some could not meet the MOQ and the prices were too high.

Moreover, if for foreign manufacturers (For e.g Malaysia) who want to apply for Brunei Halal Brand, the conditions are reversed. The manufacturers need to go to

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<sup>72</sup> ISO stands for International organisation for standardization, whereby the international standards are created and published through this organisation. Source: webopedia. (2014). "IT Business Edge". Retrieved April 13, 2014, from: <http://www.webopedia.com/TERM/I/ISO.html>.

Brunei Wafirah Holdings first and get approval for the Brunei Halal Brand. The production application will be handled by Ḥalāl liaison officer. Meanwhile, technical compliance officer will work back to back with the Ḥalāl liaison officer in ensuring that the products or ingredients do not contain any harmful substance. The technical compliance officer has a technical science background and her knowledge really matters. In other words, once the technical compliance officer said that the products cannot be released due to the harmful substances that the products might contain, then the whole application would be rejected. However, if the technical compliance officer shows positive results, then the Ḥalāl liaison officer will liaise with MoRA and MoH and then leave to the hands of the Halal Food Control Division for auditing purposes.

Furthermore, the foremost important thing is that Ghanim only accept 100% Ḥalāl products. For example, the sparkling juice drink must be fully Ḥalāl. They will send supervisors and also auditors from Halal Food Control Division to check the production line of sparkling juice. The sparkling juice must not be contaminated with non-Ḥalāl substances. In other words, the manufacturer must not produce Ḥalāl sparkling juice and at the same time also produces alcoholic sparkling juice although the manufacturer segregates them. If such situation occurs, the application for Brunei Halal Brand will be rejected. Brunei Halal Brand complies with strict policies and procedures in accordance with the Islamic law. This shows how Brunei Halal Brand preserves its product quality and the Ḥalāl integrity.

Nevertheless, the product ranges of Brunei Halal Brand currently are in Spain, India, Malaysia, and Brunei Darussalam. Ghanim will use the Muara Port to transport the Brunei Halal Brand products to Malaysia. However, if Brunei Wafirah Holdings wants to transport the Brunei Halal Brand products to Singapore, they will only use Port Klang in Malaysia to transport to Singapore (straight to the manufacturers). There is no need to use Muara Port as Port Klang is much cheaper in its costs, and Port Klang is also a consolidation Port for Ghanim. In other words, Port Klang acts as a concession centre for Ghanim, whereby when the distributor needs it, then they order and gets delivered to Brunei Darussalam. Then, the distributor keeps its own stocks for distribution. Additionally, the distributor for Brunei Halal Brand in Singapore is NTUC FairPrice Cooperative Ltd. It is the largest supermarket chain in Singapore. It

offers fair prices for all the products. The company is a joint effort with the National Trades Union Congress.<sup>73</sup>

Throughout the researcher's observation, the processes involved in applying for the Brunei Halal Brand have different stages and all the stages are efficiently managed. In other words, the domestic companies who apply for the Brunei Halal Brand needs to get the Brunei Halal certification endorsed by the Brunei Islamic Religious Council before they can apply for Brunei Halal Brand. Somehow, the process is reversed in the case of foreign manufacturers or companies in applying the Brunei Halal Brand. They need to get approval from Brunei Wafirah Holdings first, and then the Halal compliance or liaison officer of Brunei Wafirah Holdings will liaise with MoRA. The researcher also found out that there is a strong connection between Brunei Halal Brand policy and MoRA because the Halal policy of Brunei Halal Brand is referred to the policy set by MoRA. This gives a better understanding that the Brunei Halal Brand is of high Halal quality products due to the stringent procedures and processes involved.

#### **4.6 Halal Certification and Halal Order (2005)**

From the Halal Certification and Halal Order (2005), the general requirements that business or manufacturer needs to follow in order to apply for Halal certification of Brunei Darussalam (purple logo) are:

- *Manufacturer needs to produce only Halal products.*
- All ingredients must be Halal and the suppliers supplying Halal materials with Halal certificates only are allowed.
- Must follow the Halal procedure and requirements endorsed in the Halal Certificate and Halal Label Order (2005), Brunei Darussalam Standard for Halal Food PBD 24:2007, and BGC Halal 1.
- Companies under the categories of Multinational and Medium Industry must form an Internal Audit Committee to ensure that they comply with the Halal procedures and requirements

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<sup>73</sup>Wikipedia. March 10, 2014. "NTUC FairPrice". Retrieved April 18, 2014, from: [http://en.wikipedia.org/wiki/NTUC\\_FairPrice](http://en.wikipedia.org/wiki/NTUC_FairPrice).

- The condition of the product must be clean and free from non-Ḥalāl ingredient from the point the origin until consumption.
- The utensils or equipments used must be clean and free from filth or non-hazardous.
- Transportation used must only for Ḥalāl products.
- The equipments, manufacturing area, and surrounding must be clean and seriously monitored and they should practice Good Manufacturing Practices (GMP).
- Good code of work ethics and hygiene must be practiced by all employees.
- Any form of statue related to religious must not be brought in to the premises or food processing area.

According to Halal Certification and Halal Order (2005), every Ḥalāl permit holder must abide by the Halal Certification and Halal Order (2005). Otherwise, the Ḥalāl permit holder will be charged not more than BND8,000, sentence to prison for a period of not exceeding two (2) years, or both.<sup>74</sup>

#### **4.7 The Assurance of Ḥalāl Food Logistics by Halal Food Control Division**

According to Zurina and Hj Hamdani, the Halal Food Control Division does not inspect the logistics of the company. The Halal Food Control Division defined the Ḥalāl logistics as having Ḥalāl control and Ḥalāl assurance. Ḥalāl control involves strict control over the warehouse and terminal. Ḥalāl assurance involves Ḥalāl activities across the supply chain and the activities such as production, storage, shipping, and receiving must not be mixed with non-Ḥalāl activities. For example, the Ḥalāl food must not be in the same container with wood, or vegetables in the same container with cooked beef. This is not accepted. In other words, the food or items must be of the same criteria and condition such as vegetables with vegetables or

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<sup>74</sup> Majlis Ugama Islam Negara Brunei Darussalam. July 21, 2008. *Syarat-Syarat Permit Halal: Perintah Sijil Halal Dan Label Halal, 2005*. Negara Brunei Darussalam: Kementerian Hal Ehwal Ugama. p. 2.



cooked beef with cooked beef. However, if processed food (For e.g canned food), they can be in the same container, except for raw materials.

For processed food, it does need to have permit from the MoH and MoH will see whether the processed food is fit for consumption and does not affect health. If this has been approved, then the processed food can be sold at the shops. In addition, the imported fresh meats need to come from the slaughter house authorised and recognised by the Brunei Islamic Religious Council. The container of the imported fresh meats will be sealed by the auditors from the Halal Food Control Division overseas, and when the container reaches Muara Port, the auditors from the Halal Food Control Division will be informed for authorisation and to open the seal.

The auditors will check if the fresh meats are not cross-contaminated and the amount as requested. For example, if the fresh meat is beef, it must not be mixed with lamb although they are both considered as “fresh meats”. In other words, fresh beef needs to be with fresh beef. This shows that the Halal Food Control Division complies with stringent procedures and policy in ensuring the ḥalālness of the raw materials or fresh meats. Zurina added that for restaurants, the ingredients used in restaurants must come from Ḥalāl sources that the Ḥalāl accreditation is accepted by MABIMS. For fresh meat, the restaurant is only allowed to use local meat or imported meat that is accredited by Brunei Islamic Religious Council.

From the researcher’s point of view, although the MoH has checked that the processed food from foreign countries is fit for consumption, somehow these products need to at least be as well checked by MoRA whether the processed food which carries Ḥalāl label is using authentic Ḥalāl label or not because at some points, some foreign manufacturers use fake or unauthorised Ḥalāl logo. Some consumers may think that the food product is Ḥalāl since it is attached with Ḥalāl logo, but it is likely that the product is cross-contaminated with non-Ḥalāl derivatives.

#### **4.8 Challenges Faced by the Halal Food Control Division**

According to Zurina and Hj Hamdani, the Halal Food Control Division sometimes faced challenges in evaluating the food products especially food products from the

European countries because the food products which do not have the Ḥalāl logos from the authorised Ḥalāl bodies are not easy to prove their ḥalālness. Companies must have the Standard Operating Procedure (SOP) to prove that the food products are Ḥalāl. Since there is no unified standard for the Ḥalāl logo worldwide, thereby countries are using their own certified Ḥalāl logo.

For Brunei Darussalam, they currently recognised the Ḥalāl logos certified by the MABIMS countries (Malaysia, Brunei Darussalam, Indonesia, and Singapore). The MABIMS cooperated with each other in recognising a certification for the Ḥalāl food products. If Ḥalāl food related issues arise among the MABIMS members, they will base the issues or cases on these aspects by sharing the information and performing investigations.<sup>75</sup> In addition, the official Ḥalāl logos for other countries are displayed on JAKIM's official website and their website can be accessed at [www.halal.gov.my](http://www.halal.gov.my).<sup>76</sup>

Zurina also added that the food products which have Ḥalāl logos from outside MABIMS will still be accepted to enter Brunei Darussalam and there is no barrier, and this also applies to all countries. The imported processed food will be checked and under the jurisdiction of MoH. MoH will only ensure that the processed food products are not hazardous and fit for consumption. Exception will be given to processed food products with pork DNA or non-Ḥalāl processed food products and they will be asked to display the products on non-Ḥalāl section.

From the researcher's point of view, the relevant authorities in Brunei Darussalam should not just accept the food products which have Ḥalāl logos outside MABIMS. Although some Ḥalāl logos are approved by JAKIM, but they should not take such matter as complacent. This is why issue such as the Greatwall Corned Beef happened whereby they had poor logistics on the part of the manufacturer, and the relevant authorities in Brunei Darussalam by all means accepted the products to enter Brunei without realising that the products were using unauthorised Ḥalāl logos. This shows that there is a need to revise this matter all over again and to restructure the

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<sup>75</sup> Zareena Amiruddin and Wardi Buntar. October 17, 2010. "Mabims to cooperate on halal food product certification". *www.bt.com.bn*. Retrieved April 18, 2014, from: <http://www.bt.com.bn/news-national/2010/10/17/mabims-cooperate-halal-food-product-certification>.

<sup>76</sup> JAKIM. (2011). "List Of Approved Islamic Bodies". *www.halal.gov.my*. Retrieved April 18, 2014, from: <http://www.halal.gov.my/v3/index.php/en/list-of-approved-islamic-bodies>.

standards of accepting imported food products especially food products with Ḥalāl logos outside MABIMS as these food products are likely to be cross-contaminated.

#### **4.9 Issues on Ḥalāl Food Products**

There are several issues that occurred with the Ḥalāl food products. Some imported Ḥalāl food products are contaminated with with non-Ḥalāl derivatives. According to Zurina and Hj Hamdani, if this happens, the Halal Food Control Division will take actions by informing the public to create awareness and sending the samples of the product to either the HIIC or DSS for analysis and further investigation. When the samples have been analysed and have the results, the Brunei Islamic Religious Council will announce to the public on the results. The Shariah Department of MoRA is only the secretariat, and only the Brunei Islamic Religious Council has the authority to announce the results on the Ḥalālness of the products.

From the researcher's point of view, the Halal Food Control Division should be proactive in assessing contamination of food products. They must not only wait for reports or rumours because this will be insufficient. They should work on providing random checks periodically on imported Ḥalāl food products in case cross-contamination has occurred. In addition, since there is not yet a unified standard for Ḥalāl, this has strengthened the fact on the need to be pro-active towards the imported Ḥalāl food products in ensuring that the imported Ḥalāl food product maintains its Ḥalālness. Moreover, it can be seen that the Halal Food Control Division needs to perform audits on restaurants or premises, slaughtering houses, and products. According to Zurina and Hj Hamdani, the Halal Food Control Division has lack of manpower and that is why some audits may take time to complete. To improve on this, the Halal Food Control Division should seek budget allocation to increase manpower or human resources in the future.

It can be concluded that section 4.1 has achieved the objective on assessing the importance of the role of Ḥalāl logistics on Ḥalāl food products (Objective iv). Section 4.2 has achieved the objective of evaluating how the implementation of the Ḥalāl logistics standards can help towards achieving Ḥalāl logistics (Objective vi). Sections 4.3 and 4.6 have achieved the objective on assessing the principles or guidelines

which are crucial to ensure the Ḥalāl integrity of the supply chain (Objective iii). Section 4.4 is a general view on the development of Ḥalāl as a whole and in Brunei Darussalam itself, which this further leads to achieving the objective of the importance of the role of Ḥalāl logistics (Objective iv). Section 4.5 has achieved the objectives of identifying the role of Brunei Wafirah Holdings and Ghanim, the processes involved in Ḥalāl logistics and how they ensure the Ḥalāl logistics of the products (Objectives i and ii). Section 4.7 has achieved the objective of identifying the roles of Halal Food Control Division in ensuring Ḥalāl logistics of the food products (Objectives i and ii). Sections 4.8 and 4.9 have achieved the objective of evaluating the issues and challenges in Ḥalāl logistics (Objective v).

## CHAPTER 5

### SUMMARY AND RECOMMENDATIONS

#### 5.1 Summary

The elements in the areas of Ḥalāl logistics need to be well-administered with proper supervision on the processes and procedures throughout the logistics channel. At the production point, the sources of raw materials need to be Ḥalāl by practicing lawful slaughtering processes that are based on the Islamic rites. The finished products need to have Ḥalāl packaging and store at Ḥalāl dedicated warehouse. The products at the warehouse must be segregated and labelled to avoid cross-contamination. Upon exporting or importing the products, the container needs to be properly sealed and monitored. The products shall reach the designated location with Ḥalāl transportation, and the consumers shall receive the products ordered in the right quantity and at the right time. The important aspect in Ḥalāl logistics is that all the procedures and processes must be in accordance with the Islamic teachings or Shari‘ah law to ensure the Ḥalāl integrity of the products as this can create consumer trusts. This means that the Ḥalāl brand of food products must also have Ḥalāl logo certified by the Islamic religious body since this is one and the foremost important criteria to Ḥalāl validity.

Moreover, issues such as fake Ḥalāl logo or misuse of Ḥalāl logo on imported Ḥalāl food products and hence the validity of the food products is also becoming pertinent questions for most consumers. This has proven that there is lack of enforcement in monitoring the usage of certified Ḥalāl food as in the issue of the “Greatwall Corned Beef” which has been explained earlier in Chapter 1. The problem with Brunei Darussalam is that it is over reliance on the oil and gas industry and also on imported food products. The food production industry in Brunei Darussalam is not well-developed. However, the country is already moving towards filling the gap of the niche market in Brunei Darussalam by tapping into the Ḥalāl industry to reach the global Ḥalāl market. Brunei Darussalam has created its own Brunei Halal Brand to help the SMEs to diversify their products internationally. Application for Brunei Halal Brand is not an easy process as it needs to pass through stringent procedures and regulations since Brunei Halal Brand stands upon the Islamic policy of MoRA.

Nevertheless, the Halal Food Control Division normally faces challenges when evaluating the food products from the European countries because the food products which do not have the Ḥalāl logos from the authorised Ḥalāl bodies are not easy to prove their ḥalālness. There is also no unified standard for the Ḥalāl logo worldwide, and countries are using their own certified Ḥalāl logo. Even so, Brunei Darussalam currently recognised the Ḥalāl logos certified by the MABIMS countries. Also, when issues of cross-contamination occur, the Halal Food Control Division will inform the public and the samples will be checked and analysed by the HIIC or DSS. The results will be announced by the Brunei Islamic Religious Council on the Ḥalāl status of the products.

Furthermore, Malaysia is the first country to establish the Ḥalāl logistics standards and having Ḥalāl logistics company. From the researcher's own observation, it can be seen that the Ḥalāl logistics standard is vital and shall be embedded in the Ḥalāl logistics channel. The importance of the Ḥalāl logistics standard can create will be beneficial for the manufacturers, businesses, and consumers. Brunei Darussalam is currently drafting on implementing the Ḥalāl logistics standard which can be applied regionally and internationally. In addition, Brunei Wafirah Holdings only owns the warehouse, and intended to own all areas of the supply chain in the future such as the manufacturing plant and producing their own products.

## 5.2 Research Limitations

There may be some limitations faced by the researcher in conducting the research study. Some of the limitations are listed below:

- Limited findings and resources. The researcher was unsure whether the data that was collected would meet the requirements needed for the findings and discussion chapter. In addition, books might also not be enough to support various data. The researcher might also miss out some of the important points since not all interviews were recorded to respect the interviewees' freedoms, and it is possible that the interviewees gave the wrong answers. Moreover, there may be other key players involved in the implementation of Ḥalāl logistics standards not considered here.

- Delayed time frame. The interview sessions might not be adequate since the researcher needed to catch with the time. The researcher was supposed to conduct the interview sessions in January 2014, but there was late approval for the interview letters which took the researcher to have three months delayed for the interviews, and the researcher conducted the interview in April 2014. Moreover, the researcher also might not be able to produce a quality and solid thesis due to this. If the time frame was not delayed, there might be possibilities that the researcher might be able to collect more information which might be useful to the research study. If it was possible to have further research that could extend the researcher's work.
- Difficulties faced along the way. There were difficulties faced when conducting the research. First, the researcher had made earlier planning and constructed a time frame to be followed in sequence. However, the researcher was faced with tests and assignments which the researcher needed to prioritise. Second, both interviews with HIIC and Halal Food Control Division went well and these were within the time frame although the interview letters were given afterwards. The interview with these agencies happened without the interview letters due to their considerations, but the interview with Brunei Wafirah Holdings and Ghanim was not smooth and it was far beyond the time frame because they needed the interview letters first. The researcher needed to called and reminded Brunei Wafirah Holdings many times but they were busy and tend to forget. The interview happened in April and the researcher needed to rush the interview with them and could not expect more from them. This had also caused the researcher to rush in analysing the data and information collected from the interviews.

### **5.3 Recommendations**

Throughout the whole observations on the problems mentioned in Chapter 1, some important points from the literature review, and the findings obtained from the interviews, the researcher has suggested some recommendations for Brunei Darussalam.

First, the researcher hopes that more SMEs or businesses in Brunei Darussalam will contribute in the Halal industry by producing Halal food products so that the percentage of Brunei Darussalam relying on the imported food products will be reduced, and it also acts as an alternative route for Brunei Darussalam if one day the oil and gas industry suffers a downturn. Apart from that, it can also help to improve the food production industry in Brunei Darussalam and since the Halal market is growing, thereby this is seen as an opportunity for the SMEs in Brunei Darussalam or the food production industry to tap into the global Halal market and promote economic growth for the country.

Second, although the Brunei Halal Brand is recognised by the world, but somehow it still cannot compete with the world market. Why is this so? One of the reasons is that Brunei Halal Brand charges higher prices than the foreign products. For example, chocolates sold using the Brunei Halal Brand is expensive than the chocolates sold from outside, but the foreign chocolates are of better-quality and better reputation than the Brunei Halal Brand's. This does not mean that Brunei Halal Brand has low quality level, but in fact Brunei Halal Brand is of high quality as well. Only at some point that the Brunei Halal Brand products need to improve on its quality and restructure its image to compete over its competitors.

Third, the researcher recommends the use of RFID (Radio Frequency Identification) Halal Traceability System. It was invented by John Harith Technology Sdn Bhd and they collaborated with MoRA. It is a tagging system which uses the radio waves to transmit the data for the identification of the objects or people. One commonly used method of RFID is by storing the serial numbers provided in it is the information needed and will be incorporated on an RFID tag. The RFID tag will then transfer the data to the reader and thus throughout the radio waves, the information provided will be in digital format.<sup>77</sup> The system provides ICT solution for MoRA in dealing with tracking the Halal traceability of the products. The system is based on the Brunei Halal policy, in which it provides a link in the policy.<sup>78</sup> For example, the system can assist in looking for the origins of the meat and its status of Halalness. Hence, the system is better to avoid cases of cross-contamination or fake Halal logo.

<sup>77</sup> See: Roberti, M (Ed.) 2002-2013. "Frequently Asked Questions". *RFID Journal*. Retrieved December 16, 2013, from <http://www.rfidjournal.com/site/faqs>.

<sup>78</sup> Manager at John Harith Technology Sdn Bhd, John Lim. *Personal communication*. December 24, 2013.



Fourth, the researcher suggests that the Brunei Islamic Religious Council or the Shari'ah Department of MoRA to create public awareness especially in cases of unidentified Halal logo. For example, the relevant authority should announce to the public through various means of communication that such Halal logo is not recognised by the Brunei Islamic Religious Council or the Islamic bodies worldwide because the researcher doubted that everyone would visit the official page of JAKIM to check for the authorised Halal logos. Hence, probably the Brunei Islamic Religious Council could deliver the message or announcements through books, articles, television, radio, and banners since not everyone has internet access. This is also part of enjoining what is right and forbidding what is wrong to the Muslim society at large and hence part of the best act of worship in a sense that they will help the people from consuming non-Halal products and protecting the interests of the consumers.

Fifth, the Halal Food Control Division should employ more manpower or human resources so that there will be enough manpower in the future to perform the audits on premises, restaurants, products, and slaughtering houses. It is also recommended if the Halal Food Control Division could create a separate division in the department. For example, the department needs to have three separate divisions namely slaughtering house division, restaurant or premises division, and products division. This can improve the efficiency level of the Halal Food Control Division as a whole. Moreover, employing more human resources can help to reduce unemployment in Brunei Darussalam since it creates job opportunity and a budget should be prepared to foresee this matter.

Sixth, the Halal Food Control Division should perform random checks periodically especially on imported Halal food products to lessen the issues on cross-contamination. They must not only wait for reports to come over them, but instead they voluntarily perform the audits on imported Halal food products especially those that carry unauthorised Halal logo.

Seventh, the Halal logistics standards when implemented should consist of all levels of logistics channel. For examples, what requirements and the standards needed to comply during the production, warehousing, storage, transportation, packaging and so forth. They should comply with all the requirements and standards, and if found

cheating, they should be penalised or penalty fees because if they are not handled strictly, they will only take the matters for granted.

Lastly, if the implementation of the Ḥalāl logistics standard may lead to high price of the products in the future and a question of whether consumers are willing to pay need to be addressed. It is suggested that the technical committees or the relevant bodies to think of other alternative ways to lower down the cost of the Ḥalāl logistics standard or probably it is better if the government can subsidise for the high price in the first few years to see how people respond to it.

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### Slide Share

Cristalina Jalil Marsal & Hjh Saaimah binti Hj Abdul Manaf. (2013). "2<sup>nd</sup> Global Halal Trade and Logistics Summit". Intercontinental Kuala Lumpur: Malaysia.

Interview or Personal Communication

Cristalina Jalil Marsal. Personal communication. March 4, 2014 at Halal Industry Innovation Centre.

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Melline Jaini. Interview. April 7, 2014 at Brunei Wafirah Holdings.

## APPENDIX A

### Questions for Brunei Wafirah Holdings and Ghanim International Food Corporation

1. What are the processes that take place before any Brunei Halal certification can be given for the Halāl products to proceed to the next stage?  
*Apakah proses yang diperlukan sebelum diberikan sijil Halal Brunei bagi produk Halāl untuk menjangkau ke tahap seterusnya?*
2. How long does the process usually take place in order to get the Brunei Halal status for the products?  
*Berapa lama proses itu akan mengambil masabagi mendapatkan status Brunei Halal bagi produk?*
3. How many businesses that have been granted Brunei Halal Brand?  
*Berapakah bilangan pengusaha yang telah diiktirafkan oleh Brunei Halal?*
4. How important is the issue of Halāl logistics in the certification of Halāl products?  
*Bagaimanakah isu logistik Halāl itu penting dalam mendapatkan sijil Halāl bagi produk tersebut?*
5. What are the specific roles of Brunei Halal and the other parties involved in ensuring the Halāl logistics of the products?  
*Apakah peranan tertentu Brunei Wafirah Holdings dan parti lain yang terlibat dalam memastikan logistik Halāl bagi produk tersebut?*
6. What are the areas involved in the Halāl logistics?  
*Apakah bidang yang terlibat di dalam logistik Halāl?*

## APPENDIX B

### Interview Transcript with Brunei Wafirah Holdings and Ghanim International Food Corporation (with brief answers)

**Name:** Melline Jaini, Brand Marketing Executive  
**Venue:** Brunei Wafirah Holdings Sdn Bhd, Unit 6, First floor, Lim Kah Sing Building, Jerudong  
**Time:** 9a.m

1. What are the processes that take place before any Brunei Halal certification can be given for the Halāl products to proceed to the next stage?  
*Apakah proses yang diperlukan sebelum diberikan sijil Halal Brunei bagi produk Halāl untuk menjangkau ke tahap seterusnya?*

**Ans:** Apply for Brunei Halal Certification at MoRA. When approved, then submit application to Brunei Halal Wafirah Holdings.

2. How long does the process usually take place in order to get the Brunei Halal status for the products?  
*Berapa lama proses itu akan mengambil masabagi mendapatkan status Brunei Halal bagi produk?*

**Ans:** Dealing with government usually takes 8 months because they are not just handling the products, but also slaughtering houses and restaurants. On the side of Brunei Halal Brand, only takes 2 to 3 months

3. How many businesses that have been granted Brunei Halal Brand?  
*Berapakah bilangan pengusaha yang telah diiktirafkan oleh Brunei Halal?*

**Ans:** When it first started, only around 30 products. It is increasing every year. Currently, it is more than 80 products. Sometimes, one company has many products.

4. How important is the issue of Halāl logistics in the certification of Halāl products?  
*Bagaimanakah isu logistik Halāl itu penting dalam mendapatkan sijil Halāl bagi produk tersebut?*

**Ans:** The global demand for Halāl is increasing. It is expected that 30% of the populations worldwide would be Muslim.

5. What are the specific roles of Brunei Wafirah Holdings and the other parties involved in ensuring the Halāl logistics of the products?  
*Apakah peranan tertentu Brunei Wafirah Holdings dan parti lain yang terlibat dalam memastikan logistik Halāl bagi produk tersebut?*



**Ans:** whenever there is production, Ghanim will send supervisors and they will manage the cost and process. Brunei Halal is based on the Islamic policy of MoRA. The audits will be performed by the Halal Food Control Division with strict procedures.

6. What are the areas involved in the Halāl logistics?

*Apakah bidang yang terlibat di dalam logistik Halāl?*

**Ans:** Their distribution in U.K is handled by Brunei Wafirah Holdings and soon to be Ghanim after they restructure. The distribution in Brunei is handled by Malar Setia. Brunei Wafirah Holdings only owns the warehouse. Soon, they will try to own every channel such as production plant and produce their own products.

## APPENDIX C

### Questions for Halal Industry Innovation Centre (HIIC).

1. When was Halal Industry Innovation Centre (HIIC) established?  
*Bilakah Pusat Inovasi Industri Halal ditubuhkan?*
2. What is the vision of HIIC?  
*Apakah visi bagi Pusat Inovasi Industri Halal?*
3. What is the mission of HIIC?  
*Apakah misi bagi Pusat Inovasi Industri Halal?*
4. What are the objectives of HIIC  
*Apakah objektif bagi Pusat Inovasi Industri Halal?*
5. What is/are the role(s) of HIIC towards the development of Brunei Halal?  
*Apakah peranan Pusat Inovasi Industri Halal terhadap pembangunan Brunei Halal?*
6. What is/are the functions of HIIC under the Ministry of Industry and Primary Resources?  
*Apakah fungsi Pusat Inovasi Industri Halal di bawah Kementerian Perindustrian dan Sumber-Sumber Utama?*
7. How did HIIC get the idea to draft the standards for Halal logistics?  
*Bagaimana Pusat Inovasi Industri Halal mendapat idea untuk merangka piawaian bagi logistik Halal?*
8. Do the standards for Halal logistics implemented elsewhere (other countries)?  
*Adakah piawaian bagi logistik Halal dilaksanakan di mana-mana (luar negara)?*
9. What are the problems/issues faced by HIIC in drafting the Halal logistics standards (if any)?  
*Apakah masalah/isu yang dihadapi oleh Pusat Inovasi Industri Halal dalam pengubalan piawaian logistik Halal?*
10. What are the procedures/steps included in setting the standards for Halal logistics?  
*Apakah prosedur/langkah yang termasuk dalam menetapkan piawaian logistik Halal?*

11. Who are the parties involved in setting the standards for Halal logistics?  
*Siapakah pihak yang terlibat dalam menetapkan piawaian logistic Halal?*
12. What is the importance of having the standard for Halal logistics in Brunei Darussalam?  
*Apakah kepentingan piawaian logistik Halal di Brunei Darussalam?*
13. To what extent do the Halal logistics standards can assist in the development of SMEs (Small and Medium Enterprises)  
*Sejauh manakah piawaian logistik Halal dapat membantu dalam pembangunan PKS (Perusahaan Kecil dan Sederhana)?*
14. Are the standards for Halal logistics applicable only in Brunei Darussalam or internationally?  
*Adakah piawaian bagi logistik Halal hanya sah di Brunei Darussalam atau peringkat antarabangsa?*
15. When are the Halal logistics standards going to be implemented?  
*Bilakah piawaian logistik Halal akan dilaksanakan?*
16. What are the requirements in the Halal logistics standards?  
*Apakah syarat-syarat yang terdapat di dalam piawaian logistik Halal?*
17. How long does it take for HIIC to set the Halal logistics standards?  
*Berapa lama masa yang diperlukan bagi Pusat Inovasi Industri Halal dalam merangka piawaian logistik Halal?*

## APPENDIX D

### Interview Transcript with Halal Industry Innovation Centre (HIIC). (with brief answers)

**Name:** Cristalina Jalil Marsal, Head of Halal Business Development Division of HIIC  
**Venue:** Halal Business Development Division, Halal Industry Innovation Centre, Bandar Seri Begawan  
**Time:** 3.30p.m

1. When was Halal Industry Innovation Centre (HIIC) established?  
*Bilakah Pusat Inovasi Industri Halal ditubuhkan?*

**Ans:** July 2012.

2. What is the vision of HIIC?  
*Apakah visi bagi Pusat Inovasi Industri Halal?*

**Ans:** To facilitate the Halal industry and global Halal market

3. What is the mission of HIIC?  
*Apakah misi bagi Pusat Inovasi Industri Halal?*

**Ans:** The development of agro-tech and Halal Science

4. What are the objectives of HIIC  
*Apakah objektif bagi Pusat Inovasi Industri Halal?*

**Ans:** To develop a platform for SMEs, working towards the Halal standards and guidelines, and provide job opportunities.

5. What is/are the role(s) of HIIC towards the development of Brunei Halal?  
*Apakah peranan Pusat Inovasi Industri Halal terhadap pembangunan Brunei Halal?*

**Ans:** HIIC facilitates Brunei Halal

6. What is/are the functions of HIIC under the Ministry of Industry and Primary Resources?  
*Apakah fungsi Pusat Inovasi Industri Halal di bawah Kementerian Perindustrian dan Sumber-Sumber Utama?*

**Ans:** Setting up of Agro-tech and Halal Science Centre.

7. How did HIIC get the idea to draft the standards for Halal logistics?  
*Bagaimana Pusat Inovasi Industri Halal mendapat idea untuk merangka piawaian bagi logistik Halal?*

**Ans:** To deal with the requirements needed to handle the finished Halal products, and an effort to perform religious obligation to ensure that all Muslims will consume and use Halal foods or products.

8. Do the standards for Halal logistics implemented elsewhere (other countries)?  
*Adakah piawaian bagi logistik Halal dilaksanakan di mana-mana (luar negara)?*

**Ans:** Yes. In Malaysia. They shared their case study. Malaysia also has Halal logistics company

9. What are the problems/issues faced by HIIC in drafting the Halal logistics standards (if any)?  
*Apakah masalah/isu yang dihadapi oleh Pusat Inovasi Industri Halal dalam penggubalan piawaian logistik Halal?*

**Ans:** No

10. What are the procedures/steps included in setting the standards for Halal logistics?  
*Apakah prosedur/langkah yang termasuk dalam menetapkan piawaian logistik Halal?*

**Ans:** First is draft. Then submit to technical committees (from all agencies). For e.g MoH, MoRA and State Mufti. Final say will be the Brunei Islamic Religious Council. Last is publication.

11. Who are the parties involved in setting the standards for Halal logistics?  
*Siapakah pihak yang terlibat dalam menetapkan piawaian logistik Halal?*

**Ans:** 1. MoH (Pharmaceutical services). 2. State Mufti. 3. MoRA. 4. Other technical agencies.

12. What is the importance of having the standard for Ḥalāl logistics in Brunei Darussalam?

*Apakah kepentingan piawaian logistik Ḥalāl di Brunei Darussalam?*

**Ans:** It is vital to ensure the Ḥalāl integrity throughout the Ḥalāl supply chain from farm to distribution to ensure the full Ḥalālness of the products.

13. To what extent do the Ḥalāl logistics standards can assist in the development of SMEs (Small and Medium Enterprises)

*Sejauh manakah piawaian logistik Ḥalāl dapat membantu dalam pembangunan PKS (Perusahaan Kecil dan Sederhana)?*

**Ans:** The world Ḥalāl market value look for the demand for Ḥalāl products and this is linked to Ḥalāl logistics. Also, to be highly competitive and to offer a unique service. Ḥalāl logistics is one specialised service.

14. Are the standards for Ḥalāl logistics applicable only in Brunei Darussalam or internationally?

*Adakah piawaian bagi logistik Ḥalāl hanya sah di Brunei Darussalam atau peringkat antarabangsa?*

**Ans:** Yes. In Brunei and outside

15. When are the Ḥalāl logistics standards going to be implemented?

*Bilakah piawaian logistik Ḥalāl akan dilaksanakan?*

**Ans:** In six to eight months.

16. What are the requirements in the Ḥalāl logistics standards?

*Apakah syarat-syarat yang terdapat di dalam piawaian logistik Ḥalāl?*

**Ans:** Confidential

17. How long does it take for HIIC to set the Ḥalāl logistics standards?

*Berapa lama masa yang diperlukan bagi Pusat Inovasi Industri Halal dalam merangka piawaian logistik Ḥalāl?*

**Ans:** One to two years

## APPENDIX E

### Questions for Halal Food Control Division

1. What is the vision of BKM?H?  
*Apakah visi BKM?H?*
2. What is the mission of BKM?H?  
*Apakah misi BKM?H?*
3. What is/are the aim(s) of BKM?H?  
*Apakah tujuan BKM?H?*
4. What is/are the objective(s) of BKM?H?  
*Apakah objektif BKM?H?*
5. What is the role of BKM?H?  
*Apakah peranan BKM?H?*
6. What are the requirements or criteria needed for a company to apply for Brunei Halal Certification?  
*Apakah syarat-syarat atau kriteria yang diperlukan bagi sebuah syarikat untuk memohon sijil Halal Brunei?*
7. What are the challenges faced by BKM?H in evaluating the product?  
*Apakah cabaran-cabaran yang dihadapi oleh BKM?H dalam membuat penilaian bagi produk tersebut?*
8. What are the procedures that are carried out by BKM?H for their auditing purposes on food? (Does BKM?H approach the company or wait to be approached?)  
*Apakah prosedur yang dijalankan oleh BKM?H bagi tujuan pengauditan makanan?*
9. How long does it take to complete the steps taken for the procedures?  
*Berapa lama masa yang diperlukan untuk melengkapkan langkah-langkah yang diambil bagi menjalankan prosedur tersebut?*
10. How will BKM?H response if the imported food products that have halal logos are said to be contaminated with non-halal derivatives? (Examples can be taken from cases like Golden Churn or Greatwall Cornbeef)  
*Bagaimanakah respon BKM?H jika didapati bahawa produk makanan yang diimport yang mempunyai logo halal mengandungi derivatif atau barangan yang tidak halal? (contoh boleh diambil dari kes-kes seperti Golden Churn atau Greatwall Cornbeef)*

11. Does BKMh follow any regional or international standard in their auditing process?  
*Adakah BKMh mengikuti sebarang piawaian serantau atau antarabangsa dalam menjalani proses pengauditan?*
12. What is the role of BKMh in ensuring halal logistics?  
*Apakah peranan BKMh dalam memastikan kehalalan logistik?*
13. Does BKMh also inspect the company's logistics? (The company refers to those who apply for Brunei Halal Certification for their food products)  
*Adakah BKMh juga membuat pemeriksaan ke atas logistik syarikat? (Ianya adalah merujuk kepada syarikat yang memohon Sijil Halal Brunei bagi produk makanan mereka)*
14. What is the future prospect (future plan) of BKMh?  
*Apakah prospek masa depan (rancangan masa depan) BKMh?*



## APPENDIX F

### Interview Transcript with Halal Food Control Division (with brief answers)

**Name:** Haji Hamdani bin Othman and Zurina Salwa binti Hj Osman,  
Halal Auditors for International and Regional

**Venue:** Halal Food Control Division, Second floor, Ministry of  
Religious Affairs, Jalan Elizabeth Dua, Bandar Seri  
Begawan

**Time:** 2p.m

1. What is the vision of BKM?H?  
*Apakah visi BKM?H?*
2. What is the mission of BKM?H?  
*Apakah misi BKM?H?*
3. What is/are the aim(s) of BKM?H?  
*Apakah tujuan BKM?H?*
4. What is/are the objective(s) of BKM?H?  
*Apakah objektif BKM?H?*
5. What is the role of BKM?H?  
*Apakah peranan BKM?H?*

**Note:** Answers for questions 1 to 5 were asked to refer to their official website

6. What are the requirements or criteria needed for a company to apply for Brunei Halal Certification?  
*Apakah syarat-syarat atau kriteria yang diperlukan bagi sebuah syarikat untuk memohon sijil Halal Brunei?*

**Ans:** 1. They must serve Halal food. 2. At least two Muslim supervisors. 3. They must have 16 and 17 business registration. Otherwise, their license will be repossessed if found cheating after receiving the Halal Certification because they do not report to the Brunei Islamic Religious Council.

7. What are the challenges faced by BKM?H in evaluating the product?  
*Apakah cabaran-cabaran yang dihadapi oleh BKM?H dalam membuat penilaian bagi produk tersebut?*

**Ans:** In evaluating European food products. To be safe, there must be an alternative.

