

**A Submission to the Senate Inquiry into Third Party Food Certification
(Halal, Kosher, Organic and Genetically Modified Foods)**

The Senate Standing Committee on Economics

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Melbourne, Australia

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**Subject: A Submission to the Senate Inquiry into Third Party Food Certification
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Introduction

I am critical of this inquiry, how it was conceived, developed and passed by the Senate because I believe it is tainted by anti-Islamic prejudice. I have set these reasons in more detail in a letter I have written to the Minister for Agriculture which is attached here and would like it to be considered as forming part of my submission. I also believe that there is nothing of substance that the senate inquiry can reveal, or recommend which could not have been by an independent or expert investigation. Given the background of the inquiry it is highly likely the latter would have been more appropriate, more thorough and more objective in its findings than a tainted Senate inquiry. Whether the anti-Muslim anti-halal origins of establishing this inquiry is going to reflect its report and findings remains to be seen.

My submission is wholly about halal and halal certification. The former refers to the standard which producers, manufacturers & other businesses have to meet; the latter to the compliance regime to achieve the required standard. One can not talk about one without the other. Most of the points I make about halal are relevant to Kosher, but because of my limited knowledge of it, I will make only passing references to it. It is also important to say that my submission contains some repetitions for the purpose of emphasis or for relevance to a point under discussion or both.

The most commonly quoted definition of halal in Islam is the following Quranic definition: "They ask thee what is halal (or Lawful). Say: lawful unto you are all things good wholesome and pure... (Al Quran 5:5)". Islam does not specify halal products because they are vast and almost unlimited. However Islam specifies Haram products. They are the opposite of halal and are defined as products or actions that are among other things either harmful to society or impure. Please see attached (p.16) definitions and related verses which throw light on the concept of halal and drawn from my book on the subject. The Committee may also consult my book on halal certification titled "Accessing the Global Halal Market" published in 2013 by following this link <http://www.amazon.com/Accessing-Global-Halal-Market-Abdullahi/dp/1479217778>. The introduction and chapters 2, 6 and 7 are most relevant to the inquiry. Other chapter also are but not to the same extent. All references to it in this submission shall be "Accessing Global Halal Market".

This submission responds to the terms of reference from (c) through to (e). It assumes very basic understanding of halal certifiers and halal certification otherwise the Committee may rely on the Department of Agriculture and/or read the above book to gain insight into how the system works in

theory and in practice. The word “government” or “the government”, whenever used in this submission, is always a reference to the Australian Federal Government.

I don’t think genetically modified foods should have been included in this inquiry. They involve altering the genetic material in natural products by for example inserting foreign genes. The issues involved in this field of science are highly controversial particularly the actual and potential impacts GM foods can have on the environment and on human health. Halal, Kosher and organic foods have much in common. In contrast with GM foods they are natural foods whose genetic material have not been altered. In my view their differences are so great that it would have more appropriate had they been the subject of separate inquiries.

Context

Context is extremely important. That is why, how and why the inquiry came about and for what purpose are important questions to ask because they can have considerable bearing on the outcome and findings of the inquiry. That is also why I will refer to the content of my letter to the Minister from time to time and question the necessity of one term of reference or another in relation to halal food.

There is also a broader more fundamental context which needs to be taken into account. Firstly it is important to have a good understanding what halal, Kosher and other certification schemes and standards are before we look at the mechanics of their application in situ. One can not make informed decisions about halal and halal certification without such understanding. Essentially one need to know what halal is, how it is utilised and for what purpose and towards what end. It is in that context we need to consider the terms of reference. The terms would not make good sense without their context being apparent. My concern is that the terms of reference appear to have a striking resemblance to the preoccupations and demands of anti-halal groups and also reflect their success in having their way by establishing this inquiry.

In Islam halal is conceived as a universal principle, because it is based on permissibility. Some people refer to it as the principle of permissibility. It means that God’s bounty is almost unlimited and that He has made everything halal except a few actions and products that are specified. The concept of halal is not unfamiliar to Judaism albeit under a different but equivalent term- Kosher. The same I understand is true of Christianity although it is no longer extant.

There is one basic truth about halal food; it is overwhelmingly about products that **Humanity** (Muslims and non-Muslims) consumes everyday. Halal therefore is not peculiar to Muslims even if the term may make it seem as if it is. What is peculiar to Muslims (& Jews) is that they do not consume products like pork etc. To say that a particular food is halal is to say that Islam places no barriers on consuming it. That in fact is the fundamental definition of halal: that everything is halal except A,B ,C (a small number of specified products such as pork that are prohibited). The purpose of halal certification is not in fact about halal itself but about validating the absence of haram in the composition of the products that are sold or offered for consumption. What must be pointed out is that there should be no objection to halal at all, because to do so is to object to the very products that we all consume on a daily basis including

water, bread, fruit vegetables and rice etc. The “NO to Halal” “No to Islam” campaign does not make any sense at all, except for the fact that it is anti-Muslim campaign.

Another important fact is that the practice of halal certification is a modern development barely fifty years old. Islam itself does not in fact prescribe or mention halal certification. It has been necessitated largely by modern methods of food production and globalisation. Its primary function is to convey a powerful message which is that the item(s) being offered for sale are free from haram products or constituents. Importantly halal certification is not solely about meeting religiously based standards, it is also increasingly about marketing and market access (See chapter 2 “Accessing Global Halal Market”). Without halal certification many of Australia’s close trading partners would not allow some specific food products enter their markets. The absence of certification can also create security and commercial problems in these countries. Importantly the application of halal certification removes barriers to market access and among other things increases the appeal of products to consumers. These are some of the reasons why some companies want halal certification for their products even when such certification is not necessary or mandatory in importing countries. It attracts halal consumers, raises the products appeal and gives them advantage over other products that do not carry halal certification. This combined with halal certifiers determination to expand their clients base has sometimes led to excessive and unwarranted certification thus disregarding whether a product needs to have halal certification or not (See chapter 5 of my book). The Senate Committee must take these considerations into account, particularly the marketing value of halal (and Kosher) certification for operating in these markets. But government must rein in excessive certification and not allow certifiers to extend their certification beyond prescribed limits. (“Accessing Global Halal Market” refers to products such as soccer boots and balls that have been certified halal which should not have been P.113). This task can be performed by establishing an oversight office of halal certifiers whose brief will include other important reform measures. (See chapter 6 “Accessing Global Halal Market”).

Lets us look at halal certification of Vegemite, a product which has been the focus of attention of anti-Muslim groups (consider this also in the light of Fleurieu Milk and Yoghurt Company in South Australia). Vegemite has relatively recently chosen to “become” halal certified. In so doing it has displayed a halal certification label (alongside other certification labels including kosher certification) on its products. Vegemite, unlike water and grain which are *Asl* (or in their original state) in halal terms, needs halal certification to be offered for sale in halal and halal related markets. Now it is important to make the point that the integrity of the product, its composition and design have in no way been compromised or changed. The only change is the addition of certification labels and not only halal. The same is presumably true of the Yogurt product of Milk and Yoghurt Company of South Australia. Like all other halal certified products, the product composition and packaging design have not changed or altered. Yet Yoghurt and Milk Company was subjected to a vicious public campaign of intimidation and bullying in the social media which forced it to terminate its supply contract of Yoghurt to Emirates Airlines. The reason: the company’s decision to certify its product halal. And the government did nothing to counter these continuing vicious attacks and protect the trading interests of companies such as this one.

It is also important to emphasise that the vegemite product is halal and has probably been always halal, even when it has not used the halal certification label. This is the same with thousands of products in

the market that do not carry and do not need to carry halal certification. Another important point to make is that halal certification is a legal activity which businesses must be free to utilise as they see fit.

From a commercial perspective companies can label or not label their products in accordance with their own interest and the demands of the market where they want to sell their products and services. The government is duty bound to help them do that to the extent it can. Consumers can buy or not the product. The global halal market is robust and dynamic market. One of its most outstanding features of halal certification is that it can capture and is intended to capture both this market as well as others that do not characterise themselves as halal markets. Halal certification is an effective and sought after instrument that enables companies to expand the scope of their customers worldwide. Arguably no other instrument has the capacity to do so than halal because essentially it removes barriers of entry to markets. Australia would be at a considerable disadvantage to do anything to undermine halal or its utilisation by Australian business. Using the halal certification label can bring about a massive expansion of both halal and non-halal exports and result in significant improvements in Australia's terms of trade if in fact it has not already done so.

Terms of Reference

(c) The need for labelling on products produced by companies that pay certification fees

There are many types of halal certification labels on products. Halal certification of raw meat is different from packaged and bottled products. Halal meat is required to have two consecutive certifications. The first is the certification of carcass by way of a stamp on carcass (for ex. VIC MS stamp in Victoria & similar ones for other states) and the other is by way of a certificate of authentication or validation which accompanies the product to its export destination or sales outlet. These are mandatory official certificates. One relates to in-house processes, the other outward validation. There is another certificate called an Interim/ Transfer certificate which accompanies the movement of the product in transportation and storage. This however is not an official stamp but one intended for internal management by halal certifiers (to insure that the integrity of the halal product is not compromised). (For these and other types of certification and how they are used please see chapter 2: "Accessing Global Halal Market").

Halal certification of packaged and bottled products is less controlled than halal meat. In fact it would be fair to say it is barely controlled. At present there are about four certifiers in this area. Most of the certification labels they provide are traceable to source although the script is not always or clear or as legible as it needs to be. Often the certification symbol comprises the logo (or emblem), the name of the certifier and the inscription of word halal on the product label. There are also other certification labels that make use of the halal inscription (in Arabic or English or both) whose source is not stated (sometimes deliberately) and its origin is therefore unknown. This kind of certification is common with products imported from Muslim or Muslim majority countries and is one of the major weaknesses of halal certification. However I know of one instance in which an Australian cheese company used the halal symbol as described above with no attribution to source. In other words there was no mention of who issued the certificate. The halal certification constituted only the word "halal" which was hidden

under the top cover of the product package. I refer to this example in “Accessing the Global Halal market” (pp.30-31). It is highly improper, if not illegal, for certification to be used in this way. It will be interesting to know what processes, procedures and programs certifiers follow in managing this sector and to what extent the Committee will be satisfied with what it finds out. Major certifiers must appear before the Senate Committee to explain how they operate the system and how they adhere to required standards.

It is fair to say that halal certification, and particularly how certifiers practice it, has many deep seated problems. Their audit and supervision as well as their service provision are poor. There are also credible reports that some engage in corrupt, unethical and improper practices. The system allows them to do so and some therefore take full advantage of it. Halal certification has been widely described by leading members of the Muslim community, aptly in view, as a cash cow whose function is to collect as much money as possible in exchange for little or no provision of services beyond signing and issuing certificates. Each halal registered establishment is required to have a halal program to serve as its operational manual. Halal programs are seldom examined by certifiers to ascertain if they are fully in line with the standard with which they are supposed to comply, or reviewed to ensure that the system is working well to standard. Some of them appear out of date and not relevant to the importing countries requirements. This is what I found in some of my investigations. They should be reviewed every few years or as need be but they are not. It is not uncommon for example to find that there are serious discrepancies between the program a company is supposed to follow and its actual operations on the factory floor. In one of these investigations I have also found that the only halal supervisor of a boning company was regularly absent from work yet he was paid fully for the work he had not done. When I asked why? I was told not to worry about it (implying that it was not my problem). It is difficult to comprehend how the company in this case could claim that his products are halal when his system of validation has completely broken down. The problem was that the supervisor was the brother of the General State-wide halal supervisor/Manager of the certifying organisation responsible for this company (please see chapter 7 “Accessing Global Halal Market”). Both brothers have no formal education.

One of the major pillars of the system of certification is the mandatory auditing which AQIS requires halal certifiers to perform of halal meat registered establishments on a quarterly basis. For this reason it had developed a pro forma audit report document to be completed by the certifier. While the document is actually completed and sent to AQIS the fact of the matter is that in many cases the audit may not have been done or done properly (see same chapter). What is done is that the same content is repeated for each quarter without an actual audit being performed (at best with some minor, superficial variation if at all). It is difficult to pinpoint what gives rise to these problems. No doubt this is partly due to reducing the costs of supervision to the certifier to ensure maximum returns and higher profit margins. I believe also that the widespread absence of professionalism in the operation and conduct of these organisations is a major cause. (Refer to chapter 2, 6 and 7 “Accessing...” and to Tempo 2 March 2014). This is one malpractice among many other major corrupt practices which must be eliminated and can be the subject of a broadly based reform of halal certification.

The problem faced by many halal registered companies is that sometimes there are not many options open to them to act in a way that is contrary to the certifiers’ wishes in matters relating to halal

certification. They are sometimes tempted to conform to the certifiers' practices even when they do not necessarily agree with them. But it is also the case that existing arrangement however unprofessional or improper they may be in some circumstances suit the companies' own interests. Less supervision and keeping costs as low as possible are highly advantageous to them. I doubt however that a halal registered company would resist (or be able to resist) the demands of the certifier to act against his wishes on certification issues. The registered company would be averse to making difficulties in the relationship with the certifier. Any tension or turbulence in the relationship can adversely affect the halal registered establishment. The certifier can increase his fees. He may exert other pressures and for example make supervision and certification unnecessarily more stringent and more time consuming than they normally are. In the extreme he may also threaten or completely withdraw his services abruptly or at short notice. It would not be easy for the company to find a replacement certifier because there are so few around- and competent ones are rare. Thus the company finds itself in a bind: remain in a relationship that is improper or difficult to handle or leave it without knowing whether an alternative certifier would be better or materially different. In the case cited above the government knew of the fraudulent practices by the certifier yet it did nothing about it. In case government might claim it did not know I made sure it did by writing to it and including the issue as one of the topics discussed in "Accessing the Global Halal Market" (Chapter 7).

In principle, it does not necessarily follow that companies that pay certification fees must always label their products- they may and they overwhelmingly do so. Halal certification is not all about the certification label itself or a measure of its authenticity. Certification is the result of a long and complex process of validation including supervision monitoring and auditing. The fees paid to the certifier must reflect this process. There are serious questions whether these are done properly or in some cases whether they are done at all. For these and other reasons many certification labels are not as genuine or as halal compliant as they appear to be and do not satisfy the basic rules and procedures of certification. Some can be deficient, wrong or deceptive. (Please refer to chapters 2,6 and 7 "Accessing Global Halal Market). There are many other deficiencies in the operational aspects of halal certification. These matters can be addressed by reform not by false and wildly racist claims that halal certification is a religious tax, a fund to raise money for terrorism or a hidden agenda for Islam to achieve global supremacy or to take over Australia. You have an opportunity to debunk and discredit these outrageous claims in your report.

The question is not so much whether fees paid to halal certifiers are high or low. These are an integral part of commercial agreements between two parties who are providers and recipients of services. The parties can enter into, remain in or terminate them at any time of their choosing. (However the fees must not be arbitrary but related to cost). The only proviso to this is that a certifier must not be allowed to refuse to certify or threaten to withdraw certification from a halal registered businesses or in other ways be allowed to discriminate against them without compelling or justifiable reason- for example failure to comply with a prescribed halal standard or program. The question is do the certifiers perform and are they capable of performing all the task they are accredited to do to the required standard or do they cut corners or not do them at all? In other words do they satisfy the requirements of the job for

which they accredited? In my view many of them do not or else they do it poorly. (Refer to chapter 6 “Accessing....”).

(d) Whether current schemes provide enough information for Australian consumers to make informed purchasing decisions

The current halal certification scheme(s) or more appropriately halal certifiers do not on the whole provide enough information to consumers (not just Australian consumers) or the general public. In reality however whether they do or not depends on what constitutes “enough information” and what is meant by informed decisions other than that products are properly labeled halal compliant or not halal, Kosher or not kosher. I would have thought that a halal or kosher product label would constitute sufficient information to satisfy prospective customers who may wish to buy or not buy the product. It does internationally; there is no reason why it should not in Australia. This is particularly important in view of the fact that the products character, attributes and composition have not changed.

In principle I support that consumers should normally have information about the products they buy or that appropriate information be made available to them. Consumers can also make themselves informed particularly if that information is readily available say on the internet. But to be informed or make oneself informed about a product does not begin with objecting to it on the basis preconceived ideas and prejudices. And if the product one is seeking information about is the same product he/she has always or often consumed, then what is it does he/she really want to know that is new or different from that which he/she has always known? But if information needs to be had then it must be simple useful and relevant information. A manufacturer, producer or certifier’s website normally includes a customer inquiry page and other pages which the customer may consult to obtain information he/she needs about halal certified products. Perhaps such websites may be designed with a view to providing “adequate” information. Depending on what information is required this will add to the cost companies pay for certification and ultimately to the prices of products at the point of sale.

What relevant information should a manufacturer or producer offer about halal is the question? Other than saying that it is halal and that it is certified in Australia by such and such organisation what other relevant information can be given about the product itself? In my view, very little that can be of value. Take again the example of Vegemite. Unless there are changes to the composition of the product vegemite is vegemite is vegemite. In fact by saying that it is halal or kosher or Australian-made, these labels offer more information about it by virtue of these certifications than had been the case in the past. To give you another example if I were to say to you tomato or lettuce is halal (which in fact they are) what information do you really want to know that you have not always known? This raises questions why the terms of reference are framed in the way they are and what is the purpose behind them. Is there an implicit notion in this term of reference that there should be discrimination in the way we provide information about different products on the basis of whether they are halal (or kosher) certified on the one hand or the same products that do not bear these certification labels on the other?

There are other ways in which the consumer can make himself informed. One way is by searching the relevant standards of overseas halal authorities on the internet. Another is by contacting halal

businesses or halal certifiers or the Department of Agriculture or Aus-Meat. All these organisations have more or less information about and have direct or indirect responsibility for halal production and export. The halal standard is not uniform standard but multiple standards each pertaining to different countries that import halal food. It comes in different forms and reflects the needs and/or preferences of different halal importing countries who devise these standards. This is true of the major halal importing countries. The most fundamental reform in halal certification would be to establish a uniform halal standard. Current multiplicity of standards is confusing, inefficient and time consuming. They distort what halal certification is about. Multiplicity has weak foundations in Islam and many halal importing countries know it or should. Australia would be in a good position to discreetly facilitate bringing about this major reform initiative.

Some national standards are readily available on websites like Malaysia and Singapore. Others are not codified and substantially rely on the injunction in the Quran like Saudi Arabia and can not be readily accessible. The main source of information about these would be the Department of Agriculture or halal certifiers. The department has useful information about halal on its website including the list of halal certification organisations in Australia. But they should not be required to provide this information directly to customers partly because of the costs they would entail which are likely to be passed on to companies and consumers. At any rate it is doubtful much of information about halal is useful to the consumer in determining his/her preferences. However it is imperative for the halal manufacturer or producer to the extent that they devise their halal programs or operational manual in accordance with the required standards. That program becomes their compliance document on which their registration as halal registered establishments is based and which informs their processes and procedures. There is a great need however for the development of a uniform halal standard. I have been calling for this initiative to be advanced and "Accessing the Global Halal Market" contains how it can be done. But no one seems to be listening. (Please refer to Accessing the Global Halal Market Ch. 6). The involvement of Australia in this reform project would be so important that it can lead to it being recognised as a prominent leader in the international halal landscape.

Both the standards and programs are largely for red meat. Government and certifiers rely on these documents to ensure that the needs of global halal consumers and halal importing countries are being met. In particular they show if specific compliance requirements are being adhered to. As with the halal standard I doubt that the halal program of a company constitutes a highly significant public interest solely on account of the fact that it is halal. By contrast with red meat there appears to be no standards or compliance programs for packaged and bottled halal products. I propose strongly that this sector be brought under more effective and transparent control in a way that is closely aligned with the control of red meat products. At present it appears there is no control or transparency of non meat processors. They are not properly registered as the red meat halal registered establishments are, nor do they have a halal programs or processes as do registered establishments.

The issues which the inquiry must focus on should not be halal and halal certification *per se* but halal certifiers and the operational and management aspects of halal certification. The questions that should be asked include the following: How competent are these halal certifiers? What qualifications do they have? Who supervises them and how? Are supervision, monitoring and audit effective? Are the services

they provide up to standard and are businesses that receive these services satisfied with them? These and other issues of similar importance should be given urgent attention and so too should fraud and corrupt practices which seem to be not uncommon practices in these organisation. There is little doubt that many of the halal certifiers are neither transparent nor accountable. There should be greater effort to make them more so than they are at present. Many Australian Muslims and the Federal Government are aware of credible allegation regarding the prevalence of corrupt practices, including the payment of bribes to overseas halal authorities. I would like to draw your attention in particular to the investigative article in the well known Indonesian English language Journal *Tempo* of 2 March 2014 titled "The High Cost of Halal labels" and its sequel "Other Aspects of Halal and Haram". This report confirms some of the major observations in my book. While these problems appear obvious to many in the local community and overseas Muslim groups, the government for reasons only known to itself, remains unconcerned and unwilling to carry out an investigation. There is no reason why it should not.

(e) Details regarding certification fees paid by food producers and/or manufacturers, and the potential for these to impact of prices of consumers.

This term of reference like the one before it, in my view, reflects the objectives of Senators with anti-halal bias that have initiated and campaigned for this inquiry. I put it to you that some of the certification and monitoring fees of the government are much higher than those charged by halal certifiers for similar tasks of compliance. This information could have been easily obtained by the inquiry from the government or from the actual businesses that pay these fees. They are neither hidden fees destined for terrorists nor are they religious taxes as claimed by anti-halal groups. Instead they are generally known fees that are in fact modest and low by comparison. I doubt that that you will find many businesses that will agree with the proposition that they are high or extremely high. In a normal commercial environment one could have expected them to be significantly higher- probably between 50 or 100% higher than what they are now. It is important to point out in this respect that certification fees *per se* have barely risen for the past 20 years. Where a particular certifier has substantially raised his fees, it would be the exception rather than the rule. But you must bear in mind these are based on commercial agreements that are subject to change or termination as the parties may determine.

Some halal certification fees may be regarded as too low to raise suspicions that they do not reflect the full costs to the certifier and profit expectations to remain in business. For example a certifier in Queensland who certified for Fleurieu Milk and Yoghurt Company admitted that he charged \$1000 a year for certification. If you add supervision, monitoring, certification and audit as well as airline tickets and other transport costs to and from South Australia, these costs are likely to add up close to or more than a thousand dollars. The question then is what is in it for the certifier? It would have made more sense had the certifier been in Adelaide. It would also make sense if returns to scale were a consideration in the fees charged. But that appears not to be the case in this instance and in many others. Perhaps supervision, monitoring and audit are not adequately performed or are not performed at all in which case the fees would be reasonable. This is not to argue for a rise in fees but an observation to show that on the whole fees are not high and have in fact remained low. I know from past experiences there had been other considerations in determining fees which included expanding

client base and the ability to pay where small businesses with limited capacity to pay full fees are concerned.

On the whole halal registered companies have enjoyed continuous fee stability, if not reduction of fees over a long period of time (from the 2000 onwards). To illustrate this point an industry organisation that registers halal slaughtermen has increased its registration fees by more than 100 per cent in one year in mid to late 2000s- from approximately about \$55.00 to \$110.00 per slaughterman. I understand that that figure has risen again by another one hundred percent to \$220.00 in 2012/13. This was not justified in terms of CPI or rises in inflation but on a general notion of cost recovery. Unless the original base costing was utterly wrong, it is doubtful that these high percentage increases are due solely to rising cost inputs related to registration of halal slaughtermen. There are at times some serious exceptions regarding fees charged by halal certifiers. There is for example the case of the certifier who has asked a company to pay \$80,000 a year in advance for anticipated services he will provide and at the same time threatened not to certify his products for export to a particular country (for which the certifier had sole accreditation to certify) if he did not comply. I know of this case because I have helped draft the response by the representative of the halal authority to the certifier informing him in no uncertain terms that his conduct was unacceptable. This kind of stand-over tactic and intimidation is limited to one or two halal certifiers and the government not only knows about this incident but has repeatedly failed to do anything about it and other potentially illegal and irregular practices. That is one of the reasons why I have consistently called for reform and development of halal certification.

No other department (or indeed organisation) would have a clearer or more accurate picture of the value of halal to the national economy than the Department of Agriculture and its Minister the Hon. Barnaby Joyce. Mr. Joyce has been highly critical of those groups who want to boycott or denigrate halal certification because he sees their campaigns as being dangerous for Australia's International trade and diplomatic relations. He sees these groups as provocative spoilers wanting Australia to pick a fight "with our nearest neighbours and some of our best trading partners"; a fight which "we never need to have". He is reported to have said that the impact of their actions on the economy would be disastrous such that for example "beef prices could increase threefold or thousands of meatworkers could be sacked unless protesters cease their campaign against halal certification" (The Guardian & the Australian 13 April 2015). He is also reported to have said that the effect of halal certification on prices is to reduce them rather than increase them. He was clear and unambiguous about the value and importance of these market for Australia stating that "in the rural sector, we know these are really strong markets for us, big markets, reliable markets that stood the test of time, and we work very well [with them]. They don't ask us to become Islamic, we don't ask them to become Christians, we trade extremely well and we get along very well and we understand each other very well and we don't want any unnecessary heat brought into this space because the only people who [will] lose in this will be us". This indeed is an impressive and candid appraisal of our trade relations with these countries and a warning signal to those who want to trash it. It is not easy to find a more unequivocal and indeed more sobering endorsement of halal certification and its importance for this country than Mr. Joyce's.

The certification landscape appears at present to be overcrowded compared to the number of certifiers Australia had in the recent past. Sometime In 2011 or 2012 there were approximately 13 registered halal

certifiers in Australia. According to the current list of May 2015 there are approximately 22 <http://www.agriculture.gov.au/export/food/meat/elmer-3/list-islamic-halal-certification>. This overcrowding may have led to over certification or excessive certification where commodities that do not need certification are certified. It has also led sometimes to lax, inappropriate or fraudulent practices in order to make the certification business economically viable. Due to the above consideration and for purposes of efficiency the number should be significantly reduced but not to the extent that it can adversely affect competition. The numbers for 2011/12 would be reasonable or can even be made slightly lower (say reduced to ten). Competition should also be made open so that a certifier can operate in most States or at least two States rather than be limited to one State as is the current practice endorsed by some overseas halal authorities. Companies that operate across State jurisdictions must also be allowed to choose one certifier to cover all their certification requirements. On the whole Australia must have greater control over the number of halal certifiers and at least some of the essential criteria of their selection in terms of professionalism integrity and competence. And it is imperative that this be made transparent. There should also be an independent oversight office that monitors and reports on the activities and performance of halal certifiers. It can also be responsible for reform and development of halal certification. One of the most urgently needed reforms which this office can do is to act as “reserve’ or back up office to certify halal food in the event of a certifier being deregistered or failing to meet certification needs of halal registered establishments. If this kind of office is established, I believe, the standard and performance of halal certifiers and their certification practices will be significantly improved. It will also enhance Australia’s leadership role and reputation in halal markets.

(f) The importance of food certification schemes in relation to export market access and returns to producers

The global halal market is a huge, robust and lucrative international market. There are more than 1.6 billion consumers in this market. It is one of the biggest food markets in the world. Consumption of halal is no longer limited to Muslim consumers and is increasingly becoming popular or accepted by non-Muslims world wide except perhaps certain groups in countries like Australia who are hostile to halal and Muslims. According to research commissioned by the Dubai Chamber of Commerce the halal food industry was worth US \$ 1.1 trillion dollars in 2013. It estimates that the global share of the food and beverages market accounted for 16.6 percent. The UAE halal food market alone (dominated by unpackaged red meat at 78.7 per cent) was valued at \$ 20 billion dollars in 2013. The outlook is even more impressive. The global halal food market is expected to be worth 1.6 trillion dollars in 2018, growing at a compound growth rate of 6.9 percent. There are also higher estimates which claim that the halal market was worth US\$ 2 trillion dollars 2008, when halal food is combined non-food halal products (i.e. cosmetics & pharmaceutical products etc.). What this shows is that the halal market is one of the fastest growing and lucrative food markets in the world.

Australia is good at producing for and exporting to this market. It can even do better by seeking a leadership role in it. To progress towards this objective Australia’s performance must improve considerably. Its current foothold in the market is not very strong. The growth in Australia’s trade in this market is largely due to its natural endowment more than it is to concrete or farsighted efforts to capture a larger share of the global halal market. Australia needs better and targeted strategies than we

currently have to do this. What we must desist from doing in particular is to undermine the dynamism of this market by engaging internally in racist and anti-Muslim antics. People will notice and decide to go elsewhere to satisfy their import needs. In other words a Bernardian (a reference to Senator Cory Bernardi) world view of halal is extremely dangerous for Australia trade relations. We must refrain from doing anything that will jeopardise our position and or stand in the way of our objectives of playing a constructive role in this market. The international halal market is highly sensitive to the unnecessary interventions and biased views advocated by anti-Muslim groups.

I am not aware of the existence of independent and reliable source of statistics for halal exports in Australia. What is available in my view is not integrated but scattered. The department of Agriculture and the Department of Trade are in a better position to provide such statistics as may be relevant to this inquiry than I. And on this score I look forward to their input on this matter to the inquiry. It would have been a good idea if the Bureau of statistics were to collate statistical information on halal certified exports and their destinations including volume and value by country, which I understand it does not do at present. This would have been far more readily accessible than any other source.

(g) The extent and adequacy of information available to the public about certifiers including, but not limited to, certification processes, fees and financial records; any related matters

According to the Department of Agriculture's "List of recognised Islamic bodies for halal certification of red meat" of 12 May 2015 (and reviewed on 26 May 2015) there are 22 such entities in Australia. This is the complete list of halal certifiers in Australia <http://www.agriculture.gov.au/export/food/meat/elmer-3/list-islamic-halal-certification> . This kind of information is very useful for the public and consumers despite its serious deficiencies. However two inaccurate and misleading terms stand out in this heading. Firstly all halal certification organisations are said to be Islamic societies secondly there is the suggestion that (red) meat is the only product they certify. Neither is true. It is important to point out that all the halal certifiers are not Islamic societies, even though some may disguise themselves as being so and even though the government claims that they are. Secondly, red meat is not the only product they certify. Packaged and bottled products are increasingly being certified as halal by some of these organisations. But there is no list one can find anywhere for this category of certification.

If the organisations in the list are authorised to certify only red meat as the list suggests then why is it are they certifying bottled and packaged food and on whose authority are they doing so? The fact is that they have no such authority from Australia or from anywhere else. This is characteristic of the haphazard way halal certification has developed and is applied in this country. And it has to change. (Please see chapter 6 "Accessing Global Halal Market")

Halal certification organisations have long ceased to be wholly or even predominantly Islamic societies, if in fact they ever were. There are three categories of halal certifiers. Firstly those that are unambiguously mosque or in other ways religiously based societies; secondly those that are privately owned family concerns and thirdly those that are sole traders or partnerships. Sometimes the boundaries seem blurred. It gives lie to the insidious claims by anti-halal groups that all are Mosques that charge a religious tax or support terrorism.

I have no criticism of halal certifiers being any of these categories. Such diversity may even be desirable in some circumstances. What is wrong and deceptive is that many of them claim to be that which they are not or deliberately disguise the fact they are not Islamic societies. They do this out of excessive self interest and deceit. Most overseas authorities insist on halal certifiers to be Islamic societies, otherwise they would not be or may not be accredited to certify. I have serious reservation that this is good for halal certification and it is an issue that can be taken up with halal authorities as part of a broader reform agenda. There are many other things halal certifiers also disguise or misrepresent. Disguise and misrepresentation are rife in and indeed characteristic of these societies. (See chapter, 5, and 7 of "Accessing Global Halal Market"). For example halal authorities such as Majelis Ulama Indonesia (MUI) require that "Islamic societies" that certify food incorporate into their structure a Fatwa (legal) and technical/scientific Committees. It is questionable whether this is necessary to have although it is not an issue that is necessarily relevant to this inquiry except in terms making a case for a broadly based reform. What is extremely relevant is that all halal certification organisations claim that they have done so- that is to say they have incorporated these committees. The reality is however sharply different. The overwhelming majority do not and most probably can not. Some are so small and have so little money it is not possible for them to incorporate the committees required by Indonesia. One would have thought that the halal authority would be duly concerned about the disjunction between the claim and the reality but this appears not to be the case. In any event the list that is actually submitted to the authorities is fictitious. The overwhelming majority (or all) of the halal certifiers can not substantiate the claim that their committees have expertise or Knowledge in Islamic law and/or Science. I have heard that some ordinary people are included in the list without their knowledge or consent and without them being part of or having anything to do with the organisation making the claim. This is yet another disguise to hide widespread malpractices. But they get away with it, because they are not called to account.

These matters and others like them are not in the public domain nor are they easily discoverable. They are matters also that the public or halal consumers do not necessarily need to know whereas the government does. They can however be the focus of reform and development of halal certification organisations. The condition of the halal certifiers is analogous to that of a car which while being driven parts of the engine are falling off, and no one seems to be concerned about it or attending to its repair. Ultimately it is reasonable to expect that the engine will cease to operate. Perhaps a patch up job will do to extend its operation. But a complete overhaul will be vastly better and more enduring solution.

The public does not need extensive information about halal certifiers or about halal certification. The adequacy of information depends on the extent to which such information is relevant or necessary for reform. Importantly this should not be anymore than that which is required of other businesses in the same category, with due sensitivity to and consideration for the international character of this trade. That however should in no way detract from the fact that halal certification and halal certifiers who operate it have a lot of problems that need to be sorted out. The problems start with and generally end up with the halal certifier(s), particularly how they manage, control and render halal in the market place. At the outset we need to know what kind of organisations they are and what kind of products they are accredited to certify. At present everything about them appears obscure, ill-defined & opaque,

sometimes perhaps deliberately so. There is nothing wrong with current arrangements in term of categories such as Islamic, private business, sole trader or a partnership organisations becoming halal certifiers. Professional competence and educational profile of those who manage them must be high on the criteria of selecting who can be a halal certifier. The higher the standards of competence, the better the delivery and provision of services are likely to be. One of the major weaknesses of current certification organisations is that the standard of communication of certifiers with their clients is extremely weak except where the collection of fees and charges are concerned in which case they are robust. Rudimentary organisations with a generally low educational profile such as they are can hardly be expected to satisfy the needs of complex and sophisticated organisations which form a significant proportion of their clients.

The certification process for meat in its written form can be sound in most cases but not in some. However, sometimes there are sharp disparities between the processes as they appear in the halal program of a particular company and their application on the ground. It would indicate among other things that auditing by halal certifiers is either lax or is not being conducted at all. This is one of the most serious matters in halal certification of red meat. What makes it even more serious is that the government which has a significant control and oversight over these organisations appears to have chosen not to intervene or look the other way when it knows fully well that in some circumstances things are getting seriously out hand. This aversion to intervene has become so entrenched in the psyche of government officers they are quite happy to let matters drift. I refer in particular to the halal processes of a particular company I have investigated on 20-22 April 2009 and another investigated by the famous Indonesian magazine *Tempo* and published in its issue of 2 March 2014. Information of this kind is not relevant to or useful for the public least of all for the Australian public or consumers. These are however extremely important issues which governments have to deal with and a good reason for conducting a broadly based reform.

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Preface

(From “Accessing the Global Halal Market” by Abdullahi Ayan)

They ask thee what is halal (or lawful) to them as food.

Say: “Lawful unto you are all things good, wholesome and pure...

(Al Quran 5:5)

They ask thee concerning wine (alcohol & drugs) and gambling.

Say: [O Prophet] in them there is great harm and some benefit for human beings, but the harm is far greater than the benefit.

(Al Quran 2:219)

O ye who believe! Do not prohibit (make haram) the good thing which God has made halal (lawful) for you

and do not transgress. Lo! God loves not transgressors.

(Al Quran 5:90-91)

Do you not see that God has subjected to your (use) all things in the heavens and on earth, and has made His bounties flow to you in exceeding measure, both seen and unseen...? (Al Quran 31:20)