

The 3rd International Symposium
toward Halal Global



UNIVERSITAS GADJAH MADA
INSTITUTE FOR HALAL INDUSTRY & SYSTEM

Halal Certification in South Korea and Collaboration Chance

December 10, 2019



Korea Institute of Halal Industry
(사)한국할랄산업연구원

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About KIHI



Korea Institute of Halal Industry “KIHI”

In 2014, KIHI was established as a corporate entity by the approval of the Ministry of Agriculture, Forestry and Rural Affairs. (“MAFRA”) Currently, KIHI is the only halal research institute approved by the Korean government.

KIHI has 6 different major business areas which are

- (1) Halal Industry Research
- (2) Halal Certification Consulting
- (3) Halal Training
- (4) Halal Event Management
- (5) Halal media(www.halalmedia.kr) operation
- (6) Muslim friendly hospitality service assessment(in 2020)

Halal Research

Name of Research Projects	Client
Market Analysis and Statistical Survey for Halal Food, Cosmetics and Pharmaceuticals	Ministry of Food and Drug Safety
In-depth Survey for Middle East Halal Markets	Korea Agro-Fisheries and Food Trade Corporation
Human Resource Training for New Profession for Food Industry	Ministry of Agriculture, Forest and Rural Affairs
Developing an Export Strategy for Local Agro-Fishery Products through Factory Based Halal Certification	Ministry of Agriculture, Forest and Rural Affairs
Halal Certification Assistance Program for Cosmetics Industry	Ministry of Food and Drug Safety
Developing Halalization Technique for Small Sized Agricultural Business and Export Strategy	Rural Development Agency

Halal Research

Name of Research Projects	Client
Research on Korea Halal Meat Supply Chain	Rural Development Agency
In-depth Survey for Turkey and Thailand's Halal Markets	Ministry of Food and Drug Safety
In-depth Survey for Kazakhstan and Turkey Halal Markets	Ministry of Food and Drug Safety
In-depth Survey for Halal Logistics Industry	Ministry of Agriculture, Forest and Rural Affairs
Fact-Finding Survey of Halal/Kosher/Vegan Products in Local Market for Local Halal Logistics Industry	Ministry of Agriculture, Forest and Rural Affairs
Fact-Finding Survey for Muslim friendly Tourism in Gyeonggi-Province	Gyeonggi Tourism Organization

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1. Recognition on Halal in Korea

Halal in Korea

Halal is understood as an indispensable concept in Korea for food and cosmetics exports to Southeast Asia and the Middle East. Korea's agri-food exports in 2018 amounted to \$ 68.3 billion, with exports to Islamic countries reaching \$ 813.7 million.

Korean Halal Industry

As of now, Korean Halal industry consists of about 420 manufacturers with 530 halal certificates for around 3,000 items. Food manufacturers takes dominating share of Korean Halal industry while cosmetics manufacturers begin to pay attention to the Halal market potential

Local Halal Market

Approximately 170,000 Muslims are living in Korea . In addition, we have about 1 million foreign Muslim travelers to Korea. Imported Halal foods are found in the domestic distribution channel. There are 250 Muslim friendly restaurants catering to Muslim diners

2. South Korea's government policy on halal industry


Development of South Korea's halal industry policy

「Halal Food Development and Export Promotion Measures(2015)」

참고자료

할랄식품산업 발전 및 수출 활성화 대책(안)

2015. 6. 29



최강한 농업, 활기찬 농촌, 행복한 국민
농림축산식품부

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- MAFRA(The Ministry of Agriculture, Forestry and Rural Affairs) announced 「Halal Food Development and Export Promotion Measures」 on June 29, 2015.
- The measures systematically present visions, goals, tasks and strategies.
- The measures provides nine tasks and objectives derived from the analysis of domestic conditions.
- The implementation plan consists of nine projects, and the action plan for each project is presented in detail with a schedule.

Vision

Supporting future growth industrialization of agriculture through building the Halal food industry base and expanding exports

Aim

◆ Achieving USD 1.5 billion in Halal exports by 2017

Promotion Plan

Tasks

Halal Food Export Support

- Halal certification cost support
- Strengthening the competitiveness of domestic halal certified products
- Raising awareness of domestic halal foods

Increasing domestic halal food supply

- Allowing Halal Certification Marking
- Expanding Halal Certified Restaurants
- Expanding supply of hospital halal meals

Building Halal industry infrastructure

Information base

- Halal Food Information Survey
- Building Halal Food Information Directory
- Halal Desk Installation

Production base

- Halal slaughterhouse
- Creation of Halal Horticultural Export Complex

Manpower and R & D

- Expanding training for halal experts
- Expansion of R & D investment including development of halal products

Strategy

- ① Establish an efficient cooperative system between the government and the private sector
- ② Supporting effective halal market entry through selection and concentration
- ③ Creating an industrial ecosystem for sustainable development of the Halal food industry

Background

Lack of halal food policy actors and systems

Lack of information is the biggest obstacle to entering the halal market

No domestic halal slaughterhouse

Lack of halal food specialists



Tasks and goals

Establishment of Halal Food Policy Promotion System

- Establishment of New Market Development Division at MAFRA
- Dispatch of agricultural officer to the UAE
- **Establishment of Halal Food Support Center**

Construction of Halal Market and Certification Information Base

- Installation of halal desk, Construction of Halal Information Directory
- Production of Halal Export Manual

Creation of domestic halal food production base

- Halal slaughterhouse : ('17) 3
- Halal Horticultural Export Complex : ('17) 30
- Creation of Halal Food Park in the National Food Cluster

Fostering Halal Professionals

- Number of halal expert trainees : ('17) 500
- Development of a system to match halal professionals and jobs (

Background

Necessity of R & D for developing halal foods such as replacing haram materials

Lack of certification ability of domestic halal certification bodies

Difficulties in entering the halal market

Lack of Domestic Halal Food Labeling

Muslim patients' complaints about hospital meals



Tasks and goals

Expansion of R & D investment including development of halal food

Commercialization of three R & D projects by 2017 (including the development of alcohol reduced soy sauce)

Strengthening domestic halal certification base

- Number of overseas CBs that recognize KMF : ('14) 1 → ('17) 4
- Number of companies supported for halal certification expenses : ('14) 34 → ('17) 120
- Establishment of K-Halal Food Standard ('16)

Awareness of Korean Agri-food and Korean Food in the Halal Market

- Korean Restaurant Council in Islamic region : ('14) 0 → ('17) 3
- Restaurants in Islamic region : ('14) 169 → ('17) 250
- Antenna shops in Islamic region: ('14) 0 → ('17) 5

Activation of domestic halal food distribution

- Allowance of Halal food certification mark ('15 e)
- Number of Halal certified restaurants in Korea : ('14) 5 → ('17) 30

Establishment of stable supply system for hospital halal food

- Development of custom recipes: ('14) 0 → ('17) 5
- Fostering dedicated Halal cooker : 50 people

Halal industry support system in Korea



Ministry of Agriculture, Food and Rural Affairs

Food



Ministry of Trade, Industry and Energy

Consumer goods



Ministry of Food and Drug Safety

Cosmetics



▪ R&D



▪ Export promotion



- Export promotion
- Information survey
- Buyer search
- Exhibition cost support



- Training
- Information survey
- Consulting

- education/ training
- information survey
- halal certification cost support



Halal certified by 6 local CBs and/or overseas CBs.

Com. 1

Com. 2

Com. 3

Com. 4

Com. 5

Com. 6

Com. 7



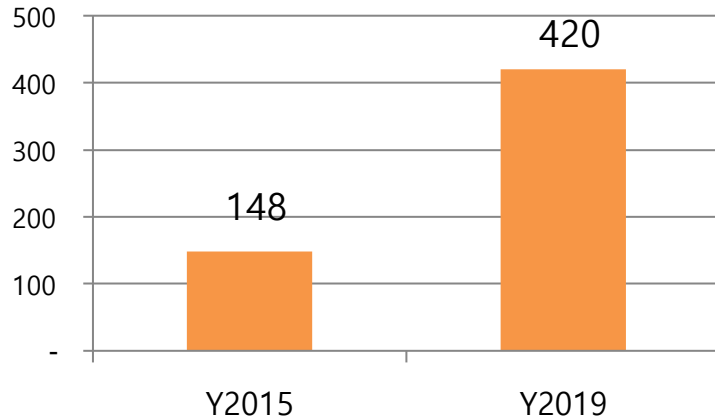
한국할랄수출협회
KOREA HALAL EXPORT ASSOCIATION

- Exhibition participation
- Buyer matching
- Buyer invitation

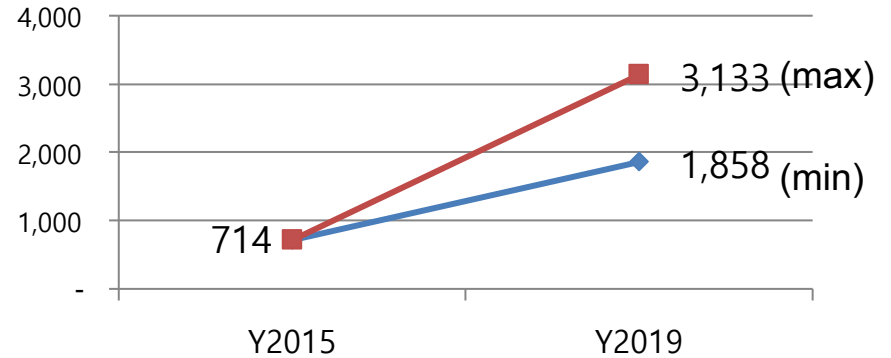


Growth of Korean halal industry

No. of halal certified plants(e)

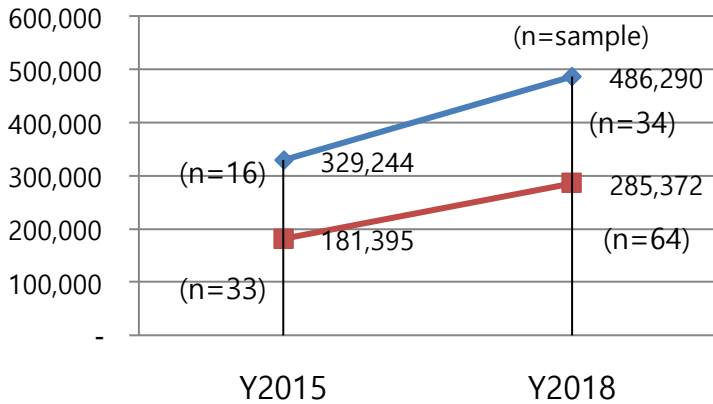


No. of halal certified products(e)



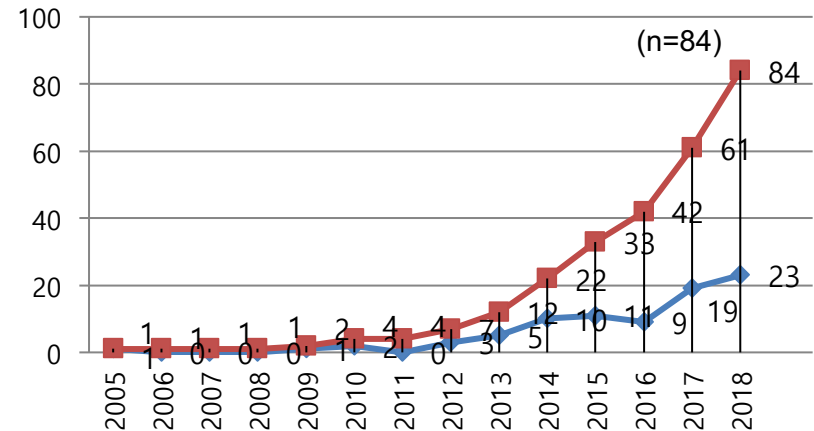
◆ No. of halal products(min) ■ No. of halal products(max)

Sales amount of halal products



◆ Local sales(million won) ■ Overseas sales(\$1,000)

Year of halal certification



◆ No. of new certificates ■ Balance

3. Halal Certification in South Korea

Local Halal CBs

1	KMF(Korea Muslim Federation)
2	IHCC(International Halal Certification Center)
3	KHA(Korea Halal Authority)
4	IHC(International Halal Certification)
5	KOHAS
6	Sejong Halal Authority



Approved by the Ministry of Food Drug & Safety(MFDS) as CBs for domestic halal food labeling

Foreign Halal CB's Korean agent

1	LPPOM MUI(Indonesia)	INI Halal Korea, VDF Korea
2	IFANCA(U.S.A.)	Penta Global
3	WAREES	ICC Korea
4	AHIK(Kazakhstan)	KIHI
5	JAKIM	N/A



Halal application should be handled through the Korean agents of foreign halal CBs

3. Halal Certification in South Korea (continued..)

Halal certification costs

Local CBs	U\$4,000~6,000
Foreign CBs	U\$12,000

- ✓ Including certification fee, audit travel & accommodation costs, consulting costs
- ✓ No. of items certified : 5~ 6 items per certification

Status of international accreditation

- KMF is approved by JAKIM, CICOT and MUIS
- IHCC is accredited by PAB(Philippine Accreditation Bureau) and registered with ESMA. PAB is approved by ESMA
- KAB(Korea Accreditation Board) is approved by ESMA and become a member of International Halal Accreditation Forum (IHAF)
- A couple of Korean CBs are in the process of applying for recognition from BPJPH



Challenges

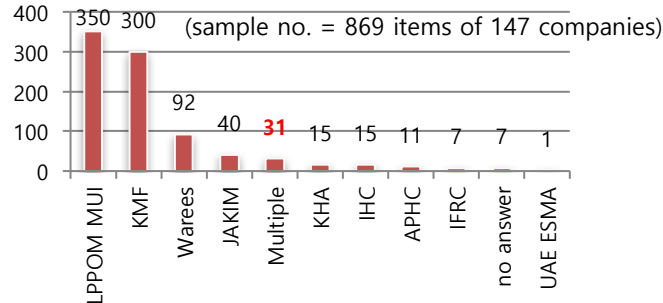
- Local CB's certification cost is cheaper than foreign CB's cost
- But one of critical issues is local halal CBs' accreditation (recognition) from importer countries' halal authorities
- Without it, none of Korean product with local CB's halal logo is permitted to be distributed in importer countries
- Therefore, international accreditation is very important for local HCBs

Issues

- Multiple certification for a item: KMF-MUI. KMF for export to Malaysia, MUI for export to Indonesia



No. of Korean halal products by CB



Halal certification standards that are not unified among Islamic countries raise trade barriers and prevent the free movement of goods

4. Recent developments in Korean halal infrastructure

Opening of Halal testing lab



- KFRI, the Korea Food Research Institute, a government-funded organization, now also provides a testing laboratory to detect porcine DNA from food samples (halal testing)
- Precise check of Haram ingredients for products is an essential part of halal certification inspection as Indonesian halal guarantee law (UU33) requires LPH to conduct product halal testing for investigation
- KFRI is now in the process of ISO 17025 compliance assessment

Beginning of Halal logistics service



- the country now has its first halal logistics service provider, Sejung Shipping, which has just been awarded a halal stamp from a local CB- KMF
- This ensures halal integrity during the delivery of products produced at the factory to consumers
- Sejung has built a partnership with MASKargo to connect halal logistics service between Korea and Malaysia
- [Demo of Sertu cleansing and verification](https://youtu.be/ebWDPTInyMA) → <https://youtu.be/ebWDPTInyMA>

These two developments plays a key role in strengthening halal integrity throughout the halal supply chain of Korean halal products

5. Local halal market(food)

- Local Muslim residents = 170,643(e) (Y2017)

- Dining expenses per capita per year: 1,993,716 won
- Total annual dining expenses by Muslim residents in Korea: $1,993,716 \text{ won} \times 170,643 = 340,214 \text{mm won (U\$290mm)}$

- Food and drink purchasing expenses per capita per year: 2,414,640 won
- $2,414,640 \text{ won} \times 170,643 = 412,041 \text{mm won (U\$352mm)}$

- Total annual food consumption by Muslim residents in Korea: **U\$642mm**

- Foreign Muslim tourists = 870,000(e) (Y2017)

- Food and drink expenditure during travelling in Korea: U\$139 per capita Muslim tourist
- Total food consumption by foreign Muslim tourists: $870,000 \times \text{U\$139} = \text{U\$121mm}$

Total food consumption by Muslim residents and tourists in Korea:

- $\text{U\$642mm} + \text{U\$121mm} = \text{U\$763mm} \rightarrow$ local halal food market size

5. Local halal market (cosmetics)

Estimation of Halal Cosmetics Demand Base

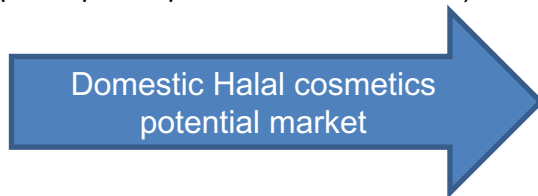


- ① Survey period : Sept. 1 – Oct. 31, 2018
- ② Respondents : Muslim residents
- ③ Survey area: Seoul, Incheon, Daejon, Daegu, Gwangju
- ④ Survey items: Annual expenditure to cosmetics purchase & others

Local Muslim residents market estimation

	No. of residents	Total expenditure(\$)
Muslims from OIC countries	170,643	42,973,985
Muslims Incl. non-OIC	192,515	48,432,134

(per capita expenditure ≒ U\$251.83)



Foreign Muslim visitors market estimation

	No. of Visitors	Total expenditure*(\$)
Muslims from OIC countries	417,267	88,335,331
Muslims Incl. non-OIC	572,892	175,425,940

(* based on cosmetics expenditure of each country's tourists)

Min	Max
U\$135,309,316	U\$223,858,074

※ Source from KIHl's survey for MFDS(2018)

The total Korean halal market size (for Muslim consumption) is estimated to be nearly U\$1 billion (food + cosmetics)

Korean Muslim residents' food purchasing behavior (monthly expenditure)

Rank	Distribution channel	Per capita monthly food purchase(won)	Share(%)	Purchasing priority (no.1, no.2)
1	Super supermarket	67,475	34%	snack, fruit·vegetable
2	Halal (Asian) mart	35,833	18%	meat, rice·flour
3	Traditional market	25,929	13%	fruit·vegetable, seafood
4	Neighborhood supermarket	23,319	12%	Dairy product, eggs, snack
5	Convenient store	21,193	11%	drinks, snack
6	Online shop	15,605	8%	rice·flour, meat
7	Masjid	7,840	3%	meat
8	Personal import	2,068	1%	sauce, rice·flour
total		199,262	100%	

※ Data source: KIHl's survey for MAFRA and KFRI(2018)

Domestic halal food distribution

Hypermarket



E-mart(144)



Lotte mart(118)



Home Plus(142)



Costco(116)

Halal mart/ world food mart/ Asian mart



Traditional market



Convenience store



CU










GS25








MINI Stop

Most found marks in Hypermarket

Rank	Halal	Kosher	Vegetarian
1	 <p>Thailand CICOT</p>	 <p>USA OU Kosher</p>	 <p>Indian vegetarian mark</p>
2	 <p>Malaysia JAKIM</p>	 <p>OK Kosher</p>	-
3	 <p>Indonesia MUI</p>	 <p>KOF- K Kosher</p>	-
Others	IFANCA, MUIS, HFCE, HQC, ICV	Star Kosher, Triangle, KSA, SIKS	-

Most found marks in Halal mart

Rank	Halal	Kosher	Vegetarian
1	 <p>Indonesia MUI</p>	 <p>USA OU Kosher</p>	 <p>Indian vegetarian mark</p>
2	 <p>Thailand CICOT</p>	-	-
3	 <p>Malaysia JAKIM</p>	-	-
Others	IFANCA, MUIS, HCA, HIA, HDIP	-	-



Indonesian cookies being sold in E-mart – MUI halal mark



Malaysian cookies being sold in E-mart – JAKIM halal mark



Indonesian cookies being sold in E-mart – MUI halal mark



Thai ramen being sold in E-mart – CICOT halal mark



The halal food being sold in Korea is not just for Muslims but also for non Muslims

Korean consumers don't know much about halal. They buy Indomie just for taste. So the halal foods being distributed in Korea have two kind of consumers- Muslims and non-Muslims

Indomie being sold in Lotte mart – MUI halal mark

6. Conclusion

- The Korea's domestic halal market created by the consumption of Muslim residents and Muslim tourists in Korea has promising potential because there are not many Halal certified products yet. Indonesian Halal food exporters can also find a good market for non Muslim Koreans by their taste and quality, provided you don't have to emphasize your products' "halal"ness to non Muslim consumers
- It is also promising if we can create synergy between resources and technologies of both countries. For example, we will develop halal cosmetics using Korean technology from raw materials of Indonesia's natural ingredients (or blended with Korean cosmetic ingredients) and jointly sell them to the global halal market
- Supported by the technologies of the 4th industrial revolution, Korea is entering into a new era very rapidly by applying the technologies such as IoT, blockchain, big data mining and machine learning to the everyday operation of manufacturing and logistics. These technologies enable all supply chain participants such as Halal certification bodies, manufacturers, logistics providers, buyers, distributors, and consumers, to implement real time monitoring and secured trading of halal products in an integrated halal platform. Developing an integrated halal platform is an area of collaboration Indonesia and Korea may work together



THANK YOU



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