

# Halal sellers serve up trust

Chinese businesses go all out to build integrity with buyers of accredited products for the Muslim market

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In an enormous hall of booths showcasing halal food, Dang Yangyang was busy setting up. His stall at the Kuala Lumpur Convention Centre represented just one of many companies trying to woo overseas buyers with accredited halal goods.

This was the Malaysia International Halal Showcase (MIHAS), which ran from April 5 to 8, and it was the first time Dang had attended the world's largest halal trade show.

The 35-year-old Chinese businessman was bent on burnishing his firm's credentials as a qualified, high-end halal poultry producer. He set out to win the trust of Muslim consumers abroad — some of whom might be a little wary of halal products produced in the Chinese mainland.

"We're very much looking forward to trading with buyers who stick to stringent halal food regulations," said Dang, vice-managing director of Shandong Wintop Group, a large-scale poultry supplier with more than 8,000 employees in East China's Shandong province.

"We're never daunted by the demanding procedures in preparing halal-certified livestock. The more requirements traders demand, the better it is for our business and theirs."

In managing a farm with rigorous attention to Islamic law, Dang has had to make sure that every detail is genuinely halal. This has ranged from fodder ingredients and assembly line infrastructure to recruiting 20 *akhoonds* — respected figures in leading provincial Islamic communities — to handle the slaughtering procedure.

In recent years, China's halal food producers have been eyeing opportunities in the booming halal market.

Currently, the global market for halal goods is worth \$2.3 trillion, with its food and beverage (F&B) sector alone valued at \$650 billion.

But communications agency FleishmanHillard has estimated that by 2019 the halal market will have grown a whopping 60 percent to reach \$3.7 trillion.

This projected upsurge is largely due to the rapidly growing Muslim population worldwide, which FleishmanHillard expects to increase from 1.8 billion in 2015 to 2.2 billion by 2030.

Mega Capital International Holdings, an exporter that farms and roasts coffee beans in Southwest China's Yunnan province, was also one of the F&B exhibitors at MIHAS. Over the past two years, the Hong Kong-headquartered firm has been diligently securing official Halal certifications for its products.



VIVIAN LOW, sales and marketing manager at coffee exporter Mega Capital, promoting her company's products to a buyer at the Malaysia International Halal Showcase. Chinese halal food producers see huge opportunities in the booming halal market. HONEY TSANG / CHINA DAILY ASIA WEEKLY

"Most coffee beans on the market are not halal-certified. The accreditations can give us a head start, catapulting our products into the untapped halal food market," said Vivian Low, sales and marketing manager at Mega Capital.

Every year, thousands of sellers and buyers who are in search of halal interests throng at MIHAS. The four-day fair is organized by the Malaysia External Trade Development Corporation (Matrade), the Malaysian government body responsible for fostering international trade.

Malaysia is recognized as a hub for the world's halal industry and has long been known for its rigid regulations on food production under Islamic law. MIHAS, introduced in 2004, is a key component of the government's efforts to propel cross-country halal trade, especially with China.

Trade relations between Malaysia and China in the halal industry have been accelerating since the roll-out of China's Belt and Road Initiative, which aims to connect Asia with Africa and Europe through an infrastructure and trade grid along the ancient Silk Road routes.

From a halal market viewpoint, the initiative will extend the Chinese mainland's economic reach through Central Asia to the Middle East.

In an address to traders at the opening ceremony of MIHAS 2017, Malaysian Deputy Prime Minister Ahmad Zahid Hamidi said: "We're

seeking to tap the growth opportunities arising from the (Belt and Road) trade routes with China, which has some 30 million Muslims, with an annual halal market growth of about 10 percent."

Abu Bakar Koyakutty, Matrade's senior director of market access and international partnership, said measures under the Belt and Road will revive commerce along the Silk Road, which was active between Chinese and Muslim merchants from nearby Muslim-majority countries, including Malaysia.

Latest official figures from MIHAS bear witness to the stronger trade ties between Malaysia and China. In 2016, China topped the list in terms of number of exhibitors, with 43 Chinese participating firms out of a total of 539 exhibitors from 30 different countries.

Meanwhile, China's domestic demand for halal food has been surging. In 2015, China was the top export destination for Malaysia's halal goods, according to official Malaysian trade figures. It generated 4.8 billion ringgit (\$1.1 billion) that year, accounting for 12.1 percent of the total revenue from halal exports in Malaysia.

Abu Bakar said e-commerce is seen as the next trend for global halal business. Halal retailers, via e-marketplaces, want to cater to the growing number of smartphone-wielding consumers eager to place orders online.

For some time now, the Malay-

sian government has been pushing e-trade with Chinese companies. Since 2014, Matrade has cooperated with Chinese e-commerce giant Alibaba to help small and medium enterprises put their halal products on Alibaba's platform for sale.

Dang of Shandong Wintop, whose farm is already vending halal-certified chicken to nine countries including the United Arab Emirates, Iraq, Singapore, Malaysia and Georgia, went to MIHAS with a dogged determination to reach new buyers.

Conforming to halal guidelines is only the first step to success, he claimed. The most crucial thing for a Chinese food company in the global halal food industry is to build a good reputation and earn the trust of Muslim buyers, Dang said.

"That's why I came all the way here to Malaysia from Shandong. This is a chance for international traders to come to us and get to know how meticulous our halal food production is."

Some businesses flouting Islamic codes in the past — from disguising pork as beef to lacing claimed halal food with lard — have meant it is not easy for Chinese companies to win over Muslim shoppers abroad.

However, there have been significant advances in recent years in Chinese production standards of halal goods and services. In 2016, Shandong, China's leading province for chicken farming, issued its first official guidelines for humane slaugh-

tering. It called on the local poultry industry to butcher chickens with the least pain possible — similar to Islamic principles.

"The quality of China's halal food produce is definitely improving. I think China is catching up with the international halal standard," said Mohammad Aminuddin Sham Tajudin, director of Matrade's food, biotech and halal unit. "The only issue is the deficient customer confidence in China's halal products."

Malaysian halal credentials have long been hailed as the gold standard. The Department of Islamic Development Malaysia, the government agency that monitors the country's halal guidelines, is known for its strict, ironclad, halal certification.

Mohammad Aminuddin suggested that Chinese firms that plan to enter the global halal market should apply for halal certification.

"By leveraging halal credentials, China is going to establish its position as one of the major, trustworthy players in the global halal industry."

Halal is translated in Chinese as *qing zhen*, or "pure" and "true". Dang is living by this notion, determined to produce poultry that is thoroughly halal.

The Chinese food industry manufacturing halal food has shed its race-to-the-bottom ways, Dang said. "The exquisite halal products can actually sell at a better price to discerning importers," he said. "So, why don't we aim at that?"