

**A ROADMAP IN FACILITATING HALAL
CARGOES AND ENTREPRENEURS FOR
MARITIME SILK ROAD BETWEEN PORT
KLANG AND CHINESE PORTS
THROUGH INLAND DRY PORT**





Presenter : **Datin Dr. Norhayati Shariff**

Address : University Malaysia Terengganu, Malaysia.
Department of Maritime Management*.

E-mail : dnoor@umt.edu.my

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OUTLINE OF PRESENTATION

- Introduction
- Global halal food market
- Destinations of Malaysia halal export (Top 5 Countries)
- Malaysia halal market
- China halal market
- Malaysia –China economic initiative “One Belt One Road”
- Port Klang Free Zone for Chinese and Southeast Asian investors
- Inland dry port Ipoh
- Global Halal products market
- New Investment Opportunities
- Roadmap Critical Success Factors
- Development of The Trans-asian RAILWAY
- Conclusion



INTRODUCTION

- ❑ The Malaysia- China maritime Silk road is a **megaproject** development
- ❑ Aim to revive on the maritime silk road economic belt (Admiral Zheng, Ming Dynasty).
- ❑ Under 5-year plan MOU ,Malaysian and Chinese governments – USD \$ 160 bil. by 2017
- ❑ Since 2013 – Discussion on alliance/ relation ship to connect **Port Klang** in central region of west Malaysia to several **Chinese port** Shanghai, Ningbo, Tianjin, Guangzhou, Xiamen, Dalian and Fuzhou to initiate and enhance development in :
 - 1.trade
 - 2.logistics and
 3. tourism.





- The launching ceremony of Malaysia's Port Klang International Trade and Halal Industry Development Center Project is held in Beijing, capital of China, June 24, 2013.
- **The project will “open a window” for China’s halal enterprises going global, Xia Baowen (2013)**

GLOBAL HALAL MARKET

- ❑ **Global halal food market to reach \$1.6 trillion by 2018**
- ❑ Dubai Chamber report puts UAE halal food market consumption at \$20 billion (Published August , 2014)
- ❑ Halal food and beverage market has grown to a \$1.1 trillion industry (Dubai Chamber of Commerce and Thomson Reuters, 2013) in collaboration with Dinar Standard.



GLOBAL ISLAMIC ECONOMY

\$1.8 trillion of food & lifestyle sector expenditure (2014) projected to reach \$2.6 trillion (2020)
\$1.35 trillion in Islamic banking assets (2014) projected to reach \$2.6 trillion (2020)

TOP 10 Countries

Global Islamic Economy Indicator



Malaysia

- | | | |
|------------------------|------------|--------------|
| 7 United Arab Emirates | 8 Pakistan | 9 Qatar |
| 3 Bahrain | 6 Oman | 10 Jordan |
| 4 Saudi Arabia | 5 Kuwait | 11 Indonesia |



Halal Food



Islamic Finance



Travel



Fashion



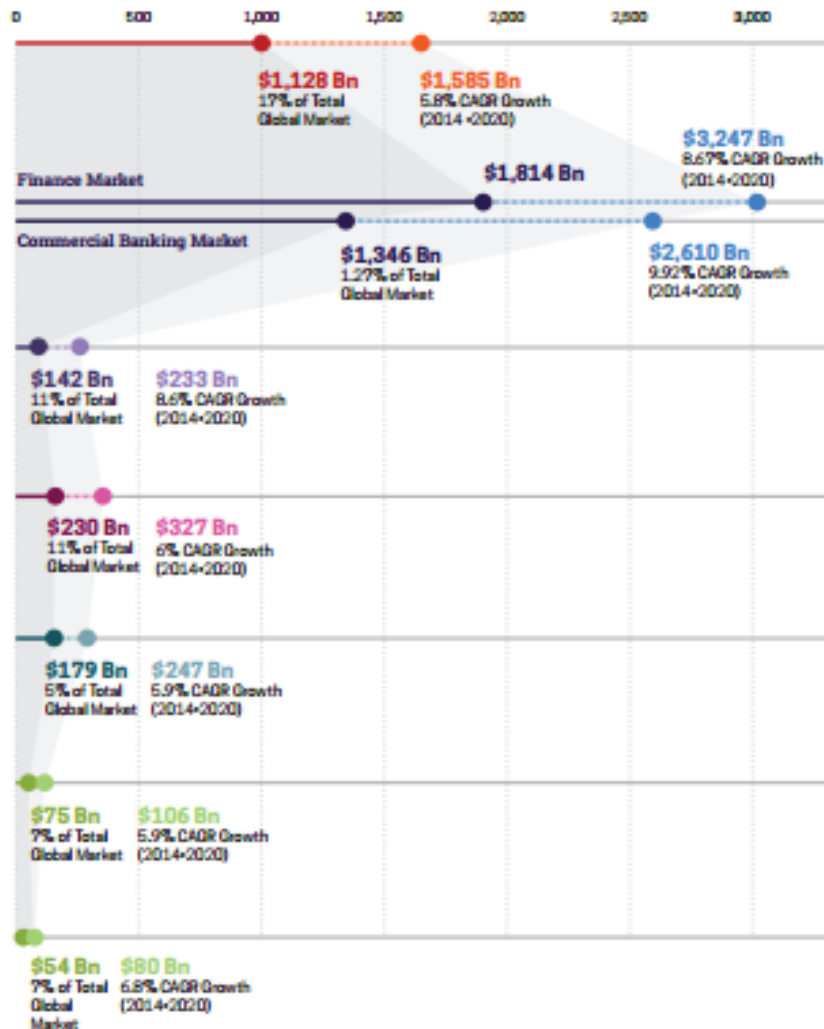
Media & Recreation



Pharmaceuticals



Cosmetics

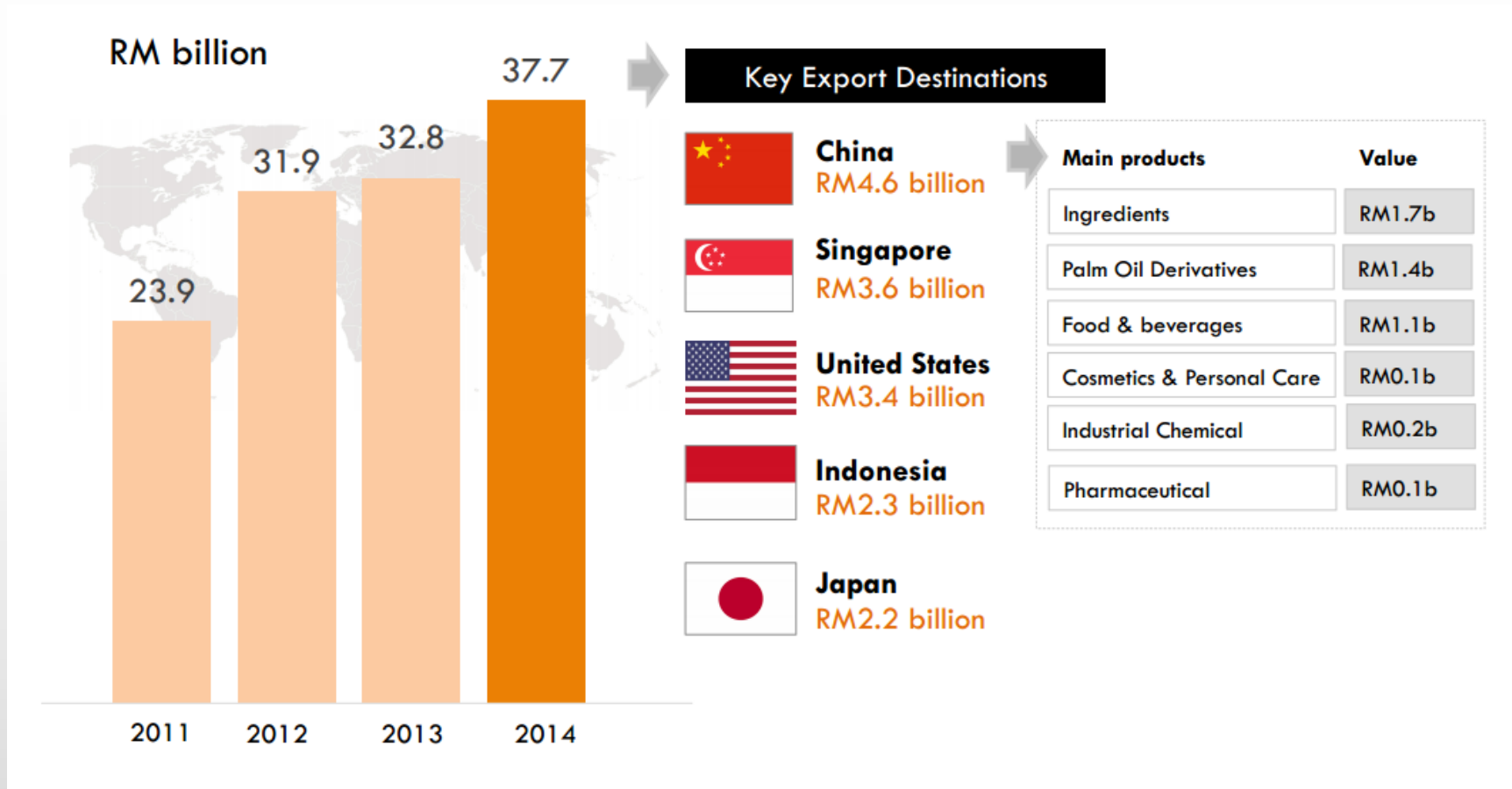


References:

— Existing Muslim Market* (2014, USD) - - - - - Potential Market Size (2020, USD)

All estimates by DirectStandard Research & Advisory as follows (Islamic Finance current estimates ThomsonReuters 2014 Data). The GIE Indicator model at: <http://www.dsa.gov.com/GIE>. Projections were determined by regressing historical annual growth of the relevant industry metrics on GDP growth for each country, showing high correlation. The regression determined a line of best fit that, using IMF GDP forecasts, projected industry growth. IMF Outlook Oct 2014 Database for baseline projections. DirectStandard Muslim market estimates & analysis.

DESTINATIONS OF MALAYSIA HALAL EXPORT (TOP 5 COUNTRIES)



Source: Ministry of International Trade & Industry (2015)

MALAYSIA HALAL MARKET

Malaysia: Halal Exports by Product (2013)

Total Halal Export 2013 RM32.8 BILLION	
Major Halal Exported Products	RM (million)
Ingredient 	10,621.45
Food & Beverage 	13,272.18
Palm Oil Derivatives 	4,828.29
Industrial Chemical 	1,686.99
Cosmetic & Personal Care 	2,025.95
Pharmaceutical 	407.15

Source: HDC

MALAYSIA TOP 10 HALAL EXPORTS DESTINATIONS IN YEAR 2013

Country	Value (RM)
China	4,370.30
Singapore	3,106.05
US	2,721.80
Indonesia	2,211.69
Japan	1,881.24
Thailand	1,631.21
Netherland	1,584.90
India	1,225.70
South Korea	1,192.02
Australia	1,150.38

Source: HDC

CHINA HALAL MARKET

China province	Halal product
Xining in Qinghai	Chinese beef and lamb processors (e.g Changchun Haoyue and Inner Mongolia Kerchin Cattle Industry Co)
	meat and other food products.
Yinchuan, northwestern Ningxia province	Muslim Trading, Logistics Centre and Islamic Finance Centre
	Local halal processors
Yiwu province	Consumer goods
Qinghai province	Halal meat and consumer goods
Hong Kong province	based investment banker
Ningxia Hui province	Local halal food producers
Ningxia, Gansu and Inner Mongolia provinces	halal food

China is one of the world's most eye-catching halal food markets, as Muslims there total more than 30 million, or 2.3% of China's population

MALAYSIA –CHINA ECONOMIC INITIATIVE

“ONE BELT ONE ROAD”

- Inspired with the China’s economic initiative of “One Belt One Road” - worldwide phenomenon
- PKHDC is anticipated to be a major center for China’s halal enterprises.
- The One Belt One Road initiative has two main components:
 - ❑ Land-based Silk Road Economic Belt and
 - ❑ the ocean-based Maritime Silk Road
- Both of which are aimed at fostering trade between Asian and European countries.

WHY HALAL INDUSTRY IS IMPORTANCE IN FACILITATING THE MOVEMENT OF CARGO AND PEOPLE IN MARITIME SILK ROAD

- Many of the world consumer segments reaching a saturation point,
- Muslim consumer is fast becoming a new outlet to build a base for future business and trades growth.



PORT KLANG FREE ZONE



PORT KLANG FREE ZONE FOR CHINESE AND SOUTHEAST ASIAN INVESTORS

- i. Southeast Asia's largest transit hub for the international Islamic market.
- ii. Integrated with Malaysia's freeport and commercial and industrial park
- iii. The 1,000-acre Port Klang Free Zone provides facilities for:
 - ☐ international procurement,
 - ☐ green development and
 - ☐ Islamic product manufacturing and distribution
- iv. Malaysia's internationally-recognized certification,
- v. **China entrepreneurs** could increase its shares in **global halal trade**
- vi. Free trade zone's area 512 light industrial factories have been booked by investors
- vii. To exploit Port Klang's position as the world's **13th largest container port** and 16th busiest port.

MALAYSIA'S PORT KLANG INTERNATIONAL TRADE AND HALAL INDUSTRY DEVELOPMENT CENTER PROJECT

1. To be World's largest transit hub of halal products.
2. Established to help thousands of Chinese enterprises to:
 - ☐ tap overseas markets
 - ☐ as sales and exchange platform for halal foods from China
 - ☐ and other parts of the world
3. As the world's first halal manufacturing base
4. distributing center of halal products,
5. Most important - the center **to push the Chinese halal businesses**
6. Preferential to access with cheaper international raw materials(FZ status)



Legend :

- Halal Park In Operation
- Halal Park In Development
- Halal Park In Planning

Halal Park In Operation

No	Halal Park	Acreage	HALMAS
1	Selangor Halal Hub, Pulau Indah	1,000 acres	Yes
2	Port Klang Free Zone, Pulau Indah	100 acres	Yes
3	Melaka Halal Hub, Serkam	130 acres	Yes
4	techpark@enstek, Nilai	479 acres	Yes
5	Tanjung Manis Halal Hub	77,000 ha	Yes
6	Palm Oil Industrial Cluster, Lahad Datu	292 acres	Yes
7	Pedas Halal Park	100 acres	In Process
8	Perak Halal Park	100 acres	Yes
9	Kelantan Halal Park, Pengkalan Chepa	4.17 acres	In Process

Halal Park In Development

No	Halal Park	Acreage	HALMAS
10	Prima Halal Food Park	100 acres	In Process
11	Sungai Kapar Halal Park	340 acres	In Process
12	Perak Halal Park	800 acres	In Process
13	Pahang Halal Park	200 acres	In Process
14	Terengganu Halal Park	50 acres	In Process
15	Kelantan Halal Park, Pasir Mas	100 acres	In Process
16	Perlis Halal Park, Padang Besar	28 acres	In Process
17	Kedah Halal Park Sungai Petani	35 acres	In Process
18	Labuan Halal Dist. Hub, Kiamsam	80 acres	In Process

Halal Park In Planning

No	Halal Park	Acreage	HALMAS
19	Johor Halal Park (W.P Iskandar)	TBD	In Process
20	Sabah Halal Park (Sepanggar)	TBD	In Process

Source: Halal Development Cooperation, (2014 publication)



IPOH CARGO TERMINAL

Why through inland dry port Ipoh?

To be the most efficient and viable inland or dry port in the county.

As an alternative gateway for import and export business, Ipoh Cargo Terminal Sdn. Bhd. is committed to serve the needs of business organizations in the **Kinta Valley**.

Strives to provide effective services aimed at customer's satisfaction and in so doing be the choice terminal for export and import as well as freight distribution centre for the Kinta Valley.

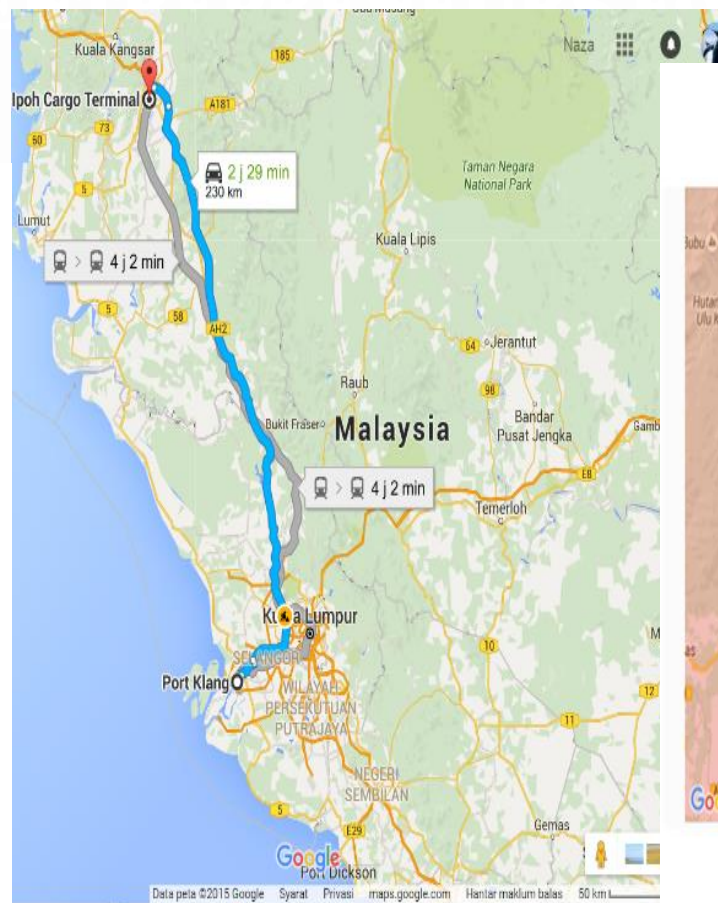
IPOH CARGO TERMINAL SERVICE

Train service : The trains move from Ipoh to Port Klang and from Port Klang back to Ipoh with a capacity of 35 bcf of wagons or 70 TEUS of containers.

- ☐ Container handling
- ☐ Container storage
- ☐ Warehousing
- ☐ Container Maintenance & Repair
- ☐ Custom clearance
- ☐ Haulage service
- ☐ Insurance coverage
- ☐ Weighbridge
- ☐ Security service

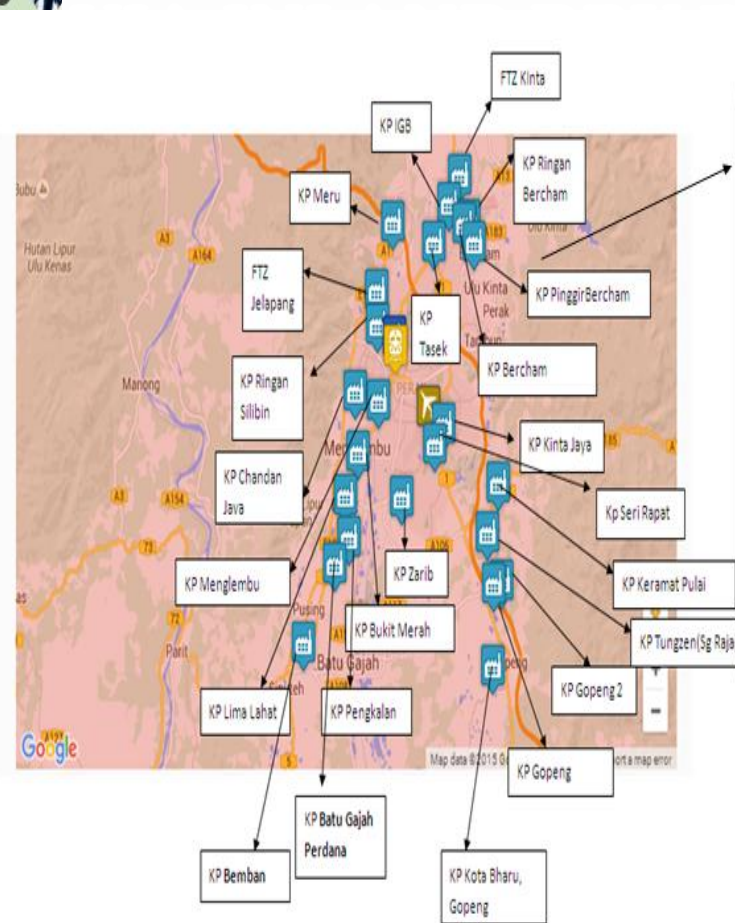
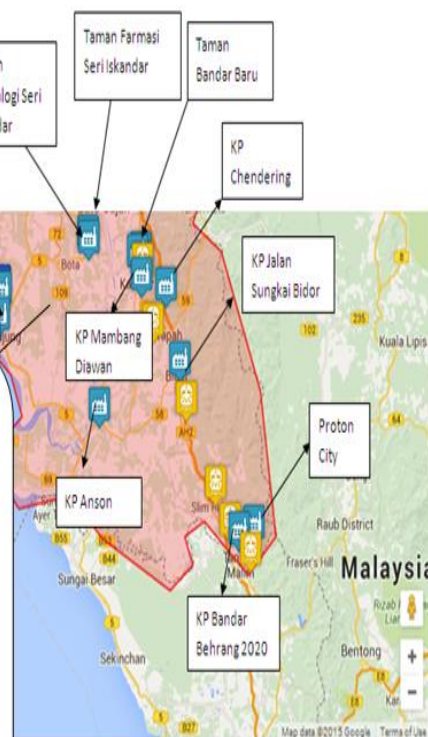
OPTION

FACILITATING HALAL CARGOES AND ENTREPRENEURS FOR MARITIME SILK ROAD BETWEEN PORT KLANG AND CHINESE PORTS VIA INLAND DRY PORT



Perak Halal @ Tanjung Tualang

- Livestock Park
- Cash Crops Park
- Cross breed at the Cherry Valley and Peking Duck
- Khaki Campbell
- Tanjung Tualang has every potential of becoming a major food production hub
- Agriculture, animal husbandry, and aquaculture
- Ponds have been used for aquaculture (grass carp and tilapia)
- Source of water supply
- Food processing plants, Halal gelatin industries and Halal Industrial Products
- Halal agriculture-based industries
- Halal Common Facility Centre, Cold storage, warehouse, transportation and shophouses.
- New village and housing scheme



National food Terminal @ Simpang Pulai (TEMAN)

- Perak Centre of collection and Distribution Hub
- Situated near the Cameron highlands
- Aquaculture, fruits resource, animal meat resource and marine fishery
- Distribute fresh products
- vegetables farming, orchards, poultry and freshwater breeding.
- Food distribution centre
- Perak Halal food Park in future

Halal - a global market force

- 
- ▶ Meat & Poultry
 - ▶ Food Manufacturing
 - ▶ Food Retailing
 - ▶ Restaurant Chains
 - ▶ Food Service Industry
 - ▶ Logistics & Shipping
 - ▶ Islamic Banking & Finance
 - ▶ Standards, Auditing, Certification
 - ▶ Science & new technologies
 - ▶ Personal care products
 - ▶ Pharmaceuticals
 - ▶ Lab Testing
 - ▶ Software Applications
 - ▶ Content Providers
 - ▶ Media, PR. Marketing
 - ▶ Event Management
 - ▶ Training, teaching, consulting
 - ▶ USD 632 billion annually
 - ▶ Expanding market parameters
 - ▶ New business opportunities

Global Halal products market is estimated at US\$2.3 trillion excluding:

- i. Islamic banking
- ii. F&B (67%), pharmaceutical (22%)
- iii. personal care & cosmetics (10%)

If included service sectors for the Halal market  potential size of total market is ASTRAL

Halal Key Drivers of Growth



USD 2.1 trillion

Sizeable and growing Muslim population

Muslim population worldwide (2010) = **1.8 billion**
Forecasted to grow at twice the rate by 2030 representing **27% of global population**

Source: Pew Research Centre

Growing economic development in Muslim countries

*"Between 1990 and 2010, GDP per capita for Muslims worldwide has grown at a **Cumulative Annual Growth Rate (CAGR) of 6.8% (Global CAGR: 5.0%).**"*

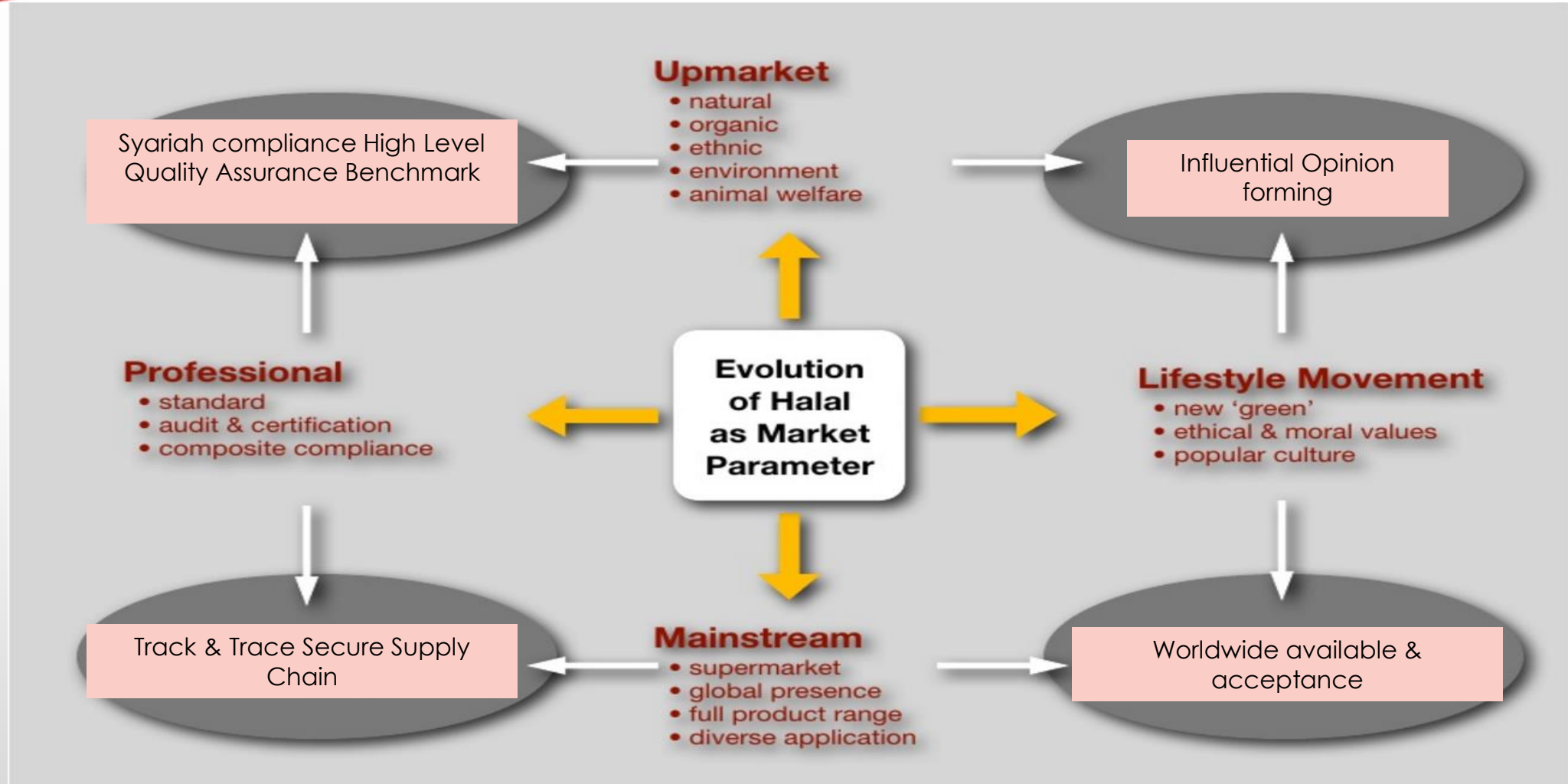
Source: United Nation and IMF

Emergence of potential Halal markets (China & India)

*"Chinese Halal markets is worth **USD2.1 billion** and growing at **10.0% annually.**"*

Source: Islamic Association of China

POTENTIAL NEW INVESTMENT OPPORTUNITIES FACILITATING - MOVEMENT OF CARGO & PEOPLE



KEY PLAYERS IN INTEGRATED LOGISTIC SERVICE QUALITY (LSQ)

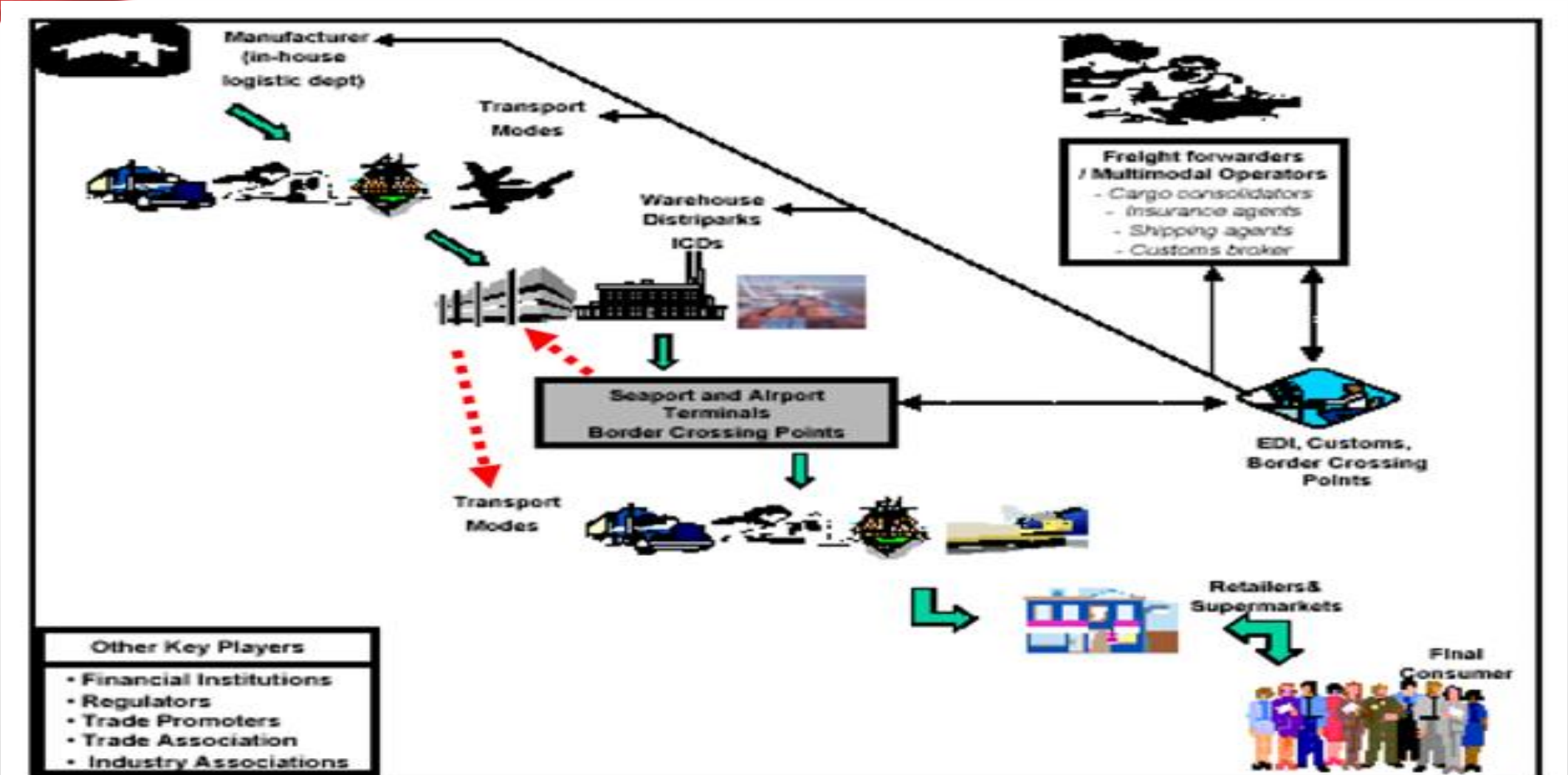
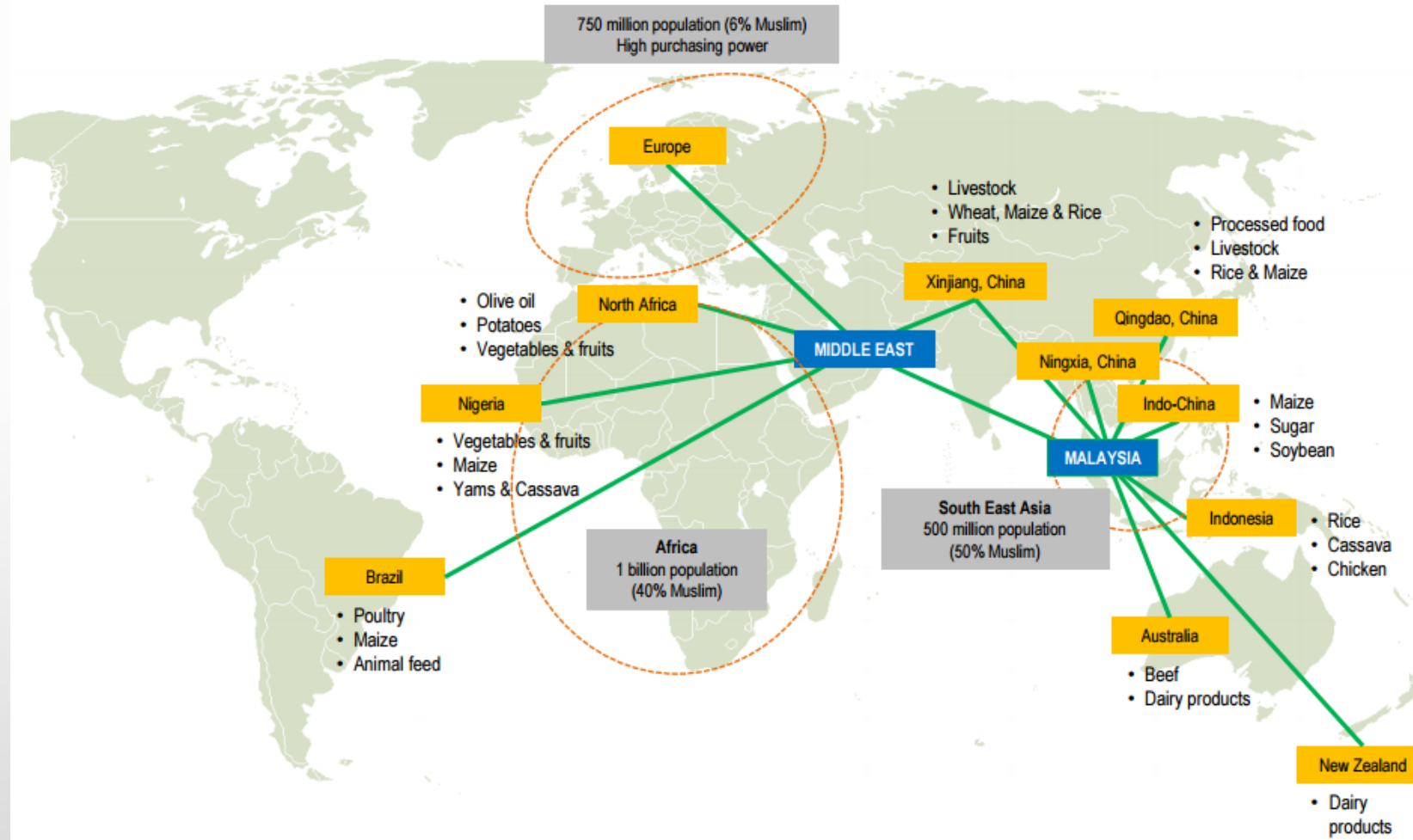


Figure 1: Intergrated Logistics Flow
Adaptation source: A. Nesathurai, 2003

Halal Superhighway link the global Halal supply chain

Ensuring a controlled and efficient supply of Halal products to Muslims all over the world

HDC



Source: Halal Industry Development Corporation (2014)

HOW FACILITATING HALAL CARGOES AND ENTREPRENEURS THROUGH INLAND DRY PORT?



1. The halal industry recognizes that **facilitating issues** is part of the new business reality
2. To satisfy the expectations of investors, communities, employees, and other stakeholders.
3. Companies have to leverage facilitating and sustainability concepts with :
 - ❑to drive innovation,
 - ❑establish entrepreneurs leadership
 - ❑improve stakeholder relations and
 - ❑compete more effectively.

ROADMAP TO BE SUCCESSFUL IN IMPLEMENTATION OF HALAL HUB ENTERPRISES THROUGH INLAND DRY PORT

Three strategic implementation arenas in facilitating the cargo and people development:

1. Organizational sustainability
2. Operational sustainability
3. Project sustainability.

Besides, establish a formal corporate facilitating Policy,
develop a facilitating Strategy align with key business strategy prioritization issues
of :

- ☐ goals,
- ☐ strategies, and
- ☐ key performance indicators

Publish facilitating performance regularly in a facilitating Report, which may follow the
global halal reporting initiative (GRI) guidelines (GRI, 2011a & 2011b)

ROADMAP *CRITICAL SUCCESS FACTORS*

Four critical success factors must be present, whether in the organizational, operational, or project arenas:

- ❑ entrepreneur **leadership support** based on leaders' personal
- ❑ values, alignment with business strategy,
- ❑ leaders' long-term **commitment**
- ❑ full **integration** of sustainability into company culture and business processes
- ❑ **benefits in costs** to ultimately support the business directly/indirectly

These critical success factors are usually not fully present (benefit) at the initial project as part of the **organisational change process**.

ELEMENTS OF THE ROADMAP

(Overview of roadmap to sustainability implementation)

Element 1 Clarify Vision and Values	Element 2 Establish Direction	Element 3 Build Capacity to Perform	Element 4 Integrate with Decision-Making & Business Processes
<u>COMPONENTS >>>>></u> <ol style="list-style-type: none">1. Understand the sustainability context in which the company operates.2. Articulate the relevance of sustainability to the company.3. Establish the vision.	<ol style="list-style-type: none">1. Develop the Sustainability Strategy and Plan.2. Identify key performance indicators (KPIs).3. Develop an Action Plan.	<ol style="list-style-type: none">1. Communicate the direction.2. Educate sustainability implementers.3. Provide adequate resources.	<ol style="list-style-type: none">1. Provide methodologies and tools.2. Track and report sustainability performance.
<u>OUTCOMES >>>>></u> <ul style="list-style-type: none">✓ Agreement among leaders.✓ Alignment of sustainability with the business.	<ul style="list-style-type: none">✓ A plan for success.✓ Clear expectations.✓ Basis for measuring success.	<ul style="list-style-type: none">✓ Ability to meet vision and goals.✓ Ability to innovate.✓ Sustainability becomes part of the culture.	<ul style="list-style-type: none">✓ Empowered staff.✓ Sustainability integrated with the business.✓ Business conduct consistent with vision.✓ Ability to course-correct.

PERAK HALAL CORPORATION SDN. BHD.



- PERAK HALAL STRATEGIC BLUEPRINT

- ☐ committed to position Perak as the preferred investment destination
- ☐ conducive and competitive environment for the development of Halal industry.
- ☐ concentrate on human capital and resource development
- ☐ encouraging research and development activities for market development. effective branding framework
- **Perak Halal Parks** are made up of the **Perak Halal Park @ Tanjung Tualang** and **Perak Halal Food Park @ Keramat Pulai**

STRATEGIC BLUEPRINT OF PERAK HALAL FOOD PARK

Seven Key Components Of The Halal Industry Development In Perak

- ☐ Market, Branding, Channel of Distribution
- ☐ Source of Material
- ☐ Certification
- ☐ Information
- ☐ Production
- ☐ Capital
- ☐ Human Capital
- ☐ Key Thrusts of Perak Halal Blueprint
- ☐ Infrastructure Projects
- ☐ Perak Halal Park
- ☐ Perak Halal Food Park
- ☐ Perak Halal Exposition Centre
- ☐ Halal Customization of Industrial Parks in Perak
- ☐ Perak Halal ICT Hub
- ☐ Perak Hi-Tech Park Logistic Centre
- ☐ Stimulator Projects
- ☐ Perak Halal Common Facility Centers
- ☐ Kampung Acheh Industrial Estate
- ☐ Halal Bio-Division Research Centre
- ☐ Halal Raw Material, Trading and Registration Centre
- ☐ Halal Industry Clustering in Perak
- ☐ Promotion, Incentives, Finance and Human Capital Development
- ☐ Anchor Project
- ☐ Perak Centre of Collection and Distribution Hub
- ☐ Bamboo-based Halal Products Development
- ☐ Halal Bio-Pharmaceutical Initiative



LOCATED WITHIN THE KINTA VALLEY, ICT IS SERVED BY WELL DEVELOPED NETWORK OF ROADS AND RAIL TO ALL MAJOR PORTS AND POINTS OF ENTRY OR EXIT IN THE COUNTRY LINKING PENANG PORT AND PADANG BESAR TO THE NORTH AND NORTH PORT AND WEST PORT TO THE SOUTH.



DEVELOPMENT OF THE TRANS-ASIAN RAILWAY IN THE SOUTHERN CORRIDOR OF ASIA-EUROPE ROUTES



CONCLUSION

- ❑ A Supply for Halal food products for 1.8 billion Muslim global population.
- ❑ is not enough to cater the demand.
- ❑ Challenge is to develop a more robust and efficient global supply chain benefitting Muslim world
- ❑ Hence, global halal opportunities are enormous.