Fraud on halal food: More than just food safety at stake

By Rena Elisa Johari, Halal Food Supply and Integrity Services, PwC Malaysia

The significant growth of the halal food market presents opportunities to all players in the food industry. But trust in halal food is fragile – or put in consumer terms, 'once broken, considered sold'. Consumers are no longer satisfied to accept food products that are certified halal at face value – knowing the potential for false advertising or food fraud. Smart strategies are needed to improve access to raw materials, ensure halal food safety, quality and integrity, and grow the necessary talent to build trust in this thriving global industry.

We all know it's good practice to read food labels when shopping for groceries. But has it ever crossed your mind that the ingredients listed on the items in your shopping list could be vulnerable to food fraud? This includes items that are marketed as halal, but may not actually contain halal ingredients. Halal food fraud is fast gaining public interest.

In the UK last year a meat supplier displayed posters bearing unauthorised halal trademarks, which suggested its premises and meat were halal certified. Recently a halal butcher was prosecuted for food fraud when a laboratory test revealed its lamb mince was bulked up with cheap cuts of beef.

Instances like this are worrying consumers, who are taking to social media to voice their concerns on the authenticity of halal food. Consumers want to know the processes involved and demand that action is taken against restaurants, suppliers and retailers who don't meet minimum requirements. In response, these concerns are prompting regulatory authorities to step up their inspections and examinations of food sold as halal.

The implications are far-reaching: consider that the Muslim community made up 23% of the global population in 2010 and is projected to grow 73% by 2050. Globally, Muslims are better informed about the food they eat and who they choose to buy it from. So, how should the food industry respond to build trust in halal food and capture a greater share of this growing market?



Traceability, transparency and food trust

The word 'halal' in Muslim dietary laws literally means foods that are 'permissible' for Muslims to eat or drink. Halal however extends beyond requiring that food is pork free. It also covers a variety of forms, such as genetically modified food, gelatine, collagen, enzymes, flavour enhancers, preservatives, thickeners and stabilisers. Halal refers to wholesomeness and places restrictions on foods that may be poor quality or detrimental to one's physical health.

With increased awareness and demand for halal food, suppliers, retailers and restaurants are reassessing their supply chains to ensure confidence in halal standards from farm to fork. This is where greater food traceability becomes critical. Food traceability allows companies to trace the origins of the products they are selling and minimise risks by being able to isolate affected foods quickly if there is a problem – protecting consumers and business continuity.

For example, a vegetable producer realised significant benefits when it adopted produce traceability. One of the first commodities the company stepped up vigilance over was a product linked to a past contamination incident. The product was tagged with a barcode, which contained important data such as lot numbers and pack dates. When the company later had to initiate a recall, the information stored in the barcodes meant the company was able to quickly identify affected units and limit the extent of its recall. Had the company not had a proper traceability system all its products would have been recalled - a much more expensive, time consuming and potentially brand damaging process.

Halal food from farm to fork

In the context of a halal traceability system, three components – halal and health premise certification, halal logistics certification and halal food traceability – are critical.

Halal premise certificates issued by the authorities allow consumers to verify the authenticity of halal food outlets. Halal logistics certification ensures that the transport system, warehouses and freezers used are halal certified (no contamination from non-halal elements). A halal food traceability system provides supply chain tracking of raw materials and processes/finished goods to ensure compliance with halal requirements can be recorded and checked across the supply chain.

A recent advancement in halal food traceability is the use of radio-frequency identification (RFID) technology to track products from the factory floor to the supermarket shelf. Unlike 2D barcode tags, RFID tags are not easily counterfeited as they withhold information until the authenticity of the interrogator is assured. RFID readers placed in retail stores in Brunei recently enabled consumers to authenticate the halal status of poultry and raw meat and gain access to a range of information related to the genealogy of such products. This includes preparation processes, sources of ingredients, manufacturing and expiry dates.

Globalisation of the halal market

With the global halal market accounting for 16% of the entire global food industry in 2015 and worth an estimated US\$1.4 trillion annually, new opportunities are emerging for companies and economies.

Opportunities include the standardisation of halal certification across markets in the Middle East and ASEAN – one of the main themes discussed at the World Halal Conference 2016 in Malaysia. We're also seeing demand grow for the transfer of industry knowledge to aid the development of halal practices and procedures. Organisations want advice on programmes and frameworks that could help service and open up halal food opportunities in domestic and export markets.

The attraction of capturing a share of the trillion dollar halal food market is compelling. Organisations need the skills and resources to successfully enter and grow within these markets and build consumer trust in the integrity of their halal food.

Rena Elisa Johari specialises in helping food companies and governments build trust in halal food. She helps food organisations at every stage of the supply chain to improve their halal safety and quality practices. Get in touch at rena.elisa.johari@my.pwc.com.

www.pwc.com/foodtrust

Building trust in food is one of the most complex problems that business and society must solve. But it's also a great opportunity for food companies. PwC helps food companies grow, reduce supply chain risks and improve the processes and systems that help companies and governments build trust in food. What could be more important? Get in touch and find out more by visiting us at www.pwc.com/foodtrust.



PwC provides Food Supply and Integrity Services. PwC does not assure the safety of any particular food or the outcome of any food service or process. These materials and any views expressed therein are provided for general information purposes only. They do not constitute a recommendation or advice and are not sufficient basis for any decision to be made in relation to food supply and integrity issues. © 2016 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.